Telecom Decision CRTC 2007-54

Ottawa, 13 July 2007

CISC Business Process Working Group – Non-consensus report BPRE064a to revise competitor quality of service indicator business rules per Telecom Decision 2006-59

Reference: 8621-C12-01/00

In this Decision, the Commission approves a modification to the business rules for all competitor quality of service indicators included in the quality of service rate rebate plan for competitors, with the exception of indicator 2.10 - Mean Time to Repair – CDN [competitor digital network] Services and Type C Loops (indicator 2.10). The modification allows a single missed order or trouble report for each competitor in a month to not cause an incumbent local exchange carrier (ILEC) to miss an indicator standard for that competitor.

With respect to indicator 2.10, the business rules are amended to allow an ILEC to exclude for each competitor one trouble report in a month, where the volume of trouble reports is between 1 and 19, if by so doing, the result changes from missing the standard to meeting the standard.

Introduction

1. In *Part VII application to review and vary Decisions 2003-72 and 2005-20*, Telecom Decision CRTC 2006-59, 21 September 2006 (Decision 2006-59), the Commission, among other things, noted that a single missed order might cause an incumbent local exchange carrier (ILEC) to fail the standard for a competitor quality of service (Q of S) indicator. The Commission concluded that the calculation method for indicators when dealing with small volumes of orders might provide a disincentive to offering high-quality service to competitors and directed the CRTC Interconnection Steering Committee (CISC) to review, among other things, the measurement methods of the competitor Q of S indicators in order to assess the problem and propose solutions.[1]

2. In particular, a small volume situation occurs when there are less than 10 orders or trouble reports to be completed in a month for competitor Q of S indicators with a standard of 90 percent, and less than 5 for competitor Q of S indicators with a standard of 80 percent. In such a case, an ILEC must complete 100 percent of the orders or trouble reports within the approved time frame to meet the standard. In these circumstances, a single missed order or

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[1] The CISC Business Process Working Group (BPWG) addressed the Commission's direction in two phases. In Phase One, which was addressed in BPRE064a, the CISC BPWG was to review and revise, where necessary, the calculation method when dealing with small volumes of orders where a single missed order caused an ILEC to fail the standard for a competitor Q of S indicator. In Phase Two, which was addressed in BPRE064b, the CISC BPWG was to review and amend the business rules for indicators 2.7A – Competitor Out-of-Service Trouble Report Late Clearances (indicator 2.7A) and 1.19A – CDN [competitor digital network] Services and Type C Loops – Late Completion (indicator 1.19A). Phase Two was also to address other matters within the scope of Decision 2006-59.

trouble report causes an ILEC to miss the standard.

3. During the course of the CISC Business Process Working Group (BPWG) meetings, Commission staff presented alternative solutions for discussion, including the option where one single missed order or trouble report could be excluded so that it would not cause the ILEC to fail a competitor Q of S indicator.

4. On 19 January 2007, the CISC BPWG filed non-consensus report BPRE064a, requesting that the Commission review the report and determine the appropriate methodology for calculating rate rebates made pursuant to *Finalization of quality of service rate rebate plan for competitors*, Telecom Decision CRTC 2005-20, 31 March 2005 (Decision 2005-20) when dealing with small volumes of orders or trouble reports where a single missed order or trouble report causes an ILEC to fail the standard for a competitor Q of S indicator.

Analysis of the issues

5. The Commission, having reviewed the positions of parties set out in BPRE064a, considers that the non-consensus report raises the following issues:

   a. For each competitor Q of S indicator, should there be a minimum volume threshold (MVT) below which the rate rebate plan (RRP) does not apply?

   b. What adjustment, if any, should be made under the RRP for small volumes of orders or trouble reports?

a. MVT below which the RRP should not apply

6. Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), Bell Canada, and TELUS Communications Company (TCC) submitted that an MVT of 20 orders per indicator per month should be established for a single competitor, and that order activity below 20 per month would result in no rate rebate paid to a competitor in cases where the standard for an indicator was not met.

7. FCI Broadband made no formal contribution but expressed the view that orders could be aggregated over several months if an MVT was established.

Commission's analysis and determinations

8. In Decision 2005-20, the Commission determined that

> [t]he fact that a competitor may be smaller and have lower service volumes should not result in a situation where that competitor does not enjoy the same quality of service as larger competitors. In all cases where a competitor receives below-standard service quality, the ability of the competitor to compete effectively is impaired.

9. In the same Decision, the Commission rejected the concept of MVT advocated by the ILECs to ensure that all orders are treated similarly and that all competitors receive the same level of

service from the ILECs independent of the volume of orders they generate.

10. The Commission considers that if it were to implement the ILECs' MVT proposal, the ILECs would not be held accountable for Q of S results for competitors with less than 20 orders or trouble reports per month missed which would effectively result in small competitors not being included in the competitor Q of S framework.

11. The Commission therefore concludes that its determination in Decision 2005-20 not to implement an MVT of orders or trouble reports for any competitor Q of S indicator is still appropriate.

b. Adjustments for small volumes of orders or trouble reports

12. Bell Aliant, Bell Canada, and TCC considered that if an MVT of orders or trouble reports was rejected by the Commission, there might be merit in Commission staff's proposal to consider the standard for an indicator to be "met" in instances of low volume, where only one order was missed in that month.

13. MTS Allstream Inc. (MTS Allstream) supported Commission staff's proposal that an ILEC be allowed to miss one order or trouble report per indicator, per month, per competitor, but only in cases where the volume of orders or trouble reports is between 1 and 19.

14. MTS Allstream considered that the removal of one missed order or trouble report from the denominator of a competitor Q of S result could effectively change the monthly performance from a miss of the standard to the standard being met. MTS Allstream added that the calculation could apply to all competitor Q of S indicators except indicator 2.10 – Mean Time to Repair (MTTR) – CDN [competitor digital network] Services and Type C Loops (indicator 2.10), where the measurement is a monthly average of four hours, not a percentage.

15. Cogeco Cable Inc., Rogers Cable Communications Inc., Shaw Communications Inc., and Vidéotron ltée (collectively, the Cable Competitors) submitted that there were no legitimate reasons to modify the performance calculation for indicators with small volumes of orders. The Cable Competitors added that any adjustments to the calculation methodology would in effect lower the competitor Q of S indicator standard.

16. The Cable Competitors also submitted that if their position that no problem existed with the calculation of competitor Q of S results was not agreeable to the Commission, then for monthly volumes of less than 10 orders or trouble reports per competitor, no more than one order or trouble report should be missed by the ILEC. In addition, the Cable Competitors submitted that the ILEC should be required to show that for the sum of volumes over a rolling six-month period, the applicable standard was met for each of the indicators.

Commission's analysis and determinations

17. The Commission notes that, in Decision 2005-20, in the context of quality of service provided by competitors to their end-customers when relying on leased facilities, it indicated that

> given these potential consequences, [it] considers it appropriate to hold the ILECs to a very high standard with respect to trailing indicators; and
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> however, [it] is concerned that it is not clear that a performance standard of 100% is required, and such a standard may be unduly onerous.

18. The Commission considers that the Cable Competitors' proposal would require, in some cases, that the ILECs meet a standard of 100 percent. For example, for volumes of less than 10 where the standard is 90 percent, a single missed order or trouble report causes an ILEC to miss the standard effectively requiring the ILEC to complete 100 percent of the volume of orders or trouble reports to meet the standard. Similarly, for volumes of less than 5 where the standard is 80 percent, a single missed order or trouble report causes an ILEC to miss the standard effectively requiring the ILEC to complete 100 percent of the volume of orders or trouble reports to meet the standard. The Commission considers that these situations are unfair to the ILECs.

19. The Commission also considers that endorsement of the Cable Competitors' proposal where an ILEC, for each competitor Q of S indicator, sums the volume of orders or trouble reports over a rolling six-month period to show that the applicable standard has been met, would dilute the rate rebate amounts paid for below standard performance under the RRP in a given month. Further, the administration of the RRP would be unnecessarily complicated.

20. Accordingly, the Commission finds that the Cable Competitors' proposal is inappropriate.

21. The Commission considers that where a single missed order or trouble report causes an ILEC to miss the standard for a competitor Q of S indicator, an ILEC should be allowed to miss one order or trouble report where the missing of that order or trouble report would have caused the ILEC to not meet the standard for that indicator.

22. The Commission therefore **approves,** commencing with the report to be filed immediately after the date of this Decision, a modification to the business rules for all competitor Q of S indicators, except indicator 2.10. The modification allows a single missed order or trouble report for each competitor in a month to not cause an ILEC to miss an indicator standard for that competitor in the situations addressed in paragraph 18.

23. With respect to the quarterly filing of competitor Q of S results, the Commission finds that the ILECs should include the actual result for a competitor Q of S indicator along with the adjusted result where an order or trouble report has been excluded as set out above. However, in order to simplify the process, the Commission considers that an ILEC need only report the adjusted result with an asterisk to indicate that it has been adjusted. The adjusted result would require as proposed by MTS Allstream that the denominator be decreased by one order or trouble report.

24. The Commission therefore requires all ILECs to file, commencing with the report to be filed immediately after the date of this Decision, the adjusted results for each competitor Q of S indicator that meets the modified business rules as set out above and identify the adjusted competitor Q of S indicator.

25. The Commission notes that the standard for indicator 2.10 is not a percentage but an MTTR of four hours, and so the determination set out above for the other competitor Q of S indicators cannot apply to indicator 2.10. The Commission considers, however, that as for the other competitor Q of S indicators, an ILEC could miss the standard for indicator 2.10 for one month for a competitor because of one single missed trouble report.

26. The Commission notes that MTS Allstream submitted that for indicator 2.10, in months where the volume of trouble reports received by an ILEC was between 1 and 19, an ILEC should be allowed to exclude the trouble report with the greatest MTTR if the removal of that report results in a change from an ILEC missing to meeting the standard for that indicator.

27. The Commission also notes that Bell Aliant, Bell Canada, and TCC did not submit any comments specific to indicator 2.10.

28. The Commission considers that the proposal by MTS Allstream with respect to indicator 2.10 has merit as it would limit it to small volumes of trouble reports.

29. The Commission therefore **approves,** commencing with the report to be filed immediately after the date of this Decision, a modification to the business rules for indicator 2.10 to allow an ILEC to exclude for each competitor one trouble report in a month, where the volume of trouble reports is between 1 and 19, if by so doing, the result changes from a miss of the standard to a meet of the standard.

30. With respect to the quarterly filing of results for indicator 2.10, the Commission requires all ILECs, commencing with the report to be filed immediately after the date of this Decision, to file the adjusted result for indicator 2.10 that meets the modified business rules as set out above and provide, in a footnote, what adjustment, trouble report, and time to repair has been made.

Secretary General