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Ms. Ursula Menke  
Secretary General  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2

**Bell Canada**  
**Island Telecom Inc.**  
**Maritime Tel & Tel Limited**  
**MTS Communications Inc.**  
**NBTel Inc.**  
**NewTel Communications Inc.**  
**Northwestel Inc.**  
**Québec-Téléphone**  
**TELUS Communications (B.C.) Inc.**  
**TELUS Communications Inc.**

**Teresa Muir**  
Director -  
Regulatory Matters  
Bell Canada

Dear Ms. Menke:

Subject: Application to Modify the Program of Monitoring the Affordability of Telephone Service in Canada

1. Pursuant to Part VII of the *CRTC Telecommunications Rules of Procedure*, Bell Canada, Island Telecom Inc., Maritime Tel & Tel Limited, MTS Communications Inc., NBTel Inc., NewTel Communications Inc., Northwestel Inc., Québec-Téléphone, TELUS Communications (B.C.) Inc. and TELUS Communications Inc. (collectively, the Companies) submitted an application on 16 November 1999 to modify the program of monitoring the affordability of telephone service in Canada.
2. The Companies have received comments on the application from the Government of the Northwest Territories (GNWT) and from the Public Interest Advocacy Centre (PIAC) on behalf of Action Réseau Consommateur (ARC), the Consumers' Association of Canada (CAC), and the National Anti-Poverty Organization (NAPO). The Companies' reply to the comments of GNWT and ARC/CAC/NAPO follow. Failure by the Companies to address any particular comment should not be interpreted as acceptance of or agreement with the comment to the extent that such acceptance or agreement would be contrary to the position of the Companies.
3. In addition, the Companies are in receipt of a letter from Télébec ltée (Télébec). Télébec indicated that it approves of the Companies proposal and would like to be included in the Decision that the Commission renders on the matter.
4. In the application the Companies request that the Commission modify the process established in Decision 96-10 and Order 97-1214 to monitor the

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affordability of telephone service in Canada. The Companies request that the Commission make a determination to: vary the frequency with which the Companies provide telephone penetration rates from quarterly to semi-annually;

- b) rescind the requirement that the Companies gather and report information collected on the charges which have caused affordability problems; and
- c) vary the frequency and timing of filing the monitoring results which will reduce the number of reports from five to two per year filed in November and March (subject to data availability).

5. GNWT indicates that it takes no position on the application with respect to monitoring affordability of telephone service by companies other than Northwestel. GNWT suggests that more frequent collecting of aggregate penetration rate data is required for the Northwest Territories, Yukon and Nunavut, and the data should be disaggregated at the community or regional level.

6. In reply, the Companies note that data is simply not available which would allow for a more frequent reporting of penetration rates in the territories. The Companies rely on Statistics Canada data to estimate penetration rates, and data for the territories has only recently become available with the introduction of Statistics Canada's Survey of Household Spending (SHS) in 1997. The SHS is only performed annually. The Companies can only report Statistics Canada data to the level of disaggregation provided by Statistics Canada. For example, it is not possible to disaggregate the data for Québec-Téléphone's or Télébec's territories in the province of Québec. The SHS provides estimated penetration rates for the Northwest Territories, Yukon and Nunavut, as well as Yellowknife and Whitehorse. The Companies are willing to report estimated penetration rates disaggregated to this level in the annual report.

7. ARC/CAC/NAPO do not object to reducing the frequency with which the Companies measure and report on penetration and other affordability statistics. They do object to the proposal to stop gathering and reporting information on the charges that have caused affordability problems. ARC/CAC/NAPO argue that the charges that have caused affordability problems have changed over the tracking period and that there is every reason to expect these findings to continue to change as rate structures change.

8. In response, the Companies have been gathering information on the charges that are difficult to afford for households who cite affordability as the reason for either:

- a) not subscribing to telephone service; or
- b) disconnecting telephone service.

9. For households citing affordability as the reason for not subscribing to telephone service, the results have identified the installation charge, the basic charge, and the deposit to be the principle impediments. These results have been stable throughout the monitoring period and the Companies believe there is no reason to expect that these findings will change.

10. For customers choosing to disconnect telephone service, very few cite affordability as the reason. Where they do, the main charge cited as being difficult to afford is the basic charge. The Companies have pointed out that a decreasing proportion of customers cite toll charges as a reason for disconnecting for affordability reasons and the Companies submit that this result was predictable based on the toll rate reductions over the tracking period. Even if further changes to rate structures result in changes to which charges disconnecting customers cite as being difficult to afford, the Companies believe that the direction of the changes will be obvious and there is no need to explicitly measure the data.

11. The Companies also track and report on the number of customers involuntarily disconnected. Involuntary disconnects greatly outnumber voluntary disconnects for affordability reasons and although the Companies do not gather and report on which charges have primarily contributed to disconnection, most involuntary disconnects are related to an accumulation of toll charges on the customers' bill in addition to other charges, including those for basic local service.

12. In summary, the Companies note that there are no objections to vary the frequency with which the Companies provide penetration rates or vary the frequency and timing of filing the monitoring results. The Companies continue to believe that the charges that are difficult to afford for households who don't subscribe or voluntarily disconnect for affordability reasons are well established and continuing to gather and report the data is adding no further value. The Companies request therefore, that the Commission make a determination that the Companies discontinue gathering and reporting data on which charges are difficult to afford for households who cite affordability as the reason for either not subscribing or disconnecting. This would reduce expenses associated with collecting the data, analyzing the data, and preparing the data for inclusion in the reports. It would also eliminate the time Commission staff and other interested parties spend reviewing information that is already well established on the record.

13. The Companies respectfully request a decision on this application by mid-January 2000.

14. A machine-readable file copy of this letter is provided to the Commission via Internet email.

Yours truly,

Teresa Muir  
Director - Regulatory Matters  
Bell Canada

c.c.: The Companies  
CRTC Regional Offices  
Parties to Public Notice 95-49