



## Telecom Order CRTC 2015-221

PDF version

Ottawa, 27 May 2015

*File numbers: Bell Aliant Tariff Notices 512 and 513, Bell Canada Tariff Notices 7453 and 7454, and Télébec Tariff Notice 483*

### **Bell Aliant Regional Communications, Limited Partnership; Bell Canada; and Télébec, Limited Partnership – Applications to adjust certain rates approved in Telecom Decision 2015-70 regarding the expiry of certain time-limited exogenous factors**

#### **Introduction**

1. The Commission received applications from Bell Aliant Regional Communications, Limited Partnership (Bell Aliant); Bell Canada; and Télébec, Limited Partnership (Télébec) [collectively, Bell Canada et al.], dated 10 April 2015, in which the companies proposed to adjust certain rates associated with the tariff notices that the Commission approved in Telecom Decision 2015-70. The companies proposed an effective date of 1 June 2015.

#### **Background**

2. In Telecom Decision 2015-70, the Commission approved an application by Bell Canada et al. related to the expiry of four time-limited exogenous factors.<sup>1</sup> The companies had applied to reduce the relevant rates going forward and to issue rebates to customers for periods when the companies' service band indices (SBIs) exceeded their service band limits (SBLs) after the expiry of the exogenous factors.<sup>2</sup> Bell Canada et al. had also proposed a methodology to calculate these reductions and rebates, which involved making use of any available headroom to partially offset the rebates.

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<sup>1</sup> Exogenous factors are approved adjustments to the large incumbent local exchange carriers' price cap indices to enable the recovery of costs related to events or initiatives that satisfy the following criteria: they are legislative, judicial, or administrative actions that are beyond the control of the company; they are addressed specifically to the telecommunications industry; and they have a material impact on the company. Adjustments for exogenous amounts are reviewed on an individual basis and assigned to the appropriate service baskets.

<sup>2</sup> SBLs reflect the allowable average price changes to service baskets under the Commission's price cap regime. SBIs reflect the actual average price changes to service baskets. The SBI must be equal to or less than the SBL for each basket. When the SBI is less than the SBL, the difference may be referred to as "headroom." When there is headroom, companies have the flexibility to increase their prices to the level of the SBL.

3. The Commission also approved various tariff notices proposed by Bell Canada et al., effective 1 June 2015, in order to implement the approved methodology and reduce the relevant rates to reflect the proper SBLs going forward, given the expiry of the exogenous factors.

## **Applications**

4. In their current applications, Bell Canada et al. noted that SBLs are revised upwards annually at Statistics Canada's reported rate of inflation. The companies submitted that they were seeking to revise their rates to account for the additional headroom gained from the 2015 rate of inflation. They indicated that Statistics Canada's reported rate of inflation for the 2015 price cap year is 1.778%.
5. Bell Canada et al. submitted that in the case of certain service baskets,<sup>3</sup> the additional headroom eliminates the need for the anticipated rate reductions to the services in these baskets. In these cases, the companies proposed rates that are the same as those in place before being reduced as a result of Telecom Decision 2015-70.
6. Bell Canada et al. submitted that in the case of services in Bell Aliant's and Bell Canada's Residential Non-HCSA [high-cost serving area] Services baskets, the reductions originally approved in Telecom Decision 2015-70 are still required. However, they proposed to implement these changes effective 1 August 2015, rather than 1 June 2015. They indicated that they intended to make other rate changes to services in these baskets, effective 1 August 2015, and submitted that this proposed delay would minimize customer confusion about multiple rate changes within the year. They added that they would file new tariff pages with the Commission by 1 August 2015 to reflect the required rate reductions for services in these baskets.<sup>4</sup>
7. In Telecom Order 2015-164, the Commission approved Bell Canada et al.'s current applications on an interim basis.
8. The Commission received no interventions regarding these applications. The public record of this proceeding, which closed on 5 May 2015, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file numbers provided above.

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<sup>3</sup> These are the Business Services basket and the Other Capped Services basket for Bell Aliant; the Residential HCSA [high-cost serving area] Services basket, the Business Services basket, and the Other Capped Services basket for Bell Canada; and the Business Services basket for Télébec.

<sup>4</sup> In Telecom Decision 2015-70, the Commission directed Bell Canada et al. to submit detailed recalculations of their rebates, which Bell Canada et al. did on 7 April 2015. The recalculations are available on the public record of the proceeding leading to that decision. In their recalculations, Bell Canada et al. indicated that they would increase the amount of the customer rebates approved in Telecom Decision 2015-70 to account for the delayed implementation of the rate decreases for these services.

## Commission's analysis and determinations

9. The Commission has reviewed Bell Canada et al.'s calculations in their current applications and agrees that the SBI will be below the corresponding SBL for all of the relevant service baskets, effective 1 June 2015. Given the upward revision of the SBLs as a result of inflation, and the corresponding increase in headroom for the relevant service baskets, the associated rate reductions approved in Telecom Decision 2015-70 are no longer necessary for the rates to be consistent with the requirements of the price cap regime. Rebates will still be provided to in-service subscribers of record of regulated services in the relevant service baskets, as approved in Telecom Decision 2015-70.
10. The Commission considers that Bell Canada et al.'s proposal to delay implementation of rate changes and rebates for customers of services in Bell Aliant's and Bell Canada's Residential Non-HCSA Services baskets is reasonable in the circumstances.
11. Accordingly, the Commission **approves on a final basis** these applications.
12. Given that certain rate reductions set out in Telecom Decision 2015-70 are still required, the Commission **directs** Bell Canada et al. to file tariff notices reflecting these required reductions to rates for services in Bell Aliant's and Bell Canada's Residential Non-HCSA Services baskets by at least **15 calendar days** before 1 August 2015, the revised effective date proposed by Bell Canada et al.

Secretary General

## Related documents

- Telecom Order CRTC 2015-164, 28 April 2015
- *Bell Aliant Regional Communications, Limited Partnership; Bell Canada; and Télébec, Limited Partnership – Proposed rate reductions and customer rebates resulting from the expiry of certain time-limited exogenous factors*, Telecom Decision CRTC 2015-70, 27 February 2015