

November 29, 2010

VIA E-File

Mr. Robert Morin  
Secretary General  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, ON  
K1A 0N2

Dear Mr. Morin:

**Re : Deferral account rebates - Request for an order requiring the Bell companies to halt their \$100 coupon campaign**

We are writing with regard the marketing campaign recently launched by Bell Canada and Bell Aliant to dispose of part of the funds in their deferral accounts. This campaign offends consumers, violates the Commission's directives, and should be stopped.

As you are aware, in Telecom Decision 2010-637 issued on August 31, the Commission granted the Bell companies permission to devote \$306 million, or more than half the funds in their deferral accounts, to subsidizing broadband expansion in rural areas. The remaining funds, approximately \$250 million, are to be rebated to non-high-cost-area consumers. A recent press report has indicated that the amount of the rebate per existing phone line is to be \$67.41<sup>1</sup>.

In an unusual concession to the Bell companies, and despite the opposition expressed by their competitors, the Commission further ruled that the Bell companies would not be constrained to just sending a rebate cheque to eligible customers of record. Instead, the Commission stated that the Bell companies should "have some flexibility"<sup>2</sup> in the options they provide to customers regarding the rebate. More precisely, the Commission issued the following directive:

*56. Accordingly, the Commission directs the Bell companies to fully rebate or credit the funds within **six months** of the date of this decision. The rebate plan may include options for customers, such as an option to accept a promotion of greater value than the value of the rebate obligation, as long as the full value of the promotion is provided within six months of the date of this decision. Further, in communicating with their subscribers, the Bell companies are to note that the rebate has been ordered by the Commission. (emphasis in the original)*

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<sup>1</sup> Roseman : Bell offers rebate now, or \$67 later, <http://www.moneyville.ca/print/895888>.

<sup>2</sup> Decision 2010-637, paragraph 55.

Unfortunately, the Bell companies, rather than taking advantage of this flexibility to make a simple enhanced offer to consumers, have chosen to use their offer as a hook to bind consumers into new two-year contractual commitments.

The text of the Bell companies' \$100 coupon offer, mailed to customers earlier this month, is attached. It is inappropriate in several respects.

To begin with, while the amount and timing of the enhanced coupon offer are expressly conveyed (\$100 if used before January 15), the customer is left uncertain as to how much the straight rebate will be and when it might be received. As stated by Bell, the rebate "could be up to \$67 per home phone line, and will be sent to you in 2011". A reasonable customer could easily retain from this statement that the amount of the rebate may be substantially less and may not be received for a full thirteen months.

We are well aware that the final amount and timing of the Bell companies' rebate were for a period uncertain, as two review and vary applications were under consideration by the Commission. But these applications were ruled upon on October 29<sup>3</sup>, giving the Bell companies more than enough time to revise their materials and provide customers with a clearer and more accurate presentation of their options.

The most objectionable aspect of the coupon offer, however, is the Bell companies' attempt to use it as a vehicle for locking their existing customers into new two-year service commitments. As stated in the small print on the back of the offer:

*For Bell TV, customer must purchase or rent receiver before Jan. 15, 2011, and activate it by Jan. 31, 2011; for Bell Mobility, customer must activate new device on a min. 2 yr. contract term on any post-paid plan that is compatible with the selected device (excluding corporate and EPP plans) by Jan. 31, 2011. In either case, upon early termination, price adjustment charges apply. (underlining added).*

This term commitment requirement is a direct violation of the Commission's directive (quoted above) that the deferral account funds be fully rebated or credited within six months. One cannot claim that a consumer has received the full benefit of a transaction within six months if one feature of the transaction is to keep the consumer beholden to the service provider for a further eighteen months.

The Bell companies' attempt to use consumers' own money to bind them to long term service commitments is inappropriate and must be sanctioned. It is also difficult to ascertain whether this is simply a re-packaging of a promotion that may have been

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<sup>3</sup> In Telecom Decision 2010-805.

otherwise offered, and amounts to a windfall for Bell Canada, by financing the discount with deferral account monies.

To rectify the situation, we recommend that the Commission issue an immediate order to the Bell companies requiring them to halt their \$100 coupon campaign. No further coupons should be accepted for remittance as of the date of the order. Furthermore, we recommend that the Bell companies be required to inform all customers having already remitted their coupons that they are no longer subject to any term commitment with regard to the services so purchased.

Thank you.

Yours truly,

Michael Janigan  
Executive Director/  
General Counsel

Cc: Bell Canada – via e-mail  
Distribution List – via e-mail