



Telecom Regulatory Policy CRTC 2012-523

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Ottawa, 28 September 2012

Review of conditions for approval of a local service request rejection charge

File numbers: 8661-C12-201201384
8633-E17-201108978
Bluewater Tariff Notice 5
EastLink Tariff Notice 30
Iristel Tariff Notices 6 and 6A
Videotron Tariff Notice 39

In this decision, the Commission determines that local exchange carriers (LECs) that do not provide access to their operational support systems (OSS) should have the opportunity to apply local service request (LSR) rejection charges to incent competitors to reduce their controllable LSR rejections. The Commission further determines that LECs that do not provide Access to OSS Service can apply LSR rejection charges in the same manner that LECs that provide Access to OSS Service with the exception that the threshold values should be increased by 60 percent.

In addition, the Commission determines that EastLink, EastLink Bluewater, and Iristel are not required to refund any LSR rejection charges back to 6 February 2012.

The Commission also approves Videotron's LSR rejection charge tariff application, subject to the modifications set out in this decision.

Background

1. In Telecom Order 2009-805, the Commission determined that it would be appropriate to allow Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, the Bell companies) to introduce a local service request (LSR) rejection charge.¹ In making that determination, the Commission noted, among other things, that

¹ For example, when a customer moves from one local exchange carrier (LEC) to another, the "new" LEC sends a completed LSR form to the LEC that has been serving the customer to transfer that customer's services. This form specifies all of the customer information needed to effectively process a service transfer from one LEC to another. LSR forms that contain errors are rejected and returned to the originating LEC.

- it had directed Bell Canada and TELUS Communications Inc. (now TELUS Communications Company (TCC)), in Telecom Decision 2005-14, to develop and implement competitive local exchange carrier (CLEC) access to their operational support systems (OSS) in order to reduce LSR rejections to acceptable levels;
 - despite the availability of the Bell companies' Access to OSS Service, the LSR rejection rates in the Bell companies' incumbent operating territories were still high, and competitors had made limited use of the service; and
 - it considered that an LSR rejection charge would provide incentive for competitors to increase their use of the Bell companies' Access to OSS Service and to otherwise reduce the overall LSR rejection rate in the Bell companies' incumbent operating territories.
2. After Telecom Order 2009-805 was issued, the Commission approved three tariff applications proposing to introduce LSR rejection charges: two applications by Bragg Communications Inc., operating as EastLink (EastLink), which submitted applications on behalf of itself and Bluewater TV Cable Ltd. (Bluewater, now EastLink Bluewater); and one application by Iristel Inc. (Iristel).² The Commission also received a tariff application by Quebecor Media Inc. (QMI), on behalf of its affiliate Videotron Ltd. (Videotron), proposing to introduce an LSR rejection charge. The Commission has not yet disposed of the application filed by QMI (hereinafter referred to as Videotron's LSR rejection charge tariff application).³
 3. In Telecom Decision 2012-73, the Commission noted, among other things, that no carrier other than the Bell companies and TCC provided Access to OSS Service at that time, and that this raised concerns about the appropriateness of the LSR rejection charge tariffs of other carriers. Consequently, the Commission issued Telecom Notice of Consultation 2012-72 in order to address its concerns.⁴

² The EastLink and EastLink Bluewater applications (EastLink Tariff Notice 30 and Bluewater Tariff Notice 5, respectively) were given final approval on 21 June 2011. Iristel's application (Tariff Notices 6 and 6A) received final approval in Telecom Order 2011-460.

³ This application was submitted as Videotron Tariff Notice 39. By Commission staff letter dated 6 October 2011, consideration of Videotron's application was suspended pending the resolution of EastLink's Part 1 application dated 27 May 2011 seeking clarification of Telecom Decision 2010-680. EastLink's application was disposed of with the issuance of Telecom Decision 2012-73. However, the Commission issued Telecom Notice of Consultation 2012-72 at the same time in order to address concerns related to the appropriateness of the LSR rejection charge tariffs of other LECs. Videotron's application was to be considered within the context of that notice.

⁴ Through the process initiated by Telecom Notice of Consultation 2012-72, the Commission was able to confirm that none of the companies referenced in paragraph 2 of this decision have developed and implemented Access to OSS Service.

Introduction

4. In Telecom Notice of Consultation 2012-72, the Commission
 - called for comments on whether approval of an LSR rejection charge should be conditional upon a local exchange carrier (LEC) providing Access to OSS Service;
 - made the tariffs of EastLink, EastLink Bluewater, and Iristel interim effective 6 February 2012;
 - requested that EastLink, EastLink Bluewater, and Iristel show cause why, in the event that the Commission finds that approval of an LSR rejection charge should be conditional upon providing Access to OSS Service, the Commission should not disallow their LSR rejection charge tariffs and require a refund of all charges back to 6 February 2012 (i.e. the date of Telecom Notice of Consultation 2012-72); and
 - requested that QMI show cause why, in the event that the Commission finds that approval of an LSR rejection charge should be conditional upon providing Access to OSS Service, the Commission should not deny Videotron's LSR rejection charge tariff application.
5. The Commission received comments from the Bell companies, EastLink, Iristel, MTS Inc. and Allstream Inc. (collectively, MTS Allstream), Rogers Communications Partnership (RCP), Saskatchewan Telecommunications (SaskTel), Shaw Telecom G.P., TCC, and Videotron. The public record of this proceeding, which closed on 24 May 2012, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.

Issues

6. The Commission has identified the following issues to be addressed in this decision:
 - I. Should LECs that do not provide Access to OSS Service be able to apply LSR rejection charges?
 - II. How should LECs that do not provide Access to OSS Service apply LSR rejection charges?
 - III. How should this decision apply to the tariffs/tariff applications of EastLink, EastLink Bluewater, Iristel, and Videotron?
- I. Should LECs that do not provide Access to OSS Service be able to apply LSR rejection charges?**

7. EastLink and Videotron argued that a LEC should be able to apply LSR rejection charges to incent competitors to reduce LSR rejections, regardless of whether that

LEC provides Access to OSS Service. EastLink and Videotron noted that some LSR rejections were caused by errors that could only be addressed by diligent adherence to standard industry practices and attention to detail, not by using Access to OSS Service (errors that are not preventable using Access to OSS Service).

8. EastLink and Videotron were of the view that it was neither fair nor balanced to only allow a LEC that provided Access to OSS Service to charge for errors that are not preventable using Access to OSS Service. These interveners considered that any LEC should be able to incent competitors to decrease their errors that are not preventable using Access to OSS Service.
9. The Bell companies, MTS Allstream, RCP, and TCC were of the view that the LSR rejection charge was developed to incent the use of Access to OSS Service and, accordingly, only LECs that provide such service should be permitted to apply LSR rejection charges.
10. In Telecom Decision 2005-14, the Commission noted that developing and implementing Access to OSS Service would be a costly and resource-consuming undertaking and, therefore, it was in the public interest to only require Bell Canada and TCC to provide Access to OSS Service.⁵ Based on its review of the comments received in this proceeding, the Commission considers that there is no evidence that suggests that circumstances related to this matter have changed since it made this determination in Telecom Decision 2005-14.
11. Nevertheless, the Commission notes that reducing LSR rejections would be beneficial for all stakeholders to achieve a more efficient transfer of customers, as well as a reduction in administrative costs as a result of fewer LSR rejections.
12. The Commission notes that, based on evidence filed in confidence by the parties, approximately 60 percent of LSR rejections are preventable using Access to OSS Service, and the remaining 40 percent of LSR rejections are caused by errors that are not preventable using Access to OSS Service. The Commission also notes that the evidence provided in this proceeding indicated that competitors that do not use Access to OSS Service can still reduce their LSR rejections caused by errors that are not preventable using Access to OSS Service. For example, competitors can reduce such rejections by understanding the LSR process better, training staff to properly complete LSR forms, and following the Canadian Local Ordering Guidelines (C-LOG) more closely.
13. Accordingly, the Commission considers that the LSR rejection charge should not be conditional on the provision of Access to OSS Service.

⁵ In Telecom Decision 2005-14, the Commission also found that Aliant Telecom Inc. (now part of Bell Aliant), MTS Allstream Inc. (now known as two separate entities (MTS Inc. and Allstream Inc.)), and SaskTel would be required to develop and implement Access to OSS Service once a CLEC indicates an interest, by signing an agreement of intent, to gain access to that information.

14. Further, the Commission considers that allowing some LECs to apply LSR rejection charges to incent competitors to reduce LSR rejections caused by errors that are not preventable using Access to OSS Service while denying other LECs that tool would be inequitable.
15. In light of the above, the Commission determines that LECs that do not provide Access to OSS Service may include an LSR rejection charge in their tariffs to incent competitors to reduce their controllable LSR rejections.

II. How should LECs that do not provide Access to OSS Service apply LSR rejection charges?

i) Methodology

16. EastLink proposed the following two options to address how LECs that do not provide Access to OSS Service could apply LSR rejection charges:
 - a) Allow LECs to apply LSR rejection charges to all LSR rejections, regardless of whether they also offer Access to OSS Service; or
 - b) Allow LECs offering Access to OSS Service to apply LSR rejection charges for all rejections, while allowing LECs that do not offer Access to OSS Service to apply LSR rejection charges only for rejections caused by errors that are not preventable using Access to OSS Service.
17. The Bell companies considered that EastLink's first proposal would allow LECs that do not provide Access to OSS Service to charge competitors for LSR rejections that are preventable using Access to OSS Service. The Bell companies argued that competitors would therefore be charged for uncontrollable LSR rejections, and that the LSR rejection charge in those cases would be nothing more than a revenue generator.
18. The Bell companies and RCP argued that EastLink's second proposal was unworkable because it would result in numerous disputes regarding which LSR rejections could have been prevented using Access to OSS Service, noting that an increase in the level of disputes would increase administration costs.
19. With regard to EastLink's first proposal, the Commission notes that some LSR rejections are only preventable using Access to OSS Service. Given that the LSR rejection charge is intended as an incentive to competitors to reduce controllable LSR rejections, the Commission considers that EastLink's first proposal would give some LECs the ability to apply LSR rejection charges to competitors for errors that those competitors would not be able to prevent. The Commission therefore considers that EastLink's first proposal would not be appropriate.
20. With regard to EastLink's second proposal, the Commission considers that it would allow LECs that do not provide Access to OSS Service to apply LSR rejection charges only for controllable rejections.

21. The Commission considers, however, that distinguishing between LSR rejections that are preventable using Access to OSS Service and LSR rejections caused by errors that are not preventable using Access to OSS Service would be a very difficult process. Further, the Commission considers that the application of LSR charges could cause disputes between LECs and competitors being charged. The Commission notes, for example, that LSRs can be rejected for up to three identified errors, and therefore there may be situations where the same LSR is rejected due to both types of errors.
22. The Commission considers that the best methodology for LECs that do not provide Access to OSS Service to apply LSR rejection charges to errors that are not preventable using Access to OSS Service is one that would be easy to administer and would minimize the potential for disputes.
23. In this regard, the Commission notes that when it introduced an LSR rejection charge in Telecom Order 2009-805, it established LSR rejection rate thresholds. The thresholds establish the acceptable level of LSR rejections, such that an LSR rejection charge can only be applied to the quantity of LSR rejections above that acceptable threshold. The Commission set LSR rejection rate thresholds at levels that provided competitors with an adequate incentive to reduce errors in submitted LSRs, but not so low as to constitute a punitive threshold. Moreover, the Commission notes that the LSR rejection rate threshold is easy to administer and is easily understandable by all LECs, resulting in minimal disputes.
24. The Commission notes that it is fair to assume that there will be a higher rate of LSR rejections where a competitor is unable to subscribe to Access to OSS Service to validate LSR information. The Commission is of the view that, for LECs that do not provide Access to OSS Service, increasing the thresholds would be an appropriate means of allowing those LECs to apply LSR rejection charges while taking into account the potential for a higher rate of LSR rejections.
25. The Commission notes that increasing the thresholds would not impose an increased administrative burden on LECs applying the charge or to competitors. The Commission also notes that applying LSR charges based on increased thresholds would not cause confusion or result in disputes over which type of error caused an LSR rejection.
26. In light of the above, the Commission determines that LECs that do not provide Access to OSS Service can apply LSR rejection charges in the same manner that LECs that provide Access to OSS Service can apply LSR rejection charges. However, the LSR rejection rate threshold values should be increased.

ii) The threshold values for LECs that do not provide Access to OSS Service

27. In Telecom Order 2009-805, the Commission set two different thresholds: one for LECs that submit large monthly volumes of LSRs, and another for those that either
 - (a) submit small monthly volumes of LSRs to a given company – that is, 500 or

fewer in a month – or (b) submitted LSRs primarily for business services – that is, where 75 percent or more of the LSRs submitted to a given LEC in a given month relate to business services.

28. The Commission set the initial monthly LSR rejection rate threshold for LECs that submit large volumes of LSRs that do not primarily relate to business services at a level of eight percent, and reduced the rate to five percent over a period of two years (the lower threshold).⁶ The LSR rejection rate threshold for LECs that either submit (a) low monthly volumes of LSRs or (b) LSRs primarily for business services was set at twice the threshold for LECs that submit large volumes of LSRs (the higher threshold).
29. As mentioned earlier in this decision, the Commission notes that approximately 60 percent of LSR rejections are preventable using Access to OSS Service. Accordingly, the Commission considers that increasing the thresholds by 60 percent for LECs that do not provide Access to OSS Service would serve as a proxy to allow those LECs to apply LSR rejection charges to those LSR rejections caused by errors that are not preventable using Access to OSS Service.
30. Therefore, for LECs that do not provide Access to OSS Service, the Commission determines that the lower threshold will be set at 12.8 percent on the date that the tariff is first approved by the Commission.⁷ That rate will decrease to 10.4 percent one year after the tariff is approved, and 8 percent two years after the tariff is approved.
31. Further, the Commission determines that the higher threshold, consistent with Telecom Order 2009-805, is to be set at twice the threshold for LECs that submit large volumes of LSRs. Accordingly, the higher threshold will be set at 25.6 percent on the date that the tariff is first approved by the Commission, decreasing to 20.8 percent one year after the tariff is approved and 16 percent two years after the tariff is approved.

III. How should this decision apply to the tariffs/tariff applications of EastLink, EastLink Bluewater, Iristel, and Videotron?

32. As noted above, the LSR rejection charge tariffs of EastLink, EastLink Bluewater, and Iristel were made interim as of 6 February 2012. Further, Videotron's LSR rejection charge tariff application was to be dealt with within the context of the proceeding initiated by Telecom Notice of Consultation 2012-72.
33. EastLink submitted that it would modify or withdraw its tariff notices for EastLink and EastLink Bluewater, as well as reimburse charges back to 6 February 2012, as required. Videotron also agreed to withdraw its tariff notice if required.

⁶ See paragraphs 26 to 30 of Telecom Order 2009-805. In that order, the Commission decided to gradually reduce the rejection rate threshold from eight to five percent over a period of two years, noting that the introduction of a five percent rejection rate threshold at that time would be too abrupt.

⁷ The lower threshold of 12.8 percent is calculated as follows: 8 percent (as mentioned in paragraph 28 of this decision) plus 8 percent times 0.6.

34. Iristel argued that since its LSR rejection charge tariff was approved by the Commission, it should not be required to refund all charges back to 6 February 2012.
35. TCC considered that the LSR rejection charge should be conditional upon providing Access to OSS Service and, therefore, EastLink, EastLink Bluewater, and Iristel should be required to refund all collected LSR rejection charges since 6 February 2012.
36. In light of its decision that an LSR rejection charge is appropriate for LECs that do not provide Access to OSS Service, and that the interim tariffs of EastLink, EastLink Bluewater, and Iristel were intended to incent competitors to decrease their LSR rejections, the Commission determines that EastLink, EastLink Bluewater, and Iristel are not required to refund any LSR rejection charges back to 6 February 2012.
37. Accordingly, the Commission determines that the tariffs of EastLink, EastLink Bluewater, and Iristel that were made interim effective 6 February 2012 are to apply up to the date of this decision. The revised thresholds for LSR rejection charges are to apply to those tariffs on a going-forward basis effective the date of this decision.
38. With regard to the decreasing threshold, the Commission notes that EastLink, EastLink Bluewater, and Iristel already have existing LSR rejection charge tariffs in place. The Commission considers that these tariffs provide incentive to competitors of these LECs to improve their LSR processes and adhere to the C-LOG guidelines in order to reduce LSR errors.
39. Accordingly, the threshold rates for EastLink, EastLink Bluewater, and Iristel will decrease on the anniversary of the dates that the tariffs of those LECs were first approved by the Commission, as detailed in paragraphs 30 and 31 above.⁸
40. In light of the above, the Commission (a) **approves** Videotron's LSR rejection charge tariff application, subject to the modifications set out in this decision, and (b) **approves on a final basis** EastLink's, EastLink Bluewater's, and Iristel's LSR rejection charge tariffs, subject to the modifications set out above. The Commission directs EastLink, EastLink Bluewater, Iristel, and Videotron to issue revised tariff pages that include the above-noted changes within 15 days of the date of this decision.⁹

Secretary General

⁸ EastLink's and EastLink Bluewater's LSR rejection charge tariffs were first approved on 3 June 2011, and Iristel's LSR rejection charge tariff was first approved on 7 August 2011. Videotron's LSR rejection charge tariff was first approved in this decision.

⁹ The revised tariff pages can be submitted to the Commission without a description page or an approval request; a tariff application is not required.

Related documents

- *EastLink – Application with respect to Telecom Decision 2010-680 and charging for rejected local service requests*, Telecom Decision CRTC 2012-73, 6 February 2012
- *Review of conditions for approval of a local service request rejection charge*, Telecom Notice of Consultation CRTC 2012-72, 6 February 2012
- Telecom Order CRTC 2011-460, 1 August 2011
- *CISC Business Process Working Group – Consensus report BPRE079a – Reduction of local service request rejections*, Telecom Decision CRTC 2010-680, 10 September 2010
- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of Local Service Request Rejection Charge*, Telecom Order CRTC 2009-805, 23 December 2009
- *Competitive local exchange carrier access to incumbent local exchange carrier operational support systems*, Telecom Decision CRTC 2005-14, 16 March 2005