



## Telecom Order CRTC 2016-347

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Ottawa, 29 August 2016

*File number: Tariff Notice 950*

### **Northwestel Inc. – Withdrawal of certain destandardized cable Internet service packages**

#### **Application**

1. The Commission received an application from Northwestel Inc. (Northwestel), dated 13 June 2016, in which it proposed revisions to item 1735 – Terrestrial Internet Service of its General Tariff to withdraw certain destandardized cable Internet service packages for residential and business customers.
2. Northwestel indicated that it currently offers 39 residential and small business Internet service packages, including destandardized packages, and that maintaining multiple types of packages increases the company's marketing and billing costs.
3. Northwestel submitted that the number of customers subscribing to its destandardized packages is decreasing, and proposed to migrate the remaining customers to the most comparable current packages available. The company indicated that its current packages typically offer better value since they offer lower data overage charges, higher speeds, and/or lower rates.
4. Northwestel provided a copy of the letter it sent to affected customers, in which it stated, among other things, that the company would automatically migrate the customer to the closest comparable package should they not hear from the customer about which package they prefer.
5. The Commission received one intervention from a Northwestel customer. The public record of this proceeding, which closed on 8 August 2016, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file number provided above.

#### **Should the Commission approve Northwestel's application to withdraw certain destandardized cable Internet service packages?**

6. The customer who intervened opposed Northwestel's application, submitting that the company's proposal would increase costs for customers with bundled services, would not provide improved service levels, and would impose usage caps.
7. The intervener submitted that although their monthly Internet service cost would decrease by \$4.00, from \$83.95 to \$79.95, their monthly bundle discount would also decrease, from \$20.00 to \$12.00, resulting in an overall monthly increase of \$4.00.

8. Northwestel replied that all customers, including the intervener, would benefit from an increase to their usage caps and a decrease to their overage charges should the Commission approve the company's application. With regard to bundle discounts, Northwestel noted that its application specifically deals with Internet service packages, and not discounts that are applied when combining television services with Internet services. The company also indicated that the customer may be eligible for larger bundle discounts by combining services in the future.

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

9. With regard to the intervener's comment on bundle discounts, Northwestel can revise the discounts that are applied when combining non-tariffed television services with tariffed Internet and telephone services at any time. Therefore, it would not be reasonable for the Commission to base its determination regarding the company's application on the potential effect of such bundle discounts.
10. Regarding the intervener's comment on usage caps, the Commission, in Telecom Decision 2015-78, previously approved the use of usage caps in Northwestel's Internet service tariffs.
11. With respect to business customers, those that migrate to comparable services will see increases to usage caps and decreases to overage charges. Some business customers, namely those migrating from the Business Performance package to the Cable Business Internet 16 package, and from the Business Extreme package to the Cable Business Internet 50 package, will see monthly rate increases of 5% and 3%, respectively. However, business customers may choose to migrate to a lower-cost service package with higher usage caps than their current service package. For example, a customer currently subscribing to the Business Performance package for \$199.95 per month (with a usage cap of 75 Gigabytes [GB]) may choose to migrate to the Cable Business Internet 10 package for \$149.95 per month (with a usage cap of 90 GB).
12. Northwestel's application meets the requirements set out in Telecom Information Bulletin 2010-455-1, in which the Commission set out its procedures for dealing with applications to destandardize and/or withdraw tariffed services.<sup>1</sup> In particular, Northwestel informed affected residential and business customers of its proposal, and identified reasonable substitutes for the services it was proposing to withdraw.
13. In light of the above, the Commission **approves** Northwestel's application.

Secretary General

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<sup>1</sup> This bulletin summarizes the Commission's related determinations set out in Telecom Decision 2008-22 and is incorporated by reference in section 59 of the *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure*.

## Related documents

- *Northwestel Inc. – Tariffs for terrestrial retail Internet services*, Telecom Decision CRTC 2015-78, 4 March 2015
- *Approval processes for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455-1, 19 February 2016
- *Mandatory customer contract renewal notification and requirements for service destandardization/withdrawal*, Telecom Decision CRTC 2008-22, 6 March 2008