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

Subject: **Commission Staff letter pertaining to consumer complaints regarding fee for paper bills and Bell Canada's response**

Dear Mr. Seidl,

1. Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (or Bell) (collectively, the Companies) are in receipt of a Commission Staff letter, dated 7 December 2012, which notes that the Commission continues to receive complaints from consumers and concerned Members of Parliament about the Companies' decision to charge \$2 per month for paper bills. Commission Staff further expressed concerns that the approach taken by the Companies to encourage consumers to choose e-billing over paper billing may be having a negative impact on "vulnerable consumers". Specifically, Commission Staff note that the decision to charge consumers a fee of \$2 per bill puts an increased burden on consumers on limited incomes and that, as a result, consumers "who have limited access to Internet services" will be paying more than other customers for the same service they were receiving previously. Finally, Commission Staff request that the Companies inform customers on ways to avoid or opt-out of the charge for paper bills, including by subscribing to standalone primary exchange service (PES).

2. In this letter, the Companies will use the term "vulnerable customers" to mean consumers who have limited access to the Internet.

3. At the outset, the Companies note that, when they introduced paper bill fees in December 2011, they did not impose (and have not since imposed) fees for paper billing on existing Home Phone customers, unless those customers also took their Internet service from the Companies (which ensures they are not vulnerable customers as described in this letter). Fees for paper billing for customers who do not buy Internet service only apply to new customers or customers that acquire new services from the Companies after December 2011. In such a case, the customer is informed of the new paper bill fee before new services are added to his/her account. The Companies believe the means by which they have implemented this fee strikes an appropriate balance between the protection of vulnerable customers and the Companies' goal to reduce costs as well as the environmental benefit that will accrue from this fee. As such, the Companies believe that the additional communication requested by Commission staff is unnecessary.

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4. Nevertheless, as described below, the Companies will contact all their PES customers that are subject to the \$2 paper bill fee and do not purchase Internet from the Companies (i.e., vulnerable customers and other customers who do have access to the Internet, but from another broadband supplier) to inform them of how to contact us regarding their options to avoid paying the \$2 fee, including by subscribing to standalone PES.

A Summary of When the \$2 Paper Bill Fee Applies

5. As described in Bell Canada(CRTC)23Apr12-1 e-Bill, the Companies have gone to great lengths to ensure that the new fee for paper billing did not come as a surprise to customers by sending out several communications to customers prior to the implementation of the fee. The Companies have also grandfathered their existing Home Phone service customer base (with the exception of those who receive Internet service from the Companies) such that existing Home Phone customers are not being impacted by the new fee unless they order a new service after December 2011.

6. New customers of the Companies' Home Phone Packages or customers who acquire new services as described above are informed at the time of acquisition of the Companies' new fee for paper billing. The fee for paper billing appears prominently in the customer's welcome package as well as their monthly bills.

7. To be clear, regardless of whether a customer is new or existing, if they only purchase standalone PES from the Companies, they are not subject to the \$2 paper bill fee at any time.

8. The Companies have also ensured that new and existing customers who are registered with the Companies to receive bills in alternate formats (e.g., Braille, etc.) are exempt from the \$2 monthly fee for paper bills. Further, should such a customer elect to switch to e-bill, and then at some future point revert back to a paper bill, the customer will not have to re-register for the exemption, as the Companies maintain the customer's original exemption on their account. This practice is consistent with the Commission's directives in Telecom Regulatory Policy CRTC 2009-430, *Accessibility of telecommunications and broadcasting services* (specifically paragraph 68 which specifies that persons with disabilities must not incur a charge or otherwise be disadvantaged if they use an alternate channel of customer service to access web-based functions) as well as with Telecom Regulatory Policy CRTC 2009-156, *Revised regulatory requirements to provide information to customers, 10. Alternate formats for billing statements and inserts*.

The \$2 Paper Bill Fee Complies with CRTC Rules and Is Affordable

9. The Companies note that extra fees, no matter how just and reasonable, are never popular. The Companies believe that it is important for Commission Staff to note in response to such complaints that the Companies were entitled to raise rates, in accordance with Commission-approved tariffs, for all customers of regulated Home Phone service impacted by the fee for paper billing by at least \$2. Nevertheless, we did not.

10. As noted in the Companies' response to Bell Canada(CRTC)23Apr12-2 e-Bill, in all cases the charge for the customer's Home Phone Package plus the \$2 monthly fee for the paper bill charge is equal to or less than the approved maximum rate in the rate range for that Home Phone Package service. In other words, if the concern is affordability, the Companies note that all rates for regulated Home Phone Package services fall within the rate ranges approved by the Commission.

The \$2 Paper Bill Fee is Consistent with what Other Competitors and Providers Charge

11. The Companies are far from the first to implement fees for paper bills. Telus, Fido, Wind Mobile and Rogers have all implemented fees for paper billing. Several banks have also implemented a fee for paper statements.

Similar Fees Imposed by Various Companies	
TD Bank	\$2.00/month
Scotia	\$1.00/month paper statement Paper statement with cheque image return \$2.00
RBC	\$2.00/month paper statement with cheques imaged
Rogers	\$2.00/month
Wind Mobile	\$4.00/month
CIBC	\$1.25/month – monthly statement \$2.50/monthly statement with cheques imaged

12. The Companies note that fees such as the \$2 paper bill fee have a positive impact on the environment by reducing the use of paper. In the case of the Companies, it is estimated that this initiative has already saved an estimated 33,000 trees.

13. The Companies could, for example, have increased the rates for all customers by \$2 and implemented a \$2 *discount* for users that choose to opt for e-billing, instead of a fee for paper. However, the Companies note that it has long been accepted in the field of behavioural economics that the value function is steeper for losses than for gains.¹ In other words, avoiding a loss (a fee) is more likely to result in a change of behaviour (eliminating paper) than a gain or discount would, even if the total amount spent by the consumer that continues to use paper is the same in both scenarios. This explains why companies have opted for a fee for paper invoices and grocery stores (including Loblaws and Sobeys) have implemented fees for plastic bags rather than discounts to customers that bring their own bags.

The Companies Will Send the Requested Notices to Potentially "Vulnerable Customers"

14. The Companies believe the means by which they have implemented the fee for paper billing strikes an appropriate balance between the protection of vulnerable customers and the Companies' goal to reduce costs as well as the environmental benefit that will accrue from this fee. The Companies also note that their call centre staff is trained to inform all customers that call to complain about fees for paper billing on ways to avoid or opt-out of the charge for paper bills, including Home Phone customers subscribing to standalone PES. Nevertheless, the Companies will contact all their PES customers that are subject to the \$2 paper bill fee and do not purchase Internet from the Companies (i.e. vulnerable customers and other customers who do have access to the Internet, but from another broadband supplier) to inform them of how to contact the Companies regarding their options to avoid paying the \$2 fee, including by subscribing to standalone PES. The Companies will do this through a message printed on customers' bills, which ensures that customers can see they are being charged for the fee when

¹ Thaler, Richard, Mental Accounting and Consumer Choice. *J. Econ. Beh. Org.* 1 (March 1980): 39-60.

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they see the message. The Companies will also make such information available on their website which will allow Commission Staff to refer to this site in response to future complaints.

Yours truly,

[Original signed by D. Henry]

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Vice-President – Regulatory, Government Affairs
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[Original signed by J. Daniels]

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