



Telecom Notice of Consultation CRTC 2013-429

PDF version

Ottawa, 22 August 2013

Call for comments

Compensation for call termination

File numbers: 8661-C12-201311810

Fibernetics Corporation Tariff Notices 6 and 6A

Fido Tariff Notice 23

RCP Tariff Notice 32

Videotron Tariff Notice 40

Background

1. When the Commission introduced local telephone competition in Telecom Decision 97-8, competitors were required to interconnect with incumbent local exchange carriers (ILECs) in each exchange in which the competitor wished to operate. In addition, the Commission established principles for compensation for the termination of calls.
2. In that decision, the Commission concluded that the bill-and-keep¹ approach should be used for traffic that is interchanged and terminated within the same exchange. The Commission also concluded that where it is demonstrated that such traffic between local exchange carriers (LECs) is not balanced for a significant period of time, mutual compensation² should be implemented and the rate should be capped at the ILEC rate.
3. In late 1998, MetroNet Communication Group Inc. (MetroNet), a competitive local exchange carrier (CLEC), proposed to introduce a call termination service, with rates that it would apply to terminate local calls routed to it in an exchange when the point of origination of the calls is outside of that exchange. Subsequently, in Telecom Order 99-758, the Commission considered that the rates for this service should be based on the maximum rates for traffic imbalance that were in effect at that time.
4. In Telecom Decision 2002-54, the Commission approved a model tariff for use by all CLECs. The model tariff incorporated the call termination service that had been approved for MetroNet. As an alternative, the model tariff allowed LECs, by agreement, to deliver call termination service traffic together with the intra-exchange traffic subject to the bill-and-keep approach.

¹ With bill-and-keep, the originating carrier bills its customer for the call and keeps the corresponding revenue; the originating carrier does not compensate the terminating carrier for the call termination expense.

² With mutual compensation, the carrier originating the greater amount of traffic compensates the terminating carrier based on the level of imbalance; the greater the imbalance, the higher the rate.

5. In Telecom Decisions 2004-46 and 2006-35, the Commission modified the local telephone competition regulatory framework by consolidating exchanges to form larger local interconnection regions (LIRs) in the large ILEC territories. Competitors could then interconnect with the ILEC in each LIR, instead of in each exchange. The Commission also grandfathered the existing exchange-based interconnection framework and associated rates. The Commission directed ILECs to develop appropriate mutual compensation rates that reflected the newly defined LIRs, and determined that CLECs' mutual compensation rates would be capped at the ILEC rate.
6. The Commission did not receive any requests at that time to make changes to the call termination service initially approved for MetroNet, and subsequently incorporated in the model tariff, in order to reflect the newly established LIRs.
7. The Commission has received applications from Fibernetics Corporation; Fido Solutions Inc. (Fido); Quebecor Media Inc., on behalf of its affiliate Videotron G.P. (Videotron); and Rogers Communications Partnership (RCP) in relation to the above-noted call termination service.³ Fibernetics Corporation proposed to withdraw its call termination service from its tariff and to terminate such traffic only over bill-and-keep trunks, while the other companies proposed to increase the rates for call termination service when interconnected with another carrier on an LIR basis.
8. The Commission considers that these applications raise the question of whether the model tariff needs to be revised. To address this matter, the Commission considers that it would be appropriate to review the methods by which LECs typically terminate local calls routed to them in an LIR when the point of origination of the calls is outside of that LIR.
9. The Commission notes that in Telecom Regulatory Policy 2012-24, it decided that carriers may enter into off-tariff negotiated network interconnection arrangements for voice interconnection services without seeking regulatory approval.

Call for comments

10. The Commission calls for comments, including supporting rationale and data, on the following questions:
 1. What should be the default network interconnection arrangement for local calls routed to a CLEC for termination in an LIR when the point of origination of the calls is outside of that LIR: the arrangement used to terminate traffic subject to the bill-and-keep approach or the call termination service initially approved for MetroNet and subsequently incorporated into the model tariff?

³ Fibernetics Corporation Tariff Notices 6, dated 31 August 2012, and 6A, dated 17 September 2012; Fido Tariff Notice 23, dated 25 April 2013; RCP Tariff Notice 32, dated 25 April 2013; and Videotron Tariff Notice 40, dated 20 September 2012.

- a) If the call termination service should be the default arrangement, what should be the applicable rate?
 - b) If the arrangement subject to the bill-and-keep approach should be the default, should the call termination service be required in the tariff, as an option? If the call termination service should continue to be subject to a tariff, what should be the applicable rate?
11. The Commission makes the records of the following applications part of this proceeding: Fibernetics Corporation Tariff Notices 6 and 6A, Fido Tariff Notice 23, RCP Tariff Notice 32, and Videotron Tariff Notice 40. The Commission intends to dispose of these applications in this proceeding.
 12. The Commission notes that the outcome of this proceeding may result in changes to the local network interconnection regulatory regime that applies to LECs.
 13. The Commission will review the matters in this proceeding in light of the policy objectives set out in section 7 of the *Telecommunications Act* and the Policy Direction.⁴

Procedure

14. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding.⁵ For help understanding the Rules of Procedure, see *Guidelines on the CRTC Rules of Practice and Procedure*.
15. All LECs are made parties to this proceeding and may file interventions with the Commission by **19 September 2013**.
16. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues, by **19 September 2013**.
17. All interventions must be filed in accordance with section 26 of the Rules of Procedure.
18. The Commission will post the interventions on its website shortly after they are filed. All documents required to be served on a party or parties to the proceeding must be served using the contact information contained in the interventions.

⁴ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

⁵ The Rules of Procedure set out, among other things, the rules for the filing, content, format, and service of interventions and interrogatories; the procedure for filing confidential information and requesting its disclosure; and the conduct of the public hearing, where applicable. Accordingly, the procedure set out in this notice must be read in conjunction with the Rules of Procedure and their accompanying documents, which can be found on the Commission's website under "CRTC Rules of Practice and Procedure."

19. All parties may file replies to interventions with the Commission, serving copies on all other parties, by **3 October 2013**.
20. The Commission expects to publish a decision on the issues raised in this notice within four months of the close of record.
21. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding.
22. Parties are reminded that, in accordance with the Rules of Procedure, if a document is to be filed or served by a specific date, the document must be actually received, not merely sent, by that date. A document must be filed with the Commission by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline.
23. Submissions longer than five pages should include a summary, and each paragraph of all submissions should be numbered. In addition, the line *****End of document***** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
24. The Commission encourages interested persons and parties to monitor the record of this proceeding and/or the Commission's website for additional information that they may find useful when preparing their submissions.
25. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

by completing the
[Intervention/comment/answer form]

or

by mail to
CRTC, Ottawa, Ontario K1A 0N2

or

by fax to
819-994-0218

Important notice

26. All information provided as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, email, or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This includes personal information,

such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, and any other personal information provided.

27. The personal information provided will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
28. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
29. The information provided to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not link directly to the information provided as part of this public process.

Availability of documents

30. Electronic versions of the documents referred to in this notice are available on the Commission's website at www.crtc.gc.ca by using the file numbers provided at the beginning of this notice or by visiting the "Public Proceedings" section of the Commission's website. The documents can be accessed by selecting "View all proceedings open for comment," then clicking on the "View entire record" link associated with this particular notice. All interventions are also available on the Commission's website, at the same location, by clicking on the "Interventions" link associated with this particular notice.
31. Documents are also available and may be examined during normal business hours at the Commission offices and documentation centres directly involved with these applications or, upon request, within two business days at all other Commission offices and documentation centres.

Location of Commission offices

Toll-free telephone: 1-877-249-2782

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Secretary General

Related documents

- *Network interconnection for voice services*, Telecom Regulatory Policy CRTC 2012-24, 19 January 2012
- *Follow-up to Trunking arrangements for the interchange of traffic and the point of interconnection between local exchange carriers*, Telecom Decision CRTC 2004-46, Telecom Decision CRTC 2006-35, 29 May 2006
- *Trunking arrangements for the interchange of traffic and the point of interconnection between local exchange carriers*, Telecom Decision CRTC 2004-46, 14 July 2004

- *Model tariff for the interconnection services of competitive local exchange carriers*, Telecom Decision CRTC 2002-54, 3 September 2002
- Telecom Order CRTC 99-758, 4 August 1999, as amended by Telecom Order CRTC 99-758-1, 13 August 1999, and Telecom Order CRTC 99-758-2, 25 August 1999
- *Local competition*, Telecom Decision CRTC 97-8, 1 May 1997