



Telecom Decision CRTC 2017-266

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KMTS – Implementation of intermodal wireless number portability for Rogers Communications Canada Inc.

*The Commission **approves** KMTS's plan for the implementation of intermodal wireless number portability in the exchanges of Kenora and Keewatin, Ontario.*

Introduction

1. The Commission received a wireless number portability (WNP) implementation plan, dated 20 December 2016, from KMTS. The plan was filed in response to a formal signed expression of interest from Rogers Communications Canada Inc. (RCCI), which confirmed its interest in obtaining intermodal WNP¹ in the exchanges of Kenora and Keewatin, Ontario, where KMTS is the incumbent local exchange carrier (ILEC).²
2. The Commission did not receive any interventions regarding the plan. The public record of this proceeding, which closed on 16 June 2017, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.

Background

3. Number portability enables customers to keep the same telephone number when changing service providers and is an integral component of retail competition in the local exchange market.
4. In Telecom Decision 2008-122, the Commission, among other things, set out the framework for WNP implementation in the territories of the small ILECs. That decision included directives that the small ILECs must follow when submitting their implementation plans.
5. The Commission reviewed this framework and determined, in Telecom Regulatory Policy 2011-291, that WNP and local competition would continue to be introduced in the territories of the small ILECs based on the existing frameworks, subject to the modifications set out in that decision.³

¹ Intermodal WNP involves wireless-to-wireline and wireline-to-wireless porting of telephone numbers.

² While KMTS initially filed its implementation plan with the Commission on 20 December 2016, it filed its cost recovery proposal associated with that plan on 10 April 2017.

³ In that decision, the Commission established certain measures to help mitigate the financial impact on small ILECs of implementing local competition and WNP. In particular, the Commission determined that

6. In Telecom Regulatory Policy 2012-24, the Commission determined that implementation of WNP in a small ILEC's territory is to be conditional on the wireless carrier directly interconnecting with the small ILEC, unless otherwise negotiated.

Should the Commission approve KMTS's intermodal WNP implementation plan?

Implementation time frame

7. In its intermodal WNP implementation plan, KMTS indicated that it had negotiated an implementation time frame of the fourth quarter of 2016 with RCCI, and that both companies cooperated to ensure that this time frame was met. According to KMTS, all testing has been conducted and intermodal WNP has been fully operational since 7 December 2016.

Proposed implementation costs and mechanisms available for the recovery of costs

8. KMTS proposed start-up and ongoing costs related to the implementation of intermodal WNP in the affected exchanges over a five-year study period. The start-up costs included project management costs and customer service and technician training costs. The ongoing costs related to service provisioning costs. KMTS proposed start-up costs of \$45,694 and ongoing costs of \$2,855 annually.⁴
9. Two regulatory mechanisms are available to KMTS for the recovery of intermodal WNP implementation costs: the recovery of up to \$2 per network access service (NAS) per month of ongoing costs through the National Contribution Fund and an exogenous adjustment for the recovery of start-up costs.⁵
10. The corresponding amounts for KMTS's present application represent an exogenous adjustment of \$10,872⁶ per year over five years for the recovery of its start-up costs of \$45,694, as well as a reduction of \$0.077 in the primary exchange service rate component used to calculate its subsidy amount for the recovery of its ongoing costs of \$2,855 for the implementation of intermodal WNP in the affected exchanges.

the number portability start-up costs, including local number portability and WNP, of the small ILECs serving 3,000 or fewer total residential and business network access services (NAS), including the NAS of all their affiliates and/or their parent company, are to be reimbursed by the new entrant(s) over a period of three years.

⁴ Start-up costs are expressed in terms of the present worth of annual costs over the five-year study period, while ongoing annual costs are expressed as annual equivalent costs over the five-year study period.

⁵ An exogenous adjustment, which could result in a rate increase, reflects the financial impact associated with events or initiatives that are not captured by other elements of the price cap regime. Adjustments, as defined in Telecom Regulatory Policy 2011-291, would be considered for events or initiatives that meet the following criteria: (a) they are legislative, judicial, or administrative actions beyond the control of the company; (b) they are addressed specifically to the telecommunications industry; and (c) they have a material impact on the company.

⁶ This amount represents KMTS's start-up costs of \$45,694 annualized over a period of five years.

Commission's analysis and determinations

Implementation time frame

11. KMTS's proposed intermodal WNP implementation plan, including the proposed timeline, is reasonable and meets the criteria set out in Telecom Decision 2008-122, as modified in Telecom Regulatory Policies 2011-291 and 2012-24.

Proposed implementation costs and mechanisms available for the recovery of costs

12. The Commission has reviewed KMTS's proposed costs, taking into account the regulatory framework and costs approved in the past, and considers the costs to be reasonable. The Commission notes that pursuant to Telecom Regulatory Policy 2011-291, KMTS is not entitled to a reimbursement for its intermodal WNP start-up costs from RCCI because KMTS serves more than 3,000 NAS.
13. Intermodal WNP implementation by KMTS in the exchanges of Kenora and Keewatin will increase the possibility for customers in those exchanges to retain their telephone numbers if they decide to switch service providers. Further, KMTS's intermodal WNP in the exchanges of Kenora and Keewatin is already functional. The Commission considers that this implementation will lead to greater choice for these customers, since they will have the opportunity to benefit from choosing among the services, options, and prices offered by different service providers. Accordingly, approval of the intermodal WNP implementation plan would be consistent with the Policy Direction⁷ and would advance the policy objectives set out in paragraphs 7(b), (f), and (h)⁸ of the *Telecommunications Act*.
14. In light of the above, the Commission **approves** KMTS's proposed intermodal WNP implementation plan, including its proposed costs, i.e. (a) start-up costs of \$45,694, which corresponds to an exogenous adjustment of \$10,872 per year over a period of five years, and (b) a reduction of \$0.077 in the rate component used to calculate the amount of its subsidy. The company should inform its customers within **30 days** of the date of this decision that intermodal WNP is available in the exchanges of Kenora and Keewatin.

Secretary General

Related documents

- *Network interconnection for voice services*, Telecom Regulatory Policy CRTC 2012-24, 19 January 2012

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

⁸ The cited policy objectives are 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; 7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; and 7(h) to respond to the economic and social requirements of users of telecommunications services.

- *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
- *Regulatory framework for the implementation of wireless number portability within the serving territories of the small incumbent local exchange carriers*, Telecom Decision CRTC 2008-122, 18 December 2008