



Telecom Decision CRTC 2018-247

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CoopTel – Implementation of wireless number portability for TELUS Communications Inc.

*The Commission **approves** CoopTel's plan for the implementation of wireless number portability (WNP) in the exchanges of Valcourt and Roxton Falls, Quebec. The Commission **directs** CoopTel, within **90 days** of the date of this decision, to implement WNP in these exchanges.*

Introduction

1. The Commission received a wireless number portability (WNP) implementation plan on 19 February 2018, from CoopTel. The plan was filed in response to a formal signed expression of interest from TELUS Communications Inc. (TCI) in obtaining WNP in the exchanges of Valcourt and Roxton Falls, Quebec, where CoopTel is the small incumbent local exchange carrier (ILEC).
2. The Commission did not receive any interventions regarding the plan.

Background

3. WNP enables customers to keep the same telephone number when changing service providers and is an integral component of retail competition in the local exchange market.
4. In Telecom Decision 2008-122, the Commission set out the framework for WNP implementation in the territories of the small ILECs. That decision included directives that the small ILECs must follow when submitting their implementation plans.
5. The Commission reviewed this framework and determined, in Telecom Regulatory Policy 2011-291, that WNP and local competition would continue to be introduced in the territories of the small ILECs based on the existing frameworks, subject to the modifications set out in that decision. Specifically, the Commission determined that the small ILECs that incur ongoing WNP and/or local competition costs are permitted to lower the primary exchange service rate component used in calculating their subsidy by an amount equal to the lesser of the following: the approved

ongoing costs on a per network-access-service (NAS),¹ per-month basis, or \$2 per NAS per month.²

6. In Telecom Regulatory Policy 2012-24, the Commission determined that implementation of WNP in a small ILEC's territory is to be conditional on the wireless carrier directly interconnecting with the small ILEC, unless otherwise negotiated.

Should the Commission approve CoopTel's WNP implementation plan?

7. In its implementation plan, CoopTel indicated that it would require 90 days following the Commission's approval of its plan to implement WNP.
8. CoopTel's proposed start-up and ongoing costs are related to the implementation of WNP in the affected exchanges over a five-year study period. The start-up costs include equipment, staff training, and portability validation activities with TCI, and consultation costs for preparing the implementation plan. The ongoing costs are based on an estimate of the additional costs related to portability fees associated with the loss of NAS and maintenance of additional equipment in the company's carrier services group.³ CoopTel proposed start-up costs of \$12,000 and ongoing costs of \$332 annually.⁴
9. Two regulatory mechanisms are available to CoopTel for the recovery of WNP implementation costs: the recovery of up to \$2 per NAS per month of ongoing costs through the National Contribution Fund and an exogenous adjustment⁵ for the recovery of start-up costs.

¹ NAS is a wireline connection from a customer to the public switched telephone network (PSTN) that includes (i) a telephone number, (ii) a connection to the PSTN, and (iii) access from the customer's location to the service provider's central office.

² In that decision, the Commission also determined that the number portability start-up costs, including local number portability and WNP, of the small ILECs serving 3,000 or fewer total residential and business NAS, including the NAS of all their affiliates and/or their parent company, are to be reimbursed by the new entrant(s) over a period of three years.

³ A carrier services group is a distinct, functionally separate group within a telecommunications company whose role is to liaise and coordinate with competing service providers when conducting a variety of inter-carrier activities, primarily with respect to customer transfers.

⁴ Start-up costs are expressed in terms of the present worth of annual costs over the five-year study period, while ongoing annual costs are expressed as annual equivalent costs over the five-year study period.

⁵ An exogenous adjustment, which could result in a rate increase, reflects the financial impact associated with events or initiatives that are not captured by other elements of the price cap regime. Adjustments would be considered for events or initiatives that meet the following criteria: (a) they are legislative, judicial, or administrative actions beyond the control of the company; (b) they are addressed specifically to the telecommunications industry; and (c) they have a material impact on the company.

10. The corresponding amounts for CoopTel's present application represent an exogenous adjustment of \$3,019⁶ per year over five years for the recovery of its start-up costs of \$12,000, as well as a reduction of \$0.01 in the primary exchange service rate component used to calculate its subsidy amount for the recovery of its ongoing costs of \$332 for the implementation of WNP in the affected exchanges.

Commission's analysis and determinations

11. The Commission has reviewed CoopTel's proposed costs, taking into account the regulatory framework and costs approved in the past, and considers the costs to be reasonable. The Commission notes that pursuant to Telecom Regulatory Policy 2011-291, CoopTel is not entitled to a reimbursement for its WNP start-up costs from TCI because CoopTel serves more than 3,000 NAS.
12. The Commission considers that CoopTel's proposed WNP implementation plan, including the proposed timeline, is reasonable and meets the criteria set out in Telecom Decision 2008-122, as modified in Telecom Regulatory Policies 2011-291 and 2012-24.
13. WNP implementation by CoopTel in the exchanges of Valcourt and Roxton Falls, Quebec, will allow for customers in those exchanges to retain their telephone numbers if they decide to switch service providers. The Commission considers that this implementation will lead to greater choice for these customers, since they will have the opportunity to benefit from choosing among the services, options, and prices offered by different service providers. Accordingly, approval of the WNP implementation plan would be consistent with the Policy Direction⁷ and would advance the policy objectives set out in paragraphs 7(b), (f), and (h)⁸ of the *Telecommunications Act*.
14. In light of the above, the Commission **approves** CoopTel's proposed WNP implementation plan, including its proposed costs, i.e. (i) start-up costs of \$12,000, which corresponds to an exogenous adjustment of \$3,019 per year over a period of five years, and (ii) a reduction of \$0.01 in the rate component used to calculate the amount of its subsidy for ongoing costs. The Commission **directs** CoopTel to implement WNP in the exchanges of Valcourt and Roxton Falls, Quebec, within **90 days** of the date of this decision.

⁶ This amount represents CoopTel's start-up costs of \$12,000 annualized over a period of five years.

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

⁸ The cited policy objectives 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; 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; and 7(h) to respond to the economic and social requirements of users of telecommunications services.

15. In Telecom Regulatory Policy 2018-213, the Commission determined that the local service subsidy would be phased out gradually over three years, from 1 January 2019 to 31 December 2021. The Commission also determined that the final 2018 subsidy amounts would be used as the starting point for the phase-out. Accordingly, the WNP reduction to the subsidy rate component approved in this decision will be included in the 2018 subsidy amount that will be used as the starting point for the phase-out.

Secretary General

Related documents

- *Phase-out of the local service subsidy regime*, Telecom Regulatory Policy CRTC 2018-213, 26 June 2018
- *Network interconnection for voice services*, Telecom Regulatory Policy CRTC 2012-24, 19 January 2012
- *Obligation to serve and other matters*, Telecom Regulatory Policy CRTC 2011-291, 3 May 2011; as amended by Telecom Regulatory Policy CRTC 2011-291-1, 12 May 2011
- *Regulatory framework for the implementation of wireless number portability within the serving territories of the small incumbent local exchange carriers*, Telecom Decision CRTC 2008-122, 18 December 2008