



## **Telecom Order CRTC 2006-151**

Ottawa, 16 June 2006

### **Keewatin Municipal Telephone System and Kenora Municipal Telephone System**

Reference: Keewatin Municipal Telephone System Tariff Notices 14 and 15, and  
Kenora Municipal Telephone System Tariff Notice 39

### **Merger of Keewatin Municipal Telephone System General Tariff items into Kenora Municipal Telephone System's General Tariff and withdrawal of Keewatin Municipal Telephone System's General Tariff**

#### **Background**

1. On 31 August 1999, the Commission received a letter from the Kenora Municipal Telephone System (KMTS) advising of the planned amalgamation of the Towns of Kenora, Keewatin, and Jaffray Melick into the City of Kenora effective 1 January 2000. KMTS also noted the intention of the City of Kenora to amalgamate the operations of Keewatin Municipal Telephone System (Keewatin MTS) and KMTS into one company effective 1 January 2000.
2. In Order CRTC 2000-68, 1 February 2000, the Commission approved an application by KMTS, filed under cover of KMTS Tariff Notices 18 and 18A, requesting that the KMTS and Keewatin MTS General Tariffs remain intact.

#### **The applications**

3. On 26 April 2006, the Commission received an application by KMTS, under cover of Keewatin MTS Tariff Notice 14 (TN 14), proposing to align the rates in the Keewatin MTS General Tariff with those in the KMTS General Tariff. The company submitted that this would facilitate the proposed merger of the Keewatin MTS and KMTS General Tariffs.
4. Under TN 14, KMTS proposed to modify Keewatin MTS' rates as follows:
  - decrease the monthly business primary exchange service (PES) rate from \$29.00 to \$28.91;
  - increase the residential and business administration service charge from \$13.10 to \$15.80;
  - increase the residential and business premise visit service charge from \$10.85 to \$12.25;
  - decrease the residential line connection service charge from \$15.40 to \$14.70;

- increase the business line connection charge from \$19.40 to \$20.25;
  - increase the residential premise work charge from \$9.35 to \$9.60; and
  - increase the business premise work charge from \$12.45 to \$15.20.
5. KMTS noted that the residential service charges are assigned to the fourth basket of services according to the classification established in *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006 (Decision 2006-14). KMTS also noted that, pursuant to Decision 2006-14, rates for services assigned to the fourth basket are allowed to increase up to any rate approved by the Commission for the same service. KMTS submitted that the proposed service charges for Keewatin MTS customers are identical to the rates currently applicable for KMTS' customers, which were approved in Telecom Order CRTC 95-313, 15 March 1995.
  6. On 27 April 2006, the Commission received an application by KMTS, under cover of Tariff Notice 39 (TN 39), proposing to add to section 100 of its General Tariff the Keewatin MTS exchanges and Extended Natural Call Centre Area, in order to facilitate the proposed merger of the two tariffs.
  7. On 27 April 2006, the Commission received an application by KMTS, under cover of Keewatin MTS Tariff Notice 15 (TN 15), proposing the merger of the Keewatin MTS General Tariff and the KMTS General Tariff and requesting that the Commission approve the withdrawal of the Keewatin MTS General Tariff effective 11 May 2006.
  8. On 10 May 2006, the Commission approved on an interim basis Keewatin MTS TNs 14, 15 and KMTS TN 39 in Telecom Order CRTC 2006-109.
  9. The Commission received no comments with respect to the applications.

#### **Commission's analysis and determinations**

10. The Commission notes that in Decision 2006-14, it established that small incumbent local exchange carriers (SILECs) should be subject to a simplified form of price regulation. The Commission thus grouped services into four separate baskets, each with its own pricing constraints.
11. The first and second baskets comprise residential PES and business PES respectively. The Commission determined that the rates for the services in each of those baskets would be capped at existing levels except for the use of unused rate increase credits accumulated during the regulatory framework established in *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001, in the absence of any exogenous factors.
12. The third basket comprises 9-1-1 service, message relay service and toll restriction. The Commission considered it appropriate to freeze, at the existing tariffed rates, the rates for those services provided directly by the SILECs.

13. The fourth basket comprises all other services offered by the SILECs, such as optional services, multi-element service categories, special facilities tariffs and competitor access tariffs. The Commission determined that rates for those services would generally be permitted to increase up to any already approved rate for the same service.
14. The Commission notes that the KMTS General Tariff and Keewatin MTS General Tariff have many similarities and that KMTS' proposal has resulted in minimal rate changes, as noted below, for the former customers of Keewatin MTS.
15. Specifically, the Commission notes that KMTS' proposal resulted in a \$0.09 rate decrease for Keewatin MTS business customers who subscribe to the individual line service and will align the rate for this service with the KMTS rate that was given final approval in Telecom Order CRTC 2005-171, 10 May 2005.
16. The Commission notes that KMTS' proposal resulted in rate increases (and one rate decrease) for Keewatin MTS residential and business customers who will be subject to service charges assigned to the fourth basket. The Commission notes that the rates applicable to Keewatin MTS customers will be the rates already approved for KMTS' customers. The Commission therefore finds that KMTS' proposal meets the requirements set out in Decision 2006-14.
17. The Commission notes that with the proposed rate changes, Keewatin and Kenora customers will be charged the same rates for all services under the KMTS tariff.
18. In light of the above, the Commission **approves on a final basis** Keewatin MTS TNs 14 and 15, and KMTS TN 39, including the withdrawal of the Keewatin MTS General Tariff.

Secretary General

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