



Telecom Order CRTC 2006-100

Ottawa, 28 April 2006

Bruce Telecom and Huron Telecommunications Co-operative Limited

Reference: Bruce Telecom Tariff Notice 114 and Huron Telecommunications Co-operative Limited Tariff Notice 26

Expanded local calling area between the Tiverton Exchanges and the Ripley Exchange

1. Bruce Telecom and Huron Telecommunications Co-operative Limited (HuronTel) (collectively, the companies) filed tariff applications pursuant to the procedures established in *Framework for the expansion of local calling areas*, Telecom Decision CRTC 2002-56, 12 September 2002 (Decision 2002-56) proposing to expand the local calling area (LCA) between the Tiverton exchanges in the serving territory of Bruce Telecom and the Ripley exchange in the serving territory of HuronTel.
2. Bruce Telecom filed Tariff Notice 114 on 29 November 2005. HuronTel filed Tariff Notice 26 on 4 April 2006.

Background

3. The Commission established the principles for expanding LCAs in Decision 2002-56, as amended by *Follow-up proceeding to Telecom Decision CRTC 2002-56 – Foregone toll revenue compensation for expanded local calling areas*, Telecom Decision CRTC 2003-27, 7 May 2003, and *Microcell Telecommunications Inc. – Application to review and vary Telecom Decision CRTC 2002-56*, Telecom Decision CRTC 2003-28, 7 May 2003.
4. The general principles and criteria for expansion of LCAs established in Decision 2002-56 are as follows:
 - community of interest (COI) – A request from the appropriate local, municipal or regional governments is evidence of the COI;
 - distance – The distance criterion does not apply;
 - compensation for increased operating costs – Incumbent local exchange carriers (ILECs) may seek an exogenous adjustment to offset any material increase in net incremental operating costs;
 - compensation for foregone toll revenues – ILECs may apply a temporary surcharge to be paid by subscribers within the expanded LCA in order to compensate the ILEC and affected competitors for foregone toll revenues. Competitive local exchange carriers (CLECs) will be deemed to have collected the same approved temporary surcharge; and

- plebiscite – All residential subscribers whose residential individual line rate, including the temporary surcharge, would increase by more than \$1 per month as a result of the proposed expansion of the LCA must have the opportunity to vote on the proposal. A simple majority of respondents must vote in favour of the proposal before it may be implemented. The cost of plebiscites will be paid by the local, municipal or regional governments.

Process

5. The Commission received comments from a Bruce Telecom subscriber, objecting to Bruce Telecom's proposal.
6. Bruce Telecom did not file reply comments.
7. The Commission received no comments from HuronTel's subscribers.

The application

8. HuronTel noted that it had received the initial request for expansion of the LCA between the Tiverton exchanges and the Ripley exchange from the Municipality of Huron-Kinloss in the form of a Council resolution passed on 17 May 2004. Bruce Telecom's managing council passed a motion supporting the LCA expansion on 20 July 2004.
9. The companies submitted that only the Municipality of Huron-Kinloss and the Municipality of Kincardine would be affected by the LCA expansion.
10. The companies noted that on 6 May 2005, they had each sent letters to all competitors to determine foregone toll revenues. The companies submitted that they had conducted economic studies and calculated the proposed temporary surcharge applicable to local subscribers and presented their findings to their respective boards.
11. HuronTel submitted that the surcharge to recover the cost it would incur to expand the LCA and the foregone toll revenues in its serving territory were not material and would be absorbed by HuronTel. Bruce Telecom had calculated that the surcharge to recover foregone toll revenues would be \$0.96 per month per subscriber for a period of three years. The Municipality of Kincardine had passed two motions directing Bruce Telecom to proceed with a filing to the Commission applying for the LCA expansion and to charge all subscribers in the Tiverton exchanges the proposed surcharge. Bruce Telecom submitted that it would absorb all exogenous costs.
12. Bruce Telecom submitted that the monthly surcharge of \$0.96 did not necessitate a plebiscite and therefore the company would not be conducting one.
13. HuronTel added a bill insert to its January 2006 invoices providing its subscribers with information on the company's pending application.
14. Bruce Telecom added a bill insert to its 1 February 2006 invoices providing to its subscribers information on the company's pending application, the proposed monthly surcharge, and the process for subscribers to provide comments to the Commission.

Commission's analysis and determination

15. The Commission is of the view that the companies have met the requirements established in Decision 2002-56 for an application to expand an LCA. The Commission notes that only one written subscriber comment was received. The Commission is of the view that the lack of comments from other subscribers is indicative of the subscribers' general acceptance of the companies' proposals to expand the LCA.
16. The Commission **approves**, effective 1 May 2006, Bruce Telecom's and HuronTel's applications.

Secretary General

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