



Telecom Order CRTC 2005-127

Ottawa, 6 April 2005

People's Telephone Company of Forest Inc.

Reference: Tariff Notice 49

Touch-tone service and miscellaneous equipment

1. The Commission received an application by People's Telephone Company of Forest Inc. (People's), dated 1 March 2005, to revise its General Tariff Section 100, item 4, Rate Schedules for Primary Exchange (Local) Service, and Section 490, item 8, Touch Tone, in order to:
 - eliminate the touch-tone differential and incorporate touch-tone service into its basic exchange service; and
 - remove references to the provision of touch-tone telephone sets.
2. The company submitted that its proposal to incorporate touch-tone service into its basic exchange service would affect less than two percent of its customers, representing those who did not already subscribe to touch-tone service.
3. People's noted that its proposal was consistent with Telecom Order CRTC 95-1142, 24 October 1995 (Order 95-1142), in which the Commission approved a similar application from The Island Telephone Company Limited (now part of Aliant Telecom Inc.).
4. People's submitted that in Order 95-1142, the Commission had stated that as a general policy objective, it was appropriate for telephone companies to move toward standardizing touch-tone service and incorporating it into basic service for all customers. The company also noted the Commission's statement in Order 95-1142 that, given the overall revenue/cost relationship of local services, approaches to standardizing touch-tone service should not involve a reduction in the current touch-tone rates.
5. People's submitted that its proposal to remove references to the provision of touch-tone telephone sets was filed pursuant to *Regulatory framework for the independent telephone companies in Quebec and Ontario (except Ontario Northland Transportation Commission, Québec-Téléphone and Télébec ltée)*, Telecom Decision CRTC 96-6, 7 August 1996 (Decision 96-6). People's noted that in that Decision, the Commission forbore from regulating the provision of terminal equipment.
6. The Commission received no comments with respect to the application.
7. The Commission notes that in *Telephone service to high-cost serving areas*, Telecom Decision CRTC 99-16, 19 October 1999, it established individual line local service with touch-tone dialling as part of the basic service objective for local exchange carriers. Accordingly, the Commission finds that the company's proposal to incorporate its touch-tone service into its basic exchange service is consistent with the Commission's determination in that Decision.

8. The Commission also notes, however, that the company has not indicated whether it has informed those customers who do not already subscribe to touch-tone service about the company's proposal. In light of this, the Commission concludes that these customers should be notified of the company's proposal and also that they will be migrated to touch-tone service by 1 May 2005.
9. With respect to the company's proposal to remove references to the provision of touch-tone telephone sets from its General Tariff, the Commission notes that in Decision 96-6, the Commission forbore from regulating terminal equipment. The Commission directed the small incumbent local exchange carriers (ILECs) to file tariffs deleting references to terminal equipment. This requirement was conditional upon the Commission's approval of a filing by the company indicating that it had complied with the requirement to separate competitive terminal equipment assets, revenues, and expenses from its rate base and shortfall determination.
10. The Commission notes that the necessity to separate assets, revenues, and expenses has now been superseded by the price regulation regime applicable to the small ILECs as result of *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001. The Commission notes, however, that in order to reflect its forbearance determinations for terminal equipment, the requirement remains for the small ILECs to file tariffs deleting references to the provision of touch-tone telephone sets from its General Tariff. The Commission finds that the company's proposal reflects the Commission's determinations in Decision 96-6.
11. In light of the above, the Commission **approves, with conditions**, People's application, effective 1 May 2005. The Commission directs the company to migrate these customers to touch-tone service by 1 May 2005 and to notify customers who do not already subscribe to touch-tone service of the following:
 - the company's proposal and that they will be supplied with touch-tone service by 1 May 2005;
 - the Commission's determination in this Order; and
 - the applicable rates for the service.
12. People's is to issue revised tariff pages forthwith to reflect these changes.

Secretary General

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