Telecom Regulatory Policy CRTC 2009-304

Route reference: Telecom Decision 2008-105

Ottawa, 25 May 2009

Follow-up to Telecom Decision 2008-105 – Retail quality of service regime in non-forborne markets for ILECs with over 25,000 NAS

File number: 8638-C12-200817471

In this decision, the Commission updates the retail quality of service (Q of S) regime in non-forborne markets for incumbent local exchange carriers with over 25,000 network access services. The Commission also modifies the information requirements related to the retail Q of S regime.

Introduction

1. In Telecom Decision 2008-34, the Commission issued an action plan for reviewing existing social and non-economic regulatory measures in light of the Governor in Council's *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives,* P.C. 2006-1534, 14 December 2006 (the Policy Direction). As part of the action plan, the Commission identified the regulatory requirements associated with the retail quality of service (Q of S) regime as a matter to be reviewed.

2. In Telecom Decision 2008-105, consistent with the Policy Direction, the Commission eliminated, for incumbent local exchange carriers (ILECs) with over 25,000 network access services (NAS),[1] the retail rate adjustment plan and the majority of reporting requirements for retail Q of S indicators.

3. The Commission directed the ILECs to continue reporting on an interim basis the results of the following indicators (the existing indicators) for non-forborne areas:

   - indicator 1.2 – Installation Appointments Met for urban, rural, and community areas (indicator 1.2);[2]

   - indicator 2.1 – Out-of-Service Trouble Reports Cleared (within 24 hours for urban and rural and within 5 working days for "remote") for urban, rural, and community areas (indicator 2.1); and

[1] These ILECs are Bell Aliant Regional Communications, Limited Partnership, Bell Canada, MTS Allstream Inc., NorthernTel, Limited Partnership, Northwestel Inc., Saskatchewan Telecommunications, TBayTel, Télébec, Limited Partnership, and TELUS Communications Company.

[2] Urban areas are generally considered to include rate bands A and B; rural areas rate bands C to F; and remote areas, rate band G. For Northwestel Inc. only, remote areas are those locations where there are fewer than two full-time technicians normally based there, and the community is accessible only by air, or a technician travelling to the community by road would normally take three hours or more for the round trip from where the technician is normally based.

- indicator 2.2 – Repair Appointments Met for urban, rural, and community areas (indicator 2.2).[3]

4. The Commission considered that a follow-up process was required in order to develop an updated retail Q of S reporting/monitoring framework for non-forborne areas. The Commission invited parties to provide comments on whether the updated regime should be based on complaints or on indicators and performance standards, and whether the existing indicators were sufficient and/or appropriate.

5. The Commission received submissions from Bell Aliant Regional Communications, Limited Partnership, Bell Canada, Saskatchewan Telecommunications, and Télébec, Limited Partnership (collectively, Bell Canada et al.); the Government of the Northwest Territories (the GNWT); MTS Allstream Inc. (MTS Allstream); Northwestel Inc. (Northwestel); the Public Interest Advocacy Centre, on behalf of the Consumers' Association of Canada and the National Anti-Poverty Organization (the Consumer Groups); and TELUS Communications Company (TCC).

6. The public record of this proceeding, which closed on 23 January 2009, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

7. The Commission has identified the following two issues to be addressed in its determinations:

   I. Should the new retail Q of S regime be based on complaints or on indicators and performance standards?

   II. Are the existing retail Q of S indicators sufficient and/or appropriate?

8. The Commission will also address other matters related to the retail Q of S regime.

I. Should the new retail Q of S regime be based on complaints or on indicators and performance standards?

9. Bell Canada et al. submitted that the existing indicators should be eliminated or, alternatively, maintained for one year and then discontinued as there are ample incentives to maintain high quality service in non-forborne markets. Bell Canada et al. argued that an *ex post* approach of complaint-based monitoring would be more efficient than an *ex ante* indicator monitoring regime, given the relatively small number of customers who reside in non-forborne markets.

[3] Indicator 1.2 A/B/C – Installation Appointments Met – Urban/Rural/Community;
Indicator 2.1 A/B/C – Out-of-Service Trouble Reports Cleared – Urban/Rural/Community; and
Indicator 2.2 A/B/C – Repair Appointments Met – Urban/Rural/Community

10. TCC submitted that the current retail Q of S regime was neither efficient nor proportionate to its purpose and should be eliminated. TCC also submitted that should the Commission institute a complaint-based regime that adequately addressed any customer concerns, the Commission would be relying on market forces to the maximum extent feasible.

11. The Consumer Groups submitted that a complaint-based approach is inferior to objective indicators. They also submitted that there is a need to have baseline standards of consumer protection.

12. The GNWT submitted that a complaint-based system for Northwestel would be insufficient because of weak competitive pressure, geographical challenges, and a history of poor quality of service.

Commission's analysis and determinations

13. The Commission notes that a significant number of customers remain in non-forborne areas. The Commission considers that a complaint-based regime for ILECs with more than 25,000 NAS may be too broad in nature and could preclude the Commission from effectively and efficiently monitoring the quality of service. The Commission also considers that a complaint-based regime would involve a considerable degree of subjectivity related to complaints.

14. The Commission considers that the regular and timely filing of results from a minimum number of key service indicators would allow it to monitor the quality of retail service on an objective basis. Moreover, the Commission notes that an indicator-based regime would provide an objective historic timeline.

15. In light of the above, the Commission is not persuaded that a complaint-based regime would be sufficient to protect the interests of consumers in non-forborne areas. The Commission therefore determines that a retail Q of S regime based on specific indicators and performance standards remains appropriate in non-forborne areas for ILECs with more than 25,000 NAS.

II. Are the existing retail Q of S indicators sufficient and/or appropriate?

16. Bell Canada et al. and TCC argued that the existing indicators would be neither an efficient nor proportionate means of facilitating acceptable service levels in non-forborne markets and would be contrary to the Policy Direction on the basis that

   i. the standards are no longer valid because the customer base is now a small fraction of the base that existed when the indicators were first established;

   ii. the rural result used to include more densely populated exchanges; however, as a result of forbearance, the remaining non-forborne exchanges are less densely populated and therefore more difficult to access; and

   iii. a relevant standard for today's regulated base would need to be reset each time the level of forbearance increased.

17. Bell Canada et al. and TCC also argued against the addition of any new indicators.

18. MTS Allstream submitted that adjustments to the existing indicators were needed to better reflect the realities of the current environment. Specifically, the company submitted that

    i. indicators 1.2 and 2.2 should be merged into a single indicator measuring "Appointments Met," and that this should cover urban and rural areas separately; and

    ii. clearing times for out-of-service trouble reports for indicator 2.1 for urban and rural areas should be changed to 24 hours for urban areas and to 48 hours for rural areas.

19. The Consumer Groups submitted that the existing indicators should be retained and new indicators added to ensure that customers receive high-quality service. They recommended that indicators 1.1, 1.3, 1.5, and 2.5[4] be reinstated in the retail Q of S reporting, and that a new customer contact indicator be created to measure "first resolution rate" and "transfer rate."[5]

20. With respect to Northwestel, the GNWT submitted that indicators 1.5, 2.3, 2.4, 2.5, and 4.3[6] should be reinstated in the retail Q of S reporting.

21. Northwestel submitted that given the unique circumstances of its operating environment, it should not be required to report additional indicators. The company submitted, however, that it is reasonable that it be required to continue to report the existing service indicators on a quarterly basis until the end of its current price cap regime in 2010.

Commission's analysis and determinations

Indicators previously eliminated

22. With respect to the indicators eliminated in Telecom Decision 2008-105, the Commission notes that they were eliminated because

    i. they are outdated and no longer reflect current quality of service concerns;

    ii. they are difficult to administer due to forbearance in many markets and to technological advances; or

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4 Indicator 1.1 A/B – Provisioning Interval - Urban (5 days) and Rural (10 days);
Indicator 1.3 A/B – Held Orders per 100 NAS Inward Movement – Urban and Rural;
Indicator 1.5 – Access to Business Office; and
Indicator 2.5 – Access to Repair Bureau

5 first resolution rate: percentage of queries/contacts resolved within a single customer contact;
transfer rate: proportion of consumer contacts transferred to another person/agent to be handled.

6 Indicator 1.5 – Access to Business Office;
Indicator 2.3 A/B – Initial Customer Trouble Reports per 100 NAS – Urban and Rural;
Indicator 2.4 – Community Isolation;
Indicator 2.5 – Access to Repair Bureau; and
Indicator 4.3 – Directory Assistance – Accuracy

iii. it is inefficient and onerous to track the performance of indicators that are no longer relevant.

23. The Commission considers that the Consumer Groups and the GNWT did not justify the reinstatement of indicators previously eliminated by the Commission in Telecom Decision 2008-105.

24. In light of the above, the Commission determines that the retail Q of S indicators previously eliminated in Telecom Decision 2008-105 will not be reinstated in the new retail Q of S regime.

Existing indicators

25. The Commission notes that results for the existing indicators are among those that historically have caused the greatest concern. Moreover, the fact that the existing indicators are already in place and being monitored allows the Commission to make use of an ongoing historical record, allowing it to better monitor retail Q of S trends. The Commission considers that the continued use of the existing indicators would be minimally intrusive and proportionate to the purpose of allowing the Commission to assess potential quality of service problems in non-forborne areas. Therefore, the Commission determines that the existing indicators, as modified below, should be retained in non-forborne areas for ILECs with more than 25,000 NAS.

26. The Commission agrees with MTS Allstream that indicator 2.1 should be adjusted to better reflect the realities of the current environment. The Commission considers that as a result of forbearance, the profile of the non-forborne rural areas has changed. The remaining non-forborne exchanges are less densely populated and therefore more difficult to access. Consequently, average repair intervals are likely to have increased. Therefore, the Commission determines that indicator 2.1B for rural areas should be changed to read “Out-of-Service Trouble Reports Cleared within 48 Hours.”

New indicators

27. The Commission considers that MTS Allstream’s proposal to merge indicators 1.2 and 2.2 into a single indicator measuring “Appointments Met” could mask problems in either installation or repair operations. The Commission also considers that to do so would not be more efficient because all of the data for the existing two indicators would still have to be tracked.

28. The Commission considers that a new indicator to monitor customer contacts by measuring “first resolution rate” and “transfer rate,” as proposed by the Consumer Groups, would not be efficient or proportionate to its purpose. The Commission notes that an ILEC offers a variety of services – for example, wireline, wireless, and Internet services – and that customer inquiries may require the expertise of more than one specialized agent. The Commission also considers that such an indicator would be costly to develop, test, and implement.

Community-level reporting

29. The GNWT submitted that community-level reporting remains appropriate for Northwestel because company-wide reporting can mask serious problems at the community level.

30. Northwestel submitted that in Telecom Decision 2008-105, the Commission eliminated the requirement for the company to provide community-level reporting.

31. The Commission notes that it did not eliminate community-level reporting in Telecom Decision 2008-105. Given the geographic nature of its territory and considering that local competition has not been implemented in its serving territory, the Commission considers that community-level reporting remains appropriate for Northwestel.

Frequency of reporting

32. The Commission notes that currently, retail Q of S reports are required to be filed quarterly, and that monthly exception reports/action plans are required to be filed[7] whenever a service indicator result is below standard for 3 consecutive months, or 7 out of 12 consecutive months.

33. The Consumer Groups recommended that the quarterly reports be filed on a semi-annual basis rather than on a quarterly basis in order to cut the reporting requirement by half.

34. The Commission considers that the filing of reports only every six months would not provide it with the necessary information to address quality of service problems on a timely basis.

35. The GNWT submitted that monthly action plan reporting should be strengthened. The GNWT also submitted that the monthly action plan reporting should be triggered when an indicator is missed for two consecutive months.

36. The Commission considers that requiring exception reports to be filed where a service indicator is missed for two consecutive months may not highlight a systemic problem – for example, a single problem occurring from the end of one month to the beginning of the following month may falsely indicate a systemic problem that does not exist.

37. Accordingly, the Commission determines that the current quarterly reporting requirement, with monthly exception reports as noted above, is to be retained.

38. In light of the above, the Commission determines that the retail Q of S regime in non-forborne areas, for ILECs with more than 25,000 NAS, will include the following indicators and standards:

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[7] Exception reports for an indicator must be filed monthly and must include an explanation of the cause of the service quality degradation, as well as an action plan describing how ILECs intend to rectify and prevent the situation from recurring.

Indicator		Standard
1.2A	Installation Appointments Met – Urban	90% or more
1.2B	Installation Appointments Met – Rural	90% or more
1.2C	Installation Appointments Met – Community*	90% or more
2.1A	Out-of-Service Trouble Reports Cleared within 24 Hours – Urban	80% or more
2.1B	Out-of-Service Trouble Reports Cleared within 48 Hours – Rural	80% or more
2.1C	Out-of-Service Trouble Reports Cleared "Remote" within 5 Working Days – Community*	90% or more
2.2A	Repair Appointments Met – Urban	90% or more
2.2B	Repair Appointments Met – Rural	90% or more
2.2C	Repair Appointments Met – Community*	90% or more
*Community-level reporting applies only to Northwestel.		

39. The Commission's determinations set out above take effect with the filing of 2009 third quarter retail Q of S reports.

Other matters

Customer surveys

40. The Consumer Groups recommended that the Commission oversee the implementation of an annual customer survey in non-forborne areas.

41. The Commission considers that the use of customer surveys to monitor retail Q of S in non-forborne areas would not provide sufficient detailed and objective information. The Commission also considers that customer surveys would not facilitate the development of corrective action plans to deal with systemic problems that may have already been addressed through other means. Accordingly, the Commission denies the Consumer Groups' recommendation that the Commission oversee the implementation of an annual customer survey.

Information requirements

42. ILECs are required to include in their residential telephone directories a summary of the retail Q of S regime, including the website addresses where customers can access retail Q of S information.

43. In Telecom Regulatory Policy 2009-156, the Commission determined that the information requirements related to the retail Q of S regime would be reviewed as part of this proceeding.

44. Bell Canada et al. and TCC submitted that the requirement to provide Q of S information and public access to Q of S results reports should be discontinued.

Commission's analysis and determinations

45. The Commission considers that the purpose of the information requirement is to disseminate information about the retail Q of S regime to consumers and to provide useful information to consumers about the quality of the telecommunications services they receive. In this respect, the Commission considers that the policy objectives set out in paragraphs 7(*b*) and 7(*h*) of the *Telecommunications Act*[8] (the Act) are relevant to the purpose of the information requirement.

46. The Commission considers that given the limited competition in non-forborne areas, market forces alone cannot be relied on to achieve the purpose of the information requirement.

47. Consistent with its findings in Telecom Regulatory Policy 2009-156, the Commission considers that an effective method of making the information available to consumers would be to include a reference to the retail Q of S regime in the residential telephone directory, along with a statement that whether the retail Q of S regime applies may vary, depending on the customer's service provider and location, and that the customer should contact their service provider for additional information. The Commission further considers that requiring a reference to the Commission website, where customers can access retail Q of S information, would not be unduly onerous.

48. In light of the above, the Commission modifies the existing information requirement by requiring the ILECs to publish in their residential telephone directories a reference to the retail Q of S regime, along with a statement that whether the retail Q of S regime applies may vary, depending on the customer's service provider and location, and that the customer should contact their service provider for additional information. The ILECs are also to include a reference to the Commission website where customers can access retail Q of S information. This information requirement is to take effect at the time of the ILECs' next directory updates.

Policy Direction

49. The Commission determines that the retail Q of S regime in non-forborne areas for ILECs with more than 25,000 NAS, as set out in this decision, furthers the policy objectives set out in paragraphs 7(*b*), 7(*f*),[9] and 7(*h*) of the Act and is otherwise consistent with the Policy Direction.

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[8] The cited objectives of the *Telecommunications Act* are
7(*b*) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; and
7(*h*) to respond to the economic and social requirements of users of telecommunications services.

[9] The objective stated in paragraph 7(*f*) of the Act is to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

Secretary General

Related documents

- *Revised regulatory requirements to provide information to customers*, Telecom Regulatory Policy CRTC 2009-156, 24 March 2009

- *Retail quality of service in non-forborne markets*, Telecom Decision CRTC 2008-105, 6 November 2008

- *Action plan for reviewing social and other non-economic regulatory measures in light of Order in Council P.C. 2006-1534*, Telecom Decision CRTC 2008-34, 17 April 2008

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