



## Telecom Order CRTC 2008-137

Ottawa, 14 May 2008

### TELUS Communications Company

Reference: Tariff Notice 286

#### Withdrawal of Residence Smarter and Smartest Packages

1. The Commission received an application by TELUS Communications Company (TCC), dated 4 February 2008, in which it proposed revisions to its General Tariff item 300.5, Grandfathered Services, in order to withdraw its Residence Smarter and Smartest Packages (the packages).
2. The packages, which consist of three to eight calling features in various combinations with varying monthly rates, have been grandfathered and have not been available for new installations or for moves, rearrangements, or additions to existing installations since 15 September 1994.
3. TCC indicated that it proposed withdrawing the packages for the following reasons:
  - a) it had determined that it was too costly to migrate obsolete and grandfathered services to its new billing system;
  - b) the features offered in the packages are readily available on a stand-alone basis or in current package and bundle offerings – with the exception of Speed Dial, Saved Number Redial, and Last Number Redial, which are now provided in most standard customer provided equipment or telephone sets; and
  - c) the packages no longer reflect market rates or market demand, and have a declining customer base.
4. In support of its application TCC provided the information required by the Commission in Telecom Circular 2005-7, which established procedures for destandardization and/or withdrawal of tariffed services. TCC also included a copy of the notification letter sent to affected customers.
5. The Commission received comments from Ms. Frances Jones and reply comments from TCC. The public record of this proceeding, which closed on 27 March 2008, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings."
6. Ms. Jones objected to the Commission approving TCC's application. She submitted that migration to a comparable bundle would cause the monthly rate she pays to increase from \$9.00 to \$19.95, thereby causing her hardship.

7. In its response, TCC submitted that the monthly rate for a comparable bundle for Ms. Jones would be \$17.95, and not \$19.95. TCC further submitted that if Ms. Jones chose TCC as her primary interexchange carrier, that monthly rate would drop to \$14.95.
8. TCC submitted that while the price increase to migrate to a comparable bundle appears to be substantial, it had not increased the price of the packages since 1994.
9. TCC further noted that if it were to continue to offer the packages and migrate them to its new billing system, it would have to increase the rates for the packages in order to reflect current market rates and to cover the costs associated with the transfer.

#### **Commission's analysis and determinations**

10. Following TCC's submission of the application for withdrawal, the Commission revised its procedures for the disposition of applications dealing with destandardization and/or withdrawal of tariffed services in Telecom Decision 2008-22. In that Decision, the Commission eliminated the requirements to provide an analysis of available substitutes and a transition plan as part of every application for destandardization or withdrawal, but retained the requirement to provide notice to each customer affected by the application. Therefore, the Commission is considering this application under the requirements of Telecom Decision 2008-22.
11. The Commission notes that TCC addressed all the criteria set out in Telecom Decision 2008-22 and considers that TCC has fulfilled the customer notification and evidentiary requirements of Telecom Decision 2008-22.
12. The Commission acknowledges that some customers could experience significant rate increases in moving from the packages to comparable bundles. The Commission, however, notes that TCC indicated that if it was required to retain the packages, the company would have to migrate them to its new billing system and increase the rates to reflect market rates and to cover the costs associated with the transfer.
13. The Commission notes that in its application, TCC identified several bundles from which customers could choose. Further, the Commission also notes that, in the notification letter, TCC invited customers to call to discuss the bundles or, alternatively, TCC indicated that it would automatically migrate them to comparable bundles. The Commission further notes that TCC advised its customers that it would refund the difference between the rates of the packages and the bundles if customers chose to change or cancel the bundles up to 30 days following the effective date of this Order.
14. The Commission notes that the packages are optional local services and discretionary in nature. In Telecom Decision 2007-27, the Commission noted that demand for optional call management services tends to be more sensitive to pricing. The Commission also noted that customers of the packages could re-evaluate their requirements, choose to explore other alternatives, or drop the services entirely.

15. In light of the above, the Commission **approves** TCC's application, effective two weeks from the date of this Order, as requested by TCC to allow time for customer migration or for customers to finalize alternative service arrangements.
16. The Commission also **approves** TCC's proposal to provide its customers with a 30-day period to decide whether to change or cancel the bundle. However, the Commission finds that it would be appropriate for TCC to send a reminder by **28 May 2008** to customers who will be automatically migrated to the bundle.
17. Accordingly, the Commission directs TCC to send a reminder by **28 May 2008** to each customer who is automatically migrated to a bundle to advise that customer that TCC will refund the rate difference between the packages and the bundle, if the customer chooses to change or cancel the bundle, up to 30 days after **28 May 2008**.

Secretary General

### **Related documents**

- *Mandatory customer contract renewal notification and requirements for service destandardization/withdrawal*, Telecom Decision CRTC 2008-22, 6 March 2008
- *Price cap framework for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-27, 30 April 2007
- *New procedures for disposition of applications dealing with the destandardization and/or withdrawal of tariffed services*, Telecom Circular CRTC 2005-7, 30 May 2005

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