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October 21, 2005

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

Dear Ms. Rhéaume:

Re: Telecom Public Notice 2005-9, Bell Digital Voice Service

1. This submission is filed by the Canadian Cable Telecommunications Association (CCTA) pursuant to paragraph 25 of the procedures established in Telecom Public Notice 2005-9, *Bell Digital Voice Service* (PN 2005-9).
2. At the outset, CCTA notes that since the initiation of this proceeding, Bell Canada (Bell) proposed to change the name of the service under consideration in Bell Tariff Notice 6874 (TN 6874) from Bell Digital Voice to Bell Digital Voice Lite, as indicated in Bell Tariff Notice 6889 (TN 6889). The Commission granted interim approval for TN 6889 (and TN 6889/A) in Telecom Order CRTC 2005-312. A separate service also referred to as Bell Digital Voice was subsequently proposed in Bell Tariff Notices 6899 and 6900. In order to minimize confusion as between these two services, CCTA refers to the service at issue in PN 2005-9 as Bell Digital Voice Lite (BDV Lite).

3. In this submission, CCTA addresses the proposed treatment of BDV Lite under the price cap regime; limitations on portability of numbers assigned to this service; and eligibility of the service for subsidy payments from the National Contribution Fund.

Treatment of Bell Digital Voice Lite under Price Caps

4. In TN 6874, Bell proposed that its BDV Lite be added to the uncapped category under the current price cap framework. CCTA submits that Bell's proposal for treating the service under the price cap regime as an uncapped service should be rejected for the following reasons.
5. In the response to Bell(CRTC)29Jul05-2, Bell stated that the rationale for treating BDV Lite as an uncapped service was based on paragraphs 454 and 455 of Decision 2002-34 wherein the Commission determined that Centrex and certain other services should be uncapped because they are substitutes for services that are already capped. Bell further stated that the same rationale applies to BDV Lite as residential local exchange is a substitute for BDV Lite and the former is also already capped.
6. In Bell(CRTC)29Jul05-3, Bell was asked whether or not it considers the service to be a bundle of local, calling features and toll services. Bell indicated in its response that the service combines "different functionalities provided on a single platform in a single rate."¹
7. CCTA submits that the appropriate consideration of BDV Lite is as a bundle that includes a residential local exchange service or a residential optional local service in combination with toll services. This is consistent with the Commission's finding in Decision 2005-62, which stated at paragraph 25: "...that Bell Digital Voice service is a bundle of local exchange service functionality and optional features...". It follows that the appropriate treatment of the service under the price cap regime is that described at paragraph 398 of Decision 2002-34, which states as follows:

The Commission further notes that the ILECs have introduced services that bundle a residential local exchange service or a residential optional local service with other telecommunication services. The Commission notes that, from the perspective of a

¹ Bell also stated in the response to Bell(CRTC)29Jul05-3 that it considered the question of whether or not the service was a bundle under the Commission's definition in Decision 2005-27 would have no impact on the imputation test results.

residential customer, these service bundles are discretionary. In view of this, the Commission finds it appropriate to consider service bundles that include a residential local exchange service or a residential optional local service as an optional service. Accordingly, the revenues derived from service bundles that include a residential local exchange service or a residential optional local service will be included in calculating revenues for services in each of these baskets.

8. CCTA further submits that, given that BDV Lite is offered to residential customers, it is also more reasonable to consider treatment of the service on this basis rather than look to the treatment of Centrex service used by business customers. In this regard, CCTA notes that the Commission's approach in Decision 2002-34 respecting bundles of services in the business local services market was not to place constraints on these services, unlike the treatment accorded residential local services.
9. In addition to the above concerns, CCTA disagrees with Bell's position respecting the application of the Service Basket Index (SBI) to BDV Lite, in the event that the Commission determines the service is capped. In response to Bell (CCTA)29Jul05-2, Bell indicated that, in the event the Commission were to determine that BDV Lite should be included in the basic residential local exchange service sub-baskets, the SBI for either of the residential sub-baskets (HCSA and non-HCSA) would only change if there was a change in the maximum allowable range for the service. Bell proposed that actual price changes within the approved range would have no impact on the SBI. CCTA submits that this proposed treatment of BDV Lite in determining the SBI is not appropriate.
10. Bell's stated purpose for the approved ranges is specifically to provide it with the ability to respond quickly to changing market conditions.² Bell made no reference to the use of the range so as to provide it with flexibility to meet its Price Cap obligations.
11. The determination of the SBI is to ensure that the actual prices charged to end-customers meet the intent of the Price Cap regime. The maximum price point of the range of prices for BDV Lite does not represent the actual price charged to customers for the service, except where that price in effect has been set equal to the maximum price approved.

² See the response to Bell(CRTC)29Jul05-4.

12. Indeed, under Bell's proposal, Bell could increase the prices for BDV Lite all the way up to the maximum of the approved range without having any impact at all on the SBI for the residential sub-basket. Customers would experience possibly significant price increases, yet for the purposes of determining the SBI and the application of the Price Cap regime, it would be as if no price changes had occurred. In CCTA's submission, this would be contrary to the intended purpose of the Price Cap regime.
13. Furthermore, requiring Bell to include the actual price charged in the SBI would not limit Bell's ability to respond quickly to changing market conditions. Bell would still be able to respond to price changes within the market as long as the price changes met the Price Cap requirements. In fact, including the actual price charged would afford greater transparency to the process as this is the only price publicly known. Only the Commission would be able to verify whether Bell had appropriately included the maximum price point for BDV Lite as this information is confidential.
14. CCTA submits that actual prices charged for BDV Lite service, not the maximum end of the approved range, should be used in calculating the SBI for the sub-baskets in the event that BDV Lite service is classified as a capped service.

Number Portability Limitations

15. CCTA notes that in Bell Tariff Notice 6897 (TN 6897), Bell identified a number of limitations of BDV Lite service with respect to the ability to support Local Number Portability.
16. While the inability of customers to migrate or port their current numbers to the service acts as a constraint on the ability of Bell to market its service, CCTA submits that the limitations in the BDV Lite service regarding the ability of customers of BDV Lite service to migrate out their numbers (either primary or secondary) acts as a potential impediment to competition in the local market.
17. Bell indicated that it does not have processes and systems in place to enable the release of secondary numbers. Bell further indicated that it currently does not have the processes and procedures in place for the porting of primary numbers from BDV Lite service to a competitor's service, where the primary number is from outside of Bell's operating territory.

18. Bell indicated that it could implement a manual solution to address the primary number porting issue within four months. However, Bell stated it has no plans to develop the capability to support the porting of secondary numbers and further indicated while it would take a minimum of one year to implement the ability to port secondary numbers.³
19. CCTA submits that these limitations on porting numbers out could limit the ability of customers to transfer a number to a competing service provider, contrary to a requirement established for all LECs and resellers.

Eligibility of Bell Digital Voice Lite Service for Contribution Subsidy

20. CCTA submits that the Commission should clarify the eligibility status of BDV Lite to receive a subsidy from the National Contribution Fund and under what conditions.
21. CCTA notes that at paragraph 412 of Decision 2005-28, the Commission determined the following with regards to the eligibility of local VoIP services in high-cost areas to received subsidy:

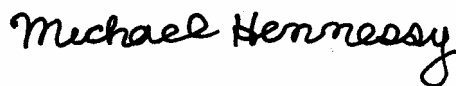
Accordingly, the Commission determines that the existing subsidy per residential NAS amounts are to be paid to a LEC providing residential local VoIP services in high-cost areas, as long as the LEC meets all of the conditions required to receive subsidy, including provision of both the access and service components, meeting the requirements of Decision 97-8 and subsequent related determinations and providing a service which meets or exceeds the basic service objective.

22. CCTA notes that BDV Lite service does not include the access component. In the response to Bell(CRTC)29Jul05-20, it states: “There are no underlying loop facility costs associated with Bell Digital Voice itself in either scenario, and it would be entirely inappropriate to allocate such costs to Bell Digital Voice. Bell Digital Voice is an access-independent service that can be used with any high-speed Internet service.” This suggests that the service would not qualify for a subsidy.

³ Bell(CRTC)01Sept05-4 and Bell(CRTC)26Sept05-3 TN 6897.

23. However, Bell also offers high-speed internet access as well as residential primary exchange service (PES), both of which include an access component. As discussed in the response to Bell(Primus)29Jul05-2, BDV Lite customers could cancel their primary exchange service and rely solely on Bell's high-speed internet access. This raises the question of whether a subsidy would be available where a subscriber to BDV Lite also subscribes to either a Bell high-speed Internet service or Bell residential PES. At issue, therefore, is whether BDV Lite would be subsidy-eligible where Bell is providing both an access and service component to the customer.
24. Decision 2005-28 also indicated that a service needs to meet the requirements of Decision 97-8 and meet or exceed the basic service objective. To the extent that the Commission finds that the BDV Lite service filed in TN 6874 currently does not do so, it is necessary to resolve whether this affects the eligibility of the service for a subsidy.
25. CCTA submits that the Commission should clarify the circumstances, if any, under which the BDV Lite service would be eligible to receive a subsidy when provided in a High Cost Serving Area.
26. All of which is respectfully submitted.

Sincerely,



Michael Hennessy

cc.: Interested parties PN 2005-9

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