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Halifax Regional Council  
November 12, 2002

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
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Chuck Keith, Director of Information Services

**DATE:** November 12, 2002

**SUBJECT:** Toll Free Local Area Service

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**INFORMATION REPORT**

**ORIGIN**

Halifax Regional Council Meeting of October 22, 2002 motion (10.1) by Councillor Steve Streach to pursue the designation of all calling within the boundaries of the Halifax Regional Municipality as a toll free area.

**BACKGROUND**

Local calling areas permit customers to call within specified boundaries without incurring long distance charges. A 3 digit prefix (exchange) preceding the last 4 digits of the telephone number is typically used to identify these areas. HRM is not a toll free zone and has a number of areas incurring long distance charges for calls made within its boundaries. Factors that historically influenced the creation of local calling areas by the incumbent telephone company include;

- a) geographic proximity between exchanges (i.e. distance from telephone switching equipment) and
- b) location of essential services (i.e. hospitals; schools).

Halifax Regional Municipality has indicated its concern with the current local calling area structure and a desire to change it.

## DISCUSSION

On September 12, 2002 the Canadian Radio and Telecommunication Commission (CRTC) handed down **Telecom Decision CRTC 2002-56**. This decision deals with increasing the local calling area issue with a focus on two approaches. One based on established extended area of service (EAS) and the second being the expanded local calling area (LCA). In accordance with direction from council, staff are moving forward with the LCA approach. The following highlights information as put forth by the CRTC decision.

### **Extended Area Service**

*"The Commission generally permitted EAS between two single exchange areas where the following EAS criteria were met:*

- a) there was a demonstrated community of interest (COI) for creating the EAS. The COI was determined on the basis of the calling pattern between the relevant exchanges. The COI criterion was considered to have been met when the percentage of customers in one exchange who placed at least one toll call per month to the other exchange surpassed a defined threshold within a given period;*
- b) the distance between the exchange rate centres did not exceed a specific distance (the distance criterion); and*
- c) all subscribers whose basic local rates increased as a result of the proposed EAS had the opportunity to vote (the plebiscite) and over 50% of those who have voted were in favour of the proposal."*

### **Local Calling Area**

*"While the Commission has continued to apply the EAS criteria, it has also allowed expansions of LCAs involving two or more exchanges in circumstances where it was not practicable to apply the EAS criteria."*

*"The Commission expects an increased demand by local, municipal and regional governments for expanded LCAs encompassing multiple exchanges as a result of municipal amalgamations, the need for regional economic development and cohesion, and the desire to eliminate customer confusion in dealing with numerous exchanges. In the Commission's view, this lends further support to the need to establish general principles and criteria that may be applied to cases involving multiple exchanges as the traditional EAS criteria are only suitable in cases involving two exchanges."*

In addition to the above the CRTC decision further describes the process which is the new framework to expand the local calling area. It reads as follows;

- HRM passes a motion to create an expanded LCA and presents this to Aliant;
- Aliant performs an economic study to determine: (i) its net incremental operating costs and any associated adjustments to recover any material net increase in operating cost; (ii) the amount of foregone toll revenues for Aliant and competitors along with the associated temporary surcharges for the total foregone toll revenues. As part of the study process, Aliant's Carrier Services Group (CSG) would contact all toll competitors operating in the affected exchanges to
  1. verify their foregone toll revenues based on the previous year,
  2. the current number of local network access service (NAS) counts (i.e. customer lines) and
  3. the amount of compensation that they would be eligible to receive.

The CSG is the group that coordinates and delivers facilities and services to telecommunication providers offering competitive services. Aliant would provide an estimate of the cost of performing any required plebiscite;

- HRM would decide, based on the economic study, whether or not to proceed;
- in the affirmative, Aliant would file an application with the Commission. Interested parties would have the opportunity to comment; and
- if the proposal is approved by the Commission, any required plebiscite, paid for by HRM, would be conducted by Aliant.”.

Two key changes from the previous method used to expand local areas include community of interest which is now demonstrated by the application by HRM. The other is a set or required distance for consideration which has been removed. A full report will be provided pending the completion of an economic study by Aliant.

### **BUDGET IMPLICATIONS**

Budget impacts are pending results of an economic study to be conducted by Aliant. If it is determined that the proposed LCA expansion would increase the residential line rate by more than \$1 per month a plebiscite is required. HRM will be responsible to pay for the cost of the plebiscite which will be conducted by Aliant.

**MULTI-YEAR FINANCIAL IMPLICATIONS**

N/A

**ALTERNATIVES**

N/A

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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