



Telecom Order CRTC 2010-107

Route reference: Telecom Decision 2007-93

Ottawa, 23 February 2010

NorthernTel, Limited Partnership – Local network interconnection and component unbundling

File numbers: Tariff Notices 197, 197A, and 244

In this order, the Commission approves on a final basis, with some modifications, NorthernTel's application to introduce rates, terms, and conditions for local network interconnection and component unbundling services. The Commission also approves the company's retail 9-1-1 rates on a final basis.

Introduction

1. In Telecom Decision 2007-93, the Commission approved, with some modifications, NorthernTel, Limited Partnership's (NorthernTel) implementation plan for local competition with ExaTEL Inc. and Ontera. Further, the Commission
 - determined that NorthernTel could adopt the terms and conditions of service, as well as the rates, for competitor services approved for other incumbent local exchange carriers (ILECs), without having to provide an economic study demonstrating that the proposed rates meet the price floor test;¹ and
 - directed NorthernTel to file all the required tariffs related to the implementation of local competition within 30 days of the date of that decision.
2. On 30 October 2007, NorthernTel filed Tariff Notice 244 (TN 244) proposing revisions to section N200 of its General Tariff, to introduce subsection 15, Local Network Interconnection and Component Unbundling, with a view to implementing local competition in its serving territory. The proposed tariff included the following services:
 - a) Routing of Competitive Local Exchange Carrier (CLEC) 800/888 Calls;
 - b) Unbundled Network Components, including local loops, a diagnostic maintenance charge, connecting links, relay service, and emergency service (9-1-1);
 - c) Compensation for Traffic Terminations, including termination of CLEC intra-exchange traffic, and delivery of CLEC traffic within the company's extended area service (EAS); and

¹ The Commission first made reference to the price floor test in Telecom Regulatory Policy 2009-80. Prior to that decision, the price floor test was referred to as the imputation test.

- d) Compensation for Transiting Service, including transit services, local transit service provided to CLECs for the delivery of originating and terminating local transit traffic to another CLEC within the same EAS area, and toll transit service provided to CLECs and/or interexchange carriers (IXCs) for the delivery of toll traffic to each other via the company's networks.
3. The company did not provide economic studies in support of its proposed rates for these services, noting that these rates had already been approved by the Commission for other ILECs in earlier rulings.
 4. The Commission approved TN 244, on an interim basis, in Telecom Order 2007-481.
 5. The Commission received comments from Ontera. NorthernTel replied that it would address a number of Ontera's concerns in a future amendment to its General Tariff.
 6. The public record of this proceeding, which closed on 14 December 2007, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.
 7. On 18 December 2007, NorthernTel filed Tariff Notice 249 (TN 249) to amend, among other things, its General Tariff to address Ontera's comments referenced in paragraph 5 above. TN 249 was approved on an interim basis in Telecom Order 2008-7. The Commission did not receive comments with respect to TN 249. In Telecom Order 2010-106 issued today, the Commission approved TN 249 on a final basis.
 8. In light of the foregoing, the Commission has identified the following two remaining issues to be addressed in its determinations:
 - I. Are the proposed terms and conditions reasonable?
 - II. Are the proposed rates for retail and CLEC 9-1-1 Services and for unbundled local loops service just and reasonable?

I. Are the proposed terms and conditions reasonable?

9. The Commission sets out below a detailed discussion of five issues related to the company's terms and conditions for local network interconnection and component unbundling as set out in proposed General Tariff, section N200, subsection 15. The Commission finds that the remaining terms and conditions proposed by NorthernTel are reasonable.

Toll Transit service

10. NorthernTel's proposed subsection 15, item 3.05 a) 2) reads as follows:

Toll Transit service is provided between IXC and CLEC on the condition that the toll traffic destined for CLECs' end-customers is delivered by the IXC to the Company designated toll transit Access Tandem. As NorthernTel doesn't have its own Access Tandem, all Toll Transit requests will have to be routed to the

default Toll Transit service provider (DTTSP). Consequently, the CLEC will have to negotiate an agreement with the DTTSP. If required by the CLEC, NorthernTel may help the CLEC through its negotiation with the DTTSP.

11. Ontera submitted that any CLEC should be able to avail itself of Toll Transit service from the DTTSP without having to involve NorthernTel in the negotiations.
12. The Commission notes that NorthernTel's proposed wording explains why the CLEC will have to negotiate an agreement with the DTTSP, and considers that NorthernTel's wording does not prevent any CLEC from obtaining Toll Transit service from that DTTSP without the involvement of NorthernTel. However, the Commission is concerned that given the fact that NorthernTel does not itself offer Toll Transit service, the first sentence to proposed subsection 15, item 3.05 a) 2) could lead to confusion. The Commission is further concerned that the proposed language for this tariff item could be interpreted to mandate that a CLEC would have to obtain Toll Transit service from NorthernTel's DTTSP. Accordingly, the Commission directs NorthernTel to replace the proposed subsection 15, item 3.05 a) 2) with the following:
 - 2) Toll Transit service provides CLECs and IXC's with the option to deliver their toll traffic to each other via the use of an Access Tandem switch. As NorthernTel does not have its own Access Tandem switch, a request for Toll Transit service can be made to the Default Toll Transit Service Provider (DTTSP). If required by the CLEC, NorthernTel may help the CLEC through its negotiation with the DTTSP.

Common Channel Signalling System 7 (CCS7) Transit

13. Ontera noted that NorthernTel had identified a number of CCS7 Transit services in proposed item 3.05 a) 3). Ontera submitted that, given that NorthernTel does not have rates identified for these services, nor is an offer of these services included in its proposed tariff, the above information should be removed from the proposed General Tariff.
14. The Commission considers that where a service is not being offered and no rates are identified, generally the proposed tariff section should be removed. Accordingly, the Commission directs NorthernTel to delete the proposed wording in item 3.05 a) 3) and replace it with the following: "CCS7 Transit may be obtained from third-party providers of this service."

Geocoded polygons

15. Ontera submitted that, although NorthernTel provides the majority of services related to remote switching and the digital subscriber line access multiplexer (DSLAM) information (item 3.06) in a manner similar to Bell Canada, it has not included geocoded polygon maps as part of its proposed tariff. Ontera submitted that without these maps, the services identified will not have significant value to a CLEC because of the lack of demarcated boundaries within which the CLEC can confirm its ability to offer services. Ontera voiced the same concern with respect to the provision of information for asynchronous digital subscriber line (ADSL) coverage (item 3.07).
16. While acknowledging that it does not have geocoded polygon maps, NorthernTel indicated that it is willing to provide Ontera and any other CLEC with a table containing relevant data available to the company.

17. The Commission notes that, in Telecom Decision 2002-66, it addressed the issue of providing network planning information regarding the location of remote switching facilities in the incumbent serving territories of Aliant Telecom Inc., now part of Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), MTS Communications Inc., now MTS Allstream Inc. (MTS Allstream), and Saskatchewan Telecommunications (SaskTel). The Commission's determinations on this issue were in response to an application filed in July 2001 by GT Group Telecom Services Corp., on behalf of the Coalition for Better Co-Location (the Coalition).²
18. In its July 2001 application, the Coalition had requested that Bell Aliant, MTS Allstream, and SaskTel provide certain network planning information relating to remote serving areas in a tariff, including (1) the boundaries of the remote areas, represented by polygons, and (2) the geocoded remote central office (CO) or remote switching unit (RSU) locations for the remote boundaries.
19. In Telecom Decision 2002-66, the Commission directed Bell Aliant, MTS Allstream, and SaskTel to each file a tariff to provide network planning information regarding the location of remote switching facilities in their networks. The Commission determined that the tariff should be modelled after the terms, conditions, and rates structure of Bell Canada's tariff for remote switching information. The Commission further determined that the tariff must provide the information in a manner similar to that which is provided to the company's own or its competitive operations. The Commission added that in the event that any information requested in the Coalition's application cannot be provided by the company, the company must identify such information in its tariff application with, among other matters, reasons why it is unavailable.
20. The Commission notes that the network planning information NorthernTel proposed to offer in its tariff is comparable to that contained in Bell Aliant's approved tariff in its nature and level of detail. The Commission further notes that, like Bell Aliant, NorthernTel supported the non-offering of geocoded polygon maps by submitting that it does not have such information. The Commission notes NorthernTel's submission that it was willing to provide Ontera and any other CLEC with a table containing the data available to the company and considers that NorthernTel's proposal regarding the network planning information is appropriate.
21. In light of the above, the Commission **approves** NorthernTel's proposal, conditional on NorthernTel modifying its tariff to specify that, with respect to boundaries of the remote areas and remote CO or RSU locations, it will provide the data available to it for each wire centre requested by a CLEC or digital subscriber line service provider in a timely manner.

Routing of CLEC 800/888 calls

22. Ontera noted that NorthernTel had indicated, in support of its proposed General Tariff item 4.01, that the company does not have a gateway of its own and that 800/888 calls would therefore need to be routed to a default Company Gateway Service Provider (CGSP). Ontera submitted that, consequently, the CLEC will have to negotiate an agreement with the default CGSP. Ontera requested that, where a CLEC does require these services, negotiations should occur directly with the default CGSP, without requiring facilitation by NorthernTel.

² The Coalition consisted of AT&T Canada Inc., Call-Net Enterprises Inc., GT Group Telecom Services Corp., and Futureway Communications Inc.

23. The Commission notes that the proposed terms and conditions for this item set out that NorthernTel may help the CLEC negotiate with the default CGSP if its help is required. The Commission considers that the proposed wording does not require NorthernTel's facilitation. Accordingly, the Commission finds that there is no need to change the proposed wording of this item.

Type A and Type C local loops

24. Ontera requested that NorthernTel clarify its technical specifications for Type A and Type C local loops. NorthernTel did not reply to Ontera's request.
25. The Commission notes that the technical specifications for Type A and Type C local loops are set out in Section 2 of "The Installation, Testing and Maintenance Guidelines for Unbundled Loops and Number Portability." These guidelines are available on the Commission's website at www.crtc.gc.ca under the banner of the CRTC Interconnection Steering Committee (CISC). The Commission therefore considers that there is no need to further clarify the technical specifications for Type A and Type C local loops in NorthernTel's tariff.

II. Are the proposed rates for retail and CLEC 9-1-1 Services and for unbundled local loops service just and reasonable?

9-1-1 Service

a) the rate level

26. In Tariff Notices 197 and 197A (TN 197), NorthernTel had proposed to introduce 9-1-1 Public Emergency Reporting Service (PERS) for its own customers as well as those of wireless providers. In its comments, Ontera submitted that the proposed rates were excessive. In Telecom Order 2004-210, the Commission approved NorthernTel's proposed rates for 9-1-1 PERS on an interim basis.
27. In its final consideration of TN 197, the Commission has reviewed the costing information provided by NorthernTel in support of its proposed rates for 9-1-1 PERS applicable to its own customers as well as those of wireless providers, and is satisfied that the proposed rates are just and reasonable.
28. In TN 244, NorthernTel proposed a monthly rate for 9-1-1 Access by CLEC end-customers per network access service (NAS) or per working telephone number (WTN) that references the rate applicable for NorthernTel's retail customers under the 9-1-1 PERS tariff.
29. Ontera submitted that the proposed monthly rate of \$0.35 applicable for 9-1-1 Access by CLEC end-customers per NAS or per WTN was excessive. NorthernTel replied that this rate has already been approved by the Commission and that other ILECs have similar rates.
30. The Commission notes that it has consistently mandated that the rate for 9-1-1 Access by CLEC end-customers' service should be the same as the rate that applies to the ILECs' retail customers for access to 9-1-1 service, and considers that this principle remains appropriate. Accordingly, the Commission finds that NorthernTel's proposed monthly rate for 9-1-1 Access by CLEC end-customers per NAS or per WTN, as set out in TN 244, is just and reasonable.

b) the recalculation formula

31. The Commission notes that, in Order 2000-630, it prescribed a modified formula for recalculating 9-1-1 service rates, on an annual basis, and that it subsequently applied this formula to TBayTel in Telecom Decision 2002-2. The Commission considers that this formula should be applied to NorthernTel. Accordingly, the Commission directs NorthernTel to file revised rates for 9-1-1 service annually, commencing 1 December 2010, using the recalculation formula set out in Order 2000-630.

Unbundled local loops

32. The Commission notes that NorthernTel proposed to adopt Télébec, Limited Partnership's (Télébec) rates for unbundled local loops (ULL) service.
33. In Telecom Decision 2006-14, the Commission concluded that rates for services in the fourth service basket will be allowed to increase up to any rate approved by the Commission for the same service, as established in Decision 2001-756. For new services being introduced and classified in the fourth service basket, the small ILEC should generally file supporting costing information to demonstrate that the proposed rates are compensatory and just and reasonable. However, on occasions, the Commission has found it acceptable for small ILECs to propose rates for new services that are the same as the approved rates offered by another ILEC for the same service in lieu of filing costing information. It is with this practice in mind that the Commission, in Telecom Decision 2007-93, noted that NorthernTel could adopt, for the purpose of its proposed tariffs filed with the Commission for approval, rates for competitor services approved for other ILECs without having to provide an economic study in support of its proposed rates.
34. The Commission notes that the fourth service basket is comprised of optional services, multi-element service categories, special facilities tariffs, and competitor access tariffs. The Commission notes that, when approving a small ILEC's proposal to introduce a competitor service at an already approved rate for another ILEC, it considers whether the proposed rate is a just and reasonable proxy in that, compared with the applicant's costs structure, it is compensatory and provides it with an acceptable markup. The Commission also considers whether the proposed rate does not unjustly discriminate or give an undue or unreasonable preference toward any person, including the small ILEC, or subject any person to an undue or unreasonable disadvantage.
35. The Commission notes that the small ILECs receive subsidies from the National Contribution Fund for providing residential primary exchange service (PES) in high-cost serving areas (HCSAs). Given the small ILECs' limited capacity to provide specific cost information, their subsidies for residential PES have, since 1 January 2002, been calculated using the large ILECs' national weighted-average monthly residential PES costs in HCSAs, marked up by 7.5 percent. As the local loop costs account for most of the PES costs, it appeared to the Commission, on a prima facie basis, that it would be inconsistent for a small ILEC's ULL service rates to be based on a particular ILEC's local loop costs, as opposed to being based on the national weighted-average ULL costs of the large ILECs, marked up by 7.5 percent.

36. On 21 August 2009, interrogatories were issued to NorthernTel requesting the company's views on using the following rates for the company's ULL service, which rates were calculated using the large ILECs' national weighted-average monthly ULL costs, marked up by 7.5 percent:

Rate Band C	\$17.18
Rate Band E	\$42.82
Rate Band F	\$30.76

37. In its reply, NorthernTel was of the view that its proposed ULL rates were compliant with the Commission's directive that it could adopt existing rates approved for other ILECs and that these rates were just and reasonable. However, NorthernTel expressed its view that the rates set out above in paragraph 36 were acceptable.
38. The Commission notes that while NorthernTel argued that its ULL costs were comparable to those of Télébec, it finds that insufficient evidence was put forth by the company in support of this argument. In light of this, the above-noted concern as well as NorthernTel's statement to the effect that ULL rates established on the basis of the large ILECs' national weighted-average monthly local loop costs, marked up by 7.5 percent, would be acceptable, the Commission directs NorthernTel to adopt the ULL service rates set out above at paragraph 36.

Conclusion

39. In light of the above, the Commission **approves on a final basis** NorthernTel TNs 197 and 244, subject to the amendments outlined above. NorthernTel is to issue revised tariff pages within 10 days of the date of this order.

Secretary General

Related documents

- Telecom Order CRTC 2010-106, 23 February 2010
- *Review of the price floor test and certain wholesale costing methodologies*, Telecom Regulatory Policy CRTC 2009-80, 19 February 2009
- Telecom Order CRTC 2008-7, 14 January 2008
- Telecom Order CRTC 2007-481, 13 December 2007
- *Implementation of local competition in NorthernTel, Limited Partnership's serving territory – ExaTEL Inc. and Ontera*, Telecom Decision CRTC 2007-93, 28 September 2007, as amended by Telecom Decision CRTC 2007-93-1, 1 November 2007
- *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006

- *NorthernTel Limited Partnership – 9-1-1 Public emergency reporting service*, Telecom Order CRTC 2004-210, 5 July 2004
- *Coalition for Better Co-location – Part VII application for relief regarding the location of remote switching facilities*, Telecom Decision CRTC 2002-66, 24 October 2002
- *Revised rate structure for Thunder Bay Telephone 9-1-1 PERS*, Telecom Decision CRTC 2002-2, 18 January 2002
- *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001
- *Rates modified for province-wide 9-1-1 service*, Order CRTC 2000-630, 6 July 2000

This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>.