



Telecom Order CRTC 2012-541

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Ottawa, 5 October 2012

Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of Access to 9-1-1 Automatic Location Identification Information

File numbers: Bell Aliant Tariff Notices 390 and 390A and
Bell Canada Tariff Notices 7337 and 7337A

In this order, the Commission approves, on a final basis and subject to certain modifications, Bell Aliant and Bell Canada's (collectively, the Bell companies) proposed tariffs for Access to 9-1-1 Automatic Location Identification service offered in their incumbent operating territories in Ontario and Quebec.

Introduction

1. The Commission received applications from Bell Aliant Regional Communications, Limited Partnership and Bell Canada (collectively, the Bell companies), dated 6 December 2011 and amended on 13 January 2012, in which they proposed changes to item 1400 – 9-1-1 Public Emergency Reporting Service of their respective General Tariffs in order to introduce Access to 9-1-1 Automatic Location Identification (ALI) Information (the service).
2. The Bell companies submitted that the service would provide service providers¹ with real-time access to 9-1-1 data records information as it appears in the ALI database and help service providers to better validate the accuracy of their customers' location information in the database through the use of self-service tools.
3. The Bell companies further submitted that their proposal was consistent with CRTC Interconnection Steering Committee (CISC) consensus report ESRE0055, *Competitor Access to ALI Information*, which was approved in Telecom Decision 2011-309 (the CISC report). The CISC report indicated that enabling access to ALI information would help service providers improve validation and management of their 9-1-1 records, facilitate automation of 9-1-1 functions, and provide service providers and the Bell companies with equal access to 9-1-1 data records information.
4. The Commission approved on an interim basis the Bell companies' proposed tariff revisions, with one rate modification in Telecom Order 2012-33.²

¹ Includes competitive local exchange carriers, wireless service providers, 9-1-1 service providers that have 9-1-1 service agreements with the Bell companies, local resellers, private switch operators, and small incumbent local exchange carriers.

² The rates approved in Telecom Order 2012-33 were based on the proposed costs but modified to reflect a 15 percent markup, consistent with Telecom Decisions 2002-34 and 2008-17.

5. The Commission received comments regarding the Bell companies' applications from Bragg Communications Inc., operating as EastLink (EastLink); MTS Inc. and Allstream Inc. (collectively, MTS Allstream);³ and Rogers Communications Partnership (RCP). The public record of this proceeding, which closed on 25 May 2012, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.
6. The Commission has identified the following issues to be addressed in its determinations:
 - I. Should subscription to the service be mandatory?
 - II. Are the Bell companies' proposed rates just and reasonable?
 - a) What is the appropriate service demand forecast to use for the purposes of establishing the annual service access fee?
 - b) What is the appropriate study period?
 - c) What are the appropriate hardware costs to include in the study?
 - d) Is it appropriate to include the proposed pre-introduction costs in the Bell companies' cost study?

I. Should subscription to the service be mandatory?

7. The Bell companies proposed to make subscription to the service mandatory for competitive local exchange carriers, wireless service providers, and 9-1-1 service providers that have 9-1-1 service agreements with the Bell companies. The Bell companies submitted that not mandating subscription to the service could diminish the accuracy of 9-1-1 records, and thereby create a significant safety concern.
8. RCP opposed the Bell companies' proposal on the basis that CISC did not recommend that subscription to the service be mandatory.
9. EastLink submitted that service providers should have the option to either subscribe to the service or validate information in the ALI database another way, whichever is best suited to the service provider's requirements.

Commission's analysis and determinations

10. The Commission notes that the Bell companies provided no evidence to demonstrate that not requiring subscription to the service could create a public safety concern. The Commission also notes that mandatory subscription to such a service was not part of the recommendations in the CISC report.

³ As of early 2012, MTS Allstream Inc. became known as two separate entities, namely, MTS Inc. and Allstream Inc.

11. The Commission notes that service providers that input information into the ALI database are responsible for ensuring that the appropriate information is entered. The Commission considers that the service is a more efficient and cost-effective version of an existing tool,⁴ the purchase of which is not mandatory, to ensure that service providers comply with their responsibilities.
12. Given the above and the absence of evidence to question the reliability of existing means of verifying information in the ALI database, the Commission determines that subscription to the service should not be mandatory.

II. Are the Bell companies' proposed rates just and reasonable?

13. The Bell companies' applications included two proposed rates: 1) the annual service access fee, and 2) an annual fee associated with the optional purchase of user IDs in addition to the two included as part of the annual service access fee (the extra user ID fee). The Commission received no comments regarding the extra user ID fee, approved on an interim basis in Telecom Order 2012-33, and therefore considers it appropriate to approve this fee on a final basis. The following sections relate to the annual service access fee only.

a) What is the appropriate service demand forecast to use for the purposes of establishing the annual service access fee?

14. The Commission notes that the annual service access fee proposed by the Bell companies was based on a demand forecast for the service that assumed that subscription to the service was mandatory for competitive local exchange carriers, wireless service providers and 9-1-1 service providers that have 9-1-1 service agreements with the Bell companies.
15. The Commission further notes that, in response to a Commission interrogatory, the Bell companies provided demand forecast estimates for the service in the event that subscription to the service was not made mandatory. The Commission considers that this demand forecast is reasonable when assessed in light of its underlying assumption.
16. In light of the above, the Commission considers that the Bell companies' annual service access fee should be determined on the basis of the estimated demand forecast submitted in response to the above-mentioned interrogatory.

b) What is the appropriate study period?

17. The Bell companies proposed to use a five-year study period to determine costs for the service, but submitted in response to an interrogatory that the life of the service could be five to seven years. The Bell companies submitted that Next Generation 9-1-1 (NG 9-1-1) will replace the need for the service, but that there is no firm timeline for the introduction of NG9-1-1.

⁴ The Bell companies offer a report that provides service providers with an extract of their own data in the ALI database.

18. EastLink submitted that it is unlikely that the ALI database will be obsolete in five years, and that it is therefore also unlikely that the service will be obsolete in five years.

Commission's analysis and determinations

19. The Commission considers that use of the service could last to the top-end of the Bell companies' service-life estimate and that there is an absence of evidence to suggest that NG9-1-1 will likely eliminate the need for the service within five years of its introduction. In this regard, the Commission notes that there is no set timeline for the introduction of NG9-1-1. Accordingly, the Commission considers that a service-life estimate of seven years is reasonable.
20. The Commission considers that it is appropriate to set the study period of the Bell companies' cost study equal to the life of the service so that all causal cash flows may be reflected in the annual service access fee. Accordingly, the Commission is of the view that a seven-year study period is appropriate and that the annual service access fee should be revised to reflect this study period.

c) What are the appropriate hardware costs to include in the study?

21. Hardware capital costs included by the Bell companies in their seven-year cost study approximately doubled compared to those included as part of their five-year study. The Bell companies submitted that all hardware capital would need to be replaced after five years of service operations.
22. The Commission considers that purchase of replacement hardware is unlikely given the plans to introduce NG9-1-1. The Commission further notes that the Bell companies provided no evidence or rationale in support of their submission regarding increased hardware costs over a seven-year cost study period. Accordingly, the Commission considers that it would not be appropriate to recognize the additional hardware costs included in the Bell companies' seven-year cost study, and that the hardware costs included in their five-year cost study are reasonable.

d) Is it appropriate to include the proposed pre-introduction costs in the Bell companies' cost study?

23. In their cost study, the Bell companies proposed to include costs related to internal analysis,⁵ approximately 50 percent of which were incurred prior to the Commission's approval of the CISC report. The Bell companies submitted that they expected to be required to create this system from the onset, and began early development of the service after the CISC report was issued but before it received approval from the Commission.

⁵ The Bell companies' internal analysis costs include (i) Task Identification Form 64 analysis and assessment in pursuit of complying with mandated tasks, and (ii) Providing ESWG with suggestions, alternatives and assessments in support of 9-1-1 ALI Information service.

Commission's analysis and determinations

24. The Commission notes that, as per the regulatory economic studies manual (Phase II manual), cost studies are to include only prospective incremental costs that are incurred after the decision to offer a service. The Commission notes that approximately 50 percent of the Bell companies' proposed internal analysis costs relate to costs that were incurred prior to the decision to offer the service. The Commission further notes that, according to the Phase II manual, costs that are incurred prior to the decision to offer the service are considered as pre-introduction costs and are to be excluded from Phase II cost studies
25. Accordingly, the Commission has excluded 50 percent of these proposed internal analysis costs from the cost study.

Conclusion

26. In light of the above, the Commission **approves on a final basis** the Bell companies' applications as modified by Telecom Order 2012-33, subject to the following further modifications:
 - remove items 1400.9(c) and 1400.9(d) from their respective General Tariffs and renumber item 1400. 9(e) to 1400.9(c); and
 - change the Access Fee included in the renumbered item 1400.9(c) to \$1,775.90 annually.
27. The Commission directs the Bell companies to issue, within 20 calendar days of the date of this order, revised tariff pages reflecting the Commission's determinations in this order.⁶
28. The Commission notes that the Bell companies have communicated to customers that subscription to the service is mandatory. In light of the determinations reached in the present decision, the Commission directs the Bell companies to inform customers, using the same method of communication and within 20 calendar days of the date of this order, that subscription to the service is not mandatory.
29. Assuming that the entire annual access fee has been paid in advance, the Commission directs the Bell companies to issue pro-rated refunds to customers that choose to unsubscribe from the service, for the portion of the year that they will not be subscribed to the service.

Secretary General

⁶ The revised tariff pages can be submitted to the Commission without a description page or an approval request; a tariff application is not required.

Related documents

- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of Access to 9-1-1 Automatic Location Identification Information*, Telecom Order CRTC 2012-33, 23 January 2012
- *CISC consensus reports – Emergency Services Working Group*, Telecom Decision CRTC 2011-309, 11 May 2011
- *Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008
- *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1, 15 July 2002