



Telecom Decision CRTC 2018-37

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Ottawa, 29 January 2018

Public record: 8663-H3-201709909

Hay Communications Co-operative Limited – Application to modify the band assignment for the Grand Bend wire centre

*The Commission **approves**, effective 1 January 2018, the reclassification of Hay Communications Co-operative Limited's Grand Bend wire centre to Band F-1.*

Introduction

1. During the 1990s, through a series of proceedings and decisions, the Commission opened up various telecommunications markets to competition, including the local telephone market, to enhance the Canadian telecommunications system and to give Canadians the benefits of competition. The Commission also established a subsidy regime, whereby money collected from telecommunications companies is used to subsidize residential local telephone service.
2. Under this subsidy regime, incumbent local exchange carriers (ILECs) receive a monthly subsidy from the National Contribution Fund for providing residential telephone service in rate-regulated high-cost serving areas (HCSAs).¹ The amount of subsidy paid per month varies by ILEC and by band.²
3. The Commission received an application from Hay Communications Co-operative Limited (Hay), dated 17 October 2017, in which the company requested that the band assignment approved in Telecom Regulatory Policy 2013-160 for its Grand Bend wire centre be modified from Band F-2 to Band F-1, effective 1 January 2018.³
4. Hay acknowledged that its Grand Bend wire centre had been appropriately classified as Band F-2 in Telecom Regulatory Policy 2013-160. However, Hay submitted that the wire centre's total network access service (NAS) count has declined steadily and it is now below the Band F-1 upper threshold of 2,500 NAS.

¹ Under the existing regime, small ILECs continue to receive subsidy amounts in HCSA exchanges that are no longer rate regulated until such time as two or more facilities-based competitors, in a given HCSA exchange, are each capable of serving at least 75% of the residential local exchange service lines that the small ILEC is capable of serving.

² A band represents a group of exchanges or wire centres with similar characteristics, such as number of lines and remoteness. For the small ILECs, exchanges or wire centres in Bands E, F-1, F-2, F-3, F-4, and G, as defined in Decision 2001-756, are designated as HCSAs.

³ Band F-1 contains 1,501 to 2,500 total network access services (NAS) and Band F-2 contains 2,501 to 4,000 total NAS.

5. The Commission received no interventions with respect to this application.

Commission's analysis and determinations

6. Based on the information provided, Hay's Grand Bend wire centre has dropped below the Band F-1 upper threshold, and its total NAS has continued to decline since then. Therefore, it is appropriate for the wire centre to be reclassified as Band F-1.
7. Accordingly, the Commission **approves**, effective 1 January 2018, the reclassification of Hay's Grand Bend wire centre from Band F-2 to Band F-1.
8. In Telecom Decision 2017-438, the Commission approved interim 2018 subsidy per residential NAS amounts for the ILECs. However, Hay does not have an approved subsidy per residential NAS amount for Band F-1. The Commission has therefore used the small ILEC subsidy calculation formula in Telecom Decision 2017-438 to determine that a Hay Band F-1 wire centre should receive an interim 2018 subsidy per residential NAS amount of \$8.32 per month, effective 1 January 2018.
9. Therefore, the Commission **approves on an interim basis**, effective 1 January 2018, a 2018 subsidy per residential NAS amount of \$8.32 for Hay's Band F-1 wire centre.
10. The Commission **directs** the Central Fund Administrator to adjust the distribution of monthly subsidy for the Grand Bend wire centre to reflect the revised band assignment and to use the interim 2018 rate approved in this decision.

Secretary General

Related documents

- *Final 2017 revenue-percent charge and related matters*, Telecom Decision CRTC 2017-438, 8 December 2017
- *Regulatory framework for the small incumbent local exchange carriers and related matters*, Telecom Regulatory Policy CRTC 2013-160, 28 March 2013
- *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001