



**CCTA-ACTC**

Canadian Cable  
Telecommunications Association

Association canadienne des  
télécommunications par câble

360 Albert St., Suite 1010  
Ottawa, Ontario K1R 7X7  
Telephone: (613) 232-2631  
Facsimile: (613) 232-2137  
www.ccta.ca

360, rue Albert, bureau 1010  
Ottawa (Ontario) K1R 7X7  
Téléphone: (613) 232-2631  
Télécopieur: (613) 232-2137  
www.actc.ca

March 11, 2005

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

Dear Ms. Rhéaume:

**Re: Telecom Public Notice CRTC 2004-1, Review and disposition of  
deferral accounts for the second price cap period – Interrogatories**

1. The Canadian Cable Television Association (CCTA) submits the attached interrogatories addressed to Aliant pursuant to the procedures established in the Commission's letter dated February 12, 2005.

Sincerely,

Michael Hennessy,  
President  
Attachment

cc.: Aliant  
Mark Connors  
Manager - Regulatory Matters

**PUBLIC NOTICE CRTC 2004-1:**

**REVIEW AND DISPOSITION OF DEFERRAL ACCOUNTS**  
**FOR THE SECOND PRICE CAP PERIOD**

**CCTA INTERROGATORIES**

**TO**  
**ALIAN**

1. At paragraph 22 of its submission of January 28, 2005, Aliant observes, in the context of events found to qualify for drawdown from the deferral account, that “the Commission has not established any clear set of guidelines to measure what is material.” Reference paragraph 661 of Decision 2002-34, where the Commission stated in the context of exogenous factor adjustment, that “exogenous events should be defined to be material measured against the total company.” Reference also paragraph 24 of Telecom Decision 2004-73; which stated:

The Commission notes PIAC's request to have any cost savings transferred to the price cap deferral accounts. The Commission notes that such a transfer would occur on the basis of an exogenous adjustment or Z-factor. In Decision 2002-34 and *Implementation of price cap regulation for Télébec and TELUS Québec*, Telecom Decision CRTC 2002-43 31 July 2002, the Commission established the criteria for consideration of exogenous adjustments to the deferral account. In these Decisions, the Commission stated that the Z-factor or exogenous factor adjustment would be considered for events or initiatives which satisfy the following criteria:

- a) they are legislative, judicial or administrative actions that are beyond the control of the company;
- b) they are addressed specifically to the telecommunications industry; and
- c) they have a material impact as measured against the total company.

Taking the above into consideration, provide a response to each of the following:

- a) Does Aliant consider the guideline described in Decisions 2002-34 and 2004-73 to be applicable to any proposal for deferral account dispersals.
- b) If so, provide a detailed explanation of how each of the Aliant proposals meets that threshold for “materiality” described above.

- c) If not, explain why materiality “measured against the total company” is not relevant to determinations regarding the eligibility for deferral account drawdown of Aliant’s proposals.
  - d) In Aliant’s view, can materiality, for the purpose of either exogenous factor adjustment or deferral account drawdown, be measured cumulatively? If yes, include references to relevant Commission decisions supporting that view.
2. At paragraph 14 of its Final Comments, filed October 15, 2004, MTS Allstream argues that “an appropriate drawdown proposal should...[among other things]...otherwise qualify as a regulatory or exogenous adjustment factor.” Provide Aliant’s view on MTS Allstream’s position.
3. With respect to Aliant’s proposal for a \$5M deferral account adjustment to compensate for local residential rate reductions triggered by competitive entry, please respond to the following:
  - a) Is it the company’s intention to apply rate reductions to all Aliant subscribers, across all bands and across the company’s entire operating territory? Provide rationale for Aliant’s approach, including references to the relevant Commission determinations influencing that approach.
4. With respect to Aliant’s proposal for the funding of E9-1-1 services in Atlantic Canada, please provide a breakdown of the anticipated costs by (i) year, (ii) phase of the project; and (iii) Province.
5. At paragraph 46 of its January 28, 2005 submission, Aliant states as follows: “The Company tracked down its incremental costs associated with this event [Hurricane Juan] and proposes a one-time draw down is \$3.0M.”
  - a) Provide an inventory of actual damages sustained from this event. Include breakouts by type and amount of plant replaced; by solely versus jointly owned or cost shared plant (e.g., hydro poles); and by plant destroyed or damaged beyond repair versus plant that merely required re-positioning (e.g., putting up fallen cables).
  - b) Provide details respecting the geographic area impacted and for which cost recovery is sought. Highlight those areas incurring the greatest amount of damage and indicate the costs claimed attributable to those areas.
  - c) Specify the precise “incremental costs” referred to and provide a detailed explanation as to how each of the cost elements were derived.

- d) Provide a breakdown of the costs, both incurred and, if different, those sought to be recovered from the deferral account, pertaining to network rebuilds and those arising from service restoration.
  - e) Advise whether Aliant has applied for, and/or received disaster assistance or similar funding from any other source, including private insurance policies, in respect of the event described or the costs incurred. If so, provide details of such funding.
6. In Aliant's submission, at paragraph 5, it provides a summary of deferral account initiatives. For each initiative indicated, provide the following information and complete the table below for each year during which draw downs would occur:
- a. Provide the rationale for proposing to recover the costs over the time frame indicated for each of the items listed.
  - b. Provide the total capital costs and the proposed annual portion of the capital costs to be recovered.
  - c. Provide, where applicable, the annual incremental revenue generated from any new demand resulting from an initiative and the underlying demand forecast, for each of the years of the proposed recovery period.
  - d. Provide a copy of any cost studies or economic evaluations undertaken by Aliant or on behalf of Aliant regarding each initiative.
  - e. Table of Drawdowns from the Deferral Account for Proposed Initiatives.
  - f. Reconcile the information provided herein with Aliant's February 25, 2005 response to (CCTA)23Jun04-05.

| <b>Proposed Initiatives</b>     | <b>Capital Expenditure</b> | <b>Operating Expense</b> | <b>Cost Savings</b> | <b>Present Worth of Annual Costs (PWAC)</b> | <b>Incremental Revenue</b> | <b>Present Worth of Incremental Revenues</b> | <b>Deferral Account Drawdown</b> |
|---------------------------------|----------------------------|--------------------------|---------------------|---|----------------------------|--|----------------------------------|
| Competitive rate reductions     |                            |                          |                     |   |                            |  |                                  |
| Recovery of HRM EAS expansion   |                            |                          |                     |   |                            |  |                                  |
| TTY deployment                  |                            |                          |                     |   |                            |  |                                  |
| Universal E9-1-1                |                            |                          |                     |   |                            |  |                                  |
| MRS                             |                            |                          |                     |   |                            |  |                                  |
| Recovery activities – one-time  |                            |                          |                     |   |                            |  |                                  |
| Recovery activities – recurring |                            |                          |                     |   |                            |  |                                  |
| <b>Total</b>                    |                            |                          |                     |   |                            |  |                                  |

7. For each initiative proposed, including those providing only for cost recovery of past events, please provide the following:
  - a) Provide a detailed description of the impact, if any, recovery of such costs from the deferral account would have on the amount Aliant currently recovers through charges levied on: (i) individual retail residential and business subscribers; and (ii) telecommunications carriers and service providers. Where applicable, please breakdown the impact of the forecast by (i) year; (ii) phase of the project; and (iii) Province.
  - b) For initiatives in which no rate reductions are forecast, or where anticipated rate reductions are limited to retail customers, please provide Aliant's view on how the interests of competitors are served by deferral account funding of that initiative.

\*\*\*\*\*End of Document\*\*\*\*\*