



Telecom Order CRTC 2004-408

Ottawa, 8 December 2004

Société en commandite Télébec

Reference: Tariff Notice 307

Business services

1. The Commission received an application by Société en commandite Télébec (Télébec), dated 11 August 2004, proposing to revise the following tariff items:
 - General Tariff, Item 2.1, Basic Service and Regional Service;
 - General Tariff, Item 8.9, Integrated Services Digital Network (ISDN) 23B+D Télébec – Premium Option;
 - General Tariff, Item 8.13, Digital Exchange Access; and
 - Special Facilities Tariff, Item C200, Centrex Télémétrie Télébec.
2. In the Single and Multi-line Business Local Exchange Services basket, Télébec proposed to increase the monthly rates for Business Individual Line service by 8 percent across all rate groups.
3. In the Uncapped services group, Télébec proposed to:
 - increase the monthly rates for various Centrex service bundles, including the rates for the Basic business bundle, Bundle A and Bundle B, by amounts ranging from 5.3 percent to 5.5 percent; and
 - increase the monthly rates for Centrex Télémétrie service by amounts ranging from 5.7 percent to 5.8 percent.
4. Télébec also proposed wording changes to its Digital Exchange Access service and its ISDN service, in order to clarify that the rates for touch-tone dialling and Message Relay Service (MRS) were included in the rate for Public Switched Telephone Network (PSTN) Connectivity service.
5. In support of its application, Télébec filed revised price cap indices.
6. The Commission received no comments with respect to the application.

Commission's analysis and determination

7. In *Implementation of price regulation for Télébec and TELUS Québec*, Telecom Decision CRTC 2002-43, 31 July 2002 (Decision 2002-43), the Commission established the price cap regime that is now applicable to TELUS Communications (Québec) Inc.¹ and Télébec.
8. In Decision 2002-43, the Commission applied a number of basket and rate element constraints to services in certain service baskets, in order to provide customers of those services with price protection.
9. The pricing constraints that apply to services in the Single and Multi-line Business Local Exchange Services basket include:
 - a basket constraint, operating through the service basket limit (SBL) for that basket, which must be updated annually by the rate of inflation;
 - a rate element constraint limiting rate increases for a service to 10 percent per year; and
 - a provision, in order to prevent an incumbent local exchange carrier from decreasing rates in more competitive areas and increasing rates in less competitive areas of the same band, that rates for business services should not generally be permitted to be further de-averaged within a band.
10. The Commission finds that the proposed tariff revisions comply with the basket constraint requirement that the service basket index not exceed the SBL for the Single and Multi-line Business Local Exchange Services basket. The Commission notes that the proposed increases to the monthly rates for Local Business service do not exceed the rate element constraint of 10 percent. Further, the Commission finds that the proposed tariff revisions comply with its prohibition against further de-averaging rates for Single and Multi-line Business Local Exchange Services within a band.
11. In Decision 2002-43, the Commission assigned Télébec's Special Facilities Tariffs and Centrex services to a service group entitled Uncapped services. The Commission determined that these services would not be subject to any upward pricing constraint.
12. As such, the Commission finds that Télébec's proposed rates for Centrex service and Centrex Télémétrie service to be acceptable.
13. Accordingly, the Commission finds that all the proposed tariff revisions are in compliance with the Commission's determinations in Decision 2002-43.
14. In addition, the Commission considers that the proposed wording changes to ISDN service and Digital Exchange Access will clarify that the rates for touch-tone dialling and MRS are not applicable to PSTN connectivity service customers because they are included in the rate for that service.

¹ Effective 1 July 2004, TELUS Communications Inc. (TCI) has assumed all rights, entitlements, liabilities, and obligations relating to the provision of telecommunications services in the territory previously serviced by TELUS Communications (Québec) Inc.

15. In Decision 2002-43, the Commission decided that Télébec would receive a transitional subsidy from the national contribution fund to fund its residual going-in revenue requirement shortfall. The Commission concluded that the transitional subsidy would be reduced by means of revenues derived from rate increases which Télébec could introduce in accordance with the transitional price regulation regime. The Commission determined that any additional revenues generated as a result of rate increases to capped services would be applied directly to the reduction of the transitional subsidy.
16. Accordingly, the Commission finds that the revenues generated from the rate increases to the monthly rates for Business Individual Line service in this Order should be applied to reduce the transitional subsidy amount.
17. In light of the foregoing, the Commission **approves** Télébec's proposed application. The revisions take effect on the date of this Order.

Secretary General

This document is available in alternative format upon request and may also be examined at the following Internet site: <http://www.crtc.gc.ca>