



Telecom Decision CRTC 2006-50

Ottawa, 11 August 2006

Bell Canada – Part VII application regarding Ethernet and digital subscriber line services in TELUS Communications Company's territory in Quebec

Reference: 8661-B2-200602632

*In this Decision, the Commission **approves** an application by Bell Canada concerning the provision by TELUS Communications Company (TCC) of Ethernet and digital subscriber line (DSL) services in its territory in Quebec. The Commission directs TCC to publish, within 30 days of this Decision, wholesale rates for the Ethernet and DSL services. During the period in which TCC is performing its own Phase II cost studies, the Commission directs that these services be offered (1) at Bell Canada rates, and (2) plus an additional multiplicative factor of 8.7 percent for Category I Competitor Services, consistent with the directives set out in Implementation of competition in the local exchange and local payphone markets in the territories of Société en commandite Télébec and the former TELUS Communications (Québec) Inc., Telecom Decision CRTC 2005-4, 31 January 2005. The Commission finds that the Ethernet access service may be offered at the retail rate.*

The application

1. On 13 March 2006, Bell Canada filed an application, pursuant to Part VII of the *CRTC Telecommunications Rules of Procedure*, asking the Commission to direct TELUS Communications Company (TCC)¹ to immediately file tariffs for wholesale Ethernet and digital subscriber line (DSL) services in its territory in Quebec.
2. Specifically, Bell Canada requested that TCC file, for its territory in Quebec:
 - a) wholesale tariffs for the following DSL services:
 - point-to-point protocol over Ethernet (PPPoE) DSL service;
 - bridged 1483 DSL service similar to that offered by TCC in Alberta and British Columbia and similar to that offered by Bell Canada in TCC's incumbent territory in Quebec;
 - dry loop DSL capability;
 - loop administration and support (to allow TCC's competitors in Quebec interested in co-locating their own DSL access multiplexer (DSLAM) to offer their own DSL service); and

¹ On 1 July 2004, TELUS Communications (Québec) Inc. (TCQ) transferred all its assets and business to TELUS Communications Inc. (now TCC), with TCQ services in Quebec now provided by TCC.

- b) tariffs for Ethernet access and transport services and for a network-to-network interface/telecommunicator interface (NNI/TI) similar to those offered by TCC in Alberta and British Columbia and similar to those offered by Bell Canada.
3. Bell Canada requested that, during the period in which TCC is performing its own Phase II cost studies, TCC's Ethernet and DSL services be offered immediately at Bell Canada's rates for the same services, plus an additional multiplicative factor of 8.7 percent for Category I Competitor Services, consistent with the directives set out in *Implementation of competition in the local exchange and local payphone markets in the territories of Société en commandite Télébec and the former TELUS Communications (Québec) Inc.*, Telecom Decision CRTC 2005-4, 31 January 2005 (Decision 2005-4).
4. Bell Canada noted that TCC did not offer Ethernet and DSL services to competitors in its territory in Quebec, and that such services were widely available in most of the territories of the incumbent local exchange carriers (ILECs) and in the territories of Bell Nordiq, the regional ILEC comprising Société en commandite Télébec (Télébec) and NorthernTel, Limited Partnership.
5. According to Bell Canada's interpretation of *Ethernet services*, Telecom Decision CRTC 2004-5, 27 January 2004 (Decision 2004-5), the Commission directed all the other ILECs to file tariffs for the Ethernet access, Ethernet interface and Ethernet central office connecting link services, given that in Decision 2004-5:
 - the Commission considered that Ethernet service was an important addition to the service offerings of many competitors;
 - the Commission found that until it reached its determinations regarding the adequacy of Ethernet substitutes and related matters, it was appropriate to put in place interim Ethernet services for competitor use to provide competitors with the opportunity to mitigate any harmful effects they could experience during the remainder of the procedure initiated by *Competitor Digital Network Access service proceeding*, Telecom Public Notice CRTC 2002-4, 9 August 2002; and
 - the Commission considered that the access components of digital network access service and the competitor digital network access service do not represent appropriate substitutes for Ethernet access.
6. Bell Canada noted that apart from ILECs like Bell Canada, TCC and MTS Allstream Inc. (MTS Allstream), Télébec, as regional ILEC, had also introduced wholesale Ethernet access and transport services, and that the Commission had approved Télébec's Ethernet service in February 2005 on an interim basis.

7. Bell Canada noted that in August 2003, it proposed the introduction of wholesale DSL services (gateway access service and high-speed access service), and that over the previous year, TCC, MTS Allstream, Aliant Telecom Inc., Saskatchewan Telecommunications and Télébec had all proposed wholesale DSL tariffs, the majority of which had already been approved on an interim basis by the Commission.

Proceeding

8. On 12 April 2006, TCC filed comments with the Commission, and Bell Canada filed its reply comments on 5 May 2006 after receiving an extension.

TCC's comments

9. TCC noted its telephone call to Bell Canada Regulatory Affairs to determine which items in TCC's tariffs for Alberta and British Columbia satisfied the needs set out in Bell Canada's 13 March 2006 application. According to TCC, Bell Canada's application targetted the following items in TCC's Carrier Access Tariff (CAT) and General Tariff (GT) for Alberta and British Columbia:
 - item 210 of the CAT, ADSL² Access to Individual Line Service;
 - item 217 of the CAT, Network-to-Network Interface Service;
 - item 223 of the CAT, Ethernet Transport Service;
 - item 226 of the CAT, Wholesale Internet ADSL Service;
 - item 227 of the CAT, Wide Area Network ADSL Service; and
 - item 519 of the GT, Ethernet Access Service.
10. TCC undertook to file tariffs for the services requested by Bell Canada, for the Commission's approval and within a reasonable time period. TCC specified that these services would be available soon in its incumbent territory in Quebec, where current technology infrastructures allow.
11. With respect to wholesale DSL services, TCC acknowledged that based on the existing technology infrastructure, the level of service would not be optimal and would likely not satisfy Bell Canada's immediate requirements. TCC indicated that it was fully aware of this situation and that it was working on finding an appropriate technological solution, but could not give details on the possible technological solutions or on schedules for rolling out wholesale DSL services. TCC indicated it would be able to provide further information a few weeks after filing its comments.

² ADSL means asymmetric digital subscriber line service.

12. Concerning Bell Canada's request that the services in question be offered by TCC immediately at Bell Canada's wholesale rates plus an additional multiplicative factor of 8.7 percent, TCC noted that it would be faster and more logical to immediately apply the rates in effect for the same TCC services in Alberta and British Columbia increased by a factor of 8.7 percent. Specifically, TCC submitted that offering the above-mentioned tariff elements at Bell Canada's wholesale rates increased by an additional multiplicative factor of 8.7 percent would require a comparative analysis that would cause undue delays and thus be prejudicial to Bell Canada. TCC stated, however, that application of the above-mentioned tariff elements would be temporary and that they would be applied only during the period in which it was performing its own Phase II cost studies to determine the appropriate rates for its incumbent territory in Quebec.

Bell Canada's reply comments

13. According to Bell Canada, TCC was already providing functionality equivalent to the requested services in most of its incumbent territory in Quebec on a retail basis, even though TCC's technology infrastructure had certain limitations in that territory. Bell Canada added that, as a result, TCC had all the functionality required to immediately offer the equivalent of the wholesale DSL and Ethernet services currently offered by TCC in Alberta and British Columbia. Bell Canada thus submitted that TCC should immediately offer these services with the same geographic coverage it offers to its retail customers in Quebec, in its incumbent territory in Quebec.
14. Bell Canada also stated that the list of DSL and Ethernet tariff items, which, according to TCC, satisfy the requirements set out in Bell Canada's 13 March 2006 application, should also include item 221 of TCC's CAT (Ethernet CO³ Connecting Link Arrangements) as a tariffed wholesale service. Bell Canada noted as well that item 226 of TCC's CAT (Wholesale Internet ADSL Service) also made reference to item 215 of TCC's CAT in Alberta and to item 105 of TCC's CAT in British Columbia (Local Network Interconnection and Component Unbundling) with respect to the rates and conditions for a TCC-owned unbundled loop with no dial tone. Bell Canada indicated that a similar reference, based on item 1.05 of TCC's CAT for Quebec (Local Network Interconnection and Component Unbundling) was required for the wholesale Internet ADSL service and the Wide Area Network ADSL Service, and should be included in the tariff filed by TCC for its incumbent territory in Quebec.
15. Bell Canada also indicated that in Decision 2005-4, the Commission determined that in the absence of costing information on the rates of TELUS Communications (Québec) Inc. (now TCC in Quebec), it was appropriate to benchmark TCC's rates in Quebec against Bell Canada's rates, since both companies operate in the same province. Bell Canada accordingly submitted that it would be appropriate to use the approach it proposed in its application, during the period in which TCC is performing its own Phase II cost studies, i.e., to use Bell Canada's rates for the Ethernet and DSL services plus an additional multiplicative factor of 8.7 percent for Category I Competitor Services. Bell Canada added that in its opinion, TCC's rates in effect in Alberta and British Columbia were inappropriate for a company operating its activities in the province of Quebec.

³ CO means central office.

Commission's analysis and determinations

16. The Commission notes that TCC did not oppose Bell Canada's application with respect to TCC's offer of Ethernet and DSL services as tariffed competitor services. Both companies also identified services currently offered by TCC in Alberta and British Columbia that would satisfy the requirements set out in Bell Canada's 13 March 2006 application, if they were offered by TCC in Quebec.
17. The Commission further notes that TCC is already providing functionality equivalent to the requested services in most of its incumbent territory in Quebec on a retail basis, which could be used to provide the competitor services Bell Canada is requesting. For example, TCC offers its retail customers in Quebec Internetworking for Ethernet access, as well as GlobeTrotter High Speed Internet Access and Business Internet access, both of which are DSL services. Accordingly, the Commission considers that TCC has all the functionality needed to provide wholesale Ethernet and DSL services in its incumbent territory in Quebec.
18. The Commission reiterates Bell Canada's comment that in Decision 2005-4, the Commission determined that in the absence of information on TCC's rates in Quebec, it was appropriate to benchmark TCC's rates in Quebec against Bell Canada's rates, since both companies operate in the same province. Accordingly, the Commission considers it appropriate to use the approach Bell Canada proposed in its application, rather than TCC's preferred approach, during the period in which TCC is performing its own Phase II costing studies, i.e., to comply with the directives set out in Decision 2005-4.
19. In light of the above, the Commission **approves** Bell Canada's application and directs TCC to publish, within 30 days of this Decision, wholesale tariffs for the Ethernet and DSL services listed below for its service territory in Quebec:
 - a) the following service shall be offered at Bell Canada's wholesale rate plus an additional multiplicative factor of 8.7 percent, since it is a Category I Competitor Service:
 - DSL administration and support (to allow TCC's competitors in Quebec interested in co-locating their own DSLAM to offer their own DSL service).
 - b) the following services shall be offered at Bell Canada's wholesale rates, since they are Category II Competitor Services:
 - PPPoE DSL service;
 - bridged 1483 DSL service similar to that offered by TCC in Alberta and British Columbia, and similar to that offered by Bell Canada in TCC's incumbent territory in Quebec;
 - dry loop DSL capability;

- Ethernet transport and NNI/TI similar to the services offered by TCC in Alberta and British Columbia, and similar to those offered by Bell Canada;
- c) the following service shall be offered at TCC's retail rate in Quebec:
- Ethernet access similar to the service offered by TCC in Alberta and British Columbia, and similar to the service offered by Bell Canada.
20. The Commission notes that the tariffs to be filed by TCC in compliance with paragraph 19 above shall apply on an interim basis until the Commission gives TCC approval for tariffs based on its own Phase II cost studies.

Secretary General

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