



Telecom Decision CRTC 2011-352

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Ottawa, 27 May 2011

MTS Allstream Inc. – Application for forbearance from the regulation of residential local exchange services

File number: 8640-M59-201104819

In this decision, the Commission approves MTS Allstream's request for forbearance from the regulation of residential local exchange services in the exchanges of Neepawa, Minnedosa, and Dauphin, Manitoba.

Introduction

1. The Commission received an application by MTS Allstream Inc. (MTS Allstream), dated 16 March 2011, in which the company requested forbearance from the regulation of residential local exchange services¹ in the exchanges of Neepawa, Minnedosa, and Dauphin, Manitoba.
2. The Commission received submissions and data regarding MTS Allstream's application from TELUS Communications Company (TCC) and Westman Communications Group (Westman). The public record of this proceeding, which closed on 25 April 2011, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

Commission's analysis and determinations

3. The Commission has assessed MTS Allstream's application based on the local forbearance test set out in Telecom Decision 2006-15 by examining the four criteria set out below.

a) Product market

4. The Commission received no comments with respect to MTS Allstream's proposed list of residential local exchange services.
5. The Commission notes that MTS Allstream is seeking forbearance from the regulation of 13 tariffed residential local exchange services. The Commission also notes that in Telecom Decision 2007-63, it found all of these services to be eligible for forbearance. A list of the 13 approved services is set out in the Appendix to this decision.

¹ In this decision, "residential local exchange services" refers to local exchange services used by residential customers to access the public switched telephone network and any associated service charges, features, and ancillary services.

b) Competitor presence test

6. The Commission notes that for the exchanges of Neepawa, Minnedosa, and Dauphin, information provided by parties confirms that there are, in addition to MTS Allstream, at least two independent facilities-based telecommunications service providers.² Each of these service providers offers local exchange services in the market and is capable of serving at least 75 percent of the number of residential local exchange service lines that MTS Allstream is capable of serving, and at least one, in addition to MTS Allstream, is a facilities-based, fixed-line telecommunications service provider.
7. Accordingly, the Commission determines that the exchanges of Neepawa, Minnedosa, and Dauphin meet the competitor presence test.

c) Competitor quality of service (Q of S) results

8. The Commission notes that MTS Allstream submitted competitor Q of S results for the period of September 2010 to February 2011. The Commission has reviewed these results and finds that MTS Allstream has demonstrated that during this six-month period it
 - i) met, on average, the Q of S standards for each indicator set out in Appendix B of Telecom Decision 2006-15, as defined in Telecom Decision 2005-20, with respect to the services provided to competitors in its territory; and
 - ii) did not consistently provide any of those competitors with services that were below those Q of S standards.
9. Accordingly, the Commission determines that MTS Allstream meets the competitor Q of S criterion for this period.

d) Communications plan

10. The Commission has reviewed MTS Allstream's proposed communications plan and is satisfied that it meets the information requirements set out in Telecom Decision 2006-15. The Commission **approves** the proposed communications plan and directs MTS Allstream to provide the resulting communications materials to its customers, in both official languages where appropriate.

18-month grace period

11. In Telecom Decision 2006-15, the Commission granted certain small service providers (i.e. those with fewer than 20,000 local exchange service customers across Canada) a grace period of 18 months between the date they begin providing local exchange services in a market and the date on which forbearance takes effect. The Commission notes that Westman, the facilities-based, fixed-line telecommunications service provider capable of serving at least 75 percent of the number of residential

² These competitors are TCC and Westman.

local exchange service lines that MTS Allstream is capable of serving in the exchanges of Neepawa, Minnedosa, and Dauphin, has fewer than 20,000 local exchange service customers across Canada and thus meets the grace period criterion.

12. The Commission notes that Westman started offering residential local exchange services in the exchanges of Neepawa and Minnedosa on 20 August 2009, and in the Dauphin exchange on 22 November 2010. Accordingly, the Commission determines that it will forbear from regulating residential local exchange services in the exchanges of Neepawa and Minnedosa effective immediately, and in the Dauphin exchange starting on 22 May 2012.

Conclusion

13. The Commission determines that MTS Allstream's application regarding the exchanges of Neepawa, Minnedosa, and Dauphin meets all the local forbearance criteria set out in Telecom Decision 2006-15.
14. Pursuant to subsection 34(1) of the *Telecommunications Act* (the Act), the Commission finds as a question of fact that to refrain from exercising its powers and performing its duties, to the extent specified in Telecom Decision 2006-15, in relation to the provision by MTS Allstream of the residential local exchange services listed in the Appendix and future services that fall within the definition of local exchange services set out in Telecom Public Notice 2005-2 as they pertain to residential customers only, in these exchanges, would be consistent with the Canadian telecommunications policy objectives set out in section 7 of the Act.
15. Pursuant to subsection 34(2) of the Act, the Commission finds as a question of fact that these residential local exchange services are subject to a level of competition in these exchanges sufficient to protect the interests of users of these services.
16. Pursuant to subsection 34(3) of the Act, the Commission finds as a question of fact that to refrain from exercising its powers and performing its duties, to the extent specified in Telecom Decision 2006-15, in relation to the provision by MTS Allstream of these residential local exchange services in these exchanges would be unlikely to impair unduly the continuance of a competitive market for these services.
17. In light of the above, the Commission **approves** MTS Allstream's application for forbearance from the regulation of the local exchange services listed in the Appendix and future services that fall within the definition of local exchange services set out in Telecom Public Notice 2005-2, as they pertain to residential customers only, in the exchanges of Neepawa, Minnedosa, and Dauphin, subject to the powers and duties that the Commission has retained as set out in Telecom Decision 2006-15. This determination takes effect as of the date of this decision for the exchanges of Neepawa and Minnedosa, and as of 22 May 2012 for the Dauphin exchange. The Commission directs MTS Allstream to file revised tariff pages with the Commission within 30 days of the date of this decision for the exchanges of Neepawa and Minnedosa, and by 22 May 2012 for the Dauphin exchange.

18. In Telecom Regulatory Policy 2011-291, the Commission determined that the large incumbent local exchange carriers would no longer receive subsidies for residential network access services (NAS) in high-cost exchanges once the Commission has forbore from regulating such exchanges. In accordance with the directions specified in Appendix B to Telecom Regulatory Policy 2011-291, MTS Allstream is to stop reporting to the Central Fund Administrator any associated high-cost residential NAS that have been associated with the exchanges that the Commission has forbore from regulating in this decision, effective the later of either 1 June 2011, or the date of forbearance.

Secretary General

Related documents

- *Obligation to serve and other matters*, Telecom Regulatory Policy CRTC 2011-291, 3 May 2011, as amended by Telecom Regulatory Policy CRTC 2011-291-1, 12 May 2011
- *MTS Allstream Inc. – Application for forbearance from the regulation of residential local exchange services*, Telecom Decision CRTC 2007-63, 3 August 2007
- *Forbearance from the regulation of retail local exchange services*, Telecom Decision CRTC 2006-15, 6 April 2006, as amended by Order in Council P.C. 2007-532, 4 April 2007
- *List of services within the scope of the proceeding on forbearance from the regulation of local exchange services*, Telecom Decision CRTC 2005-35, 15 June 2005, as amended by Telecom Decision CRTC 2005-35-1, 14 July 2005
- *Forbearance from regulation of local exchange services*, Telecom Public Notice CRTC 2005-2, 28 April 2005
- *Finalization of quality of service rate rebate plan for competitors*, Telecom Decision CRTC 2005-20, 31 March 2005

Appendix

Local exchange services eligible for forbearance from regulation in this decision (for residential customers only)

Tariff	Item	List of services
24001	475	Rate Schedule for Primary Exchange Service
24001	480	Community Calling Service
24001	490	Urban Unlimited Service
24001	720	Premium Exchange Service
24001	800	Suspension of Service
24001	1000	Joint User Service
24001	1600	Directory Listings
24001	2126	Label Service
24001	2135	Custom Telephone Number Service
24001	2136	Rotary Service
24001	2142	Calling Features
24001	2145	900 Call Denial/Blocking Service
24001	2450	Remote Call Forwarding