



## Telecom Decision CRTC 2007-17

Ottawa, 21 March 2007

### **Bell Aliant Regional Communications, Limited Partnership, MTS Allstream Inc., and Saskatchewan Telecommunications – Co-location power service rates**

Reference: 8638-C12-200609407 and 8740-S22-200610503

*The Commission approves on a final basis revised rates for co-location power services for Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), MTS Allstream Inc. (MTS Allstream), and Saskatchewan Telecommunications (SaskTel), effective 30 June 2006. The Commission also directs Bell Aliant and MTS Allstream to issue revised tariff pages within 20 days of the date of this Decision, reflecting the Commission's determinations in this Decision, and directs SaskTel to revise its tariff pages within 7 days of the date of this Decision to reflect the correct rate for its 120 Volt AC protected power element. The Commission further directs Bell Aliant, MTS Allstream, and SaskTel to provide, within 90 days of the date of this Decision, co-locators with refunds, or bill the difference between the two rates for the period back to 30 June 2006.*

### **Background**

1. In *CRTC approves interim co-location power rates and charges*, Order CRTC 2000-1073, 29 November 2000 (Order 2000-1073), the Commission made co-location power service rates interim for Island Telecom Inc., Maritime Tel & Tel Limited, NBTel Inc., and NewTel Communications Inc. (once, collectively, Aliant Telecom Inc. (Aliant Telecom), and now, collectively, part of Bell Aliant Regional Communications, Limited Partnership (Bell Aliant));<sup>1</sup> Bell Canada; MTS Communications Inc. (now MTS Allstream Inc. (MTS Allstream)); Saskatchewan Telecommunications (SaskTel); and TELUS Communications Inc. and TELUS Communications (B.C.) Inc. (now part of TELUS Communications Company (TCC)).
2. In *Bell Canada and TCC – Co-location power service rates*, Telecom Decision CRTC 2006-42, 30 June 2006, as amended by Telecom Decision CRTC 2006-42-1, 25 August 2006 (Decision 2006-42), the Commission
  - approved on a final basis, for Bell Canada and TCC, revised co-location power service rates that (1) reflected a 25 percent mark-up for the period 29 November 2000 to 31 May 2002, and (2) reflected a 15 percent mark-up, effective 1 June 2002; and

<sup>1</sup> On 7 July 2006, Bell Canada's regional wireline telecommunications operations in Ontario and Quebec were combined with, among other things, the wireline telecommunications operations of Aliant Telecom, Société en commandite Télébec, and NorthernTel, Limited Partnership to form Bell Aliant Regional Communications, Limited Partnership.

- determined that the co-location power service rates should be established in each price cap year going-forward through the application of the inflation (I) minus productivity offset (X) constraint (the I-X constraint) corresponding to the price cap year in question.
3. In Decision 2006-42, the Commission also stated its preliminary view that, in the absence of new cost studies for Bell Aliant, MTS Allstream, and SaskTel, it would be appropriate for these three incumbent local exchange companies (ILECs) to adopt the co-location power service rates approved for TCC in Decision 2006-42. Further, the Commission directed each of Bell Aliant, MTS Allstream, and SaskTel to show cause within 20 days from the date of that Decision why each company should not adopt, for each of the -48 Volt direct current (DC) service and 120 Volt alternating current (AC) unprotected and protected services, the lower of TCC's rates for co-location power service approved in Decision 2006-42 or the company's own current rates. In the alternative, each of Bell Aliant, MTS Allstream, and SaskTel could indicate within 20 days from the date of Decision 2006-42 that it planned to file updated cost studies in support of revised cost-based co-location power service rates for each of the three services.
  4. As noted above, the Commission issued an erratum to Decision 2006-42 on 25 August 2006. In this erratum, the Commission corrected TCC's rate for its -48 Volt DC power service.

### **Responses to show cause proceeding**

5. By letter dated 20 July 2006, SaskTel agreed to adopt the Commission-approved TCC rates for its co-location power services. The Commission received an application by SaskTel dated 22 August 2006, filed under Tariff Notice 119<sup>2</sup> (TN 119) and amended on 29 August 2006 under TN 119A,<sup>3</sup> seeking approval of proposed revisions to the company's Competitor Access Tariff pages reflecting the Commission-approved TCC rates for AC and DC power services provided to interconnecting carriers as part of co-location arrangements in SaskTel's central offices (COs).
6. The Commission also received proposals dated 11 September 2006 from Bell Aliant with respect to its former Aliant Telecom operating territory, and from MTS Allstream dated 20 July and 15 September 2006, with respect to revised co-location power service rates for their respective AC and DC power services.
7. The co-location services at issue consist of (1) -48 Volt DC power service, which is used by co-locators to power their telecommunications equipment; (2) 120 Volt AC unprotected power service, which is generally used by co-locators for equipment such as test equipment and fax machines; and, (3) 120 Volt AC protected power service involving a generator for back-up should a power outage occur.

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<sup>2</sup> In TN 119, SaskTel proposed to revise its co-location power service rates in its Competitor Access Tariff, item 610.16, Co-Location Arrangements for Interconnecting Canadian Carriers, to reflect the rates approved for TCC in Decision 2006-42.

<sup>3</sup> In TN 119A, SaskTel proposed a change to its -48 Volt DC per fuse-amp power service rate as a result of the erratum to Decision 2006-42.

## **Process**

8. In Telecom Order CRTC 2006-236, 7 September 2006 (Order 2006-236), the Commission approved, on an interim basis, SaskTel's proposed revised tariff pages for its co-location power service elements, effective 30 June 2006.
9. No comments were received with respect to the proposals submitted by Bell Aliant, MTS Allstream, and SaskTel.

## **Bell Aliant's proposal**

10. Bell Aliant proposed to use the Commission-approved TCC rates for its 120 Volt AC protected and unprotected co-location power services for each of its four former Aliant Telecom regions, namely New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island (four Atlantic regions). Bell Aliant noted that TCC's rates of \$6.94 for 120 Volt AC protected service and \$3.60 for 120 Volt AC unprotected service were lower than Bell Aliant's current AC power rates in all four Atlantic regions.
11. Bell Aliant also proposed to use the Commission-approved TCC rate of \$9.52 for its -48 Volt DC co-location power service rate across all four Atlantic regions. Bell Aliant submitted that the use of this rate in all four regions would result in decreases of \$2.02 per fuse-amp in New Brunswick and \$2.46 in Newfoundland and Labrador, and an increase of \$1.29 per fuse-amp in Nova Scotia and Prince Edward Island. Bell Aliant further submitted that the average of its current rates for -48 Volt DC service across its four regions was \$10.00 per fuse-amp and that the implementation of its proposed -48 Volt DC power service rate of \$9.52 per fuse-amp would result in an overall rate reduction of \$0.48 per fuse-amp across Bell Aliant's four Atlantic regions.
12. Bell Aliant submitted that the adoption of all three of TCC's co-location power service rates across its four regions would be consistent with Bell Aliant's goal of moving towards common rates, terms, and conditions for its tariffs in its four Atlantic regions. Bell Aliant also submitted that this approach would simplify Bell Aliant's co-location general tariff, making it less complex for co-locating parties and would minimize Bell Aliant's administrative and billing costs. Bell Aliant added that using the same rates in all four Atlantic regions would avoid confusion among co-locating parties and company staff.
13. Bell Aliant further submitted that co-locating parties typically had a presence in more than one province and that this approach would benefit those parties by providing an overall rate reduction for the -48 Volt DC power service.

## **Commission's analysis and determinations**

14. The Commission notes that the show cause process in Decision 2006-42 was with respect to the use of the lower of the company's or TCC's co-location power service rates, for each of the -48 Volt DC power service, and the 120 Volt AC unprotected and protected power services. The Commission also notes that Bell Aliant proposed to adopt the TCC rates set out in Decision 2006-42, adjusted for the I-X constraints for the years 2003 to 2006.

15. With respect to Bell Aliant's proposed 120 Volt AC protected and unprotected power service rates, given that these power rates are lower than the current rates in all four Atlantic regions, the Commission considers that Bell Aliant's proposal to adopt these rates is appropriate.
16. The Commission notes that Bell Aliant's proposed use of TCC's approved -48 Volt DC rate would involve rate increases in Nova Scotia and Prince Edward Island. However, when averaged over Bell Aliant's four Atlantic regions, the use of TCC's -48 Volt DC power service rate would result in an overall average reduction compared to Bell Aliant's current -48 Volt DC power service rate. The Commission also considers that Bell Aliant's proposed approach would result in a simpler and uniform rate structure across Bell Aliant's four Atlantic regions.
17. In light of the above, the Commission **approves** Bell Aliant's proposal to use TCC's currently approved rates, for each of the -48 Volt DC power service, and the 120 Volt AC unprotected and protected power services across Bell Aliant's four Atlantic regions.

#### **MTS Allstream's proposal**

##### *a) -48 Volt DC power service*

18. MTS Allstream proposed to use the Commission-approved TCC rates in Decision 2006-42 for its -48 Volt DC power service. MTS Allstream submitted that the use of TCC's -48 Volt DC power service rate of \$9.82, rather than its own rate, was required to ensure that it recovered the costs associated with the provision of its -48 Volt DC power service.
19. In support of its proposal, MTS Allstream submitted that the CO power plant sizing and associated infrastructure in Manitoba was closer to that of TCC in its Alberta and British Columbia operating territories. MTS Allstream also submitted that, in the proceeding leading to Decision 2006-42, both MTS Allstream and TCC had stated that the cost per fuse-amp would increase as the size of power plant decreased.
20. MTS Allstream indicated that its interim rate of \$6.61 per fuse-amp was based on a cost study which included weighting of 40, 31, and 29 percent for each of the 10,000, 6,000, and 4,000 amp plants, respectively. MTS Allstream further indicated that there were no 10,000 amp plants in Manitoba, and that only 20 percent of its power plants were 6,000 amps with the remaining 80 percent being 4,000 amps. MTS Allstream also submitted that it did not experience the level of economies of scale implicit in its earlier cost study used to establish its current interim rate.

#### **Commission's analysis and determinations**

21. The Commission notes MTS Allstream's proposal to adopt TCC's -48 Volt DC power service rate of \$9.82, which is higher than MTS Allstream's current interim rate of \$6.61. The Commission agrees that MTS Allstream's interim rate was based on a cost study that included larger power plants than those currently in use by MTS Allstream, and that CO power plant sizing and associated infrastructure in Manitoba would be similar to that of TCC.

22. The Commission also notes that the rate of \$9.82 referred to by MTS Allstream in its comments is the -48 Volt DC power service rate applicable to the year 2002.
23. In light of the above, the Commission considers MTS Allstream's proposal to use TCC's -48 Volt DC power service rate approved in Decision 2006-42, with the necessary adjustments to reflect the application of the annual I-X constraints, consistent with Decision 2006-42, to be reasonable.
24. Accordingly, the Commission **approves** MTS Allstream's proposal to use TCC's currently approved rate for the -48 Volt DC power service adjusted for the I-X constraints for the years 2003 to 2006.

***b) 120 Volt AC power service – occasional use***

25. MTS Allstream also proposed to adopt the Commission-approved TCC co-location power service rates for 120 Volt AC protected and unprotected service, as set out in Decision 2006-42, in situations where the AC receptacle was used on an occasional basis such as for plugging in test equipment and faxes.
26. In support of its proposal, MTS Allstream noted that, according to Decision 2006-42, the AC power service rates set out in that Decision were established for co-locators using -48 Volt DC power as their primary power source for their co-located telecommunications equipment. MTS Allstream submitted that, while these co-locators might also use a 120 Volt AC receptacle within their co-location space, these would generally be used on an occasional basis in conjunction with test equipment.

**Commission's analysis and determinations**

27. The Commission notes that, in Decision 2006-42, it considered the ILECs' AC power service cost estimates to be too high, since the ILECs had assumed competitors would consume AC power 24 hours a day, at the same level, on a continuous basis, and reduced TCC's AC power consumption costs and rates accordingly.
28. The Commission also notes that the AC power service rates of \$7.17 and \$3.72 referred to by MTS Allstream in its comments are TCC's approved AC power service rates for 2002.
29. In light of the fact that MTS Allstream proposed to use these rates for co-locators that only require AC power on an occasional basis, the Commission considers MTS Allstream's proposed approach, with the necessary adjustments to reflect the application of the annual I-X constraints consistent with Decision 2006-42, to be reasonable.
30. Accordingly, the Commission **approves** MTS Allstream's proposal to adopt the approved TCC 120 Volt AC protected and unprotected power service rates, adjusted to reflect the I-X constraints for the years 2003 to 2006, for co-locators that use -48 Volt DC as their primary power source and require occasional use of AC power for test equipment and faxes.

***c) 120 Volt AC power service – continuous use***

31. MTS Allstream submitted that a different situation could arise where a competitor, for example, an Internet service provider, uses 120 Volt AC power as its primary source of power on a continuous basis.

32. MTS Allstream submitted that certain co-locators used 120 Volt AC service to power their servers and routers on a 7-day, 24-hour basis pursuant to the rates, terms, and conditions of Special Assemblies Tariff, item 17550. For these situations, MTS Allstream proposed to use its existing rates of \$8.06 for 120 Volt AC protected power service and \$6.43 for 120 Volt AC unprotected power service.

#### **Commission's analysis and determinations**

33. The Commission notes that MTS Allstream's rates are based on a 7-day, 24-hour consumption basis and that these rates are also similar to those initially proposed by TCC based on the same assumption. The Commission therefore considers that MTS Allstream's proposal to use their existing rates of \$8.06 and \$6.43 for co-locators that use AC power service to power their servers and routers on a 7-day, 24-hour basis, is reasonable.
34. Accordingly, the Commission **approves** MTS Allstream's proposed rates of \$8.06 and \$6.43 for its continuous use of 120 Volt AC protected and unprotected power services, respectively.

#### **SaskTel's proposal**

35. As noted above, SaskTel proposed to use TCC's approved rates for all of its co-location power services. These rates were approved on an interim basis, effective 30 June 2006, in Order 2006-236.

#### **Commission's analysis and determinations**

36. The Commission notes that SaskTel's current interim rates, as set in Order 2006-236, are lower than SaskTel's previous interim rates approved in Order 2000-1073.
37. The Commission also notes that the rate proposed by SaskTel for the 120 Volt AC protected power service is reflected in its tariff pages as \$6.95 while the correct rate should be \$6.94.
38. In light of the above, the Commission **approves on a final basis** SaskTel's interim rates approved in Order 2006-236, effective 30 June 2006, for all its co-location power services, and directs SaskTel to revise its tariff pages to reflect the correct rate of \$6.94 for its 120 Volt AC protected power service element.

#### **Effective date and filing requirements**

39. With respect to the effective date for these co-location power services rates for Bell Aliant, MTS Allstream, and SaskTel, the Commission notes that, following the issuance of Order 2000-1073, no competitors requested that these rates be made effective retroactive to 29 November 2000, nor were these ILECs required to file updated cost studies during the proceeding that led to Decision 2006-42. The Commission further notes that SaskTel's proposed revised tariff pages were approved on an interim basis effective 30 June 2006.
40. In light of the above, the Commission **approves on a final basis** the revised co-location power service rates proposed by Bell Aliant, MTS Allstream and SaskTel, effective 30 June 2006.

41. The Commission notes that, on 30 October 2006, TCC filed an application that the Commission review and vary various decisions, including Decision 2006-42 (the review and vary application). As part of the relief sought with respect to Decision 2006-42, TCC requested that the final co-location power rates approved in that Decision with respect to TCC be varied on a prospective basis to reflect the company's actual accounting results with regard to the issue of maintenance. To the extent that the final rates approved in Decision 2006-42 are varied as a result of the Commission's disposition of the review and vary application, Bell Aliant, MTS Allstream and SaskTel will be given an opportunity to show cause why they should also not be approved on a prospective basis for those companies.
42. The Commission directs Bell Aliant and MTS Allstream to issue revised tariff pages within 20 days of the date of this Decision, reflecting the Commission's determinations in this Decision.
43. The Commission also directs SaskTel to revise its tariff pages, within seven days of the date of this Decision, to reflect the correct rate of \$6.94 for its 120 Volt AC protected power services.
44. The Commission further directs Bell Aliant, MTS Allstream, and SaskTel to provide, within 90 days of the date of this Decision, co-locators with refunds, or in the case of increases, bill the difference between the two rates, for the period between the date of this Decision and 30 June 2006.

Secretary General

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