



Telecom Order CRTC 2018-443

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Ottawa, 29 November 2018

*Public record: Bell Aliant Regional Communications, Limited Partnership
Tariff Notice 500 and Bell Canada Tariff Notices 7443 and 7561*

Bell Canada – Rebilling of carrier access tariff charges for incumbent local exchange carriers

*The Commission **approves on a final basis** Bell Canada’s proposed toll transport service rates for 24 small incumbent local exchange carriers. However, the Commission **denies** Bell Canada’s request to remove from the company’s Access Services Tariff the toll transport service rates for CityWest Telephone Corp., La Compagnie de Téléphone de St-Victor, and Téléphone de St-Éphrem inc. The Commission also **denies** Bell Canada’s request to remove item 50(1) from the company’s Access Services Tariff relating to Cochrane Telecom Services; NorthernTel, Limited Partnership; and Ontera.*

Introduction

1. In Telecom Regulatory Policy 2013-160, the Commission considered it very likely that the costs for the small incumbent local exchange carriers’ (small ILECs) direct connect (DC) services¹ had declined since they were first established in Telecom Decision 2005-3. The Commission therefore directed each small ILEC to file with the Commission revised tariff pages for DC service reflecting the rate per conversation minute charged by TELUS Communications Inc. (TCI)² in its operating territory in Quebec (TCI in Quebec), or to propose a revised DC service rate with a supporting cost study.
2. Pursuant to Telecom Regulatory Policy 2013-160, seven small ILECs, namely Amtelecom Limited Partnership (Amtelecom); DMTS, a division of Bell Canada (DMTS); KMTS, a division of Bell Canada (KMTS); NorthernTel, Limited Partnership (NorthernTel); Ontera; People’s Tel Limited Partnership (People’s Tel); and TBayTel, filed applications to revise their DC service rates to reflect the rate approved for TCI in Quebec. These applications were approved on a final basis in Telecom Order 2013-594. The other 28 small ILECs notified the Commission that they would propose different DC service rates by filing tariff pages with supporting cost studies.

¹ DC service enables a long distance service provider to connect to the ILEC and the end-customer at the local switch.

² Effective 1 October 2017, TELUS Communications Company’s (TCC) assets were legally transferred to TCI and TCC ceased to exist. For ease of reference, “TCI” is used in this order.

3. The Commission approved a revised DC service rate for Execulink Telecom Inc. (Execulink) in Telecom Order 2014-499. The Commission approved revised DC service rates for the remaining small ILECs in Telecom Order 2017-282.
4. In Telecom Order 2014-364, the Commission approved revisions to Bell Aliant Regional Communications, Limited Partnership's (Bell Aliant)³ and Bell Canada's respective Access Services Tariffs (ASTs) related to the rebilling of small ILECs' carrier access tariff (CAT) charges. Among other things, the Commission approved revised toll transport service rates for traffic transferred to and from five of the seven small ILECs (namely Amtelecom, DMTS, KMTS, People's Tel, and TBayTel) that had revised their DC service rates to reflect that of TCI in Quebec.⁴ The Commission also approved Bell Aliant and Bell Canada's proposal to calculate the toll transport service per-minute rate for the five small ILECs using Bell Aliant and Bell Canada's forecasted charges for equal access and trunking based on the traffic they carried, rather than on the total traffic for the small ILECs, and to add the small ILECs' approved DC per-minute rate. The Commission also made Bell Aliant and Bell Canada's toll transport service rates for the other small ILECs interim, effective the date of that order, pending the outcome of the proceedings related to the other small ILECs' DC service rates.
5. In Telecom Order 2014-573, the Commission approved, on an interim basis, Bell Aliant and Bell Canada's proposed revised toll transport service rate for Execulink, based on Execulink's revised DC service rate approved in Telecom Order 2014-499 and the new methodology approved in Telecom Order 2014-364.

Application

6. The Commission received an application from Bell Canada, dated 26 April 2018, in which the company proposed revisions to item 50 – Rebilling of Incumbent Local Exchange Carrier (ILEC) Carrier Access Tariff (CAT) Charges of its AST.
7. Specifically, Bell Canada requested Commission approval, on a final basis, for the following:
 - revised toll transport service rates for 23 small ILECs;⁵

³ On 1 July 2015, Bell Aliant became a division of Bell Canada.

⁴ Bell Aliant and Bell Canada did not propose to revise the DC service rates for NorthernTel and Ontera; Bell Aliant's and Bell Canada's tariffs indicated that the rates for NorthernTel and Ontera were calculated differently, pursuant to Telecom Decision 2005-3.

⁵ These small ILECs were Brooke Telecom Cooperative Limited, Bruce Telecom, CoopTel, Téléphone de Courcelles, Gosfield North Communications Co-operative Limited, Hay Communications Co-operative Limited, Huron Telecommunications Co-operative Limited, Lansdowne Rural Telephone Co. Ltd., Téléphone de Lambton, Groupe Maskatel LP, Téléphone Milot inc. (now part of Sogetel inc.), Mornington Communications Co-operative Limited, Nexicom Telecommunications, Nexicom Telephones, North Frontenac Telephone Corporation Ltd., NRTC Communications, Quadro Communications Co-operative Inc., Roxborough Telephone Company Limited, Sogetel inc., Tuckersmith Communications Co-operative Limited, La Compagnie de Téléphone Upton Inc., Wightman Telecom Ltd., and WTC Communications.

- the toll transport service rate for Execulink;
 - removal of the toll transport service rates for CityWest Telephone Corp. (CityWest), La Compagnie de Téléphone de St-Victor (St-Victor), and Téléphone de St-Éphrem inc. (St-Éphrem) from item 50 of the company's AST; and
 - removal of item 50(1) from the company's AST, which relates to the toll transport service rates for Cochrane Telecom Services (Cochrane), NorthernTel, and Ontera.
8. The Commission did not receive any interventions with respect to Bell Canada's application.

Issues

9. The Commission has identified the following issues to be addressed in this order:
- Are Bell Canada's proposed toll transport service rates for the 23 small ILECs reasonable?
 - Should the Commission approve on a final basis Bell Canada's proposed toll transport service rate for Execulink?
 - Should the Commission approve Bell Canada's request to remove the toll transport service rates for six small ILECs?

Are Bell Canada's proposed toll transport service rates for the 23 small ILECs reasonable?

Positions of parties

10. Bell Canada proposed separate revised toll transport service rates for the 23 small ILECs covering two periods:
- from 11 July 2014 (the date the Commission made Bell Canada's toll transport service rates interim for the 23 small ILECs, as set out in Telecom Order 2014-364) to 9 August 2017 (one day prior to the date of issuance of Telecom Order 2017-282, in which the Commission approved on a final basis the DC service rates for the 23 small ILECs); and
 - from 10 August 2017 (the date of issuance of Telecom Order 2017-282) onward.
11. For the period from 11 July 2014 to 9 August 2017, Bell Canada proposed to reduce the toll transport service rates for the 23 small ILECs to reflect (i) the difference between the DC service rates approved in Telecom Decision 2005-3 and the reduced DC service rates approved in Telecom Order 2017-282, and (ii) removal of the equal

access⁶ component included in its toll transport service rates approved in Telecom Order 2006-224. Bell Canada submitted that removal of the equal access component was appropriate since the Commission indicated in Telecom Decision 2006-14 that the process to recover the costs associated with implementing equal access would continue until 2014 for some of the small ILECs that implemented equal access as late as 2004. Bell Canada noted that for each of the 23 small ILECs, its proposed toll transport service rate is reduced from the rate approved in Telecom Order 2006-224.

12. Bell Canada calculated its proposed revised toll transport service rates for the 23 small ILECs effective 10 August 2017 based on the methodology approved in Telecom Order 2014-364.

Commission's analysis and determinations

13. Regarding Bell Canada's proposed toll transport service rates for the period from 11 July 2014 to 9 August 2017, the Commission considers that the calculations were correctly applied. The proposed rates include the appropriate trunking rates approved in Telecom Decision 2005-3, and the correct DC service rates for each small ILEC approved in Telecom Order 2017-282. The Commission therefore considers that Bell Canada's proposed toll transport service rates for that period are reasonable.
14. Regarding Bell Canada's proposed revised toll transport service rates for the period from 10 August 2017 onward, in Telecom Order 2014-364, the Commission considered that Bell Canada's proposed methodology accurately represented the company's toll transport service costs since it used only the toll traffic that it exchanges with the small ILECs. The Commission considers that Bell Canada's use of updated trunking configurations more accurately represents the company's current trunking costs. The Commission therefore considers that Bell Canada correctly applied the approved methodology, and that the company's proposed revised toll transport service rates for that period are reasonable.
15. In light of the above, the Commission **approves on a final basis** Bell Canada's proposed toll transport service rates for the period from 11 July 2014 to 9 August 2017, and for the period from 10 August 2017 onward.

Should the Commission approve on a final basis Bell Canada's proposed toll transport service rate for Execulink?

Background

16. Bell Aliant and Bell Canada filed Tariff Notices 500 and 7443, respectively, both dated 17 October 2014, in which the companies proposed a revised toll transport service rate for Execulink of \$0.011107 per conversation minute. This rate reflected

⁶ Equal access is a wholesale service that enables a customer to make a long distance call using a service provider other than their current local service provider.

the new calculation methodology that the Commission had approved in Telecom Order 2014-364 and the revised DC service rate that the Commission had approved for Execulink in Telecom Order 2014-499. The Commission approved on an interim basis Bell Canada's proposed toll transport service rate for Execulink in Telecom Order 2014-573. In Telecom Decision 2015-215, the Commission denied Execulink's application to review and vary Telecom Order 2014-499.

Positions of parties

17. Bell Canada submitted that it understood that the Commission did not approve on a final basis its proposed toll transport service rate for Execulink because, at that time, the Commission had yet to rule on the review and vary application concerning Execulink's DC service rate. Bell Canada submitted that since the Commission denied that review and vary application in Telecom Decision 2015-215, its toll transport service rate for Execulink should now be approved on a final basis.

Commission's analysis and determinations

18. The Commission considers that Bell Canada had calculated the interim toll transport service rate for Execulink using the appropriate DC service rate, as well as the methodology approved in Telecom Order 2014-364. The Commission did not approve on a final basis Bell Canada's toll transport service rate for Execulink following its denial of Execulink's review and vary application due to an oversight. Accordingly, the Commission **approves on a final basis** Bell Canada's proposed toll transport service rate for Execulink filed in Tariff Notices 500 and 7443, effective 4 November 2014.

Should the Commission approve Bell Canada's request to remove the toll transport service rates for six small ILECs?

Positions of parties

19. Bell Canada proposed to remove from its tariff the toll transport service rates for six small ILECs, namely CityWest, St-Éphrem, and St-Victor, as well as Cochrane, NorthernTel, and Ontera, on the basis that Bell Canada is not the toll service provider in those small ILECs' operating territories.

Bell Canada's proposal regarding CityWest, St-Éphrem, and St-Victor

20. Bell Canada submitted that the operating territories of CityWest, St-Éphrem, and St-Victor are not adjacent to Bell Canada's operating territory. Bell Canada noted that the Local Exchange Routing Guide (LERG)⁷ directs carriers to send their long distance traffic for termination in these three small ILECs' operating territories to TCI and not to Bell Canada. Bell Canada proposed to make the removal of these rates retroactive to 11 July 2014.

⁷ The LERG is a guide used by the telecommunications industry in North America to support the routing of calls by telecommunications service providers.

21. Bell Canada submitted that since 11 July 2014, the company has not terminated any long distance traffic in CityWest's operating territory, and minimal traffic in the operating territories of St-Éphrem and St-Victor.
22. Bell Canada noted that item 80 – Billing of Independent Telephone Company (ITC) Carrier Access Tariff (CAT) Charges of TELUS Communications (B.C.) Inc.'s (now part of TCI) Tariff for Interconnection with the Facilities of Interexchange Carriers (IXCs) provides for billing alternate providers of long distance services that use TCI to terminate their long distance traffic in CityWest's operating territory. Bell Canada added that while TCI in Quebec does not appear to have a tariff for billing alternate providers of long distance services for terminating traffic in the operating territories of St-Éphrem and St-Victor, commercial arrangements for terminating long distance traffic in those territories are available. Bell Canada submitted that if the Commission determines that there should be a regulated toll transport service rate for long distance service providers to terminate their long distance traffic in the operating territories of St-Éphrem and St-Victor, it should be included in TCI in Quebec's tariff and not in Bell Canada's tariff.

Bell Canada's proposal regarding Cochrane, NorthernTel, and Ontera

23. Bell Canada proposed to remove from its AST, effective 11 July 2014, item 50(1), which provides toll transport service rates for Cochrane, NorthernTel, and Ontera. Bell Canada argued that there is little demand for its toll transport services in those companies' operating territories, and that there are alternative options for long distance service providers to terminate their toll traffic in the affected exchanges. Specifically, Bell Canada indicated that it is not the toll transport service provider in those three small ILECs' operating territories, and that the LERG directs carriers to send their long distance traffic for termination in those small ILECs' operating territories to Ontera, not to Bell Canada.
24. Bell Canada argued that Ontera's AST includes rates charged to interexchange carriers for terminating their toll traffic in Ontera's operating territory, as well as the operating territories of Cochrane and NorthernTel. When an interexchange carrier gives Ontera traffic to terminate in the operating territories of Cochrane and NorthernTel, the applicable small ILEC's DC service rate applies. Bell Canada submitted that since long distance service providers can use Ontera's regulated rates to terminate their toll traffic in each of Cochrane's, NorthernTel's, and Ontera's operating territories, there is no need for Bell Canada to provide toll transport service rates for these small ILECs.

Commission's analysis and determinations

25. The Commission established the process for withdrawing tariffed services in Telecom Circular 2005-7, as amended in Telecom Decision 2008-22. Applicants wishing to withdraw a tariffed service are required to provide, among other things, information on the number of customers affected, and notice to affected customers to ensure that they have a meaningful opportunity to comment. With respect to

Bell Canada's toll transport services, the company has not provided the number of affected customers or evidence that it has notified those customers.

26. In the alternative, service providers that wish to continue offering a service without an approved tariff must file an application for forbearance from the regulation of the service using the market power test, which the Commission established in Telecom Decision 94-19. This test consists of evaluating several criteria to establish whether the service in question is, or will be, subject to sufficient competition to protect the interests of users. Bell Canada did not request forbearance for its toll transport services, nor did it provide the necessary information for the Commission to make a forbearance determination.
27. Bell Canada has provided evidence that it is not the primary provider of toll transport services in the six small ILECs' operating territories. However, since Bell Canada has not filed to withdraw its toll transport service for these small ILECs, nor has it filed for forbearance from the regulation of the service in those territories, the Commission considers that it would not be appropriate to approve Bell Canada's request to remove the toll transport service rates for the six small ILECs.
28. In light of the above, the Commission **denies** Bell Canada's request to remove from the company's AST the toll transport service rates, retroactive to 11 July 2014, for CityWest, St-Éphrem, and St-Victor. Consequently, the existing interim toll transport service rates will remain in effect for those companies. The Commission also **denies** Bell Canada's request to remove item 50(1) from the company's AST relating to Cochrane, NorthernTel, and Ontera.

Secretary General

Related documents

- *Various companies – Final rates for direct connect services*, Telecom Order CRTC 2017-282, 10 August 2017
- *Execulink Telecom Inc. – Application to review and vary Telecom Order 2014-499 regarding the company's Direct Connect service rate*, Telecom Decision CRTC 2015-215, 25 May 2015
- Telecom Order CRTC 2014-573, 4 November 2014
- *Execulink Telecom Inc. – Revision to Direct Connect service rate*, Telecom Order CRTC 2014-499, 26 September 2014
- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Rebilling of carrier access tariff charges for incumbent local exchange carriers*, Telecom Order CRTC 2014-364, 11 July 2014
- *Direct connection service rates for certain small incumbent local exchange carriers*, Telecom Order CRTC 2013-594, 7 November 2013

- *Regulatory framework for the small incumbent local exchange carriers and related matters*, Telecom Regulatory Policy CRTC 2013-160, 28 March 2013
- *Mandatory customer contract renewal notification and requirements for service destandardization/withdrawal*, Telecom Decision CRTC 2008-22, 6 March 2008
- Telecom Order CRTC 2006-224, 28 August 2006
- *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006
- *New procedures for disposition of applications dealing with the destandardization and/or withdrawal of tariffed services*, Telecom Circular CRTC 2005-7, 30 May 2005
- *Direct toll and network access costing methodology for small incumbent local exchange carriers – Follow-up to Decision 2001-756*, Telecom Decision CRTC 2005-3, 31 January 2005
- *Review of regulatory framework*, Telecom Decision CRTC 94-19, 16 September 1994