



Telecom Order CRTC 2011-274

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Ottawa, 28 April 2011

TELUS Communications Company – Introduction of Competitor Backbone Services

File numbers: TCC Tariff Notices 400 and 400A
TCQ Tariff Notices 550 and 550A

Introduction

1. The Commission received applications by TELUS Communications Company (TCC) proposing modifications to its tariffs in order to introduce Carrier Access Tariff item 233 – Competitor Backbone Services, in its incumbent operating territories in Alberta and British Columbia, and Carrier Access Tariff item 4.09 – Competitor Backbone Services, in its incumbent operating territory in Quebec.¹ Competitor Backbone Services (CBSs) will ensure that Internet backbone facilities funded through the deferral accounts² are made available to alternative broadband service providers (ABSPs).
2. Specifically, TCC proposed to make the following CBSs available to ABSPs to enable them to connect to Internet backbone facilities in the communities that the Commission had approved for broadband expansion:³
 - ISP [Internet service provider] Connection Service
 - Deferral Account Internet Service (Internet service)
 - Deferral Account Ethernet Service (Ethernet service)
3. The Commission received comments on TCC's applications from the British Columbia Broadband Association (BCBA). The public record of this proceeding, which closed on 27 March 2011, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.

¹ TCC Tariff Notice (TN) 400, dated 29 October 2010, as amended by TN 400A, dated 25 February 2011, for TCC's incumbent operating territories in Alberta and British Columbia; TCQ TN 550, dated 29 October 2010, as amended by TN 550A, dated 24 January 2011, for TCC's incumbent operating territory in Quebec

² In Telecom Decisions 2002-34 and 2002-43, the Commission imposed a pricing constraint equal to inflation less a productivity offset factor of 3.5 percent on residential local services in non-high-cost serving areas. However, in order to avoid an adverse impact on local competition, the Commission required incumbent local exchange carriers to create a deferral account where they placed amounts equal to the revenue reductions that would otherwise have resulted from an application of the price cap formula.

³ Telecom Decisions 2007-50, 2008-1, 2008-5, 2008-29, 2008-87, and 2008-110 relate to deferral account funding for broadband expansion to certain communities in TCC's incumbent operating territories.

Should the Commission approve TCC's applications?

4. The BCBA submitted that it assumed that TCC would rely on Statistics Canada's population information to set the Internet and Ethernet service rates and questioned that approach. It argued that the available customer base for these services would be households located within five kilometres of the ABSP's point of presence (POP) and that the number of households, and hence the population count, within this coverage area could be lower than indicated in Statistics Canada's population information for the entire community.
5. In response, TCC submitted that it would rely on Statistics Canada as the source for population information in a community. However, in cases where the ABSP disagrees with the use of this information and can provide a better estimate of the population within a five-kilometre radius of its POP, TCC submitted that it would determine the rates for its Internet and Ethernet services based on the ABSP's population information. TCC proposed that, in situations where the ABSP provides information regarding the number of households within the community in question, a multiplier of three could be used to approximate the number of residents per household in order to determine the population of the community for rating purposes.

Commission's analysis and determinations

6. The Commission notes that the rates and configuration of the proposed CBSs are consistent with those approved for TCC's broadband service expansion in Telecom Decision 2010-639.
7. The Commission also notes TCC's proposal to determine the rates for its Internet and Ethernet services based on population information that the ABSP provides when it disagrees with the use of Statistics Canada's population information. The Commission considers that this approach would properly address situations where the population within the area covered by these services could be lower than that indicated in Statistics Canada's population information for the larger area.
8. The Commission also considers that, based on Statistics Canada's population information, it is acceptable to use a multiplier of three to determine the population of the community where the number of households is provided by the ABSP.
9. Accordingly, the Commission considers that TCC should include additional wording in proposed item 233.3 of its Carrier Access Tariff for Alberta and British Columbia and in proposed item 4.09.04 of its Carrier Access Tariff for Quebec, in order to incorporate the company's proposal in its tariffs. The Commission also considers that, for clarity purposes, proposed item 233.1 in TCC's Carrier Access Tariff for Alberta and British Columbia should be modified.

10. In light of the above, the Commission **approves** TCC's applications, subject to the modifications and additions outlined below.

- i. In TCC's Carrier Access Tariff for Alberta and British Columbia, modify proposed item 233.3 to incorporate the following two paragraphs immediately after the first paragraph:

The rates for Deferral Account Internet Service and Deferral Account Ethernet Service are to be based on population information for a community that is derived from Statistics Canada's census information.

In situations where the ISP does not agree with the use of the data provided by Statistics Canada as the source of population information for a deferral account community, and where the ISP can provide a better estimate of the population of a deferral account community located within a five-kilometre radius of the ISP's POP, the rates for Deferral Account Internet Service and Deferral Account Ethernet Service will be determined based on the population information provided by the ISP. A multiplier of three will be used to approximate the number of residents per household in order to determine the population of the deferral account community for rating purposes.

- ii. In TCC's Carrier Access Tariff for Quebec, modify proposed item 4.09.04 to incorporate the following two paragraphs immediately after the first paragraph:⁴

Les tarifs applicables au service Internet du compte de report et au service Ethernet du compte de report seront basés sur les données démographiques pour une collectivité donnée, d'après les données du recensement de Statistique Canada.

Dans les cas où le FSI désapprouve l'utilisation des données de Statistique Canada comme source de données démographiques pour une collectivité admissible au financement provenant des comptes de report, et lorsque le FSI peut fournir une meilleure estimation de la population d'une telle collectivité située dans un rayon de cinq kilomètres du point de présence du FSI, les tarifs du service Internet du compte de report et du service Ethernet du compte de report seront fixés en fonction des données démographiques fournies par le FSI. Aux fins de tarification, le nombre trois sera utilisé comme multiplicateur du nombre de foyers pour évaluer la population d'une collectivité admissible au financement provenant des comptes de report.

⁴ The tariff is available in French only.

- iii. In TCC's Carrier Access Tariff for Alberta and British Columbia, replace the Service Description in proposed item 233.1 with the following:

Competitor Backbone Services are only available in communities approved for broadband expansion by the CRTC using deferral account funds in Decisions 2007-50 and 2008-1. In addition, Competitor Backbone Services are only available when broadband transport facilities to these communities are available. A list of communities where these facilities are available is provided below.

11. The Commission directs TCC to issue amended tariff pages to reflect the above determinations within **10 calendar days** of the date of this order.

Secretary General

Related documents

- *Follow-up to Telecom Decision 2008-1 – Proposal by TELUS Communications Company to dispose of the funds remaining in its deferral accounts*, Telecom Decision CRTC 2010-639, 31 August 2010
- *Axia SuperNet Ltd. – Request to exclude certain Alberta communities from the approved list of communities for broadband service expansion by TELUS Communications Company in Telecom Decision 2008-1*, Telecom Decision CRTC 2008-110, 25 November 2008
- *Axia SuperNet Ltd. – Application to review and vary part of Telecom Decision 2008-1 related to the use of deferral account funds for broadband expansion*, Telecom Decision CRTC 2008-87, 9 September 2008
- *Follow-up to Andy Shadrack, Director, Area D, Regional District of Central Kootenay – Application to review and vary certain determinations in Telecom Decision 2007-50, Telecom Decision 2008-5*, Telecom Decision CRTC 2008-29, 2 April 2008
- *Andy Shadrack, Director, Area D, Regional District of Central Kootenay – Application to review and vary certain determinations in Telecom Decision 2007-50*, Telecom Decision CRTC 2008-5, 25 January 2008
- *Use of deferral account funds to improve access to telecommunications services for persons with disabilities and to expand broadband services to rural and remote communities*, Telecom Decision CRTC 2008-1, 17 January 2008

- *Telecom Public Notice CRTC 2006-15 – Use of deferral account funds to expand broadband services to certain rural and remote communities*, Telecom Decision CRTC 2007-50, 6 July 2007, as amended by Telecom Decision CRTC 2007-50-1, 27 July 2007
- *Implementation of price regulation for Télébec and TELUS Québec*, Telecom Decision CRTC 2002-43, 31 July 2002
- *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1, 15 July 2002