



## Telecom Order CRTC 2006-270

Ottawa, 13 October 2006

### TELUS Communications Company

Reference: Tariff Notice 414 (TCQ)

### Expanded local calling area between Sept-Îles and Pentecôte

1. The Commission received an application by TELUS Communications Inc., now TELUS Communications Company (TCC), dated 2 December 2005, filed 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). In its application, TCC proposed to expand the local calling area (LCA) between the Sept-Îles and Pentecôte exchanges in the serving territory of TCC in the province of Quebec.
2. In a letter to the Commission dated 2 February 2006, TCC indicated that a plebiscite would be held in the Pentecôte exchange, in accordance with the Commission's determinations set out in Decision 2002-56, given that the proposed temporary supplement for the customers in that exchange exceeded \$1.00. The company subsequently notified the customers in the affected exchanges of its proposal.

### 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 outlined in Decision 2002-56 for the expansion of LCAs, to be used in cases where the traditional extended area service criteria are not applied, are as follows:
  - community of interest (COI) – A request from the appropriate local, municipal, or regional governments is evidence of the COI;
  - distance – No distance criterion applies;
  - 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 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 two TCC subscribers dated 30 March and 3 April 2006, both objecting to TCC's proposal.
6. TCC filed reply comments dated 16 June 2006. TCC filed the results of the above-noted plebiscite on 15 September 2006.

### **The application**

7. TCC noted that it had received a request by the municipalities of Sept-Îles and Pentecôte to create an LCA between them.
8. TCC determined foregone toll revenues, conducted an economic study, and calculated the proposed temporary surcharge applicable to local subscribers. TCC indicated that increases in net incremental operating costs were not material and that the company was not seeking an exogenous adjustment to recover them.
9. The municipalities of Sept-Îles and Pentecôte passed a motion directing TCC to proceed with a filing to the Commission applying for the LCA expansion. TCC proposed to charge subscribers the following monthly supplement for three years in order to recover foregone toll revenues:

<b>Exchange</b>	<b>Temporary monthly supplement</b>	
	<b>Residential</b>	<b>Business</b>
<b>Sept-Îles</b>	\$0.09	\$0.02
<b>Pentecôte</b>	\$3.64	\$2.94

10. Since the proposed temporary supplement for the customers in Pentecôte exceeded \$1.00 per month, TCC conducted a plebiscite involving its 320 subscribers in that municipality. In total, 161 subscribers participated in the plebiscite, with 148 subscribers supporting the proposed LCA expansion. TCC indicated that no plebiscite was carried out in Sept-Îles because the proposed monthly surcharge was less than \$1.00.

### **Commission's analysis and determinations**

11. The Commission is of the view that TCC has met the requirements established in Decision 2002-56 for an application to expand an LCA. The Commission notes that the majority of customers responding to the plebiscite were in favour of the LCA expansion.
12. The Commission **approves** TCC's application, effective the date of this Order, and directs the company to start billing the monthly surcharge effective 1 November 2006.

Secretary General

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