



## Telecom Decision CRTC 2006-57

Ottawa, 12 September 2006

### **MTS Allstream Inc. – Request to review rates for 800/888 Carrier Identification service**

Reference: 8661-M59-200607442

*In this Decision, the Commission directs Bell Aliant Regional Communications, Limited Partnership,<sup>1</sup> Bell Canada, MTS Allstream Inc., Saskatchewan Telecommunications, and TELUS Communications Company to file within 45 days of the date of this Decision amended tariff pages with supporting cost studies for their 800/888 Carrier Identification service. In light of this directive, the Commission makes the 800/888 Carrier Identification service tariffs of these carriers interim pending the review of the amended tariff pages and supporting cost studies.*

#### **The application**

1. The Commission received an application by MTS Allstream Inc. (MTS Allstream) dated 8 June 2006 filed pursuant to Part VII of the *CRTC Telecommunications Rules of Procedure*, requesting that the Commission reduce, on an interim basis, the telephone companies' rate for 800/888 Carrier Identification service while reviewing the costs.
2. MTS Allstream requested that the Commission issue the following:
  - a) an order directing Aliant Telecom Inc., now part of Bell Aliant Regional Communications, Limited Partnership (Bell Aliant),<sup>2</sup> Bell Canada, Saskatchewan Telecommunications (SaskTel) (collectively, the Companies); and TELUS Communications Company (TCC) to reduce their rate for 800/888 Carrier Identification service to \$0.0022 per call on an interim basis;
  - b) an order directing the Companies and TCC to file updated cost studies for their 800/888 Carrier Identification service and to set the rate per call for this service at the lesser of Phase II costs plus a 15 percent mark-up or the rates that would be available for an 800/888 Carrier Identification service as a result of a competitive bidding process;
  - c) an order making the incumbent local exchange carriers' (ILECs) tariffs for 800/888 Carrier Identification service interim pending the Commission's review of the service costs; and

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<sup>1</sup> On 7 July 2006, Bell Canada's regional wireline telecommunications operations in Ontario and Quebec were combined with, among other things, the wireline telecommunications operations of Aliant Telecom Inc., Société en commandite Télébec, and NorthernTel, Limited Partnership to form Bell Aliant Regional Communications, Limited Partnership.

<sup>2</sup> See footnote 1.

- d) a final order establishing a new rate for the 800/888 Carrier Identification service which would take into account the results of the Commission's review of the cost studies.

## **Background**

3. In *Unbundled rates to provide equal access*, Telecom Decision CRTC 97-6, 10 April 1997, as amended by Telecom Decision CRTC 97-6-1 dated 24 April 1997 (Decision 97-6), the Commission treated the ILECs' 800/888 Carrier Identification service as a bottleneck service. The Commission subsequently reclassified this service as a Category I competitor service in *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1 dated 15 July 2002 (Decision 2002-34).
4. The Commission first established the rates that are charged by the ILECs for their 800/888 Carrier Identification service in Decision 97-6. Prior to that Decision, the rates had been bundled into a single switching and aggregation charge that was established by the Commission in *Competition in the provision of public long distance voice telephone services and related resale and sharing issues*, Telecom Decision CRTC 92-12, 12 June 1992, as amended by Erratum 92-12-1 dated 28 August 1992.
5. In *CRTC approves application to reduce toll-free look-up service charge*, Order CRTC 2001-500, 29 June 2001, the Commission lowered the 800/888 Carrier Identification service rate from \$0.006331 to \$0.003259 per call. This rate was subsequently reduced to \$0.0030 to reflect the lowering of the mark-up to 15 percent as per Decision 2002-34.

## **Process**

6. The Commission received initial comments from Rogers Telecom Inc. (Rogers) and TCC dated 21 and 22 June 2006, respectively. Pursuant to a Commission process letter dated 29 June 2006, comments were received from the Companies, Rogers Communications Inc., and TCC dated 17 July 2006.
7. MTS Allstream filed reply comments dated 27 July 2006.

## **Positions of parties**

8. MTS Allstream submitted that the cost studies associated with the ILECs' 800/888 Carrier Identification service were out of date and did not reflect either the costs of providing this service or the prices being charged by other service providers in this market. MTS Allstream noted that the last cost study for this service covered the period 2000 to 2004.
9. MTS Allstream requested that the rate for the ILECs' 800/888 Carrier Identification service be set at the lesser of Phase II costs plus a 15 percent mark-up or at a rate that would be available as a result of a competitive bidding process. MTS Allstream claimed that TCC, for example, was offering this service to competitive local exchange carriers (CLECs) out-of-territory at a rate of \$0.0022 per call and that Southern New England Telephone was offering an 800 database query service for \$0.0014 per call.

10. MTS Allstream requested that the Commission direct the Companies and TCC to file updated cost studies for their 800/888 Carrier Identification service and indicated that it would undertake to file a cost study and a new rate for its own 800/888 Carrier Identification service simultaneously with the cost studies filed by the other ILECs.
11. Rogers requested that the Commission direct the ILECs to immediately reduce their rates by 50 percent on an interim basis since:
  - a) the demand data relied upon for the 2001 rate adjustment to set the current rates understated actual demand to date and for the foreseeable future;
  - b) no major capital expenditures had been made by Bell Canada and TCC to the 800/888 Carrier Identification platform since the 2001 revisions; and
  - c) the database activities associated with 800/888 Carrier Identification service had achieved increased volume efficiencies and productivity improvements since 2001.
12. The Companies submitted that the review requested by MTS Allstream was premature in light of the forthcoming review of the competitor services regime.<sup>3</sup> They indicated that if the Commission determined, however, that a review was warranted, there would be no basis to adjust the rates for 800/888 Carrier Identification service until a cost study was completed.
13. The Companies submitted that MTS Allstream's and Rogers' request to lower the rates in the interim should be denied as there was insufficient evidence to suggest that interim relief was warranted.
14. TCC argued that MTS Allstream's proposed rate of \$0.0022 had not been based on actual evidence but on hearsay evidence concerning a rate supposedly offered to other CLECs out-of-territory. TCC indicated that it had no knowledge of having offered such a rate.
15. TCC indicated that it was prepared to file an updated cost study.

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

16. In regard to MTS Allstream's request that the Commission reduce the rate for 800/888 Carrier Identification service on an interim basis, the Commission notes that TCC indicated that it had no knowledge of offering a rate of \$0.0022. In its response, MTS Allstream indicated that this rate had been quoted by TCC in the context of an out-of-territory competitive bidding situation. The Commission notes that no conclusive evidence was filed on the record of this proceeding to support MTS Allstream's claim. In the Commission's view, the type of evidence provided by MTS Allstream is insufficient to support setting a lower interim rate. Moreover, the Commission notes that it would be inconsistent with the established framework for determining prices for such services.

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<sup>3</sup> The Chairman of the Commission, Charles Dalfen, announced in a speech at the Canadian Telecommunications Summit held in Toronto on 14 June 2006 that the Commission intends to hold a proceeding on this subject in the near future.

17. The Commission notes that MTS Allstream's proposed rate of \$0.0022 does not necessarily reflect the underlying cost structure of the service offered by the ILECs as required by the regulatory framework for Category I competitor services. Similarly, the Commission is of the view that Rogers' request that the rate be reduced immediately by 50 percent on an interim basis would not necessarily result in rates that reflect the underlying cost structure of the service.
18. In light of the above, the Commission **denies** MTS Allstream's request that the Commission order the ILECs to reduce the rate to \$0.0022 per call and Rogers' request to reduce the rate by 50 percent, on an interim basis.
19. The Commission notes that 800/888 Carrier Identification service was classified as a Category I competitor service in Decision 2002-34, with rates set at Phase II costs plus a 15 percent mark-up. As indicated above, the Commission notes that setting the tariff for the 800/888 Carrier Identification service at a rate made available as a result of a competitive bidding process would be inconsistent with the established framework for determining prices for such services.
20. Accordingly, the Commission **denies** MTS Allstream's request to set the rate at the lesser of Phase II costs plus 15 percent or a rate that would be made available as a result of a competitive bidding process.
21. The Commission notes that the Phase II costs for 800/888 Carrier Identification service have not been reviewed since 2001 and the costs for this database service have likely declined significantly since that time. The Commission further notes that the Companies submitted that it would be inappropriate to reduce the rates without first performing a cost study to determine the underlying costs. The Commission further notes that MTS Allstream and TCC submitted that they are prepared to file updated cost studies for 800/888 Carrier Identification service.
22. In light of the above, the Commission directs Bell Aliant, Bell Canada, MTS Allstream, SaskTel, and TCC to file within 45 days of the date of this Decision amended tariff pages with supporting cost studies for their 800/888 Carrier Identification service.
23. In light of this directive, the Commission makes these carriers' 800/888 Carrier Identification service tariffs interim pending the review of the amended tariff pages and supporting cost studies.

Secretary General

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