



## Telecom Order CRTC 2005-121

Ottawa, 30 March 2005

### Saskatchewan Telecommunications

Reference: Tariff Notice 62

#### Microlink service

1. The Commission received an application by Saskatchewan Telecommunications (SaskTel), dated 31 March 2004, proposing revisions to General Tariff – Basic Services, item 110.34, Microlink Service. SaskTel proposed to increase the non-contract and contracted monthly rates for Microlink 2B channels by approximately 10 percent. SaskTel also proposed to withdraw the D channel packet link component associated with Microlink service as there were no customers using this component at the time and the company anticipated no future demand.
2. SaskTel had proposed these rate increases in order to meet its 2004 price cap commitment and requested that the proposed revisions become effective on 1 June 2004.
3. The Commission received no comments with respect to this application.

#### Commission's analysis and determinations

4. In *Saskatchewan Telecommunications – 2004 Annual price cap filings*, Telecom Order CRTC 2004-170, 27 May 2004, the Commission noted that SaskTel's proposal to increase its Microlink service rates presumed the coincident approval of its proposed exogenous factor adjustment. In that Order, the Commission determined that it was not prepared to render its decision on SaskTel's proposed exogenous factor adjustment at that time. Consequently, the Commission considered that it would be premature to render a decision on SaskTel's proposal to increase its Microlink service rates at that time.
5. The Commission notes that in *Competitor Digital Network Services*, Telecom Decision CRTC 2005-6, 3 February 2005 (Decision 2005-6), the Commission stated the following:

... the Commission notes that, SaskTel's deferral account has never contained sufficient funds to compensate the company for retail revenues lost due to competitor demand that migrated to its CDNA [competitive digital network access] service. The Commission notes that SaskTel's deferral account also has insufficient funds to compensate for other competitor demand that would be expected to migrate to the CDN [competitor digital network] services. Consequently, the Commission determines that SaskTel's CDNA rates are to be replaced, retroactive to 1 June 2002, by rates equal to SaskTel's retail DNA [digital network access] service rates at 1 June 2002. Further, the Commission determines that SaskTel's CDN service rates approved in this Decision are to apply to

new demand only and that competitors may not migrate existing demand for SaskTel's retail DNA and IX [interexchange] service tariffs to the CDN services. Accordingly, SaskTel's retail rates are to apply to existing competitor demand for CDN services.

6. The Commission notes that, as a result of its determinations in Decision 2005-6, SaskTel's anticipated shortfall in its deferral account has not materialized and its request for an exogenous factor has become moot. Accordingly, the Commission finds that, absent the exogenous factor adjustment, the proposed rate increases would violate the basket constraint established in *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, which requires that the service basket index not exceed the service band limit for the Other Capped Services basket.
7. With respect to SaskTel's request to withdraw the D channel packet link component associated with Microlink service, given that there are currently no customers using this component and no future demand is anticipated, the Commission finds SaskTel's proposal acceptable.
8. In light of the above, the Commission **denies** SaskTel's proposal to increase the non-contract and contracted monthly rates for Microlink 2B channels, but **approves** SaskTel's proposal to withdraw the D channel packet link component from its tariff. The revisions take effect as of the date of this Order.

Secretary General

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