



Telecom Order CRTC 2013-58

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Ottawa, 13 February 2013

Saskatchewan Telecommunications – Residential primary exchange service rates in high-cost serving areas

File number: Tariff Notice 277

1. The Commission received an application from Saskatchewan Telecommunications (SaskTel), dated 30 November 2012, in which the company proposed revisions to its General Tariff items 110.12 – Network Access Service, 105.10 – Excess Mileage charges, and 100.30 – Extended Area Service,¹ in order to create a single rate that would apply to residential telephone lines in rural and remote areas.
2. SaskTel noted that in *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 (Telecom Regulatory Policy 2011-291), the Commission allowed incumbent telephone companies to increase the rates for residential telephone lines in rural and remote areas to the lesser of \$30 or the amount required to eliminate subsidy,² in three equal increments, effective no earlier than 1 June each year.
3. SaskTel submitted that it currently has 70 different rates for these residential telephone lines, which would be reduced to 27 as of 1 June 2013 after implementing its final rate increases in accordance with Telecom Regulatory Policy 2011-291. In this regard, SaskTel noted that based on its current rate structure, after its final rate increases, there would be a number of residential telephone lines rated at \$30.15 per month and others at between \$30.21 and \$34.60 per month.³
4. The company proposed to collapse these 27 different rates into a single rate of \$30.27⁴ so that all residential customers in rural and remote areas would pay the same rate. SaskTel requested approval of its application, with an effective date of 1 June 2013.

¹ Extended Area Service allows customers in one exchange to call customers in adjoining exchanges without a long distance charge.

² Residential telephone lines in rural and remote areas are subsidized when the company's costs of providing the service are higher than what the subscriber pays.

³ These rates include \$0.15 for message relay service (MRS).

⁴ That is, \$30.12 plus \$0.15 for MRS.

5. SaskTel submitted that moving to one rate would simplify customers' bills, thus reducing customer confusion, complaints, and time spent addressing concerns about when charges for excess mileage and extended area service are applied. Further, it submitted that the proposed rate would leave the total subsidy requirement unchanged and help to reduce the number of SaskTel's processes.
6. The Commission received no comments regarding SaskTel's application. The public record of this proceeding, which closed on 12 January 2013, 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

7. The Commission notes that in Telecom Regulatory Policy 2011-291, it determined that rates for residential telephone lines in rural and remote areas could be increased, in three equal annual amounts, to the lesser of \$30 or the amount required to eliminate subsidy. The Commission further determined that rates that were already at or above \$30 would be frozen until 1 June 2014.
8. The Commission considers that SaskTel's proposed changes to harmonize rates would remove a complex set of existing rates, making it easier for customers to understand the rates they are charged. Although the proposal requires SaskTel to raise rates beyond the \$30 threshold, to \$30.12,⁵ the Commission considers that, in the circumstances, the benefit to consumers is sufficient to permit the company to exceed the threshold to the extent proposed.
9. Accordingly, the Commission **approves** SaskTel's application.

Secretary General

⁵ Does not include the \$0.15 charge for MRS.