



Telecom Order CRTC 2022-53

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Bell Canada – National Services Tariff – Introduction of Next Generation 911 Service retail rate

The Commission **denies** Bell Canada's request for a rate range for its retail next-generation 9-1-1 (NG9-1-1) services. The Commission **approves on an interim basis** a rate of \$0.10 for Bell Canada's retail NG9-1-1 service, effective 1 March 2022.

Background

1. In Telecom Regulatory Policy 2017-182, the Commission mandated incumbent local exchange carriers (ILECs), including small ILECs, to, among other things, provide end-user access to NG9-1-1 networks in their operating territories.
2. In that decision, the Commission also determined that an ILEC stewardship model under Commission oversight was the most appropriate model for the governance and funding of NG9-1-1, such that the ILECs would be responsible for the building, operation, and maintenance of the NG9-1-1 networks. The Commission stated that it would retain full direct oversight through the ILECs' tariffs, and that the tariff rates would be established based on each NG9-1-1 network provider's costs, plus an approved markup.
3. In Telecom Decision 2021-199, the Commission directed NG9-1-1 network providers, by 1 March 2022, to establish NG9-1-1 networks, complete all NG9-1-1 production onboarding activities, and be ready to provide NG9-1-1 Voice, wherever public safety answering points (PSAPs) have been established in a particular region.¹

Application

4. On 18 November 2021, Bell Canada submitted tariff notice (TN) 969, proposing changes to its National Services Tariff CRTC 7400, Item 601 – Next Generation 9-1-1 (NG9 1-1) Service, in order to introduce a rate range for its retail NG9-1-1 Service. Similar to its wholesale NG9-1-1 rates, the proposed rates would be

¹ NG9-1-1 services will be enabled through the implementation of an all Internet Protocol (IP) infrastructure including, but not limited to, a managed, private, and dedicated IP network referred to as the Emergency Services IP-Enabled Network (ESInet). ESInet provides the transport and interconnectivity for trusted entities designated by the Commission, such as National Emergency Number Association i3-compliant PSAPs within the serving area, as well as Commission-registered originating network providers supporting mobile and fixed/native 9-1-1 calling over IP-capable networks.

applicable in the operating territories of Bell Aliant, a division of Bell Canada; Bell Canada; Bell MTS, a division of Bell Canada; DMTS, a division of Bell Canada; Groupe Maskatel LP, which includes Téléphone de Saint-Victor; Téléphone Upton and Téléphone de Saint-Éphrem; KMTS, a division of Bell Canada; NorthernTel, Limited Partnership; Ontera, a division of NorthernTel; and Télébec, Société en commandite.

5. Specifically, Bell Canada proposed introducing a rate range for its NG9-1-1 Service, which would be applicable to the monthly retail rate per network access service or per working telephone number for retail wireline subscribers of the company.² The proposed rate range structure would consist of a maximum NG9-1-1 tariff monthly retail rate of \$0.10, which was the retail rate that the company initially proposed,³ and a minimum rate of \$0.00. Both the minimum and the maximum rates would be publicly specified in its tariff, as permitted in Telecom Decision 2007-36. Bell Canada submitted that this proposal does not require any changes to the cost study it filed in support of TN 968 for the introduction of the NG9-1-1 Service.⁴
6. Bell Canada submitted that seeking this flexibility has no competitive intent or utility, particularly since the magnitude of the proposed rate range is small, being limited to only \$0.10, and since both the minimum and maximum rates will be publicly specified in its tariff.
7. Bell Canada submitted that the various fees associated with 9-1-1 may change a number of times in the coming years. The flexibility it is requesting would allow it to absorb its NG9-1-1 costs to minimize confusion for its retail customers and improve their experience. Bell Canada anticipated that many of the company's competitors would also choose to absorb their costs related to NG9-1-1.
8. Specifically, Bell Canada submitted that until March 2025, the proposed NG9-1-1 rate will apply in addition to the existing tariff rates for Enhanced 9-1-1 (E9-1-1) Service in its operating territories. During that time, E9-1-1 rates will be subject to annual rate recalculations and could potentially change on January 1 of each year.⁵ After March 2025, the existing E9-1-1 network will be decommissioned and the NG9-1-1 rate will be reassessed to cover the costs associated with the components of the E9-1-1 network that will continue to be in service beyond March 2025. In addition, customer bills in many of Bell Canada's operating territories display provincial 9-1-1 fees, as required by provincial legislation. These fees may also

² TNs 968 and 968A, which addressed the wholesale aspect of Bell Canada's NG9-1-1 service, were approved on an interim basis in Telecom Order 2021-420.

³ This retail rate was initially proposed in TN 968, but Bell Canada subsequently amended its application in order to address the wholesale rate and the retail rate issues in separate TNs.

⁴ In the context of TN 968, Bell Canada submitted that the price floor test associated with NG9-1-1 service had been met in accordance with the price floor test methodology as set out in various Commission decisions. Bell Canada indicated that the NG9-1-1 retail rate is based on the wholesale rate plus an additional charge intended to recover the costs that the company incurs as an originating network provider.

⁵ See Order 2000-630.

fluctuate in the coming years as provinces adjust them to recuperate costs for the transition from legacy 9-1-1 to NG9-1-1.

9. Bell Canada submitted that the Commission's approval of this application would be consistent with the 2019 Policy Direction,⁶ which states that the Commission should consider how its decisions enhance and protect the rights of consumers in their relationships with telecommunications service providers. It would also be consistent with the 2006 Policy Direction,⁷ which requires the Commission to use only tariff approval mechanisms that are as minimally intrusive and as minimally onerous as possible and to, when relying on regulation, use measures that are efficient and proportionate to their purpose.
10. Bell Canada was of the view that strict adherence to the applicable rules in this case, namely the price floor test, could not be considered to be minimally intrusive regulation nor would it be proportionate to the purpose of the test, which is meant to prohibit anti-competitive behaviour. Bell Canada submitted that its proposal will clearly be of benefit to its customers.
11. Bell Canada requested interim approval no later than 1 March 2022.
12. The Commission received an intervention from Rogers Communications Canada Inc. (RCCI).

Positions of parties

13. RCCI argued that the Commission should deny Bell Canada's request for approval of a retail rate of \$0.00 for its NG9-1-1 service. The tariffed rate for this retail service should be set to recover Bell Canada's incremental costs to provide wholesale NG9-1-1 service plus any additional incremental costs Bell Canada incurs as the originating network provider, consistent with Telecom Regulatory Policy 2017-182, the price floor test, and subsection 27(2) of the *Telecommunications Act*.
14. RCCI submitted that Bell Canada's rate of \$0.00 does not satisfy the price floor test, and that charging different customers different amounts for Bell Canada's monopoly NG9-1-1 service discriminates between similarly situated customers. RCCI added that since the NG9-1-1 service is a public good service, it is important that all customers share in the costs of the service on a non-discriminatory basis, consistent with subsection 27(2) of the *Telecommunications Act*.

⁶ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

15. In addition, RCCI argued that no other ILEC has asked for the ability to charge its retail customers below-cost rates for retail NG9-1-1 service.
16. In its reply, Bell Canada submitted that it acknowledged that its proposed minimum rate did not meet the price floor test in its TN, but that denial of its proposal would not be minimally intrusive regulation, nor would it be proportionate to the purpose of the test, which is meant to prohibit anti-competitive behaviour. Bell Canada added that the flexibility afforded by a rate range would allow it to choose, for example, to introduce the fee as part of a potential rate increase that it may put into effect later in 2022 for certain access services in compliance with its price cap rules, instead of in March 2022. Bell Canada argued that this will make it clearer and simpler for its customers to understand the overall rate they are paying for their access and will align with its goal of minimizing rate changes in a given year (including the potential for multiple rate changes related to 9-1-1 in a given year) to avoid customer confusion.
17. Bell Canada also replied that RCCI has provided no compelling argument that would justify the denial of Bell Canada's request, and added that no other party has commented on its application.

Commission's analysis and determinations

18. In Telecom Decision 2006-75, the Commission set out its determinations with respect to the appropriate use of rate ranges. The Commission concluded that the use of rate ranges would generally not be appropriate for services, such as 9-1-1 service, that had been established to fulfill specific social policy objectives.
19. Permitting a rate range in the case of NG9-1-1 would represent a change to the Commission's stated policy, and there is insufficient evidence to support such a change in the context of this proceeding. No other provider who would presumably encounter the same issue of rate fluctuations proposed implementing a rate range in relation to the retail NG9-1-1 rate and no comments were filed in support of this request.
20. The Commission's determinations in Telecom Regulatory Policy 2017-182 required, among other things, an ILEC stewardship model where the tariff rates were to be established based on each NG9-1-1 network provider's costs, plus an approved markup. When a rate range is proposed, the price floor test is calculated at the minimum rate, which in this case would be \$0.00. As a result, the minimum rate of \$0.00 would not pass the price floor test because the costs of providing the service would be greater than the proposed rate for the service. The Commission considers that a minimum retail rate of \$0.00 does not comply with the directives set out in the decision.
21. However, Bell Canada's proposed maximum NG9-1-1 retail rate of \$0.10 has been supported by a cost study indicating that the rate passes the price floor test. Specifically, Bell Canada's NG9-1-1 retail rate is based on the wholesale rate, which includes a markup of 15%, plus an additional charge intended to recover the costs that

the company incurs as an originating network provider. This is compliant with the directives set out in Telecom Regulatory Policy 2017-182.

22. With respect to concerns over frequent rate changes, the NG9-1-1 rate will be charged in addition to the E9-1-1 rate until that system is decommissioned, which is expected to be in March 2025. The rates for E9-1-1 service generally fluctuate annually to reflect new demand inputs provided by wireless service providers and competitive local exchange carriers. Bell Canada's arguments regarding limiting the rate fluctuation experienced by consumers are not supported by the current E9-1-1 service charges, since consumers are aware that rates for 9-1-1 services fluctuate annually.

Conclusion

23. The Commission **denies** Bell Canada's request to use a rate range for its retail wireline subscribers. The Commission **approves on an interim basis** the use of the maximum monthly rate of \$0.10 per network access service or per working telephone number for NG9-1-1 service in Bell Canada's National Services Tariff, effective 1 March 2022.

Policy Directions

24. The 2019 Policy Direction states that the Commission should consider how its decisions can promote competition, affordability, consumer interests, and innovation. The Commission has reviewed Bell Canada's application in light of the 2019 Policy Direction and has considered its aspects to the extent necessary, using measures that are efficient and proportionate to their purpose. The Commission considers that approval of an interim NG9-1-1 monthly retail rate of \$0.10 is compliant with the 2019 Policy Direction, since it will (i) promote customers' interests by ensuring that NG9-1-1 service will be available to all retail customers in compliance with the Commission's various decisions, and (ii) innovation by ensuring consumers have access to high-quality telecommunications services.
25. Further, in compliance with paragraph 1(b)(i) of the 2006 Policy Direction, approval of this application advances section 7(h) of the Act.⁸

Secretary General

Related documents

- Telecom Order CRTC 2021-420, 16 December 2021

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

- *Establishment of new deadlines for Canada's transition to next-generation 9-1-1*, Telecom Decision CRTC 2021-199, 14 June 2021
- *Next-generation 9-1-1 – Modernizing 9-1-1 networks to meet the public safety needs of Canadians*, Telecom Regulatory Policy CRTC 2017-182, 1 June 2017
- *Follow-up to Decision 2006-75 - Range-within-a-range proposal*, Telecom Decision CRTC 2007-36, 25 May 2007
- *Rate ranges for services other than voice over Internet Protocol services*, Telecom Decision CRTC 2006-75, 23 November 2006
- *Rates modified for province-wide 9-1-1 service*, Order CRTC 2000-630, 6 July 2000