



Telecom Order CRTC 2012-63

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Ottawa, 30 January 2012

Saskatchewan Telecommunications – Increases to Network Access Service rates in high-cost serving areas

File numbers: Tariff Notices 265 and 265A

The Commission approves on an interim basis, with changes, increases to SaskTel's Network Access Service rates in high-cost serving areas, pursuant to the Commission's determinations in Telecom Regulatory Policy 2011-291.

The application

1. The Commission received an application by Saskatchewan Telecommunications (SaskTel), dated 15 December 2011, in which the company proposed revisions to items 110.10 – Network Access Service – Discontinued¹ and 110.12 – Network Access Service² of its General Tariff – Basic Services. Specifically, SaskTel proposed to change the rate structure of and raise the rates for its Network Access Service in high-cost serving areas (HCSAs) in Rate Group 1, effective 1 February 2012.
2. On 19 January 2012, SaskTel submitted an amendment to its application, requesting an effective date of 1 April 2012 for its proposed rate changes to item 110.10.
3. SaskTel noted that it currently has one monthly rate for residential Network Access Service that applies in all of bands E, F, and G. SaskTel further noted that in the context of its residential primary exchange service (PES) rates in HCSAs and its calculations of required subsidy amounts, monthly rates are calculated as the cumulative average monthly revenue of three components: Network Access Service, Extended Area Service (EAS) – Discontinued,³ and Excess Mileage Charges⁴ (collectively, the three rate components). The rates are calculated per residential network access service in an HCSA.

¹ Network Access Service – Discontinued is the furnishing of a telecommunications facility between SaskTel's central office and the network interface demarcation point at the customer's premises. The standard basic network access for this item is rotary dial. This item has not been available for new installations, additions, or moves since 1990.

² Network Access Service is the furnishing of a telecommunications facility between SaskTel's central office and the network interface demarcation point at the customer's premises. The standard basic network access for this item is touch-tone.

³ Extended Area Service is a service arrangement that allows all customers in one exchange area to call or to be called by all customers in one or more adjacent exchange areas without a long distance charge.

⁴ Excess Mileage Charges are assessed to various access services located outside base rate and island base rate areas.

4. SaskTel proposed to implement a rate increase pursuant to the Commission's determinations in Telecom Regulatory Policy 2011-291 by disaggregating its current Network Access Service rates from one rate group to three band-specific rates, and to apply the increase only to the Network Access Service component of its residential PES rates in HCSAs.
5. On 16 January 2012, SaskTel submitted its response to a Commission request, dated 10 January 2012, to provide additional information on how its proposal would meet the price constraints set out in Telecom Regulatory Policy 2011-291.⁵
6. SaskTel confirmed in its response that, because of averaging in rate bands, its original proposal would result in rates exceeding \$30 for customers whose current rate is below \$30, and some customers whose current rate is \$30 or more receiving further increases.
7. SaskTel submitted that as a result of the price constraints set out in Telecom Regulatory Policy 2011-291, and the parameter that no single customer should see a rate increase in contravention of those constraints, it would be required to revise its original proposal.
8. Accordingly, SaskTel submitted that it could modify its tariff to show the relationships between a rate increase that meets the Commission's price constraints and the three rate components that are used to calculate the company's annual subsidy amounts.

Commission's analysis and determinations

9. The Commission has reviewed SaskTel's revised proposal and considers the company's proposed rate increases would meet the requirements and constraints set out in Telecom Regulatory Policy 2011-291. The Commission considers that a table showing all possible combinations of the three rate components would meet the Commission's requirement that all regulated rates be shown in the tariff.
10. Additionally, the Commission notes that SaskTel's revised proposal indicates that the local access charges shown on a customer's bill include a \$0.15 charge for General Tariff – Basic Services item 160.15 – Relay Service. The Commission notes that the rate for this service is not currently shown in the tariff. The Commission also notes that item 160.15 and all other tariff items for network access do not contain wording that indicates the charge for item 160.15 is included in the company's monthly Network Access Service rates.

⁵ In Telecom Regulatory Policy 2011-291, the Commission set an annual price constraint on PES rates in HCSAs that are under \$30 as of 3 May 2011 that is equal to one third of the difference between the rate in effect as of that date and \$30. The Commission also determined that PES rates in HCSAs already at \$30 or more would not be permitted to increase further until 1 June 2014.

11. The Commission considers that customers should know what other tariff components may be included in a rate shown in a company's tariff.
12. In light of the above, the Commission **approves on an interim basis** SaskTel's application, subject to the changes reflected below.
13. The Commission directs SaskTel to issue amended tariff pages, within 10 business days of the date of this order, with the following changes:
 - a. In item 160.15.3, add a sub-item stating
 3. The charge for SaskTel Relay Service is \$0.15 per month and is included in the local access service monthly rate.
 - b. In all tariff items that include SaskTel Relay Service, add a note stating

Local Access Rates displayed on the customer's bill include \$0.15 for SaskTel Relay Service (refer to Item 160.15).
 - c. In items 110.10.3 and 110.12.3, insert a rate table listing the monthly rental rate for residence wireline access in Rate Group 1 that shows the following for each combination of the three rate components a customer may be charged for:
 - i. Rate Group Category;
 - ii. Local Access Rate prior to the effective date of the rate change;
 - iii. Local Access Rate effective date of the rate change;
 - iv. Excess Mileage Monthly Rate (Item 105.10);
 - v. Extended Area Service (EAS) Monthly Rate (Item 100.30); and
 - vi. Total Local Access Components after the effective date of the rate change.
 - d. In items 110.10.3 and 110.12.3, insert a note as follows:

Pursuant to Telecom Regulatory Policy CRTC 2011-291, *Obligation to serve and other matters* (TRP 2011-291), monthly rates in Rate Group 1 that are below \$30 as of 3 May 2011 may be increased to \$30 over three years (the transition period). The increases may only be applied in three equal increments starting no sooner than 1 June 2011. A second increase can be no sooner than 1 June 2012, and a third increase cannot be sooner than 1 June 2013. Pursuant to TRP 2011-291, the monthly rate in Rate Group 1 may be increased annually by the rate of inflation effective 1 June 2014.

For the purpose of determining if a monthly rate is less than \$30 or equal to or greater than \$30 as described above, SaskTel will, for each customer, total the rates charged from each of the following existing tariffs, as applicable: Items 110.10 – Network Access Service – Discontinued (or 110.12 – Network Access Service); 110.30 – Extended Area Service (EAS); and 105.10 – Excess Mileage Charges.

Customers whose combined rates are equal to or greater than \$30 as of 3 May 2011 will have their combined rate frozen for the transition period. Customers whose combined rates are below \$30 as of 3 May 2011 may have their rates increased during the transition period as per above.

- e. In the rate table, indicate which Total Local Access Components are frozen for the transition period.

Secretary General

Related document

- *Obligation to serve and other matters*, Telecom Regulatory Policy CRTC 2011-291, 3 May 2011, as amended by Telecom Regulatory Policy CRTC 2011-291-1, 12 May 2011