



## Telecom Regulatory Policy CRTC 2012-83

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Route reference: Telecom Notice of Consultation 2011-219

Ottawa, 9 February 2012

### **Regulatory measure associated with single-line inside wire services provided by incumbent local exchange carriers to customers with no jack-ended demarcation device**

File number: 8663-C12-201105578

*In this decision, the Commission requires all incumbent local exchange carriers (ILECs), who have transferred responsibility of single-line inside wire to their customers, to provide free diagnostic service to those customers who do not have a jack-ended demarcation device. The Commission also requires those ILECs to ensure that a jack-ended demarcation device is installed following provision of a diagnostic service at a customer's premises and permits ILECs to charge for repair service on the same visit.*

#### **Introduction**

1. In Telecom Decision 2011-69, the Commission issued an updated action plan to review certain regulatory measures in light of the Governor in Council's *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006 (the Policy Direction). As part of the action plan, the Commission identified the regulatory measure associated with single-line inside wire services provided by incumbent local exchange carriers (ILECs) to customers with no jack-ended demarcation device<sup>1</sup> as a matter to be reviewed.
2. In Telecom Notice of Consultation 2011-219, the Commission invited parties to comment, in light of the Policy Direction, on the regulatory regime associated with single-line inside wire services, namely, the requirements pertaining to diagnostic and repair services to customers with no jack-ended demarcation device.
3. The Commission received submissions from Bell Aliant Regional Communications, Limited Partnership, Bell Canada, and Télébec, Limited Partnership (collectively, Bell Canada et al.); the Canadian Network Operators Consortium Inc. (CNOc); MTS Allstream Inc. (MTS Allstream); the Ontario Telecommunications Association (OTA); the Public Interest Advocacy Centre (PIAC); Saskatchewan Telecommunications (SaskTel); and TELUS Communications Company (TCC).

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<sup>1</sup> A demarcation device refers to the equipment that connects the inside wire of the customer's premises to the ILEC's network. Demarcation devices that are jack-ended include a test jack or demarcation jack that allows customers to verify whether a transmission problem is on the inside wire or on the telephone network.

4. The public record of this proceeding, which closed on 14 June 2011, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings" or by using the file number provided above.

## **Context**

5. The regulatory regime for single-line inside wire services was established over a number of years in various Commission decisions, following individual applications from ILECs. Although the responsibility for inside wire has been transferred to customers for many ILECs, and the Commission has forbore from regulating single-line inside wire services for some of these ILECs, it continues to regulate these services for customers with no jack-ended demarcation device.
6. The current regulatory regime for single-line inside wire services for customers with no jack-ended demarcation device is not applied symmetrically among ILECs. Currently, all large ILECs and some small ILECs, where responsibility for single-line inside wire has been transferred, are required to provide a diagnostic service, free of charge, to customers who do not have a jack-ended demarcation device installed at their premises at the time of reporting a transmission problem (free diagnostic service). In addition, those ILECs granted forbearance from the regulation of single-line inside wire services after 2001 are required to provide free repair service to customers with no jack-ended demarcation device (free repair service). There is currently no regulatory requirement to install jack-ended demarcation devices.

## **Issues**

7. The Commission has identified the following issues to be addressed in this decision with respect to the regulatory measure associated with single-line inside wire services provided by ILECs<sup>2</sup> to customers with no jack-ended demarcation device:
  - I. Diagnostic service
  - II. Repair service and jack-ended demarcation devices

### **I. Diagnostic service**

8. SaskTel and MTS Allstream submitted that the Commission should rely on market forces to ensure that the interests of customers with no jack-ended demarcation device are protected. SaskTel submitted that it would continue to provide free diagnostic service with or without a regulatory requirement, while MTS Allstream submitted that it should be able to charge for diagnostic service because the market for single-line inside wire services is competitive.

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<sup>2</sup> For ILECs where responsibility for inside wire has been transferred to their customers

9. The other parties generally agreed that reliance on market forces would be inadequate to protect the interests of customers with no jack-ended demarcation device because those customers are not able to verify whether the source of the problem resides with the inside wire for which they are responsible or with the ILEC's network. PIAC also submitted that the current regulatory requirement pertaining to free diagnostic service continues to be necessary to achieve the policy objectives of the *Telecommunications Act* (the Act).

### **Commission's analysis and determinations**

10. The Commission considers that the purpose of the regulatory measure pertaining to free diagnostic service is, among other things, to protect the interests of single-line inside wire customers with no jack-ended demarcation device installed at their premises, given that these customers are not able to determine whether a transmission problem resides on the inside wire, for which they are responsible, or on the ILEC's network. The Commission considers that the regulatory measure furthers the policy objectives set out in paragraphs 7(b) and (h) of the Act.<sup>3</sup>
11. In the Commission's view, it would not be appropriate for ILECs to charge customers with no jack-ended demarcation device for diagnostic service, since those customers do not have the means to self-diagnose their transmission problems prior to placing a service call. The Commission therefore considers that market forces alone are insufficient to achieve the purpose of this particular measure.
12. Based on the above, the Commission decides that all ILECs for whom responsibility for inside wire has been transferred to customers are to provide free diagnostic service to single-line inside wire customers who have no jack-ended demarcation device at the time of reporting a transmission problem.

### **II. Repair service and jack-ended demarcation devices**

13. The regulatory regime pertaining to single-line inside wire repair service was developed over time following individual company applications, which has resulted in inconsistent practices among ILECs. Consequently, following an ILEC's free diagnostic service at a customer's premises, if a problem is found with the inside wire for which the customer is responsible, some ILECs are permitted to charge for repair service while others are required to provide this service for free.
14. Bell Canada et al., MTS Allstream, SaskTel, and TCC generally submitted that the current regulatory regime pertaining to single-line inside wire repair service is asymmetrically applied among ILECs and is contrary to the Policy Direction. They also submitted that the free repair requirement imposed on some ILECs should be eliminated because it does not serve the objective of promoting competition in the single-line inside wire repair market.

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<sup>3</sup> The cited policy objectives of the Act are

7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; and  
7(h) to respond to the economic and social requirements of users of telecommunications services.

15. CNOC, the OTA, and PIAC generally submitted that market forces cannot be relied upon to protect the interests of customers with no jack-ended demarcation device. CNOC and PIAC also submitted that customers without such devices cannot conveniently exercise the same competitive choices as those who do have the devices, since they would be unlikely to choose a provider other than the ILEC for repair service. PIAC submitted that it is the jack-ended demarcation device that fosters single-line inside wire competition and puts those customers back in the ranks of ordinary customers.
16. Bell Canada et al. proposed that the Commission require all ILECs to install jack-ended demarcation devices immediately following the provision of free diagnostic service at a customer's premises where these devices are not installed. SaskTel generally supported this proposal, while MTS Allstream opposed it. MTS Allstream stated that it only installs demarcation devices that are non-jack-ended. PIAC also supported Bell Canada et al.'s proposal but requested that the Commission require ILECs to perform the installation of jack-ended demarcation devices free of charge following free diagnostic and free repair services at a customer's premises.

#### **Commission's analysis and determinations**

17. The Commission considers that the purpose of the regulatory measure pertaining to free repair service is, among other things, to encourage ILECs to install jack-ended demarcation devices and to foster competition in the inside wire market. The Commission considers that the regulatory measure furthers the policy objectives set out in paragraphs 7(c) and (f) of the Act.<sup>4</sup>
18. In the Commission's view, it is not fair to permit ILECs to charge customers for repair service following a diagnostic service at a customer's premises, if a jack-ended demarcation device is not installed. The Commission considers that ILECs would have a competitive advantage in this situation over other competitors, given that their technician is already onsite and the customer does not have a working telephone.
19. The Commission notes that, based on the record of this proceeding, ILECs have varying policies for installing jack-ended demarcation devices at a customer's premises. Consequently, many customers still do not have jack-ended demarcation devices and are thus unable to determine whether their transmission problems originate on the inside wire, for which they are responsible, or on the ILEC's network.

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<sup>4</sup> The cited policy objectives of the Act are  
7(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; and  
7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

20. The Commission considers that the record of this proceeding demonstrates that the obligation for ILECs to provide free repair service to customers with no jack-ended demarcation device may not, in and of itself, give ILECs enough incentive to install these devices at all of their customers' premises.
21. The Commission further considers that requiring ILECs to install a jack-ended demarcation device free of charge following a diagnostic service at a customer's premises would result in a consistent practice among ILECs and more equitable treatment of customers who currently do not have jack-ended demarcation devices as compared to those who do. The Commission also considers that this requirement would better achieve the goal to foster inside wire competition than does the current practice.
22. In the Commission's view, it can rely on market forces to ensure that the interests of customers are protected once the jack-ended demarcation device is installed, since the customer would then have access to telephone service and would be able to exercise competitive choices for repair service at their discretion.
23. Based on the above, the Commission decides that all ILECs subject to a transfer of responsibility are required to install a jack-ended demarcation device, free of charge, following the provision of free diagnostic service to their single-line inside wire customers during the same visit to the customer's premises. Further, the Commission decides that ILECs are permitted to charge for single-line inside wire repair service, if they are requested to perform such repairs during the same visit when they install a jack-ended demarcation device at a customer's premises.

## **Conclusion**

24. The Commission considers that the regulatory measure regarding single-line inside wire services to customers with no jack-ended demarcation device, as modified in this decision, furthers the policy objectives set out in paragraphs 7(b), (c), (f), and (h) of the Act and is consistent with the Policy Direction.
25. In light of the above, the Commission imposes the following conditions on the offering and provision of residential and business single-line inside wire services by all ILECs subject to this decision:
  - a) Provide free diagnostic service for customers with no jack-ended demarcation device; and
  - b) Install a jack-ended demarcation device free of charge following diagnostic service during the same visit.
26. For those ILECs where the requirements of the single-line inside wire regime are contained in conditions of forbearance, the above condition supersedes these previous conditions of forbearance dealing with diagnostic and repair services for customers with no jack-ended demarcation device. For those ILECs where single-line inside wire services for customers with no jack-ended demarcation devices have not been forborne, the Commission requires these ILECs to issue revised tariff pages to reflect the determinations in this decision by **12 March 2012**.

27. The ILECs affected by this decision are also required to provide notification to their single-line inside wire customers via the information in the next edition of their white pages directories, their websites, their customers' bills, and their customer service representatives at the time of a service call.

Secretary General

### **Related documents**

- *Review of the regulatory measure associated with single-line inside wire services provided by incumbent local exchange carriers to customers with no jack-ended demarcation device*, Telecom Notice of Consultation CRTC 2011-219, 29 March 2011
- *Updated action plan for reviewing regulatory measures*, Telecom Decision CRTC 2011-69, 4 February 2011, as amended by Telecom Decision CRTC 2011-69-1, 21 February 2011