



## Telecom Notice of Consultation CRTC 2018-339

PDF version

Reference: 2018-339

Ottawa, 31 August 2018

*Public record: 1011-NOC2018-0339*

### **Show cause proceeding and call for comments – Applicability of the Commission’s determinations set out in Telecom Decision 2008-14 to Northwestel Inc.**

**Deadline for submission of interventions: 4 October 2018**

[\[Submit an intervention or view related documents\]](#)

*The Commission initiates a proceeding for Northwestel to show cause why the Commission’s determinations set out in Telecom Decision 2008-14 should not apply to the company.*

#### **Introduction**

1. In Telecom Decision 79-16, the Commission set out the basic approach, including directives, for costing new telecommunications services based on prospective incremental costs (Phase II costing).
2. As a result of that decision, telecommunications companies subject to Commission regulation at the time filed Phase II costing manuals (Regulatory Economic Study Manuals) to be applied in the preparation of their economic studies for telecommunications services (regulatory economic studies). Subsequently, the Commission made various modifications to the Phase II costing directives, and it extended the requirement to file and apply a Regulatory Economic Study Manual to other telecommunications companies that became subject to the Commission’s jurisdiction.
3. Of the various modifications that have been made to the Phase II costing methodology directives since the issuance of Telecom Decision 79-16, some of them have been the subject of disagreement by, and between, the incumbent local exchange carriers (ILECs). Consequently, the Commission initiated a proceeding on 30 March

2007, through Telecom Public Notice 2007-4, to review certain Phase II costing issues with the major ILECs at the time,<sup>1</sup> as well as the cable companies.<sup>2</sup>

4. The Telecom Public Notice 2007-4 proceeding culminated with the issuance of Telecom Decision 2008-14. In that decision, the Commission, among other things, rendered its determinations with respect to the appropriate expense inclusions and the associated approaches and methodologies to be used to estimate causal expenses in regulatory economic studies. The Commission also determined the appropriate asset lives to be used in regulatory economic studies, and established follow-up processes with respect to the filing requirements of the decision and the ILECs' Regulatory Economic Study Manuals.

### **Northwestel Inc. Tariff Notice 976**

5. Northwestel Inc. (Northwestel) filed Tariff Notice 976, dated 6 February 2017,<sup>3</sup> in which the company proposed rates for item 300 – Wholesale Connect Service of its Access Services Tariff, with an effective date of 1 March 2017. In the company's cost study filed in support of this tariff notice, Northwestel, among other things, used a variable common cost factor (VCCF) to estimate variable expenses, noting that the Commission's determinations set out in Telecom Decision 2008-14 did not apply to it.<sup>4</sup>
6. In Telecom Order 2018-338, issued today, the Commission considered that it is appropriate for Northwestel to use a VCCF factor to estimate the company's variable common expenses in the context of its Tariff Notice 976 filing, recognizing that Northwestel was not party to the proceeding that culminated with the issuance of Telecom Decision 2008-14.

### **Call for comments**

7. The Commission hereby initiates a proceeding in which Northwestel is directed to show cause why all of the Commission's determinations in Telecom Decision 2008-14 should not apply to it.

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<sup>1</sup> The major ILECs at the time were Bell Aliant Regional Communications, Limited Partnership; Bell Canada; MTS Allstream Inc.; Saskatchewan Telecommunications; TELUS Communications Company; and Télébec, Limited Partnership.

<sup>2</sup> The cable companies that participated in the Telecom Public Notice 2007-4 proceeding were Cogeco Cable Inc., Rogers Communications Inc., Shaw Communications Inc., and Videotron Ltd. While they did not have Regulatory Economic Study Manuals, they had applied Phase II costing with respect to their third-party Internet access service, consistent with Telecom Decision 99-8.

<sup>3</sup> Northwestel subsequently filed Tariff Notice 976A, dated 26 January 2018.

<sup>4</sup> In paragraph 32 of Telecom Decision 2008-14, the Commission determined that the VCCF is no longer required as a means to estimate variable common costs for the ILECs subject to that decision.

## Procedure

8. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding. The Rules of Procedure set out, among other things, the rules for the content, format, filing, and service of interventions, answers, replies, and requests for information; the procedure for filing confidential information and requesting its disclosure; and the conduct of public hearings. Accordingly, the procedure set out below must be read in conjunction with the Rules of Procedure and related documents, which can be found on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), under "[Statutes and Regulations](#)." The guidelines set out in Broadcasting and Telecom Information Bulletin 2010-959 provide information to help interested persons and parties understand the Rules of Procedure so that they can more effectively participate in Commission proceedings.
9. Northwestel is made a party to this proceeding, and is to file its intervention with the Commission by **20 September 2018**.
10. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issue by **4 October 2018**. The intervention must be filed in accordance with section 26 of the Rules of Procedure.
11. Parties are permitted to coordinate, organize, and file, in a single submission, interventions by other interested persons who share their position. Information on how to file this type of submission, known as a joint supporting intervention, as well as a [template](#) for the accompanying cover letter to be filed by parties, can be found in Telecom Information Bulletin 2011-693.
12. Northwestel may file reply comments with the Commission by **15 October 2018**.
13. The Commission encourages interested persons and parties to monitor the record of this proceeding, available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), for additional information that they may find useful when preparing their submissions.
14. Submissions longer than five pages should include a summary. Each paragraph of all submissions should be numbered, and the line **\*\*\*End of document\*\*\*** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
15. Pursuant to Broadcasting and Telecom Information Bulletin 2015-242, the Commission expects incorporated entities and associations, and encourages all Canadians, to file submissions for Commission proceedings in accessible formats (for example, text-based file formats that enable text to be enlarged or modified, or read by screen readers). To provide assistance in this regard, the Commission has posted on its website [guidelines](#) for preparing documents in accessible formats.
16. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

**by completing the**  
[\[Intervention form\]](#)

or

**by mail to**  
CRTC, Ottawa, Ontario K1A 0N2

or

**by fax to**  
819-994-0218

17. Parties who send documents electronically must ensure that they will be able to prove, upon Commission request, that filing or, where required, service of a particular document was completed. Accordingly, parties must keep proof of the sending and receipt of each document for 180 days after the date on which the document is filed or served. The Commission advises parties who file or serve documents by electronic means to exercise caution when using email for the service of documents, as it may be difficult to establish that service has occurred.
18. In accordance with the Rules of Procedure, a document must be received by the Commission and all relevant parties by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record.
19. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding, provided that the procedure for filing set out above has been followed.
20. The Commission expects to publish a decision on the issues raised in this notice within four months of the close of record.

### **Important notice**

21. All information that parties provide as part of this public process, except information designated confidential, whether sent by postal mail, fax, email, or through the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), becomes part of a publicly accessible file and will be posted on the Commission's website. This includes all personal information, such as full names, email addresses, postal/street addresses, and telephone and fax numbers.
22. The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.

23. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
24. The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

### **Availability of documents**

25. Electronic versions of the interventions and other documents referred to in this notice are available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) by using the public record number provided at the beginning of this notice or by visiting the "Have your say!" section, then selecting "our open processes." Documents can then be accessed by clicking on the links in the "Subject" and "Related Documents" columns associated with this particular notice.
26. Documents are also available at the following address, upon request, during normal business hours.

Les Terrasses de la Chaudière  
Central Building  
1 Promenade du Portage  
Gatineau, Quebec  
J8X 4B1  
Tel.: 819-997-2429  
Fax: 819-994-0218

Toll-free telephone: 1-877-249-2782  
Toll-free TDD: 1-877-909-2782

Secretary General

### **Related documents**

- *Northwestel Inc. – Wholesale Connect service – Final rates*, Telecom Order CRTC 2018-338, 31 August 2018
- *Filing submissions for Commission proceedings in accessible formats*, Broadcasting and Telecom Information Bulletin CRTC 2015-242, 8 June 2015
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC 2011-693, 8 November 2011

- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC 2010-959, 23 December 2010
- *Review of certain Phase II costing issues*, Telecom Decision CRTC 2008-14, 21 February 2008; as amended by Telecom Decision CRTC 2008-14-1, 11 April 2008
- *Review of certain Phase II costing issues*, Telecom Public Notice CRTC 2007-4, 30 March 2007
- *Regulation under the Telecommunications Act of cable carriers' access services*, Telecom Decision CRTC 99-8, 6 July 1999
- *Inquiry into telecommunications carriers' costing and accounting procedures – Phase II: Information requirements for new service tariff filings*, Telecom Decision CRTC 79-16, 28 August 1979