Canadian Radio-television and Telecommunications Commission
Conseil de la radiodiffusion et des télécommunications canadiennes

Telecom Order CRTC 2025-47

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Gatineau, 18 February 2025

Public records: Tariff Notices 93 and 93A

Groupe Maskatel Québec L.P. – Introduction of Local Service Request Rejection Charge

Summary

The Commission approves on a final basis Groupe Maskatel Québec L.P.'s (Maskatel) Tariff Notices 93 and 93A, in which the company proposed to add section 5.1.6 Local Service Request (LSR) Rejection Charge to its General Tariff 25030. The proposed addition will enable Maskatel to encourage competitors to reduce their controllable LSR rejections by charging for rejections at a rate that the Commission has previously found to be just and reasonable.

Background

1. When a customer changes companies, the new company sends a completed Local Service Request (LSR) form to the company providing service to the customer, to transfer the customer's services. This form contains all the customer information required for the efficient transfer of services from one company to another. LSR forms containing errors are rejected and returned to the company that sent them.

2. In Telecom Order 2009-805, the Commission determined that it was appropriate to authorize Bell Aliant Regional Communications, Limited Partnership and Bell Canada to introduce an LSR rejection charge. The Commission also set rejection rate thresholds. The thresholds establish the acceptable LSR rejection rate, such that LSR rejection charges can only be applied to the number of LSR rejections exceeding the acceptable thresholds. In Telecom Regulatory Policy 2012-523, the Commission determined that local exchange carriers could, from that point on, apply LSR rejection charges. In the same regulatory policy, the Commission also increased the acceptable LSR rejection rate threshold before charges apply.

Application

3. On 4 September 2024, the Commission received an application, Tariff Notice (TN) 93, amended by TN 93A on 23 September 2024, from Groupe Maskatel Québec L.P. (Maskatel) to add section 5.1.6 LSR Rejection Charge to its General Tariff 25030.

4. The LSR rejection charges would apply for each rejected LSR made by a local exchange carrier, wireless service provider or Internet service provider, and only when the number of rejected LSRs exceeds the defined threshold percentages of the

customer's total monthly LSR count. The charge would be assessed monthly and would not apply when the refusal is caused by a Maskatel error, a Maskatel winback activity or the deactivation of the telephone number after the LSR has been filed.

5. Regarding rejection rate thresholds, Maskatel proposed the following three-year transition period:

    - a monthly LSR rejection rate threshold of 12.8% applicable until 20 October 2025, 10.4% until 20 October 2026, and afterwards, 8% for each telecommunications service provider (TSP) that files more than 500 LSRs in a month, unless 75% of the LSRs filed for that month are for business services;

    - a monthly LSR rejection rate threshold of 25.6% until 20 October 2025, 20.8% until 20 October 2026, and 16% for each TSP that files 500 LSRs or fewer in a month, and for each TSP for which at least 75% of the LSRs filed for that month are for business services.

6. Maskatel proposes to harmonize its LSR rejection charges with those of TELUS Communications Inc. (Quebec) [TCI]. TCI, as an incumbent local exchange carrier (ILEC) in Quebec, already offers this service to competitors under a tariff approved by the Commission. Therefore, Maskatel wants to align itself with these conditions and approved tariffs, with one small exception. Maskatel notes that the threshold percentages in TCI's tariff are aligned with those in the model tariff for competitive local exchange carriers (CLECs), except for CLECs that file more than 500 LSRs in a month for the first year. The CLEC model tariff reflects a threshold of 12.8%, while the TCI tariff reflects a threshold of 12.7%. To harmonize CLEC and small ILEC operations, Maskatel proposes to adopt the 12.8% threshold, which reflects the latest tariff.

7. Maskatel requested that the effective date be 23 October 2024.

8. The Commission did not receive any interventions regarding Maskatel's application.

Commission's analysis

9. Maskatel's proposal complies with Telecom Regulatory Policy 2013-160, in which the Commission found that it is appropriate for the initial rates for services to small ILECs' competitors to be set by aligning them with Commission-approved rates for the same service, with supporting rationale.

10. In Telecom Decision 2023-196, the Commission granted small ILECs the flexibility to employ the approved rates of other providers across Canada, as long as they provide sufficient rationale and a demonstration that the neighbouring provider's rate is not appropriate. Maskatel's proposal, by aligning itself with the TCI thresholds and the CLEC model, is deemed reasonable and in line with these guidelines.

11. In this case, Maskatel is proposing to harmonize LSR rejection charges with those of TCI when operating as an ILEC in Quebec.

12. Regarding Maskatel's proposal to use a rejection rate threshold of 12.8% for CLECs that file more than 500 LSRs per month during the first year, this measure is intended to harmonize its CLEC and small ILEC activities. The adoption of the 12.8% threshold is to the advantage of CLECs and is reasonable. All other thresholds are aligned with TCI's tariff and the CLEC model tariff.

13. Accordingly, the Commission considers that Maskatel's proposal is reasonable and complies with regulatory frameworks.

Conclusion

14. In light of all of the above, the Commission approves on a final basis, by majority decision, Maskatel's tariff application. The proposed dates for the deadlines must be revised to reflect the effective date.

15. Revised tariff pages must be published within 10 calendar days of the date of this order. Revised tariff pages can be submitted to the Commission without a description page or request for approval; a tariff application is not required.

16. The dissenting opinion of Commissioner Bram Abramson is attached to this order.

Secretary General

Related documents

- *Review of the approach to rate setting for wholesale telecommunications services*, Telecom Decision CRTC 2023-196, 7 July 2023

- *Regulatory framework for the small incumbent local exchange carriers and related matters*, Telecom Regulatory Policy CRTC 2013-160, 28 March 2013

- *Review of conditions for approval of a local service request rejection charge*, Telecom Regulatory Policy CRTC 2012-523, 28 September 2012

- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of Local Service Request Rejection Charge*, Telecom Order CRTC 2009-805, 23 December 2009

Dissenting opinion of Commissioner Bram Abramson

1. Local Service Request (LSR) records, formatted[1] and sent[2] in accordance with the Canadian Local Ordering Guidelines (C-LOG), once used primarily to give effect to end-users' decisions to change their phone company, are now used to switch mobile, broadband, and television subscriptions over, too.[3] They are "required for the efficient exchange of information between interconnected TSPs [telecommunications service providers] [and broadcasting distribution undertakings] and the development and sustainment of a competitive marketplace."[4]

2. They are part of the background dance whose choreography is basic to the competitive process. The customer anoints a new service provider, and provides it with personal information.[5] The new service provider takes some of that information, inserts it into an LSR, and pushes that LSR to the old service provider. The old service provider compares what is in the LSR with what is in its internal databases about the departing customer. Where there is a match, the process proceeds. Where there is a mismatch, back-and-forth is required. Delays ensue. The customer is left unhappy.

3. Why would there be a mismatch? Perhaps the new service provider has been given information containing a typo that its automated, or manual, systems did not catch. Perhaps its process allows for the introduction of new errors manually, or does not verify the arriving subscriber's own input before that text is flowed into the LSR. Perhaps the new service provider formats customer initials, or street name abbreviations, differently than the old provider. Perhaps the old service provider's database had errors or old address data to begin with. Perhaps it is something else entirely.

4. How can such mismatches be minimized, reducing service provider fumbling and making for happier end-users?

5. In part, at least in theory, through good data governance practices, like creating open-access interfaces so that service providers can automatically look up one another's data,[6] and establishing clear standards so they can know how to format customer and street names in like ways.

6. In part, and more practically as things have developed, through the good behaviour of service providers with a stake in a well-functioning system. Diligent and regular review of their implementation of the C-LOGs is such a good practice. So is providing fulsome reasons for rejecting LSRs, actioning those root cases, and working together

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[1] Online: https://crtc.gc.ca/cisc/eng/cisf3e0j.htm

[2] See Telecom Decision 2022-264.

[3] Including broadband over wholesale high-speed access (Broadcasting and Telecom Regulatory Policy 2011-191; Telecom Decision 2015-9).

[4] See Telecom Order 2009-805, paragraph 34.

[5] It bears noting that data minimization, or "limiting collection," is a trite principle by which business processes are to be designed so as to contribute to the protection of privacy of persons.

[6] Telecom Notice of Consultation 2012-72 and Telecom Decision 2012-73 discuss the limited availability of tariffed access to Operational Support System data and high relative cost of making use of them.

across provides to resolve them, all of which help "identif[y] the root problems with the orders".[7] So, for that matter, is following agreed-on procedures to challenge LSRs that were rejected through no fault of the new service provider.[8]

7. In part, however, good behaviour can be incented by imposing a cost on less-than-good behaviour, by charging new service providers when they make too many mistakes. How much to charge? How many mistakes are too many? Under what conditions does this price incentive fall out of alignment to create, instead, perverse incentives?

8. We have attended to these questions as long as there have been LSRs, beginning with a five percent quality of service threshold set back in 2003. As the majority decision of the Telecommunications Committee, on behalf of the Commission,[9] explains, we critically reviewed Bell Canada's proposal to hit on a formula and price in 2009. We then adjusted them in 2012, based on further assumptions about average increases in error rates when the old service provider's customer databases have no window through which to peer.

9. This application by Bell Canada's affiliate, Groupe Maskatel Québec L.P., reproduces that formula, set well over a decade ago. Multi-provider use of LSRs for processing orders for services like home broadband and subscription television was then in its infancy. The degree of automated LSR handling was different. So was the industry's structure.

10. Continuing to apply formulas we have set down until confronted with evidence of changes that must be accounted for is, in many respects, long-standing Commission practice. It is sometimes bad practice. "As a matter of law," the Federal Court noted some years ago, "while the CRTC may refer to and take guidance from its earlier decisions, those decisions cannot dictate its subsequent decisions. The CRTC is not bound by precedent and has a legal obligation not to fetter its discretion."[10] Put differently: "the argument 'we've always done it this way' is not a legal argument; it is not persuasive and is irrelevant. The question [in the administrative law setting] is what the [statute] says based on" principles of statutory interpretation.[11]

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[7] See Telecom Decision 2003-72, paragraphs 79 and 83.

[8] See Telecom Decision 2014-6.

[9] Telecommunications Committee, By-Law No. 10, paragraph (e) ("[a]ny act or thing done by the Telecommunications Committee shall be deemed to be an act or thing done by the members").

[10] *Bell Canada v. Canada (Attorney General)*, 2011 FC 1120 (CanLII), paragraphs 88-90

[11] *Danek v. Calgary (City)*, 2007 ABQB 679 (CanLII), paragraph 19

11. Here, the time that has passed since 2012, and industry changes that have occurred during that time—including deeper reliance on LSRs—suffice, in my view, to have shifted any presumption that the 2012 formula still applies in favour of requiring some evidence of it. A request for information could, for instance, have elicited such information in order to provide the Committee with some comfort as to the continuing appropriateness of this approach.

12. No such request was made. No such information was placed on the record. I would have required it in order to make a positive finding in this matter. Nor, given all that has changed since 2012, would it be unhelpful for the Commission or the steering committees it oversees to now set out the broader framework for reducing LSR mismatches and what good-housekeeping principles must be hewed to, including those alluded to above, before charges begin to be levied.

13. In the meantime, and as I underlined in my dissents to the similar Telecom Orders 2024-183 and 2024-207, parties asking the Commission to be persuaded to apply a precedent should not stop at showing their application is consistent with the precedent on which they rely. They should also show that the Commission should want to apply that precedent because it remains appropriate in the circumstances. As Grace Hopper's long-standing admonition ought famously to remind us, "we've always done it this way" is not good enough. As the gap in time and circumstance grows between persuasive precedents and new applications, failing to require some modicum of evidence, or of soliciting it when not filed, puts the Commission at risk of falling afoul not only of our legal duty, but also of the most dangerous phrase in business.