



## Telecom Decision CRTC 2024-73

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Ottawa, 8 April 2024

*Public record: 8661-B2-202301315*

### **Bell Canada – Application to align 9-1-1 fees in the operating territories of Bell Canada’s affiliated carriers**

#### **Summary**

Bell Canada is in the process of deploying fibre-to-the-home (FTTH) services in the serving territories of three of its affiliates: DMTS, a division of Bell Canada (DMTS); KMTS, a division of Bell Canada (KMTS); and Télébec, Société en commandite (Télébec). Bell Canada will be offering FTTH retail Internet, television, and telephone services to customers in these territories. Bell Canada and Télébec have filed several applications to align the tariffs between the two companies to ensure greater consistency in the rates, terms, and conditions of services.

In this decision, the Commission **approves** Bell Canada’s application to align its Enhanced 9-1-1 (E9-1-1) rate for residential voice service customers of its new FTTH services in the operating territories of three of its affiliated carriers (DMTS, KMTS and Télébec) with Bell Canada’s existing E9-1-1 rates in its other operating territories. Approval of this application will (i) benefit consumers since they will be charged lower rates for E9-1-1, and (ii) allow Bell Canada to avoid additional costs and administrative burden.

#### **Background**

1. Bell Canada is in the process of deploying fibre-to-the-home (FTTH) services in the serving territories of three of its affiliated carriers: DMTS, a division of Bell Canada (DMTS); KMTS, a division of Bell Canada (KMTS); and Télébec, Société en commandite (Télébec). Operating as a competitive local exchange carrier (CLEC) in these territories, Bell Canada will be offering FTTH retail Internet, television, and telephone services.
2. DMTS, KMTS and Télébec do not offer FTTH services in their traditional operating territories. Since Bell Canada will be offering these services in its affiliates’ operating territories, the company has indicated that the most economical and expedient way to offer FTTH services to residential customers is to use Bell Canada’s IT and billing systems. Residential customers served by the new FTTH facilities would be billed for their services by Bell Canada, not by its affiliates.

## Application

3. The Commission received an application from Bell Canada, dated 14 March 2023, in which the company requested permission to align its Enhanced 9-1-1 (E9-1-1) rate for residential voice service customers of its new FTTH services in the operating territories of three of its affiliated carriers (DMTS, KMTS and Télébec) with Bell Canada's existing E9-1-1 rates in its other operating territories.
4. Residential voice customers in the operating territories of Bell Canada's affiliated carriers are required to pay fees for E9-1-1 until March 2025 when E9-1-1 networks are expected to be decommissioned (as established in Telecom Decision 2021-199). Customers are also required to pay fees for next-generation 9-1-1 (NG9-1-1). The monthly NG9-1-1 rate of \$0.10 applies to wireline customers of Bell Canada, DMTS, KMTS and Télébec. However, the monthly E9-1-1 rates charged by DMTS, KMTS and Télébec range from \$0.20 to \$0.32, whereas Bell Canada's E9-1-1 rate is \$0.09.<sup>1</sup>
5. Bell Canada submitted that it would be subject to the affiliate rule in these territories, which prevents an incumbent local exchange carrier (ILEC) from using an unregulated affiliate to provide regulated services at rates, terms, and conditions that are lower or better than those to which the ILEC is subject. The company therefore submitted that, under the affiliate rule, it would be required to offer services at identical rates, terms, and conditions as those of its affiliates.
6. Bell Canada submitted that if it were obligated to charge the E9-1-1 rates of its affiliates to its voice customers in its affiliate territories, it would have to change its billing systems to recognize the exchange boundaries of Bell Canada customers in these affiliate territories. Bell Canada argued that the costs of changing its billing system to implement different rates than its own would significantly outweigh the potential revenues from those rates, which are meant to compensate the company for providing 9-1-1 services. The company further noted that E9-1-1 networks will be decommissioned shortly, after which time rates will align across these serving territories through a single NG9-1-1 rate.
7. Additionally, Bell Canada submitted that only a small number of FTTH customers are expected to subscribe to wireline voice services, given the prevalence of wireless voice services. Because of this, Bell Canada submitted that making changes to its billing system to implement the different E9-1-1 rates for its voice customers in its affiliate territories would be an inefficient regulatory requirement.
8. Bell Canada therefore requested permission to charge the Bell Canada E9-1-1 rate in the serving territories of its affiliates. This would result in a total monthly rate of \$0.19 for residential voice service customers (\$0.09 E9-1-1 rate plus an NG9-1-1 rate of \$0.10).<sup>2</sup>

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<sup>1</sup> As directed by the Commission in Order 2000-630, Bell Canada's E9-1-1 rate was recalculated for 2024 and is now \$0.08, as per Bell Canada Tariff Notice 7681.

<sup>2</sup> As noted, the Bell Canada E9-1-1 rate was recalculated for 2024 and is now \$0.08. Accordingly, the total monthly rate for residential voice service customers would be \$0.18 (\$0.08 E9-1-1 rate plus an NG9-1-1 rate of \$0.10).

9. Given the anticipated low demand for voice services provided over FTTH and the very minor discrepancies in total 9-1-1 rates between itself and its affiliates, Bell Canada argued that its proposal has no competitive intent or utility and would not result in any credible adverse competitive impact.
10. Bell Canada indicated that if its application is denied, it may need to retroactively bill customers who subscribed to voice services over FTTH in the period during which it implemented its billing system changes. Alternatively, the company submitted that it may consider delaying the availability of voice services over FTTH in these territories until the decommissioning of the E9-1-1 networks, when 9-1-1 fees will be aligned. The company submitted that neither outcome would be to any party's benefit.
11. The Commission did not receive any interventions in response to Bell Canada's application.

### **Commission's analysis**

12. Bell Canada cited the affiliate rule in its application, which is intended to prevent an ILEC from using an affiliate to bypass Commission regulation and provide services at rates, terms, and conditions that are better than those that the ILEC would be able to offer under the Commission's rules, in a way that is potentially anti-competitive. However, the affiliate rule as set out in Telecom Decision 2002-76 defines an affiliate as a person who is not a Canadian carrier and who controls or is controlled by the ILEC or who is controlled by a person who also controls the ILEC. Since Bell Canada is a Canadian carrier, the Commission is of the view that the affiliate rule does not apply to this application.<sup>3</sup>
13. Instead, given that DMTS, KMTS, and Télébec are under common control with Bell Canada, the Commission's determinations in Telecom Decision 2002-76 relating to the regulation of Canadian carriers under common control with an ILEC apply. In particular, the Commission expressed the preliminary view (which was confirmed in Telecom Decision 2004-50) that such carriers should be required to comply with section 25 and other applicable provisions of the *Telecommunications Act* (the Act) whenever the affiliated ILEC would be required to do so.<sup>4</sup> Further, the Commission stated that it would apply the same criteria when examining a proposed tariff filed by such a Canadian carrier as if the tariff were filed by the affiliated ILEC.
14. The Commission considers that, given (i) the small overall differences between Bell Canada's and its affiliates' E9-1-1 rates, and (ii) the small number of local voice customers that the company anticipates would be affected, it would not be reasonable

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<sup>3</sup> A "Canadian carrier" is defined in subsection 2(1) of the *Telecommunications Act* as a "telecommunication common carrier", which is in turn defined as "a person who owns or operates a transmission facility used by that person or another person to provide telecommunications services to the public for compensation".

<sup>4</sup> Section 25 of the Act states that no Canadian carrier shall provide a telecommunications service except in accordance with a tariff filed with and approved by the Commission that specifies the rate or the maximum or minimum rate, or both, to be charged for the service.

to require Bell Canada to implement the higher E9-1-1 rates and subsequent billing system changes, especially if this would lead to Bell Canada delaying the introduction of voice services over FTTH.

15. Further, the billing system changes would no longer be needed after the decommissioning of the E9-1-1 networks expected in March 2025, meaning that the associated costs would be incurred to implement changes that would only be in effect for a short period of time. Therefore, approval of Bell Canada's proposal would have only a temporary impact.
16. Bell Canada's proposal would result in lower 9-1-1 fees and more timely availability of services over FTTH, benefitting consumers. The proposed E9-1-1 rate would also simplify Bell Canada's consumer pricing structure across the areas it serves, since the rate would be consistent with that charged to all its other voice service customers in its Ontario and Quebec operating territory.
17. The Commission has reviewed the application in light of the 2023 Policy Direction<sup>5</sup> and considers that approval of this application will promote affordability and consumer interests by allowing Bell Canada to charge customers a lower 9-1-1 rate as well as promoting innovation by encouraging investment.
18. The Commission therefore finds Bell Canada's proposal to be reasonable.

## Conclusion

19. In light of all the above, the Commission **approves** Bell Canada's application to align the E9-1-1 rate it will charge customers of its FTTH voice services in the operating territories of DMTS, KMTS, and Télébec with Bell Canada's current E9-1-1 rate.
20. The Commission **directs** Bell Canada to file revised tariff pages reflecting the aligned rates to be charged in these operating territories within **10 days** of the date of this decision.

Secretary General

## Related documents

- *Establishment of new deadlines for Canada's transition to next-generation 9-1-1*, Telecom Decision CRTC 2021-199, 14 June 2021
- *Follow-up to Telecom Decision CRTC 2002-76 - Location of the CSG and regulatory safeguards for affiliated carriers*, Telecom Decision CRTC 2004-50, 22 July 2004

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<sup>5</sup> *Order Issuing a Direction to the CRTC on a Renewed Approach to Telecommunications Policy*, SOR/2023-23, 10 February 2023

- *Regulatory safeguards with respect to incumbent affiliates, bundling by Bell Canada and related matters*, Telecom Decision CRTC 2002-76, 12 December 2002
- *Rates modified for province-wide 9-1-1 service*, Order CRTC 2000-630, 6 July 2000