



Telecom Decision CRTC 2010-908

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Ottawa, 3 December 2010

Quebecor Media Inc. and Rogers Communications Partnership – Use of Bell Canada’s local transit service to deliver long- distance calls to small incumbent local exchange carriers’ customers

File number: 8622-Q15-201012070

The Commission directs that, to the extent it is not already being done, competitive local exchange carriers route all long-distance calls to small incumbent local exchange carriers’ (ILECs) customers via toll interconnection trunks within 60 days of the date of this decision. After that 60-day period, the Commission permits Bell Canada to block any long-distance calls to small ILECs’ customers that are delivered via Bell Canada’s local transit interconnection service.

Introduction

1. In a letter dated 4 June 2010, Bell Canada informed all competitive local exchange carriers (CLECs) using its local transit interconnection service that it intended to block or apply a surcharge to toll – or long-distance – calls to small incumbent local exchange carriers’ (ILECs) customers that were being completed using the local transit interconnection service¹ over local transit trunks (the disputed routing method).
2. Quebecor Media Inc., on behalf of its affiliate Videotron Ltd.; and Rogers Communications Partnership, on behalf of Rogers Cable Communications Inc., Rogers Wireless Inc., and Fido Solutions Inc. (collectively, the applicants) subsequently filed an application with the Commission in two parts.
3. The first part of the application, submitted on 29 July 2010, requested that the Commission direct Bell Canada, on an interim basis, not to block or apply surcharges to long-distance calls to small ILECs’ customers that are completed using the disputed routing method.

¹ The Commission mandates ILECs to provide certain local interconnection services. The local transit interconnection service is one such service that allows a CLEC offering local telephone services within an ILEC’s territory to terminate calls to other local exchange carriers (LECs) operating in that same local area. These LECs could be either other CLECs or small ILECs.

4. The second part of the application, submitted on 6 August 2010, requested that the Commission grant the applicants final relief by ruling that CLECs are allowed to deliver long-distance calls to small ILECs' customers using the disputed routing method, or alternatively, that it launch a public proceeding to determine whether it is in the public interest to allow CLECs to do so.
5. On 25 August 2010 the Commission initiated a proceeding to examine the appropriateness of the disputed routing method. The Commission made all CLECs and small ILECs parties to this proceeding.
6. Bell Canada, MTS Allstream Inc. (MTS Allstream), TELUS Communications Company (TCC), Distributel Communications Limited (Distributel), and the Canadian Independent Telephone Company Joint Task Force (the JTF) filed comments in this proceeding. The Appendix to this decision identifies the members of the JTF that are represented by these comments.
7. The public record of this proceeding, which closed on 30 September 2010, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

Is it appropriate for CLECs to deliver long-distance calls to small ILECs' customers via Bell Canada's local transit interconnection service?

8. The applicants submitted that completing long-distance calls to small ILECs' customers using the disputed routing method is consistent with previous Commission determinations. They stated that in Telecom Decision 2006-35 the Commission had permitted CLECs to deliver long-distance calls to local transit trunks to increase efficiency in interconnection.
9. The applicants submitted that it was possible that CLECs completing long-distance calls to small ILECs' customers using the disputed routing method are not paying small ILECs the toll termination rates associated with these calls. The applicants also submitted that they were willing to (a) assess the volume of their long-distance calls to small ILECs' customers that are being completed using the disputed routing method, and (b) engage in good faith negotiations with the small ILECs to identify any revenue shortfall and reach an appropriate compensation arrangement with them.
10. MTS Allstream submitted that it does not deliver long-distance calls to small ILECs using the disputed routing method; instead, it delivers these calls using toll interconnection services,² incurring the associated costs. TCC took a generally similar position.

² The Commission mandates ILECs, CLECs, and small ILECs to provide toll interconnection services, which allow long-distance carriers to interconnect with ILECs to receive and complete long-distance calls.

11. The JTF submitted that CLECs terminating long-distance calls to small ILECs' customers using the disputed routing method are bypassing the small ILEC toll interconnection regime mandated by the Commission in Telecom Decision 2005-3. It also submitted that this regime provides small ILECs with a form of financial compensation to enable them to better serve their territories, which are comprised almost exclusively of high-cost serving areas. The JTF rejected the applicants' proposal to reach a negotiated compensation arrangement with the small ILECs because such an arrangement would not allow each small ILEC to independently track and monitor how much it is due. In particular, the JTF submitted that most small ILECs are not able to track long-distance calls and identify the originating CLEC for calls delivered over local interconnection services.
12. The JTF requested that the Commission direct all CLECs to abide by the small ILEC interconnection regime by separating long-distance calls to small ILECs' customers and delivering these calls using a toll interconnection service.
13. Bell Canada submitted that CLECs terminating long-distance calls to small ILECs using the disputed routing method have an economic advantage over other CLECs delivering such calls via Bell Canada's toll interconnection service because they are avoiding paying toll termination rates to small ILECs and toll transit charges to Bell Canada. Bell Canada submitted that it was also disadvantaged because it was properly using toll interconnection services to complete its customers' long-distance calls to small ILECs' customers and paying the appropriate small ILEC toll interconnection rates.
14. Bell Canada further submitted that as a result of certain CLECs bypassing the small ILEC toll interconnection regime, small ILEC toll interconnection rates are higher than they should be for properly delivered calls.
15. Bell Canada submitted that the Commission's endorsement of the practice of bypassing, or its failure to act to stop such a practice, would put the entire small ILEC toll interconnection regime at risk over time.

Commission's analysis and determinations

16. The Commission notes that small ILECs were not parties to the proceeding that led to Telecom Decision 2006-35 and, therefore, the routing of long-distance calls to small ILECs' customers was not addressed in that decision.
17. Further, the Commission notes that in Telecom Decision 2005-3 it established the small ILEC toll interconnection regime. This regime set the rate of compensation that each small ILEC receives from other local exchange carriers (LECs) for the completion of long-distance calls on its network. The rate for each small ILEC is determined based on the total volume of toll termination minutes received by that small ILEC over the previous year, with rates dropping as the volume exceeds specific thresholds.

18. Accordingly, the Commission considers that accurately tracking the volume of long-distance calls from each LEC to each small ILEC is integral to the small ILEC toll interconnection regime. If the volume of calls is understated, (a) small ILECs will not be appropriately compensated for the termination of these calls, and any lost revenues will not be recoverable; and (b) an accurate toll termination rate payable to each small ILEC for the subsequent year may not be established. The Commission considers that the applicants' proposed negotiated compensation does not adequately address these concerns because it would not allow the small ILECs to accurately track and monitor long-distance calls.
19. Further, the Commission considers that CLECs terminating long-distance calls to small ILECs' customers using the disputed routing method have an economic advantage because they are paying lower rates relative to those LECs that use a toll interconnection service to complete such calls.
20. In light of the above, the Commission considers that it is not appropriate for CLECs to deliver long-distance calls to small ILECs' customers via Bell Canada's local transit interconnection service.

Implementation process

21. Bell Canada submitted that 60 days would provide sufficient time for CLECs to (a) make the necessary switch translation changes to separate and route long-distance calls to small ILECs' customers via toll interconnection trunks, and (b) complete the installation of toll interconnection trunks where required.
22. Bell Canada requested that it be allowed to block any long-distance calls that CLECs deliver to small ILECs' customers via its local transit interconnection service. The applicants, TCC, and Distributel opposed Bell Canada's request. They argued that it was difficult, if not impossible, to separate local and long-distance calls from voice over Internet Protocol (VoIP) customers and roaming wireless customers, which could result in some legitimate calls being blocked. Further, the applicants estimated that separating these calls would require them to invest significant effort, cost, and time.
23. TCC submitted that 60 days would be sufficient time to make the required network modifications after Bell Canada clarified and justified its method for determining whether calls are toll in nature.
24. Distributel submitted that it would need six months to properly identify all long-distance calls to small ILECs' customers made by its VoIP customers.

Commission's analysis and determination

25. The Commission notes that parties that objected to the proposed implementation period submitted that separating their VoIP and roaming wireless customers' long-distance and local calls would be difficult and time-consuming.

26. The Commission considers that it is the responsibility of each CLEC to separate local and long-distance calls to small ILECs' customers, and to route these calls to the appropriate toll or local interconnection services. The Commission also considers that these routing changes should be implemented expeditiously because the revenues lost to small ILECs are not recoverable. The Commission considers that CLECs requiring more time to implement the required routing changes may, in the interim, complete these calls using a toll interconnection service and thereby mitigate any harm that could result from calls being blocked.
27. Accordingly, the Commission directs that, to the extent it is not already being done, CLECs route all long-distance calls to small ILECs' customers via toll interconnection trunks within 60 days of the date of this decision. Consistent with this directive, after that 60-day period Bell Canada may block any long-distance calls to small ILECs' customers routed via its local transit interconnection service.

Secretary General

Related documents

- *Follow-up to Trunking arrangements for the interchange of traffic and the point of interconnection between local exchange carriers, Telecom Decision CRTC 2004-46, Telecom Decision CRTC 2006-35, 29 May 2006*
- *Direct toll and network access costing methodology for small incumbent local exchange carriers – Follow-up to Decision 2001-756, Telecom Decision CRTC 2005-3, 31 January 2005*

Appendix

Brooke Telecom Co-operative Ltd.
Bruce Telecom
La Cie de Téléphone de Courcelles Inc.
CityWest Cable & Telephone Corp.
Cochrane Telecom Services
La Compagnie de Téléphone de Lambton Inc.
La Compagnie de Téléphone de St-Victor
La Compagnie de Téléphone Upton Inc.
CoopTel
Execulink Telecom Inc.
Gosfield North Communications Co-operative Limited
Hay Communications Co-operative Limited
Huron Telecommunications Co-operative Limited
Lansdowne Rural Telephone Co. Limited
Mornington Communications Co-operative Limited
Nexicom Telecommunications Inc.
Nexicom Telephones Inc.
North Frontenac Telephone Corporation Ltd.
North Renfrew Telephone Company Limited
Ontera
Quadro Communications Co-operative Inc.
Roxborough Telephone Company Limited
Sogetel inc.
TBayTel
Le Téléphone de St-Éphrem inc.
Téléphone Guèvremont inc.
Téléphone Milot inc.
Tuckersmith Communications Co-operative Limited
Westport Telephone Company Limited
Wightman Telecom Ltd.