



Telecom Order CRTC 2018-451

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Ottawa, 4 December 2018

Public record: Tariff Notice 184

Sogetel inc. – Introduction of two competitor service charges

Application

1. The Commission received an application from Sogetel inc. (Sogetel), dated 13 November 2017, in which the company proposed modifications to section 4.1 – Local service request (LSR) of its Access Services Tariff to introduce two competitor service charges. The first is a \$50 charge for the cancellation of an ongoing port-out request, to be applied for each cancellation request exceeding 10% of the total number of valid requests in a calendar month made by the competitor making the request, with certain exemptions. The second charge is a \$95 charge for the accelerated processing of an LSR.
2. Sogetel noted that the proposed charge and associated tariff wording for the cancellation of an ongoing port-out request were identical to those approved for TELUS Communications Inc. (TCI) in Telecom Order 2017-234.
3. In support of the proposed charge for the accelerated processing of an LSR, Sogetel submitted a letter from Distributel Communications Limited (Distributel) to service providers, in which Distributel indicated that it would be implementing a charge for the accelerated processing of an LSR. Sogetel indicated that it wished to benefit from the same treatment with respect to this type of charge.
4. In addition, Sogetel noted that no large incumbent local exchange carrier (ILEC) had an approved tariff item for the accelerated processing of an LSR. Accordingly, Sogetel submitted a cost study in support of its proposed \$95 charge, as required by the Commission. The company indicated that it had included all tasks related to the processing in the calculation of the charge. It also included an administration charge, which it determined by applying the 25% markup allowed by the Commission in Telecom Order 2017-282 for the company's Direct Connect service. Further, Sogetel included an estimated income tax expense and an additional markup of 11.5%.
5. The Commission did not receive any interventions regarding Sogetel's application.

Commission's analysis and determinations

6. The competitor services referred to in Sogetel's application are part of the fifth basket of services offered by small ILECs, as defined in Telecom Regulatory Policy 2013-160. In that decision, the Commission found it appropriate for the initial rates for the small ILECs' fifth-basket competitor services to be established by matching

Commission-approved rates for the same service. The supporting rationale must address the appropriateness of the proposed rates in light of rates in an adjacent large ILEC territory for the same service.

7. Sogetel's proposed port-out cancellation charge and associated terms and conditions are identical to those approved for TCI in its serving territory in Quebec. The Commission considers that Sogetel's proposal meets the requirements set out in Telecom Regulatory Policy 2013-160 and, accordingly, finds the proposal to be appropriate.
8. With regard to Sogetel's proposed charge for the accelerated processing of an LSR, the Commission notes that there is already a mechanism in place, through the Expedite Flag field described in the LSR Form Preparation Guide of the Canadian Local Ordering Guidelines, to process and charge for requests for the accelerated processing of an LSR. A service provider uses the Expedite Flag to make such a request when it requires a provisioning interval that is shorter than the standard two days due to a critical customer need. In these cases, any applicable charges are to be accepted by the service provider making the request.
9. Sogetel is the first company to propose a charge for the accelerated processing of an LSR in its tariff. The inclusion of the charge in its tariff would give other service providers advance knowledge of the charge that will be associated with such a request and could allow for more efficient processing of the request. Accordingly, the Commission finds it reasonable for Sogetel to establish a charge for the accelerated processing of an LSR in its tariff.
10. The Commission also finds that the costs provided by Sogetel are appropriate, and that the 25% markup on costs is consistent with the determination set out in Telecom Decision 2017-282.
11. However, since the rates for wholesale services are set to recover costs to the company, (i) it is not appropriate to include the proposed 11.5% markup, and (ii) there is no income tax payable. Removing the 11.5% markup and income tax from the proposed rate results in an adjusted rate of \$79.22.
12. In light of the above, the Commission **approves with changes** Sogetel's application, including a revised charge of \$79.22 for the accelerated processing of LSRs.

Secretary General

Related documents

- *Various companies – Final rates for direct connect service*, Telecom Order CRTC 2017-282, 10 August 2017
- Telecom Order CRTC 2017-234, 5 July 2017
- *Regulatory framework for the small incumbent local exchange carriers and related matters*, Telecom Regulatory Policy CRTC 2013-160, 28 March 2013