Telecom Order CRTC 2016-239

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Ottawa, 23 June 2016

File number: Tariff Notice 4381

TELUS Communications Company – Withdrawal of radiotelephone services in British Columbia

Application

1. The Commission received an application from TELUS Communications Company (TCC), dated 7 August 2015, in which the company proposed to withdraw item 236 – VHF [very high frequency] Mobile Stations and item 261 – Remote Radiotelephone Service (collectively, the services), along with other related radiotelephone services, from its General Tariff in British Columbia, effective 31 March 2016.
2. The services are provided using basic simplex communication[1] over very high frequencies connected to the public switched telephone network through TCC's mobile operators. TCC offers the services in remote areas where landline telephone service is not available.
3. TCC submitted that it had provided the appropriate information required by the Commission in Telecom Information Bulletin 2010-455, including a copy of the notice the company sent to affected customers.
4. In its application, TCC submitted that (i) the technology and infrastructure supporting the services are obsolete, (ii) maintenance and repairs are difficult, and (iii) it incurs recurrent annual losses by providing the services.
5. TCC stated that it had previously received Commission approval to withdraw other similar obsolete radio technology services, such as its marine radiotelephone service[2] and its Exchange Area Radiotelephone Service (EARS).[3] In Telecom Order 2008-206, the Commission approved TCC's proposal to withdraw EARS and to reimburse residential customers up to $1,000 if they migrated to cellular service, and up to $1,500 if they migrated to satellite service.
6. In its current application, TCC proposed to offer residential customers a one-time payment of $500 per radio channel to cover any equipment, including handsets, and related expenses that may provide or improve a wireless or satellite signal if the customer is migrating to a cellular or satellite service. TCC submitted that specific known costs for a satellite handset had decreased by approximately $300 since 2008. TCC also stated that it did not make this offer to its business customers since they are entitled to claim such expenses as business expenditures for tax purposes.

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[1] Basic simplex communication is a communication channel that sends information in one direction only.
[2] See TCC's Tariff Notice 4334, which the Commission approved in Telecom Order 2010-377.
[3] See TCC's Tariff Notice 4292, which the Commission approved in Telecom Order 2008-206.

7. TCC submitted that the current services (i) do not meet the definition of primary exchange service (PES),[4] (ii) do not fully address the elements of the basic service objective,[5] and (iii) are not part of the local service subsidy regime for residential customers in rural and remote telephone exchanges. TCC argued that therefore, the proposed withdrawal does not negatively impact its obligation to serve.[6] TCC submitted that the cellular or satellite services it identified as alternatives provide access to emergency services and have qualities that meet the basic service objective definition.

8. The Commission received submissions regarding TCC's application from business and residential customers. The majority of these customers were opposed to the proposed withdrawal due to concerns over safety and emergency communications, or the lack of reliable alternatives. In reply, TCC submitted that due to the age of the equipment and the unavailability of spare parts, EARS was unreliable for long-term use and emergency situations. It added that the use of a fixed satellite phone would mitigate the effects of terrain on satellite communications reliability.

9. The public record of this proceeding, which closed on 15 February 2016, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.

Commission's analysis and determinations

10. TCC's application meets the requirements set out in Telecom Information Bulletin 2010-455, in which the Commission set out its procedures for dealing with applications to destandardize and/or withdraw tariffed services.[7] In particular, TCC has informed affected customers of the proposed withdrawal, provided affected customers with sufficient rationale for the withdrawal, and identified substitute services.

11. In Telecom Decision 2003-64, the Commission approved TCC's proposed service improvement plan, which resulted in the company offering landline telephone service across its territory, where feasible. Some exchanges, including those where the services are currently provided, were deemed ineligible for TCC's landline telephone service under the company's service improvement plan because the average capital cost per dwelling was too expensive for both TCC and consumers.

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[4] PES is a wireline-based telephone service that provides customers with unlimited local calling within a defined area at a flat monthly rate, as well as access to a long distance network of the customer's choice.

[5] The basic service objective, which the Commission established in Telecom Decision 99-16 and last reviewed in Telecom Regulatory Policy 2011-291, consists of the following: individual line local Touch-Tone service; access to low-speed Internet service at local rates; access to the long distance network and to operator/directory assistance services; enhanced calling features, including access to emergency services, voice message relay service, and privacy protection features; and a copy of the current local telephone directory upon request.

[6] The obligation to serve requires incumbent local exchange carriers (ILECs) to provide telephone service to existing customers, new customers requesting service where the ILEC has facilities, and new customers requesting service beyond the limits of the ILEC's facilities.

[7] Telecom Information Bulletin 2010-455 summarized the Commission's determinations set out in Telecom Decision 2008-22 and is incorporated by reference in section 59 of the *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure*. As of 19 February 2016, Telecom Information Bulletin 2010-455-1 replaced Telecom Information Bulletin 2010-455.

12. Regarding the safety concerns expressed by customers relying on the services for emergencies, the age of the equipment, the rate of repair, and the poor supply of spare parts make the services unreliable and could put customers at risk if they do not make the transition to an alternative service. However, the alternative cellular and satellite services identified by TCC provide for access to emergency services.

13. In light of the above, TCC's proposal to withdraw the services is appropriate. However, TCC should implement a more reasonable transition plan to assist remaining customers of the services in migrating to alternative services.

14. TCC's proposal to not compensate business customers is reasonable, since these customers' costs can be claimed as business expenses for tax purposes.

15. For residential customers, the reimbursement amount should be comparable to the amount set out in Telecom Order 2008-206. Given that satellite handset costs have decreased by approximately $300 since 2008, a one-time payment of up to $1,200 per radio channel to cover any equipment, including the handset, and related expenses that may provide or improve a satellite signal if the residential customer is migrating to a satellite solution, represents a satisfactory transition plan to satellite service.

16. The costs associated with transitioning to cellular service are comparable to the costs set out in Telecom Order 2008-206. As a result, a one-time payment of up to $1,000 per radio channel to cover any equipment, including the handset, and related expenses that may provide or improve a cellular signal if the residential customer is migrating to a cellular solution, represents a satisfactory transition plan to cellular service.

Conclusion

17. In light of the above, the Commission **approves with changes** TCC's application, as set out in this order, effective **60 calendar days** following the date of this order.

18. The Commission **directs** TCC to do the following:

- increase its financial assistance for residential customers to a one-time payment of
    - up to $1,200 per radio channel, based on valid receipts, to cover any equipment, including the handset, and related expenses that may provide or improve a satellite signal, if the customer is migrating to a satellite service; and
    - up to $1,000 per radio channel, based on valid receipts, to cover any equipment, including the handset, and related expenses that may provide or improve a cellular signal, if the customer is migrating to a cellular service.
- notify its remaining customers, within **15 calendar days** of the date of this order, of the effective date of withdrawal of the services and the financial assistance plan outlined above.
- assist its customers in their migration to alternative services by the effective date of withdrawal of the services.

Secretary General

Related documents

- *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
- *Approval process for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455, 5 July 2010, as amended by Telecom Information Bulletin CRTC 2010-455-1, 19 February 2016
- *TELUS Communications Company - Withdrawal of marine radiotelephone service*, Telecom Order CRTC 2010-377, 14 June 2010
- *TELUS Communications Company - Withdrawal of Exchange Area Radiotelephone Service*, Telecom Order CRTC 2008-206, 25 July 2008
- *Mandatory customer contract renewal notification and requirements for service destandardization/withdrawal*, Telecom Decision CRTC 2008-22, 6 March 2008
- *Follow-up to price cap Decision 2002-34: TELUS' revised service improvement plan*, Telecom Decision CRTC 2003-64, 25 September 2003
- *Telephone service to high-cost serving areas*, Telecom Decision CRTC 99-16, 19 October 1999