



Telecom Order CRTC 2023-144

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Public record: Tariff Notice 7653

Bell Canada – Withdrawal of Exchange Radio-Telephone Service and Regional Communication Service

Summary

The Commission **approves with changes** Bell Canada's application to withdraw its Exchange Radio-Telephone Service and Regional Communication Service.

Application

1. The Commission received an application from Bell Canada, dated 21 October 2022, in which the company proposed changes to its General Tariff CRTC 6716 item 1430 – Exchange Radio-Telephone Service (ERTS) and item 1435 – Regional Communication Service (RCS). Specifically, the company proposed to withdraw ERTS and RCS.
2. ERTS and RCS use radio equipment located at a customer's premises to communicate with the public switched telephone network through a company's radio base station. These services have typically been used by customers in remote locations outside of Bell Canada's normal serving area. Bell Canada introduced ERTS in the 1970s and RCS in 1987.
3. Bell Canada submitted that it has experienced a significant and steady annual decline in the number of ERTS and RCS customers, and it currently has a very small number of customers for these services. The lower demand for these services may be partially due to the growth of cellular telephone coverage and the availability of enhanced satellite services in some areas served by ERTS and RCS.
4. Bell Canada noted that the Commission had previously approved the company's request to destandardize ERTS and RCS in Telecom Order 2014-33. In that destandardization application, the company submitted that the equipment used for ERTS and RCS is outdated and has been manufacturer-discontinued for some time.
5. In the current application, Bell Canada submitted that it has become even more difficult and costly to obtain and repair spare parts for these services, that the parts are often unavailable in a timely manner, and that sometimes they are not available at all. This has contributed to increasing costs for Bell Canada to provide and maintain the services, and any offsetting revenues have remained low due to the low demand for these services.

6. Bell Canada therefore submitted that ERTS and RCS have become so unreliable that they are unsuitable for continued customer use.
7. In its application, Bell Canada proposed to implement a transition plan for migrating current customers of ERTS and RCS that is consistent with the transition plan approved by the Commission in Telecom Order 2016-239 for TELUS Communications Inc. (TCI) for similar services.¹ Bell Canada proposed to provide current customers of these services with one of the following one-time payments:
 - up to \$1,200 per radio channel, based on valid receipts, to cover any equipment, including the handset, and related expenses that may provide or improve a satellite signal if the residential customer is migrating to a satellite service; or
 - up to \$1,000 per radio channel, based on valid receipts, to cover any equipment, including the handset, and related expenses that may provide or improve a cellular signal if the residential customer is migrating to a cellular service.

Bell Canada submitted that its business customers would be entitled to claim these expenses as business expenditures for tax purposes.

8. In response to Commission staff's 19 January 2023 request for information, and based on a review of these costs, Bell Canada submitted that it would be agreeable to increasing the proposed maximum one-time payment of \$1,200 per radio channel for customers migrating to a satellite service to \$1,440, which would provide reasonable compensation to residential customers who migrate to a satellite service. However, with respect to residential customers migrating to cellular service, the company submitted that a variety of new cellular handsets are widely available at a retail price of roughly \$1,000 or less, so the proposed one-time payment would be reasonable and appropriate.
9. Bell Canada requested an effective date of 30 December 2022.
10. The Commission did not receive any interventions in response to Bell Canada's application. However, four customers sent comments directly to Bell Canada, and the company provided the text of the customer comments it received in its response to the Commission's request for information. Bell Canada provided the Commission with its responses to these customer comments.

¹ At the time of Telecom Order 2016-239, TCI was operating as TELUS Communications Company (TCC). However, effective 1 October 2017, TCC's assets were legally transferred to TCI and TCC ceased to exist. For ease of reference, "TCI" is used in this order.

Comments and reply

11. In regard to the four comments from customers, Bell Canada indicated that two had questions about the company's application, one opposed the application, and one asked the company to delay the application.
12. One customer inquired whether financial compensation would be available for the purchase of a used satellite telephone. Bell Canada submitted that it advised the customer that financial compensation would be provided with a valid receipt, regardless of whether customers purchased a new or used satellite telephone.
13. Another customer inquired whether they would be able to port a telephone number to an alternative wireless service provider (WSP). Bell Canada submitted that it advised the customer that it had no objection to this and would allow the number to be ported when it received the appropriate porting request from the alternative WSP.
14. Bell Canada submitted that the customer who opposed the proposed withdrawal had indicated that cellular service was unavailable in this customer's area, and they preferred to keep their existing radiotelephone service in lieu of a satellite service for their communication and safety needs. The customer further indicated that satellite phone plans are more expensive and less convenient. In response, Bell Canada informed the customer that satellite service offers a far more appropriate and reliable service, especially in the event of an emergency, given the reliability issues with ERTS and RCS discussed in this application.
15. One customer asked Bell Canada to delay the withdrawal of ERTS and RCS until 30 June 2023, because they are currently using these services to transmit telemetry data associated with some remote facilities. In response, Bell Canada informed the customer that it had provided notice consistent with the notice requirements set out in Telecom Information Bulletin 2010-455-1. Furthermore, this customer would have been alerted to the company's concerns about the discontinued equipment, poor reliability, and poor long-term viability of these services by the customer notices issued on 18 October 2013 associated with Bell Canada's applications to destandardize ERTS and RCS, which were approved in Telecom Order 2014-33. Bell Canada indicated that this customer has therefore had enough time to design, source and implement an effective alternative.
16. Additionally, Bell Canada informed the customer that ERTS and RCS are voice services that were not intended or designed to be used as data services, and particularly not for any critical data application. The company indicated that it is inappropriate for this customer to use ERTS and RCS for this purpose for years after having been made aware of the reliability issues associated with these services.
17. With respect to the customer's request that the withdrawal of ERTS and RCS be delayed until 30 June 2023, Bell Canada noted that it requires a valid radio licence to provide these services and the company's existing licence expires on 31 March 2023. The company informed the customer that it is not prepared to continue service beyond

that date, but it is willing to allow service to continue, for this customer only, until 30 March 2023. Bell Canada further stated that if this customer is willing to pay the company's radio licensing cost for service for the 12-month period beginning on 31 March 2023 in addition to their existing tariff charges, it would be willing to continue service on a best-effort basis for this customer only. Bell Canada indicated however that this customer would be better served by ordering satellite service to support the needs of its remote location.

Commission's analysis

18. Telecom Information Bulletin 2010-455-1 sets out the requirements for the destandardization and withdrawal of tariffed services. In accordance with these requirements, Bell Canada has informed affected customers of its proposal to withdraw ERTS and RCS and has provided rationale for its proposal.
19. Due to the advanced age of ERTS and RCS, there are many difficulties associated with maintaining, repairing, and obtaining spare parts, which renders these services highly unreliable. The Commission considers that if a customer's ERTS or RCS radio breaks down and spare parts or repair services are unavailable, the customer could be without access to emergency services for months. As noted by Bell Canada, the Commission previously approved similar applications to withdraw similar services for TCI in Telecom Orders 2008-206 and 2016-239, and Saskatchewan Telecommunications in Telecom Order 2008-292.
20. With respect to the concerns raised by the customer relying on ERTS and RCS for emergencies and communication, the Commission considers that the unreliability of these services could put customers at risk if they do not transition to alternative services. Furthermore, satellite services can provide customers with capabilities that radiotelephone services cannot, such as Internet access and various optional features.
21. Although the monthly rates for satellite services may be somewhat higher than RCS and ERTS rates, they are nevertheless reasonable in view of the additional features and capabilities available. The Commission notes that Bell Canada proposed to assist its residential ERTS and RCS customers in migrating to alternative services by granting them one-time payments to help cover the initial costs that customers would incur.
22. With respect to the concerns raised by the customer using ERTS and RCS to transmit data, this customer has been informed of the issues with these services by the customer notices associated with Bell Canada's proposal to destandardize ERTS and RCS in 2013. The Commission considers that this customer has had time to source a more reliable and appropriate solution for its needs. The Commission acknowledges that Bell Canada would be willing to continue service on a best-effort basis if the customer is willing to pay the radio licensing cost for the service.
23. With respect to Bell Canada's transition plan, the Commission is of the view that the proposed one-time payment amount of up to \$1,200 for customers migrating to

satellite services should be increased to \$1,440. Accordingly, the Commission considers that payment amounts of up to \$1,000 per radio channel for residential customers migrating to a cellular service and up to \$1,440 per radio channel for customers migrating to a satellite service reflect the current retail costs of these services and would provide reasonable compensation to customers.

Conclusion

24. In light of all of the above, the Commission **approves** Bell Canada's application, effective **18 May 2023**, with the following change:

- In Bell Canada's customer transition plan, the maximum one-time payment amount for residential customers migrating to a satellite service is to be increased from \$1,200 to \$1,440 per radio channel.

Secretary General

Related documents

- *TELUS Communications Company – Withdrawal of radiotelephone services in British Columbia*, Telecom Order CRTC 2016-239, 23 June 2016
- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Destandardization of Exchange Radio-Telephone Service and Regional Communication Service*, Telecom Order CRTC 2014-33, 30 January 2014
- *Approval processes for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455-1, 19 February 2016
- *Saskatchewan Telecommunications - Withdrawal of Northern Radio Telephone Service*, Telecom Order CRTC 2008-292, 17 October 2008
- *TELUS Communications Company – Withdrawal of Exchange Area Radiotelephone Service*, Telecom Order CRTC 2008-206, 25 July 2008