



Telecom Decision CRTC 2010-278

Ottawa, 14 May 2010

Triton Global Business Service Inc., Fastrack Global Billing Networks Inc., and Dar Communications Corporation – Application concerning 900 services and related billing and collection issues

File number: 8661-T125-200913568

In this decision, the Commission denies an application by Triton Global Business Services Inc., Fastrack Global Billing Networks Inc., and Dar Communications Corporation requesting changes to local exchange carriers' (LECs) billing and collection service tariffs and arrangements, and to the way LECs handle customer complaints regarding bills for services provided by competing interexchange carriers.

1. The Commission received an application by Triton Global Business Services Inc. (Triton), Fastrack Global Billing Networks Inc., and Dar Communications Corporation (collectively, the applicants), dated 9 October 2009, to review the practices of incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs) [collectively, the LECs] regarding their billing and collection services (BCS) and arrangements.
2. Specifically, the applicants requested that the Commission
 - a) review the billing practices of the ILECs to determine whether they are offering preferential billing and collection arrangements to each other, and, if so, order the ILECs to change their BCS tariffs and arrangements to ensure that competing interexchange carriers (IXCs) are treated in a non-discriminatory manner;
 - b) review how LECs apply “chargebacks”¹ to the accounts of competing IXCs and amend the terms of the LECs’ BCS tariffs to apply chargeback fees on a monthly account basis, rather than on a per-call basis;²
 - c) require LECs to include on customer bills the toll-free number of the IXC whose service is being billed; and
 - d) direct the CRTC Interconnection Steering Committee (CISC) to consider the feasibility of enabling competing IXCs to handle billing disputes through real-time hand-off by LECs of customer calls related to such charges.
3. The Commission received comments from Bell Aliant Regional Communications, Limited Partnership and Bell Canada (collectively, the Bell companies); Distributel Communications Limited; MTS Allstream Inc. (MTS Allstream); Saskatchewan Telecommunications (SaskTel);

¹ The term “chargeback” refers to a call charge that has been billed by a LEC to an end-user customer on behalf of an IXC (and ultimately, its 900 content provider customer), but which is subsequently billed back to the IXC after the end-user customer has disputed it.

² A chargeback processing fee currently applies for each call charge returned or charged back to the IXC. The applicants requested that all charges returned from an end-user customer’s monthly bill be covered by a single chargeback fee.

and TELUS Communications Company (TCC). The public record of this proceeding, which closed on 19 November 2009, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

4. The Commission has identified the following three issues to be addressed in its determinations:
 - I. Should the Commission investigate how the ILECs apply their BCS tariffs?
 - II. Should the chargeback fee be applied on a monthly account basis rather than on a per-call basis?
 - III. Should LECs be required to include the third-party IXC's toll-free number on the end-customer bill and to provide real-time hand-off of customer calls to the IXC?

I. Should the Commission investigate how the ILECs apply their BCS tariffs?

5. The applicants noted that they provide 900 network services and that they had entered into billing and collection arrangements with many LECs. They also noted that they compete with Bell Canada in the provision of 900 network services. The applicants submitted that as a 900 network service provider, Bell Canada also relies on other LECs to bill 900 calls originating on those LECs' networks.
6. The applicants submitted that they were concerned that the ILECs have been offering each other preferential billing and collection arrangements regarding calls to 900 service. In particular, they suggested that the other ILECs have not been applying chargeback fees regarding 900 calls to Bell Canada. The applicants submitted that for one company to be exempt from such charges provides that company with an unfair competitive advantage, which is contrary to the *Telecommunications Act* (the Act).
7. The applicants requested that the Commission use its investigative powers under sections 27, 32, and 48 of the Act to determine whether the ILECs are treating Bell Canada's 900 services or other ILECs' interexchange services in a preferential manner by not applying chargeback fees pursuant to their BCS tariffs. The applicants further requested that should the Commission make such a finding, it should order the ILECs to apply their BCS tariffs in a non-discriminatory manner to all IXCs.
8. MTS Allstream submitted that it provides BCS to Bell Canada under the terms of its BCS tariff and associated agreements. SaskTel submitted that it provides BCS under the terms of a settlement agreement that does not grant Bell Canada any undue preference when compared to its BCS tariff. TCC submitted that it was not applying its BCS tariff in a discriminatory manner and that there was no basis for the Commission to find that Bell Canada is receiving preferential treatment in relation to BCS for 900 services.
9. Bell Canada submitted that there is no preference or discrimination that warrants the Commission's examination. It also submitted that the terms and conditions of ILEC settlement agreements include provisions for the chargeback of calls and that chargeback fees are applied under both the settlement agreements and BCS tariffs.

10. The Commission notes the ILECs' submissions that chargeback fees are applied as part of the BCS services provided to Bell Canada. The Commission further notes that neither the applicants nor any third party provided evidence that the ILECs are applying chargeback fees to each other that are different from those applied to competitors.
11. Accordingly, the Commission considers the applicants' claim of ILEC discrimination is not sufficient to warrant an investigation.

II. Should the chargeback fee be applied on a monthly account basis rather than on a per-call basis?

12. The applicants requested that the Commission direct the ILECs to revise their BCS tariffs and agreements to apply chargebacks on a monthly account basis rather than on a per-call basis. They submitted that a limited number of customers are responsible for a large number of 900 calls in a monthly billing cycle. They noted that from 24 August to 28 August 2009, over 15,000 calls associated with 380 telephone numbers were charged back by one ILEC, for an average of 40 calls per account. The applicants submitted that applying MTS Allstream's and SaskTel's BCS tariffs in this example would result in chargeback fees of over \$60,000 and \$120,000, respectively, while applying the chargeback fee on a monthly account basis by MTS Allstream would result in a chargeback fee of approximately \$1,600.
13. The applicants submitted that it was unusual for customers to deny responsibility for one 900 call but not for others on the same bill; rather, they generally dispute all such calls on their bill. They submitted that it was therefore not reasonable to levy the chargeback fee on each eligible call in this example. They further submitted that such charges could be reversed collectively by the LEC in its billing system after a single communication from a customer, rather than on a call-by-call basis.
14. The applicants submitted that Telecom Decision 2009-539 did not specifically address the issue of whether it was appropriate to charge on a per-call basis or a monthly account basis. They also submitted that the trend towards the increased use of 900 services for customer participation has created a fundamental change in circumstances that was not considered in the earlier proceeding.
15. TCC submitted that it is not possible to process multiple chargebacks for an end-customer to a 900 service provider for the same costs as a single chargeback. It suggested that a single chargeback approach would require designing and implementing a new and costly billing system and processes. TCC also noted that Triton offers its customers the option to use Triton's own BCS. MTS Allstream submitted that it does not encounter large numbers of chargebacks from a single customer invoice.
16. The Commission considers that economies of scale might be feasible when a customer disputes multiple calls to the same number on the same bill. The Commission also considers, however, that the establishment of a single chargeback rate per monthly account would have to be based on the average chargeback processing cost per account, which would result in BCS customers with few chargebacks subsidizing BCS customers with a large number of chargebacks.

17. The Commission further considers that the applicants had ample opportunity to request that the chargeback fee be applied on a monthly account basis during the proceeding that resulted in Telecom Decision 2009-539, which reduced most of the ILECs' BCS rates, including the chargeback fee.
18. The Commission considers that a single chargeback approach would require the LECs to design and implement new and costly billing systems and processes. Furthermore, the Commission agrees with TCC's view that Triton has an alternative in that it can bill its customers using its own billing and collection systems.
19. Accordingly, the Commission **denies** the applicants' request to change the application of the chargeback fee from a per-call basis to a monthly account basis.

III. Should LECs be required to include the third-party IXC's toll-free number on the end-customer bill and to provide real time hand-off of customer calls to the IXC?

20. The applicants submitted that they would rather handle 900 service and other eligible call disputes with end-users themselves for the following reasons:
 - to avoid having the LEC incur the expense associated with handling such calls;
 - to have the opportunity to pay the LECs for disputed charges that are not collectible, rather than having to incur the chargeback fee; and
 - to allow them to block repeat offenders from using their 900 or other eligible services.
21. The applicants requested that the Commission direct the LECs to include the toll-free customer service number of the IXC who provided the service on the customer's bill, in order to encourage the customer to contact the relevant service provider. They also requested that the Commission direct the appropriate CISC group to consider (a) the feasibility of implementing real-time transfer of customer calls regarding disputed 900 charges or other eligible charges from the LEC to the service desk of the IXC, and (b) the type of hand-off arrangements that would need to be established.
22. The applicants submitted that it would be more efficient and productive for IXCs to insert themselves in the customer dispute process since they are in the best position to handle and settle disputed charges. They argued that the trend to high-volume, low-priced 900 services since Telecom Decision 2008-18 was issued necessitates a fresh look at existing processes.
23. Bell Canada noted that these issues had been dealt with in Telecom Decision 2008-18 and submitted that the applicants had failed to demonstrate how their application meets the review and vary test.
24. SaskTel submitted that for first-time disputes, consistent with Telecom Decision 2006-48, LECs are to waive all caller charges to 900 service programs that are reasonably disputed and pertain to calls made before the calling party has had an opportunity to adopt call blocking. In addition, consistent with the BCS agreement, the charges are held by the biller as an account receivable and the disposition of these charges is solely under the control of the biller.

25. TCC noted that the first point of customer contact is the LEC biller, whose priority is to ensure that its relationship with the customer is managed properly. TCC submitted that since the applicants cannot provide any of the 1-900 safeguards, such as call blocking, it is important that the customer contact TCC first.
26. The Commission considers that the present application should be treated as a new application. The Commission also notes that in Telecom Decision 2008-18 it determined that billers are not required to insert a 900 service inquiry number into their bills. In that decision, the Commission noted that Triton's proposal to have the end-customer deal with a 900 IXC directly, rather than with the biller, when challenging a billed amount would add significant administrative complexity to the current BCS mechanism and confusion for the end-customer.
27. The Commission considers that providing real-time hand-off of customer complaints would add even more administrative complexity. Finally, the Commission considers that the circumstances raised by the applicants provide no basis for arriving at a different determination than that set out in Telecom Decision 2008-18.
28. Accordingly, the Commission **denies** the applicants' request to require LECs to include the third-party IXC's toll-free number on the end-customer's bill and to provide real-time hand-off of customer calls to the IXC. Consequently, no action is required by CISC in this regard.

Secretary General

Related documents

- *Revised rates for billing and collection service processing charges*, Telecom Decision CRTC 2009-539, 28 August 2009
- *CISC Business Process Working Group – Thresholds for the termination of Billing and Collection for 900 service*, Telecom Decision CRTC 2008-18, 5 March 2008
- *MTS Allstream and Bell Canada – Part VII applications regarding 900 service*, Telecom Decision CRTC 2006-48, 3 August 2006

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>.