

February 9, 1996

Mr. A. J. Darling
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Darling:

Subject: Proposed Phase III Manual Updates

1. Unitel is in receipt of the telephone companies' proposed Phase III Manual updates and pursuant to the Commission's letter of February 6, 1996, submits the following comments regarding these proposed updates.
2. At the outset, Unitel would like to convey its disappointment in the telephone companies' disregard for the Commission's directives of Telecom Decision CRTC 95-21 - Implementation of Regulatory Framework - Splitting of the Rate Base and Related Issues (Decision 95-21). Specifically, on page 49 of Decision 95-21, the telephone companies were directed to submit a general methodology for the assignment of the listed joint use expenses. The level of detail in the Phase III manual information provided on January 15, 1996 is aggregated to such a level as to render it useless as a basis on which to provide meaningful comment. Unitel's detailed comments are provided below.

Bell Canada BSCC 75.640.04 - Customer Provisioning Business Office Expenses 1995

3. Bell Canada indicates that it has revised the assignment methodology for function code 41AC based on an annual statistical sample. Bell has not provided any details as to the statistical sample that will be conducted and Unitel is therefore unable to comment on the proposed revised methodology.
4. Bell states that function codes 41AC, 41FX and 41GX will be assigned to Competitive/Utility based on ratios developed from a service order study. Bell provides no details as to the service order study to be used and Unitel is again unable to comment on the proposed revised methodology.

Bell Canada BSCC 75.696 - Data Processing and Information Systems Expense

5. Function code 27CX consists of expenses related to Data Processing - Billing from Bell Sygma. In its proposed update, Bell Canada proposes to assign the billed printing costs on a 50/50 basis and the “residual 27CX” expenses using the existing methodology. In Unitel’s submission, it should clearly be set out those activities that relate to residual expenses which are not being assigned on a 50/50 basis. It is unclear to Unitel why these residual expenses, whatever they are, should not be assigned on the same basis as the primary expenses associated with function code 27CX, that is, 50/50 between Competitive and Utility segment.
6. In addition, it appears that the telephone companies have failed to propose clear methodologies for allocating expense items associated with joint use activities, such as business operations. Specifically, function codes that the telephone companies have not proposed to alter that deal directly with the recording of customer profile information include:

Function Code 41AX “Business Office Operations” - according to Bell Canada’s Accounting Manuals this function code includes activities such as “service order activities” which clearly qualify as service order expense associated with the recording of customer profile information.

Function Code 41AJ “Clerical Support”- according to Bell Canada’s Accounting Manual:

The responsibilities of this staff includes the maintenance of computer files, the clearance of discrepancies on customer accounts and records...

7. Unitel submits that these examples illustrate that there are numerous expenses that Bell Canada has overlooked in its assignment of joint use activities pursuant to Decision 95-21.

Access Tandem Connection Service

8. In its January 15, 1996 submission, Bell proposes to assign the investment associated with interexchange traffic and a portion of its access tandem switches to the Utility segment in BSCC 73.005, COE Switching.
9. However, at page 51 of Decision 95-21 the Commission stated:

...the Stentor companies' Competitive segment included the costs for facilities between the end office switches and toll office switches and the costs associated with toll office switches...

Until unbundled rates are approved in the Equal Access proceeding, the Commission accepts this approach.

10. However, the rates for unbundled features proposed in the Equal Access proceeding, PN 94-26, have not been approved. The Commission should therefore direct Bell Canada to provide an explanation as to why it has not adhered to the Commission's directive.
11. Bell Canada also proposes to allocate costs associated with the 800 database and 800 directory assistance to the utility segment (BSCC 75.620). Again, the Commission directed that these services be assigned to the Utility segment only when the unbundled rates for those services were approved. Unitel requests that the Commission direct Bell Canada to adhere to its directives in Decision 95-21.

Yours truly,

J. K. Liesemer

cc: Interested Parties

*** End of Document ***