



## Telecom Decision CRTC 2019-55

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Ottawa, 27 February 2019

*Public record: 8640-S4-201809427*

### **Sogetel inc. – Application for forbearance from the regulation of business local exchange services**

*The Commission **approves** Sogetel inc.’s request for forbearance from the regulation of business local exchange services in the exchange of Beauceville, Quebec.*

#### **Introduction**

1. The Commission received an application from Sogetel inc. (Sogetel), dated 2 November 2018, in which the company requested forbearance from the regulation of business local exchange services<sup>1</sup> in the exchange of Beauceville, Quebec.
2. The Commission did not receive any interventions regarding Sogetel’s application.

#### **Commission’s analysis and determinations**

3. Pursuant to the Commission’s requirements in Telecom Decision 2006-15, Sogetel provided evidence to support its forbearance request.
4. The Commission has assessed Sogetel’s application by examining the four criteria set out below. These criteria are based on the local forbearance test originally set out in Telecom Decision 2006-15 and applied to the small incumbent local exchange carriers (ILECs), with modifications, in Telecom Regulatory Policy 2009-379.

#### **Product market**

5. Sogetel is seeking forbearance from the regulation of 16 tariffed business local exchange services. A list of these services is set out in the Appendix to this decision. In Telecom Decision 2005-35, the Commission found that services similar to these 16 services are eligible to be considered for forbearance. In addition, in Telecom Decision 2017-190, the Commission approved an application for forbearance from the regulation of the same 16 services offered by Sogetel in another exchange.
6. Accordingly, the Commission determines that the 16 services listed in the Appendix to this decision are eligible for forbearance.

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<sup>1</sup> In this decision, “business local exchange services” refers to local exchange services used by business customers to access the public switched telephone network and any associated service charges, features, and ancillary services.

## **Competitor presence test**

7. Sogetel submitted that the Beauceville exchange includes two more densely populated regions, or zones, representing the core of the exchange: one of these two zones is served by Videotron Ltd. (Videotron) and the other is served by Cogeco Connexion Inc. (Cogeco). Sogetel submitted that neither competitor (i) has facilities beyond these zones, or (ii) has demonstrated any intention to operate beyond the core of the exchange.
8. Sogetel proposed that Videotron and Cogeco be considered collectively for the purpose of the 75% competitor presence threshold established in Telecom Regulatory Policy 2009-379. It submitted that, together, these competitors have the capacity to provide telecommunications services to over 75% of the number of business local exchange service lines that Sogetel is able to serve.
9. Sogetel also proposed that if the competitor presence threshold must be met by considering each of the competitors separately, then it would avail itself of the 50% competitor presence test established in Telecom Regulatory Policy 2009-379. Sogetel submitted that, in this case, Videotron alone is able to provide telecommunications services to over 50% of the number of business local exchange service lines that Sogetel is able to serve. It also submitted that because both Videotron and Cogeco have targeted only the core of the exchange, it is unlikely that the 75% competitor presence threshold will ever be attained.
10. In Telecom Decision 2006-15, the Commission established that forbearance may be granted when the ILEC demonstrates that, if it offers business local exchange services, there is, in addition to the ILEC, at least one other independent facilities-based, fixed-line telecommunications service provider that offers local exchange services in the market and is capable of serving at least 75% of the number of business local exchange service lines that the ILEC is capable of serving.
11. In Telecom Regulatory Policy 2009-379, the Commission lowered the threshold to 50% in cases where it determines that, based on evidence filed by the applicant small ILEC, the competitor(s) will target the core of the exchange due to a lack of financial incentive or economic ability to offer services in the outskirts of the exchange, and, as a result, the 75% competitor presence threshold is unlikely to ever be achieved.
12. The Commission considers that information submitted by Sogetel does not demonstrate that there is at least one other provider capable of serving at least 75% of the number of business local exchange service lines that Sogetel is capable of serving in the Beauceville exchange.
13. However, Sogetel has submitted evidence that Videotron targets the core of the Beauceville exchange. The company provided the following information: (i) maps clearly showing the boundaries of the core of the exchange, (ii) a comparison of the densities of the entire exchange and its core, (iii) the total number of business local access lines that Sogetel is capable of serving with local exchange services in the core

of the exchange, and (iv) the estimated percentage of businesses in the core of the exchange that its competitor is capable of serving, together with the assumptions made to support that estimate.

14. Based on this information, which Videotron did not dispute, the Commission considers that

- Videotron will continue to target the core of the exchange since there is limited financial incentive to offer services in the outskirts of the exchange and, consequently, the 75% competitor presence threshold is unlikely to ever be achieved; and
- there is, in addition to Sogetel, one independent, facilities-based, fixed-line telecommunications service provider that offers local exchange services in the exchange of Beauceville and that is capable of serving at least 50% of the number of business local exchange service lines that Sogetel is capable of serving.<sup>2</sup>

15. Accordingly, the Commission determines that the exchange of Beauceville meets the competitor presence test pursuant to the criteria established in Telecom Regulatory Policy 2009-379.

#### **Competitor quality of service results**

16. Sogetel attested that it received no competitor quality of service (Q of S) complaints in the six months prior to the date of this application for forbearance.<sup>3</sup> As well, the Commission received no comments with respect to Sogetel's competitor Q of S results for that period.

17. Accordingly, the Commission is satisfied that Sogetel's competitor Q of S results support forbearance from the regulation of business local exchange services in the exchange of Beauceville.

#### **Communications plan**

18. The Commission has reviewed Sogetel's proposed communications plan and is satisfied that it meets the information requirements set out in Telecom Decision 2006-15. However, the Commission considers that the company should modify the contact information in its plan to (i) change the mailing address for the Canadian Radio-television and Telecommunications Commission to "Ottawa, Ontario K1A 0N2"; and (ii) update the contact information for the Commission for Complaints

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<sup>2</sup> This competitor is Videotron.

<sup>3</sup> In Telecom Regulatory Policy 2009-379, the Commission stated that, if applicable, a small ILEC could submit an attestation that it had received no complaints from competitors in the six months prior to the date of the forbearance application, or since the implementation of local competition if less than six months had passed.

for Telecom-television Services Inc. (CCTS), the Office of Consumer Affairs, and the Competition Bureau.

19. The Commission **approves** the proposed communications plan with the revisions outlined above and **directs** Sogetel to provide the resulting communications materials to its customers, in both official languages where appropriate.

## Conclusion

20. Sogetel's application regarding the exchange of Beauceville, Quebec, meets all the local forbearance criteria set out in Telecom Decision 2006-15 and modified by Telecom Regulatory Policy 2009-379 for small ILECs.
21. Pursuant to subsection 34(1) of the *Telecommunications Act* (the Act), the Commission finds as a question of fact that to refrain from exercising its powers and performing its duties, to the extent specified in Telecom Decision 2006-15, in relation to the provision, by Sogetel in this exchange, of the business local exchange services listed in the Appendix to this decision and of future local exchange services (as defined in Telecom Public Notice 2005-2 and as they pertain to business customers only) would be consistent with the Canadian telecommunications policy objectives set out in section 7 of the Act.
22. Pursuant to subsection 34(2) of the Act, the Commission finds as a question of fact that these business local exchange services are subject to a level of competition in this exchange sufficient to protect the interests of users of these services.
23. Pursuant to subsection 34(3) of the Act, the Commission finds as a question of fact that to refrain from exercising its powers and performing its duties, to the extent specified in Telecom Decision 2006-15, in relation to the provision by Sogetel of these business local exchange services in this exchange would be unlikely to unduly impair the continuance of a competitive market for these services.
24. In light of the above, the Commission **approves** Sogetel's application for forbearance from the regulation of the local exchange services listed in the Appendix to this decision and future local exchange services (as defined in Telecom Public Notice 2005-2), as they pertain to business customers only, in the exchange of Beauceville, Quebec, subject to the powers and duties that the Commission has retained as set out in Telecom Decision 2006-15. This determination takes effect as of the date of this decision. The Commission **directs** Sogetel to issue revised tariff pages within **30 days** of the date of this decision.<sup>4</sup>

Secretary General

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<sup>4</sup> Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.

## Related documents

- *Sogetel inc. – Application for forbearance from the regulation of business local exchange services*, Telecom Decision CRTC 2017-190, 8 June 2017
- *Framework for forbearance from regulation of retail local exchange services in the serving territories of the small incumbent local exchange carriers*, Telecom Regulatory Policy CRTC 2009-379, 23 June 2009
- *Forbearance from the regulation of retail local exchange services*, Telecom Decision CRTC 2006-15, 6 April 2006; as amended by Order in Council P.C. 2007-532, 4 April 2007
- *List of services within the scope of the proceeding on forbearance from the regulation of local exchange services*, Telecom Decision CRTC 2005-35, 15 June 2005; as amended by Telecom Decision CRTC 2005-35-1, 14 July 2005
- *Forbearance from regulation of local exchange services*, Telecom Public Notice CRTC 2005-2, 28 April 2005

## Appendix to Telecom Decision CRTC 2019-55

### Local exchange services eligible to be considered for forbearance from regulation in this decision (for business customers only)

Tariff	Item	List of services
25130	2.1.8	Basic Service and Regional Service – Table of Monthly Rates (with the exception of the Bell Relay Service Rate and the 9-1-1 Public Emergency Reporting Service Access Line)
25130	2.1.9	Telephone Service for Senior Citizens’ Club
25130	2.4.6	Monthly Rate for Extra Listings
25130	2.4.7	Omission of Directory Listings
25130	2.4.8	Service Charges (business only)
25130	2.6	Intra-Exchange Distance Charges
25130	2.9	Local Conference Service
25130	2.10	Suspension of Service
25130	2.11	Shared Use
25130	2.12	Telephone Number Reservation Service
25130	2.13.2	Custom Calling Features
25130	2.13.3	Call Management Services
25130	2.13.4	Call Display Blocking of Caller’s Name and/or Number
25130	2.13.5	Voice Messaging Service
25130	2.13.6	Sogetel inc.’s Multi Services Packages
25130	4.2.10 .5	900 Service – Call Blocking