



Telecom Decision CRTC 2010-955

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Ottawa, 22 December 2010

Public Interest Advocacy Centre – Bell Aliant Regional Communications, Limited Partnership’s and Bell Canada’s compliance with Telecom Decisions 2010-637 and 2010-805 regarding the rebate plan

File number: 8622-P8-201017153

In this decision, the Commission denies PIAC’s request to order the Bell companies to (1) halt their \$100 coupon campaign, (2) accept no further coupons remitted by customers as of the date of the order, and (3) inform all customers that they would no longer be subject to any term commitment with regard to the services purchased with these coupons.

Background

1. In Telecom Decision 2010-637, the Commission directed Bell Aliant Regional Communications, Limited Partnership and Bell Canada (collectively, the Bell companies) to fully rebate or credit an amount of \$251.6 million to their residential subscribers of record in non-high-cost serving areas as of the date of that decision.
2. In Telecom Decision 2010-805, among other things, the Commission denied Bell Canada’s proposed modifications which ultimately would have reduced the Bell companies’ deferral account balance. With respect to the implementation of the rebates, the Commission found it appropriate that the date for the Bell companies to fully rebate or credit subscribers be amended from 28 February to 29 March 2011.

The application

3. On 29 November 2010, the Commission received an application by the Public Interest Advocacy Centre (PIAC) alleging that the Bell companies had proposed a promotion that is not in compliance with Telecom Decision 2010-637. PIAC submitted that the Bell companies’ \$100 coupon campaign¹ is inappropriate because it
 - leaves the customer uncertain as to how much the straight rebate of the deferral account funds will be and when it might be received; and

¹ The Bell companies offered a \$100 coupon to be redeemed at a Bell or The Source store towards (i) a new Bell TV subscription or (ii) a new Bell Mobility activation and accessories, as an alternative to a rebate cheque of up to \$67 per home phone line.

- is used as a vehicle for locking their existing customers into new two-year service commitments.
4. PIAC requested an order requiring the Bell companies to (1) halt their \$100 coupon campaign, (2) accept no further coupons remitted by customers as of the date of the order, and (3) inform all customers that they would no longer be subject to any term commitment with regard to the services purchased with these coupons.
 5. The Commission received comments in support of PIAC's application from Bragg Communications Inc., operating as EastLink; Cogeco Cable Inc.; Execulink Telecom Inc., in conjunction with Bruce Telecom, Huron Telecommunications Co-operative Limited, Mornington Communications Co-operative Limited, Nexicom Telecommunications Inc., NRTC Communications, Ontera, Tuckersmith Communications Co-operative Limited, Wightman Telecom Limited, and WTC Communications; Quebecor Media Inc., on behalf of Videotron Ltd.; and Rogers Communications Partnership. The public record of this proceeding, which closed on 8 December 2010, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

Issues

6. The Commission has identified the following issues to be addressed in this decision:
 - I. Is the promotion offering in compliance with Telecom Decisions 2010-637 and 2010-805?
 - II. Should the Bell companies resend a letter to the eligible customers informing them of the exact rebate cheque amount and issuance date?

I. Is the promotion offering in compliance with Telecom Decisions 2010-637 and 2010-805?

7. PIAC noted that the Bell companies' promotion offering locks existing customers into new two-year service commitments, submitting that it is a violation of the Commission's directive that the deferral account funds be fully rebated or credited within six months. PIAC submitted that one cannot claim that a consumer has received the full benefit of a transaction within six months if one feature of the transaction is to keep the consumer tied to the service provider for a further eighteen months.
8. The Bell companies submitted that their consumer rebate program, including the \$100 in-store credit option, is fully compliant with the directives specified in Telecom Decisions 2010-637 and 2010-805 for the following reasons:
 - eligible customers will receive a rebate cheque for \$67.41 unless they choose either the \$100 in-store credit option addressed by PIAC, or a \$75 bill credit option;

- those customers that choose the \$100 in-store credit option or the \$75 bill credit instead of the rebate cheque will receive greater value than the amount of the cheque; and
 - each rebate option, including the rebate cheque and the \$100 in-store credit option, will be fully paid out to customers by the end of March 2011, as stipulated in Telecom Decision 2010-805.
9. The Bell companies submitted that their consumer rebate program is clearly pro-consumer as it provides eligible customers with the two important benefits of flexibility of choice and the opportunity to realize additional value.

Commission's analysis and determinations

10. The Commission notes that, in Telecom Decision 2010-637, it considered that the Bell companies should have some flexibility in the options they provide to their customers while taking into account some parties' concerns about the length of the rebate period and the potential for existing subscribers to be tied to the Bell companies. As such, the Commission directed the Bell companies to fully rebate or credit the \$251.6 million of remaining deferral account funds within six months of the date of that decision, rather than some longer period. The Commission added that the rebate plan may include options for customers, such as an option to accept a promotion of greater value than the value of the rebate obligation, as long as the full value of the promotion is provided within six months of the date of that decision.
11. The Commission notes that the \$100 coupon campaign has been designed so that the \$100 in-store credit or the \$75 bill credit will be fully paid out to customers by the end of March 2011. Accordingly, the Commission considers that subscribers opting for the Bell companies' promotion offering will receive the value of that promotion within the time frame determined by the Commission.
12. The Commission notes that the choice of the promotion offering through the coupon campaign would require the subscribers to sign a contract that involves cancellation fees associated with an early termination of service. The Commission considers that this is not objectionable since customers are free to choose the rebate cheque, which does not tie customers to a contract and provides the full value of the deferral account rebate.
13. In light of the above, the Commission considers that the Bell companies' promotion offering is in compliance with Telecom Decisions 2010-637 and 2010-805. Accordingly, the Commission **denies** PIAC's request for an order requiring the Bell companies to (1) halt their \$100 coupon campaign, (2) accept no further coupons remitted by customers as of the date of the order, and (3) inform all customers that they would no longer be subject to any term commitment with regard to the services purchased with these coupons.

II. Should the Bell companies resend a letter to the eligible customers informing them of the exact rebate cheque amount and issuance date?

14. PIAC submitted that the \$100 coupon campaign provides that the rebate could be up to \$67 per home phone line, and will be sent in 2011. PIAC submitted that a reasonable customer could easily interpret this statement to mean that the amount of the rebate may be substantially less and may not be received for a full thirteen months.
15. PIAC acknowledged that there had been some uncertainty associated with the final amount and timing of the Bell companies' rebate, noting that Bell Canada had recently filed two review and vary applications associated with Telecom Decision 2010-637 with the Commission. However, PIAC noted that the Commission had ruled on these applications in late October 2010,² giving the Bell companies more than enough time to revise their materials and provide customers with a clear and more accurate presentation of their options.
16. The Bell companies submitted that they began designing and developing the consumer rebate program in compliance with the directives in Telecom Decision 2010-637, when that decision was issued, with the aim of completing that program by the Commission-mandated date of 28 February 2011. The Bell companies noted that Bell Canada subsequently filed an application to review and vary certain aspects of Telecom Decision 2010-637, which could have resulted in a smaller rebate, and did not know the date by which the Commission would issue its ruling. The Bell companies submitted that they were required to print the letter before the Commission's decision was issued given that (1) they could not assume that their application would be successful, (2) they wanted to offer consumers the choice of taking the promotion or receiving the rebate cheque, and (3) any offer of a promotion required the entire value of the promotion to be provided early in 2011.

Commission's analysis and determinations

17. The Commission considers that it was reasonable for the Bell companies to inform the eligible subscribers of their options, including the amount of the potential rebate cheque and an estimated issuance period, ahead of the resolution of the above-noted review and vary applications. As a result, there could be uncertainty in the exact terms and language of the promotion. However, the Commission notes that since 29 October 2010, the exact rebate amount and issuance date have been public and have been available in different places, including on the Bell companies' website. The Commission also notes that eligible subscribers can obtain this information when contacting the Bell companies about the promotion offering. As a result, the Commission is of the view that customers have had a reasonable opportunity to fully understand the amount of the rebate cheque and when that cheque will be issued.

² See Telecom Decision 2010-805.

18. In light of the above, the Commission finds that there is no need to direct the Bell companies to resend a letter to the eligible customers informing them of the exact rebate cheque amount and issuance date.

Secretary General

Related documents

- *Bell Canada – Applications to review and vary certain determinations in Telecom Decision 2010-637 concerning the use of high-speed packet access wireless technology and the deferral account balance*, Telecom Decision CRTC 2010-805, 29 October 2010
- *Follow-up to Telecom Decision 2008-1 – Proposal by Bell Aliant Regional Communications, Limited Partnership and Bell Canada to dispose of the funds remaining in their deferral account*, Telecom Decision CRTC 2010-637, 31 August 2010