



## Telecom Decision CRTC 2005-59

Ottawa, 7 October 2005

### Revised procedures for the operation of the National Contribution Fund

Reference: 8695-C53-200415671

*In this Decision, the Commission **approves** revised procedures for the operation of the National Contribution Fund.*

1. By letter dated 14 December 2004, the Canadian Portable Contribution Consortium Inc. (CPCC) filed an application requesting approval of revised procedures for the operation of the National Contribution Fund (NCF). The proposed changes related to the orderly and timely processing of refunds, an increase in the affidavit/audit cut-off point, and some clarification of the language and structure of the document.

#### Background

2. In *Changes to the contribution regime*, Decision CRTC 2000-745, 30 November 2000 (Decision 2000-745), the Commission determined that contribution would be collected using a national revenue-based mechanism. Procedures for the operation of the revenue-based contribution regime were then developed through a consultative process involving members of the telecommunications industry that was overseen by Commission staff.
3. In *Revised procedures for the revenue-based contribution regime*, Telecom Decision CRTC 2003-8, 28 February 2003 (Decision 2003-8), the Commission approved revised procedures for the operation of the revenue-based contribution regime and the NCF.

#### Process

4. Commission staff reviewed the revised procedures submitted by the CPCC and identified additional changes related to addressing issues that arose since the CPCC filed its application (e.g. Voice over Internet Protocol), ensuring consistent wording/terminology throughout the document and removing the instructions from Appendix 1.
5. By letter dated 11 July 2005, the CPCC received interrogatories concerning the changes proposed by Commission staff and whether parties subject to the procedures were notified of the filing of the revised procedures.
6. By letter dated 29 July 2005, the CPCC provided its interrogatory responses. The CPCC confirmed that the Audit and Management Committee of the CPCC agreed with the proposed changes, subject to the minor change discussed in the next paragraph, and that the CPCC shareholders were notified of the filing of the revised procedures through the distribution of various CPCC Board of Directors' minutes.

7. The CPCC stated that only local exchange carriers that wished to receive subsidy were required to become CPCC shareholders and that all other companies (e.g. required contributors) only became shareholders if they elected to do so. Based upon this fact, the CPCC proposed a minor change to paragraph 1.5 of the revised procedures to clearly identify that it would only notify CPCC shareholders of future proposed changes.
8. No comments were received with respect to this application.

### **Proposed amendments**

9. The Commission notes that the procedures were revised to:
  - more clearly identify the roles and responsibilities of the various parties involved in the process;
  - clarify language and ensure consistent wording/terminology throughout the document;
  - delete the sections dealing with close of the old per-minute contribution regime and the reconciliation of per-minute and revenue-based data for the transition period of 1 January to 31 March 2001, as they no longer apply; and
  - delete the instructions from Appendix 1, as companies must comply with the actual Commission determinations and the instructions were only provided to assist with the preparation of their annual revenue reports.
10. The Commission also notes that the instructions will continue to be posted on the Commission's Internet site and within the online data collection system to assist companies with the preparation and filing of their annual revenue reports.
11. The Commission notes that the procedures were revised to include:
  - a section dealing with the timely and orderly processing of changes to the revenue-percent charge and/or subsidy amounts payable that would result from a Commission determination;
  - information concerning what constitutes a network access service eligible to receive subsidy;
  - information to clarify that terminal equipment must be located on customer premises to be eligible for the terminal equipment deduction; and
  - an increase to the affidavit/audit cut-off point for the NCF Auditor to \$20 million of contribution-eligible revenue from \$10 million.

12. The Commission also notes that, while the affidavit/audit cut-off point for the NCF Auditor has increased from \$10 to \$20 million, this is not a change to the \$10 million Canadian telecommunications service revenue minimum threshold used to determine whether or not a company is a required contributor.

### **Commission's determination**

13. The Commission considers that the revised procedures filed by the CPCC, including the minor change identified by the CPCC in its 29 July 2005 interrogatory response and the changes identified by Commission staff, are appropriate and consistent with the Commission's determinations regarding the operation of the NCF.
14. Accordingly, the Commission **approves** revised procedures for the operation of the NCF. The revised *Procedures for the operation of the National Contribution Fund* may be examined at the following Internet site: <http://www.crtc.gc.ca/partvii/eng/8638/crtc/contreg.htm>.

Secretary General

*This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>*

