

2013 03 27

To: Mr. Chris Seidl  
Executive Director, Telecommunications  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2

Subject: **Associated with Bell Aliant Tariff Notice 435 and Bell Canada Tariff Notice 7380**

Dear Mr. Seidl,

1. Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, the Companies) are submitting this application to request approval of two new charges associated with their respective General Tariffs (GTs) in their Ontario and Québec serving areas, namely Bell Aliant CRTC 21560, Item 5440 – Gateway Access Service - Fibre to the Node and Bell Canada CRTC 6716, Item 5440 – Gateway Access Service - Fibre to the Node. Specifically, the Companies are seeking approval of the introduction of the Gateway Access Service - Fibre to the Node (GAS-FTTN) "No Access" service charge and the GAS-FTTN "Aborted Installation" service charge in their respective Ontario and Québec serving areas (the Bell Aliant portion being referred to as the Bell Aliant-Central region). Both of these new charges are discussed below, along with the reduction to the current GAS-FTTN service charge that is reflected in those tariffs to remove the portion of that charge that is associated with the "no access" situations.
2. In Telecom Regulatory Policy CRTC 2011-703, *Billing practices for wholesale residential high-speed access services* (TRP 2011-703) and Telecom Regulatory Policy CRTC 2011-704, *Billing practices for wholesale business high-speed access services* (TRP 2011-704), both dated 15 November 2011, the Commission gave final approval to the Companies' service charge associated with the installation of GAS-FTTN accesses which was set at \$90.65. This service charge is a cost-based rate where a small portion of the cost is associated with the costs incurred by the Companies when scheduled installation appointments cannot be completed due to the inability of technicians to access the ISPs' end-customer's side of the Network Interface Device (NID) within that customer's premises (hereafter referred to as the costs associated with "no access").

3. The "no access" situation associated with GAS-FTTN services discussed above is quite prevalent in the Companies' serving area in Ontario and Québec. It is a regular occurrence each month in Bell Canada's serving area, and occurs frequently in the Bell Aliant–Central region also. Last year, the Companies' technicians could not get access to the ISPs' end-customer's premises in the case of # of the total number of scheduled installations across their Ontario and Québec serving areas ( # in the case of Bell Canada and # in the case of Bell Aliant-Central), and the number of "no access" situations increased over the year, for example, from # in Quarter 1 to # in Quarter 4 for Bell Canada.
4. The Companies are concerned that including the costs of "no access" in the service charge provides no incentive for GAS-FTTN customers to strive to avoid these costs. As such, the Companies submit that it is better to have a separate charge for those situations when this charge applies and reduce the costs of installations, and the associated rate, accordingly.
5. In order to provide a financial incentive for ISPs to minimize or eliminate the occurrence of the "no access" situation, which may involve the ISPs conveying to their end-users the importance of granting the Companies' technicians access to the end-users' premises as per the scheduled installation appointments, the Companies propose to lower the \$90.65 service charge in GT Item 5440 to \$86.31 by removing the portion of that rate that is related to the costs associated with "no access" (i.e., \$4.34), and to create a new stand-alone cost-based service charge, referred to as the GAS-FTTN No Access service charge, set at \$35.92 per occurrence of "no access", that would serve to recover the cost per occurrence associated with "no access" with the same markup that is embedded in the currently approved service charge, namely 30%.
6. The detailed calculations associated with the derivation of the revised service charge of \$86.31 are provided in Attachment 1 to this submission.
7. In addition to the GAS-FTTN No Access service charge, the Companies are proposing to introduce an additional service charge to discourage other delays related to the GAS-FTTN installation process which may occur as a result of the Companies' technicians not being able to complete GAS-FTTN installations for reasons outside the Companies' control. These situations are discussed in more detail below and are referred to as "aborted" installations". Such situations also occur on a regular basis in Bell Canada's and Bell Aliant's Ontario and Québec serving areas. For example, in Bell Canada's serving territory, the Company's technicians could not complete # of the total number of scheduled GAS-FTTN installations for reasons beyond their control in 2012, and the number of such uncompleted installations increased each quarter from # in Quarter 1 to # by Quarter 4. The percentage of uncompleted installations in Bell Aliant-Central's serving territory was similar, at #. On average, across the two serving areas, aborted installations in 2012 represented # of total number of scheduled installations.
8. To mitigate the occurrence of the situations discussed above, the Companies propose to introduce a GAS-FTTN "Aborted Installation" service charge. This charge is also based on a cost study and is set at \$59.87 per occurrence of "aborted installations". The rate reflects the cost plus a 30% markup.
9. Further detail related to the introduction of these new charges is provided below.
10. The cost study associated with the "no access" and "aborted installations" situations is provided in Attachment 2 to this submission and the cost study results for the proposed service charges are provided in the Appendix to that Attachment.

# Filed in confidence with the CRTC.

Rationale for Revising the Current GAS-FTTN Installation Charge and Introducing a Separate "No Access" Service Charge and the Derivation of the Proposed Charges

11.As noted above, the Companies' initial approach to the issue of unsuccessful GAS-FTTN installations due to "no access" to the ISPs' end-customers' premises was to include the associated "no access" costs in the installation service charge that wholesale customers pay for each and every new GAS-FTTN access (where the "no access" portion of the costs was based on an assumption about the occurrence of "no access"). However, in the Companies' view, the better solution would be to create the right financial incentives for ISPs to ensure that the "no access" situation does not arise or is minimized, which may involve the ISPs conveying to their end-users the importance of granting the Companies' technicians access to the end-users' premises as per the scheduled installation appointments. The deterrence of the "no access" scenario from arising will assist in mitigating, or eliminating, the inefficiency and inconvenience for the Companies, their wholesale customers and the ISPs' end-users themselves that inevitably arises from the inability of technicians to complete scheduled installation appointments due to not being able to access the end-users' premises.

12.Accordingly, in this tariff application, the Companies are proposing to make the following amendments to GT Item 5440 to address the situation discussed above.

13.First, the Companies propose to lower the currently approved installation rate of \$90.65 by removing from that rate the portion that reflects the costs associated with the technicians' inability to complete the FTTN installation because the end-user did not provide the required access to their premises (i.e., the "no access" situation), plus the approved markup, which amounts to \$4.34 on a combined basis. The resultant revised rate is \$86.31. The Companies note that this revised rate is based on the costs that were filed by the Companies in the proceeding that led to the establishment of the \$90.65 rate, as adjusted by the Commission in the decision where it set the \$90.65 rate, less the portion of those costs that related to the "no access" situation, namely \$3.34, plus the associated markup. The table provided in Attachment 1 illustrates how the revised service charge of \$86.31 was derived.

14.Second, in order to provide the proper financial incentives to ISPs to minimize or eliminate the "no access" situations from arising, the Companies are proposing to introduce a new one-time service charge of \$35.92 in GT Item 5440 which will apply to the wholesale ISP in each case where one of its end-users fails to grant the Companies' technician access to the premises which then prevents a scheduled installation from being successfully completed. This proposed GAS-FTTN No Access service charge is based on the Companies' most up-to-date "no access" cost from the third-party supplier, which is lower than the "no access" cost embedded in the \$90.65 approved service charge. The associated Phase II cost study is provided in Attachment 2.

15.The Companies note that the reduction in the "no access" costs reflects the fact that since the time the Companies filed their original cost studies in the proceeding that led to the approved installation rate, the Companies have selected a third-party supplier who handles the installations and the charge they pay that supplier for each occurrence of "no access" is lower than the projected amount they included in their original cost study that was filed in the proceedings which culminated in TRP 2011-703 and TRP 2011-704. The benefit of this cost savings will be passed on to the Companies' wholesale customers with the tariff revisions proposed herein.

Rationale for Introducing a Separate Service Charge for GAS-FTTN Aborted Installations and the Calculation of that Charge

16.As already noted, in addition to the issue of "no access" to the end-users' premises, the Companies found that even when the technician does gain access to the customer premises, some installations cannot be completed for reasons that are not related to either the Companies' technicians or any of the physical conditions on the customer-facing side of the NID for which the Companies are responsible. Such incomplete installations are referred to as GAS-FTTN Aborted Installations.

17.GAS-FTTN Aborted Installations occur for a variety of reasons. For example, the wholesale customer may have failed to deliver the modem required for service prior to the arrival of the Companies' technicians at the scheduled installation appointment. Alternatively, the modem provided to the end-user by the wholesale customer (and not the Companies) may be defective. Unusual modifications surrounding the end-users NID which prevent it from being located by the Companies' technicians is another example of the physical conditions on the customer-facing side of the NID that might cause a GAS-FTTN Aborted Installation to occur.

18.The costs incurred by the Companies as a result of GAS-FTTN Aborted Installations were not originally anticipated and were not included in the costs that were used to set the current, cost-based GAS-FTTN installation charge of \$90.65. However, similar to the proposed GAS-FTTN No Access service charge, the Companies wish to discourage the occurrence of aborted installations by introducing a separate one-time cost-based service charge that will be charged to wholesale customers for each such installation. The proposed cost-based charge, referred to as the GAS-FTTN Aborted Installation service charge, is \$59.87, which includes the same markup that the Companies propose to apply in the case of the GAS-FTTN No Access service charge.

19.The GAS-FTTN Aborted Installation service charge is higher than the "No Access" service charge because more work is undertaken, as the installation is partially completed before it is stopped. Therefore, the Companies' cost for an "Aborted Installation", which represents the third-party vendor charge, is higher than the cost associated with "No Access".

20.To be clear, the proposed GAS-FTTN Aborted Installation service charge would not apply to installations that could not be completed because of a particular fault on the part of the Companies' technicians or as a result of the physical conditions on the customer-facing side of the NID for which the Companies are responsible. However, the charge would apply in situations where equipment to be provided by the wholesale customer is either missing or defective and in situations where the installation cannot be completed as a result of the physical conditions on the customer-facing side of the NID for which the Companies are not responsible for.

### Conclusion

21.The Companies note that there is precedence for the principle of creating financial penalties to incent wholesale customers to behave in a responsible and business-like manner. For example, in Telecom Order CRTC 2009-805, dated 23 December 2009, the Commission approved the introduction of a Local Service Request (LSR) rejection charge which was intended to incent competitors to reduce the number of errors they made when submitting LSRs. In addition, with respect to the Companies' wholesale high-speed access services, in Telecom Order CRTC 2009-772 (Order 2009-772), dated 11 December 2009, the Commission approved a diagnostic maintenance charge that would apply to ISPs when the Companies performed diagnostic maintenance work at the ISPs' request, but subsequently the service issues are found not to be the fault of the Companies' facilities or equipment. The Commission noted at paragraph 12 of Order 2009-772 that "ISPs have the overall responsibility of maintaining their end-customer's end-to-end service" and in the Companies' view, this same principle of ISP responsibility applies equally to ensuring the Companies' technicians are able to

complete scheduled GAS-FTTN installations, by ISPs ensuring both access to their end-users' premises and by ensuring the proper conditions on the customer-facing side of the NID that will permit a successful installation.

22.As such, the Companies request that the Commission approve the proposed changes expeditiously.

### Confidentiality Claim

23. Certain cost information contained in this tariff application and the associated attachments and appendix is being provided in confidence to the Commission pursuant to section 39 of the *Telecommunications Act* and the directions provided by the Commission in the Appendix to Broadcasting and Telecom Information Bulletin CRTC 2010-961, *Procedures for filing confidential information and requesting its disclosure in Commission proceedings* (Information Bulletin 2010-961), taking into account the modifications to those directions in Telecom Regulatory Policy CRTC 2012-592, *Confidential of information used to establish wholesale service rates* (TRP 2012-592), dated 26 October 2012.
24. The Companies note that the cost studies associated with both the GAS-FTTN No Access and the GAS-FTTN Aborted Installation service charges reflect the costs that are or will be charged to the Companies by the third party supplier that handles the installations for the Companies in the circumstances at issue. This is the cost element that is shown under the cost category titled "service provisioning". The only other cost element in the studies is the cost associated with bad debt that the Companies project they will incur in the context of these charges. The Companies note that in TRP 2012-592, the Commission determined that it would not be appropriate to require the disclosure of costs associated with third-party supplied services (unless the costs are sufficiently aggregated so that individual costs are not revealed), as such disclosure could result in direct harm to the incumbent carriers who disclosed this information:
39. The Commission notes that disclosure of unit costs for labour, equipment, and third-party supplied services directly provides information to competitors about contracts, either labour or supplier-based, and therefore could result in direct harm to the incumbent carriers in disclosing this information.
40. However, the Commission considers that potential harm is minimized if third-party service acquisition costs are sufficiently aggregated, such that the individual unit costs are not revealed.
25. Consistent with this determination, the Companies submit that the charges levied by the third-party for the installations at issue, which are shown under service provisioning for each cost study, are confidential, as is the bad debt related cost associated with the installations at issue, as release of the latter would permit deriving the level of the third-party costs. In addition, information related to the actual percentage of scheduled FTTN installations that are associated with the "no access" or "aborted installations" or the actual occurrence of such situations is also confidential as it represents company-specific proprietary data. Overall, release of the cost information would provide existing or potential competitors with information that could be used by them to deduce the charges that the third-party vendor charges the Companies' for the installations at issue which, based on the determinations in TRP 2012-592, is confidential. The release of such information, as well as information about the actual incidence of no access and aborted installations, could prejudice the Companies' competitive position, result in material financial loss and cause specific direct harm to the Companies. An abridged

version of this submission, and the associated attachments and appendix is provided for the public record.

26. Please direct all inquiries or correspondence regarding this application to Philippe Gauvin at (613) 785-6286 or e-mail to [bell.regulatory@bell.ca](mailto:bell.regulatory@bell.ca).

Yours truly,

*[ Original signed by D. Henry ]*

*[ Original signed by P. Gauvin ]*

**Denis E. Henry**  
Bell Aliant  
Vice-President – Regulatory, Government Affairs and  
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**Philippe Gauvin**  
Bell Canada  
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Attachments

c.c.: Parties to TNC 2011-77  
Lynne Fancy, CRTC

In compliance with the requirements of the *Telecommunications Act* and Section 59 of the *CRTC Rules of Practice and Procedure*, Bell Aliant and Bell Canada apply herewith for approval of the following tariff amendments:

Bell Aliant Tariff Notice 435

| <u>Tariff CRTC</u> | <u>Proposed Effective Date</u> | <u>Description</u>  |
|--------------------|--------------------------------|---|
| 21560              | 25 April 2013                  | 5 <sup>th</sup> Revised Page 741.8 ,<br>Original Page 741.8.1 ,<br>6 <sup>th</sup> Revised Page 741.9 ,<br>6 <sup>th</sup> Revised Page 741.9.1 . |

Bell Canada Tariff Notice 7380

| <u>Tariff CRTC</u> | <u>Proposed Effective Date</u> | <u>Description</u>  |
|--------------------|--------------------------------|---|
| 6716               | 25 April 2013                  | 5 <sup>th</sup> Revised Page 741.8 ,<br>Original Page 741.8.1 ,<br>6 <sup>th</sup> Revised Page 741.9 ,<br>6 <sup>th</sup> Revised Page 741.9.1 . |