



Telecom Decision CRTC 2012-636

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Ottawa, 21 November 2012

Wholesale residential high-speed access services – Capacity-based billing model service charge rates and related matters

File numbers: Bell Aliant Tariff Notice 395
Bell Canada Tariff Notice 7340
Cogeco Tariff Notice 36
MTS Allstream Tariff Notices 721 and 721A
RCP Tariff Notice 19
Videotron Tariff Notices 41 and 41A

In this decision, the Commission approves final wholesale high-speed access (WHSa) capacity-change service charge rates for the Bell companies, Cogeco, MTS Allstream, RCP, and Videotron, as well as miscellaneous tariff-related matters associated with the third-party Internet access services offered by Cogeco, RCP, and Videotron. The Commission also approves final WHSA interface service charge rates for MTS Allstream.

Introduction

1. The Commission began a public proceeding in February 2011 to review the billing practices for residential wholesale high-speed access (WHSa) services. To foster competition, large cable and telephone companies must offer these services to independent service providers under terms and conditions approved by the Commission. Independent service providers, in turn, use these wholesale services to provide high-speed Internet access or other services to their own retail residential customers. The Commission does not regulate the provision of Internet services to retail customers by either large telephone and cable companies or independent service providers, because there are multiple service providers bringing competition, pricing discipline, innovation, and consumer choice to the retail Internet services market. The Commission does, however, regulate the provision of WHSA services by large telephone and cable companies to independent service providers.
2. During the proceeding, the Commission received new proposals for billing models for residential WHSA services. In Telecom Regulatory Policy 2011-703, the Commission decided that there are two acceptable billing models. The first is a capacity-based billing (CBB) model¹ in which independent service providers pay two separate charges, one based on a monthly access rate per end-user (excluding any usage) and one based on a monthly capacity rate and the amount of capacity they

¹ The approved CBB model required each independent service provider to pay a monthly capacity rate for network capacity, in 100 megabit-per-second increments, to recover network transport costs, and a separate monthly access rate on a per end-user basis to recover access costs.

will need to support the usage demand of their users. Should demand exceed this capacity, they will have to manage their network capacity until they purchase more. The second model is the existing flat rate model, where independent service providers pay a flat fee per month regardless of usage.

3. The Commission directed the incumbent network providers (the incumbents) opting to use the wholesale CBB model² to file proposed tariffs and supporting cost studies for service charge rates that recover costs associated with processing requests from independent service providers to change their capacity based on the CBB model (CBB capacity change) in 100 megabit-per-second (Mbps) increments.
4. The Commission also directed MTS Allstream Inc. (MTS Allstream)³ to file a proposed tariff and supporting cost study for the service charge rate for its stand-alone interface component.⁴ Both directives were given in order to complete the incumbents' new CBB models and ensure all costs are recovered.
5. For many services, there are at least two different types of charges: one-time service charges for activities such as set-up or repair, and monthly recurring charges for the ongoing operation of the service.
6. In this case, the CBB capacity-change service charge is intended to recover costs associated with the activities (such as administrative, planning, programming, and testing) that take place when a wholesale competitor orders an increase or decrease in the capacity that they require in 100 Mbps increments.
7. The Commission received applications from Bell Aliant Regional Communications, Limited Partnership and Bell Canada (collectively, the Bell companies); Cogeco Cable Inc. (Cogeco); Rogers Communications Partnership (RCP); and Videotron Ltd. (Videotron) [collectively, the Cable carriers]; and from MTS Allstream. The Commission approved on an interim basis the applications from the Bell companies, MTS Allstream, and RCP in Telecom Order 2012-55; the application from Cogeco in Telecom Order 2012-57, and the application from Videotron in Telecom Order 2012-58.
8. In addition to the proposed capacity change service charge rates, the Commission was asked to approve
 - Cogeco's proposed monthly 1 Gigabit Ethernet (GE) and 10 GE interface service rates;

² The incumbents that opted to use this model are Bell Aliant Regional Communications, Limited Partnership; Bell Canada; Cogeco Cable Inc.; MTS Allstream Inc.; Rogers Communications Partnership; and Videotron Ltd.

³ MTS Allstream was the entity that participated in the proceeding that led to Telecom Regulatory Policies 2011-703 and 2011-704. However, as of early January 2012, MTS Allstream became known as two separate entities, namely, MTS Inc. and Allstream Inc.

⁴ The interface is the physical point of interconnection between the incumbent and the independent service provider.

- updates to Cogeco’s and Videotron’s diagnostic labour rates;
 - Cogeco’s and Videotron’s Internet Protocol (IP) block configuration service charge rates and service intervals;⁵ and
 - proposed third-party Internet access (TPIA) agreement amendments for each of the Cable carriers.
9. These additional matters will also be addressed in this decision. The Commission notes that it approved applications to introduce 10 GE interfaces for Videotron and RCP in Telecom Orders 634 and 635.
10. The Commission received comments on the incumbents’ applications from the Canadian Network Operators Consortium Inc. (CNO) and Vaxination Informatique (Vaxination). The public records of these proceedings, which closed on 28 June 2012, are available on the Commission’s website at www.crtc.gc.ca under “Public Proceedings” or by using the file numbers provided above.
11. The Commission has identified the following matters to be addressed in its determinations:
- I. CBB capacity-change service charge rates
 - a) Are the proposed rate structures reasonable?
 - b) What service charge rates are just and reasonable?
 - c) Should final rates be applied retroactively to the date rates were made interim?
 - d) What should be the service interval to fulfill a request for a capacity change?
 - II. MTS Allstream’s WSA interface service charge rate⁶
 - a) Should the proposed interface service charge rate be unbundled?
 - b) What interface service charge rate is just and reasonable?
 - III. Other matters
 - a) What are appropriate monthly rates for Cogeco’s WSA 1 GE and 10 GE interface services?
 - b) What are appropriate rates for Cogeco’s and Videotron’s diagnostic labour charges?

⁵ The service interval is the time between the receipt of an independent service provider’s request to change capacity and the incumbent’s implementation of the change.

⁶ The proposed service charge rate is for the Very High-Speed Aggregated High-Speed Service Provider Interface (V-AHSSPI) component of the company’s Very-High-Speed Digital Subscriber Line Data Access Service (VDAS).

- c) What are appropriate rates and service intervals for Cogeco's and Videotron's configuration of IP address blocks?
- d) Should the Cable carriers' proposed TPIA service agreements be approved?

IV. Are the Commission's determinations consistent with the Policy Direction?⁷

V. Directions

I. CBB capacity-change service charge rates

a) Are the proposed rate structures reasonable?

12. The incumbents proposed three different rate structures to recover the costs of CBB capacity-change orders. The Bell companies and MTS Allstream proposed a rate to be charged per interface.⁸ Cogeco and Videotron proposed two-tier rates whereby one rate would be charged for work required on the initial interface, and a second lower rate would be charged for work required on each additional interface in the order, reflecting economies of scale. RCP proposed a third rate structure wherein one rate would be charged for work required on the initial interface on a given router, and a second lower rate would be charged for work required on each additional interface on the same router in an order.
13. In the request for information process, parties provided comments on a proposed fourth model – a two-tier rate structure common to all incumbents (the common two-tier rate structure). The first-tier rate would be assessed on a per-order basis and would recover the order-driven costs that do not vary with the number of interfaces. The second-tier rate would be assessed on a per-interface basis and would recover the interface-driven costs that do vary with the number of interfaces. The Commission notes that this approach is similar to that used to recover unbundled loop service charges, wherein a per-order rate is used to recover the costs that are driven by the order, and a per-loop rate is used to recover the costs that are driven by the number of loops in the order.
14. CNOC endorsed the common two-tier rate structure as being the most just, submitting that there would be no double-recovery of order-driven costs when changes to multiple interfaces are requested in a single order.
15. Cogeco, Videotron, and MTS Allstream did not object to the common two-tier rate structure. The Bell companies submitted that the common two-tier rate structure would require substantial modifications to their billing, ordering, and processing systems and may warrant the refiling of their cost study to ensure recovery of costs. RCP argued that it was unable to provide the requested per-order/per-interface service charges because the length and associated cost of order-related activities are always driven by the number of interfaces.

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

⁸ An independent service provider order for a CBB capacity change will involve capacity changes to one or more interfaces, depending on the number of interfaces the independent service provider uses.

Commission's analysis and determinations

16. The Commission notes that all the proposals are consistent with the determination set out in Telecom Regulatory Policy 2011-703 requiring that the CBB capacity-change service charge be applied on a per-order basis, independent of the number of increments of capacity that an independent service provider requested. However, the Commission considers that compared to the three separate incumbent proposals, the common two-tier rate structure avoids over- or under-recovery of costs and ensures a simpler, consistent rate structure for independent service providers seeking to change CBB capacity.
17. With respect to the Bell companies' submission that a change in approach will require system modifications, the Commission notes that the Bell companies had the opportunity to identify and estimate the associated costs of these modifications during the request for information process, but provided no estimate of these costs. The Commission agrees that system modifications will be necessary, and considers it appropriate to include a reasonable cost allowance to accommodate these changes. In the circumstances, the Commission has included a cost allowance equal to five percent of the Bell companies' proposed system development costs in the per-order costs. The Commission considers that this additional cost allowance appropriately recognizes the anticipated costs to implement the required billing changes relative to the initial investment to implement the new billing system.
18. The Commission notes that the incumbents' proposed costs relate to three general categories of activities: Carrier/Customer Service Group (CSG), Network Engineering, and Network Operations. In order to ensure consistency and facilitate comparability of time estimates at the CSG, Network Operations, and Network Engineering levels, the Commission determines that proposed order-processing activities (for example, CSG activities), with the exception of Cogeco's scheduling and jeopardy analysis activities, and the Bell companies' development costs, also referred to as portal development costs,⁹ are to be categorized as order-driven. The Commission also determines that all other proposed activity costs (for example, those categorized under Network Engineering or Network Operations), along with Cogeco's scheduling and jeopardy analysis activities, are to be categorized as interface-driven, and has grouped the associated costs accordingly.
19. With respect to RCP's concern over its inability to implement a common two-tier rate structure, the Commission considers that RCP provided sufficient detail in its responses to allow calculation of these rates under the common two-tier rate structure.¹⁰

⁹ The Bell companies' costs included in the software category are related to the development of the web portal specific to requesting capacity changes. The web portal will enable the independent service providers to place requests for changes in capacity to their interfaces and will also contain an inventory of the interfaces.

¹⁰ Based on evidence on the record from both RCP and Videotron, which indicated that an average of 1.5 interfaces will be modified for each CBB capacity-change order, the Commission has converted RCP's activity time estimates into average time estimates per interface. The Commission also used this assumption when converting Cogeco's and Videotron's proposed activity time estimates into average time estimates for the initial and additional interfaces in order to maintain consistency among the Cable carriers.

20. In light of the above, the Commission finds that a common two-tier rate structure is the most appropriate cost recovery model for the incumbents' CBB capacity-change service charges identified in this decision.

b) What service charge rates are just and reasonable?

21. The incumbents submitted that their proposed rates are based on the associated Phase II¹¹ costs plus a reasonable markup. In their cost studies, the incumbents calculated the majority¹² of the activity costs by multiplying the time it takes to perform the activity by the labour unit cost (LUC) of the incumbent's employee performing the work, and multiplying the result by the frequency of occurrence (occurrence rate).
22. CNOC submitted that the incumbents' proposed capacity-change service charge rates varied considerably by incumbent and that the very large difference between the lowest and highest proposed rates was not justifiable under any circumstances. CNOC therefore requested that the Commission scrutinize the proposed activities to ensure that the time estimates for each activity were not inflated.
23. MTS Allstream submitted that a large part of the difference in rates between the incumbents with the lowest proposed rate (the Bell companies) and MTS Allstream was driven by the difference in the size of the populations served and, as a consequence, the level of automation that is cost-effective to implement. MTS Allstream also submitted that without this automation, additional time is required to complete certain activities that are processed manually.
24. RCP submitted that only one of the five incumbents had proposed a rate that was significantly lower than the others, but for the other carriers the rates and time estimates were not very different. RCP further submitted that there is consistency in the categories of work that must be completed and in the overall time required. RCP confirmed that its proposed time estimates and associated costs were its best forecast of the costs incurred.
25. Videotron submitted that its proposed occurrence rates and time estimates were developed based on its experience with independent service provider requests for capacity changes prior to the publication of Telecom Regulatory Policy 2011-703.

¹¹ Phase II costs reflect the costs of the prospective incremental resources used to provide the service, consistent with the costing methodologies and assumptions set out in the approved regulatory economic study manuals.

¹² Not all costs are calculated using time estimates and labour unit costs. The Bell companies' portal development costs are developed using subject matter expert forecasts based on similar development work.

Commission's analysis and determinations

26. The Commission notes that the proposed time estimates and occurrence rates were largely based on information gathered from subject matter experts and were not supported by empirical evidence, such as measured data or time and motion studies. The Commission considers that the incumbents have little experience in fulfilling these types of orders under the new CBB model.
27. The Commission agrees with MTS Allstream's submission related to automation efficiencies and notes that the Bell companies' costs include order processing system development costs and associated efficiencies and, as a result, should not be directly comparable to costs from other incumbents whose processes involve more manual activity. In addition, the Commission considers that MTS Allstream's unique network¹³ leads to some differences in activities and time estimates compared to those of other incumbents, but that a certain level of consistency in time estimates is still expected.
28. The Commission considers that the Cable carriers' processes are comparable, and the time estimates and occurrence rates should be relatively consistent. The Commission notes that although the total time estimates proposed by RCP, Videotron, and Cogeco were similar, the detailed activities included in the proposals varied considerably, as did their LUCs.
29. The Commission has reviewed the cost estimates submitted by each incumbent in support of its proposed rates and made a number of adjustments, including (a) the reassignment of certain activities, as identified in paragraph 18, to the common two-tier rate structure's per-order or per-interface rate elements; (b) the exclusion of certain activities that were not considered to be causally related to the service charge order process; and (c) a reduction to the time estimates for certain incumbents' activities that were considered to be too high compared to other incumbents' estimates for similar activities, and/or for which the incumbents did not provide sufficient rationale. The Commission notes that in addition to these considerations, it has taken into account each incumbent's aggregate time estimates at the CSG, Network Engineering, and Network Operations category levels.
30. The Commission has also made the following changes to the proposed cost studies: (a) a revision to the Bell companies' proposed service order demand to reflect growth in the number of orders throughout the study period stemming from independent service provider growth (b) a revision to the Bell companies' proposed portal development costs, as discussed in paragraph 17 above; and (c) an assumption that on average, for RCP, Videotron, and Cogeco, an order will include 1.5 interfaces, as discussed in footnote 10 above.

¹³ MTS Allstream's network is unique in that its VDAS does not include a broadband remote access server. The subscriber management function for MTS Allstream's VDAS is performed by a combination of the switch and routers used to provide VDAS. Manual reconfigurations to the switch and routers are required and the cost of performing these reconfigurations is recovered through the VDAS service charges.

31. Further, the Commission has made various adjustments to some of the incumbents' proposed time estimates for capacity-change activities, noting that the time estimates submitted for a given activity vary considerably across the incumbents, and that excessive administrative tasks were being proposed for a routine capacity change. Each adjustment, along with the supporting rationale, is provided in Tables 1 and 2 of the Appendix to this decision. The proposed time estimates that the Commission considers reasonable and has not adjusted are not discussed in either table.
32. In light of the above, the Commission **approves on a final basis** the per-order and per-interface rates set out below for capacity-change service orders, based on the incumbents' Phase II cost studies. The rates have been adjusted to reflect the Commission's determinations in this decision and to include a markup of 30 percent.¹⁴

Table 1: Capacity-change service order rates

Incumbent	Per-order rate	Per-interface rate
Bell companies	\$165.95	\$139.54
MTS Allstream	\$205.11	\$185.55
Cogeco	\$52.01	\$186.25
RCP	\$99.01	\$241.82
Videotron	\$112.58	\$299.02

c) Should final rates be applied retroactively to the date rates were made interim?

33. The Commission approved interim rates associated with the incumbents' applications in Telecom Orders 2012-55, 2012-57, and 2012-58, and notes that no parties requested that final rates be made retroactive to the effective date of the interim rates.

Commission's analysis and determinations

34. The Commission notes that the proposed capacity-change service charges that were given interim approval were for a single per-interface rate for each incumbent, and that it would be difficult to adjust the charges retroactively under the common two-tier rate approach, since only a single rate would have been initially charged.
35. Further, in the Commission's view, the adoption of the common two-tier rate structure over the retroactive period would result in a minor financial impact.

¹⁴ The Commission-approved markup is being disclosed as per Telecom Regulatory Policy 2012-592.

36. In light of the above, the Commission concludes that the revised two-tier service charges should not be applied retroactively. The Commission further considers that the incumbents will require additional time to implement the requested changes to their current order fulfillment processes. Accordingly, the Commission **approves** the final rates set out in Table 1 effective 21 January 2013.

d) What should be the service interval to fulfill a request for a capacity change?

37. The incumbents submitted several different service interval proposals. The proposals ranged from one week to three months, with complex orders (for example, 11 or more 1 GE facilities requiring physical equipment upgrades) taking the most time.

38. The Cable carriers expressed concerns related to the timing of CBB capacity-change orders. RCP submitted that its strict change control processes require that the company only accept orders for a given month if the orders were placed by the first day of the preceding month; Videotron submitted that requested capacity changes must be submitted at least 21 calendar days before the beginning of the month in which they are to take effect; and Cogeco submitted that pro-rating multiple CBB capacity-change orders placed and executed within the period between billing cycles would be administratively taxing.

39. Vaxination argued that the incumbents' proposed deadlines for changing capacity are unacceptable, and that orders for capacity increases should be permitted at any time and delivered within a reasonable timeframe. Vaxination further submitted that long delays mean that an independent service provider's links can become saturated, degrading service to existing customers and forcing the independent service provider to stop accepting new customers. Vaxination also submitted that small independent service providers with low profit margins cannot afford to purchase liberal amounts of spare capacity.

40. CNOC requested a service interval of five days for capacity-change orders for all incumbents, and submitted that RCP's requirement that an order be placed on the first day of a given month in order to be implemented in the following month is wholly artificial and unacceptable.

41. CNOC further submitted that Cogeco's proposal to charge for the highest speed in service for an entire billing period without pro-ration, even when capacity has actually been reduced during the billing period, means that TPIA customers will be forced to pay for capacity they do not actually obtain from Cogeco for part of the month.

42. The Bell companies replied that CNOC's five-day service interval request ignores the complexities involved in processing an order, and that CNOC's request represents an attempt to circumvent the intent of the Commission's approved CBB model under which independent service providers are expected to estimate and order capacity in advance.

43. MTS Allstream submitted that capacity changes are scheduled based on staff availability after-hours, since the work is done at a time that minimizes impact on end-users. It also submitted that additional time would be required where an independent service provider has to add additional backhaul capacity between the interface and the independent service provider's network to handle increased capacity.
44. RCP, Videotron, and Cogeco replied that because they do not have a dedicated team to respond to change requests, all independent service providers must follow the same process of validation, approval, and gating that is applied to in-house changes to capacity.
45. RCP also submitted that the Commission had established a one-month service interval for augmenting TPIA points of interconnection (POIs) in Telecom Decision 2004-69, and reaffirmed this interval in Telecom Decision 2011-482. RCP further submitted that capacity upgrades involving 11 or more 1 GE facilities require equipment purchase and extensive planning, and that to complete this work in a month is not feasible.
46. Cogeco submitted that other wholesale service providers had proposed similar service intervals to those it had proposed, and that the Commission should rely on operational constraints and the operational experience of wholesale service providers in this matter.

Commission's analysis and determinations

47. The Commission recognizes that the incumbents schedule changes based on staff availability and incorporate independent service provider requests into their normal course of business. However, most indicated that in general, a three-week interval (15 business days) is required to fulfill an independent service provider's non-complex capacity-change service order. The Commission notes its past practice of imposing standard service order completion intervals across carriers for mandated wholesale services.
48. With respect to RCP's and Videotron's submissions related to complex orders requiring additional time to implement, the Commission agrees that complex orders may require additional time beyond the three-week interval to fulfill, and considers that these capacity changes should be completed within a reasonable timeframe.
49. The Commission has reviewed the various functions and interactions that are required to fulfill a capacity-change request and considers that for non-complex orders, a three-week interval (15 business days) from receipt of an order, regardless of when the order is placed during a given month, is reasonable.
50. The Commission determines that complex orders should be delivered within 60 business days of the receipt of the order, regardless of when the order was placed in a given month.
51. The Commission notes that CBB charges that correspond to either standard or complex capacity changes should be pro-rated as applicable to ensure that appropriate costs are being recovered.

52. These changes are to take effect on 21 January 2013 in order to allow for any changes required to the incumbents' respective order fulfillment processes.

II. MTS Allstream's WWSA interface service charge rate

a) Should the proposed interface service charge rate be unbundled?

53. MTS Allstream proposed a single interface service charge rate to recover the costs of installing the interface port and configuring the initial CBB network capacity path.

54. CNOC submitted that in case provisioning times for the interface port are longer than those for the initial CBB network capacity path, the service charge rate for the interface port should be unbundled from the service charge rate for the initial CBB network capacity path. CNOC submitted that this would enable a wholesale customer to order an interface port on a standby basis without putting any capacity on it at the time of installation.

55. MTS Allstream replied that the Commission should deny CNOC's request to unbundle the company's proposed single interface service charge rate because (a) both the interface port and the initial CBB network capacity path are required to provide the high-speed access interface service, (b) the installation time for the interface port alone takes very little time compared to the installation time for the interface port and the initial CBB network capacity path combined, and (c) if the rate is unbundled and an independent service provider orders an interface port earlier than the initial CBB network capacity path, the independent service provider would be paying for an interface port that would not be connected to MTS Allstream's network, resulting in an additional cost to the independent service provider.

Commission's analysis and determinations

56. The Commission considers that the unbundling of MTS Allstream's proposed single interface service charge rate would be of little benefit to an independent service provider since the installation of a stand-alone interface port takes a minimal amount of time and would result in an additional cost to the independent service provider if the interface port is ordered earlier than the initial CBB network capacity path. Accordingly, the Commission determines that MTS Allstream's proposed use of a single interface service charge rate is reasonable.

b) What interface service charge rate is just and reasonable?

57. MTS Allstream filed a Phase II cost study including the time estimates, LUCs, and installation costs associated with its proposed single interface service charge rate, broken down by the associated activities.

58. CNOC submitted that the Commission should scrutinize each activity and associated time estimate proposed by MTS Allstream to ensure that the activity claimed is really required and, if so, that the associated time estimate claimed is not inflated.

59. MTS Allstream submitted that its proposed time estimates for the various activities were established through extensive reviews by subject matter experts and the people who would be executing the service orders.

Commission's analysis and determinations

60. The Commission has reviewed MTS Allstream's proposed time estimates and costs by activity. The Commission notes that the proposed time estimates and occurrence rates were largely based on information gathered from subject matter experts and were not supported by empirical evidence, such as measured data or time and motion studies. The Commission also considers that MTS Allstream has little experience in fulfilling these types of orders under the new CBB model.

61. In reviewing the proposed costs, the Commission has excluded MTS Allstream's proposed time estimates for certain activities that are related either to presale functions or to service elements that are not part of the interface service itself. The Commission has also reduced the proposed time estimates for certain administrative and other activities related to CSG, Network Engineering, and Network Operations functions, where the proposed time estimates, in the Commission's view, have been found to be unreasonable. The Commission considers that the time estimates required to perform such activities would be lowered as experience in providing several interfaces increases.

62. The Commission's adjustments to MTS Allstream's proposed single interface service charge costs by activity, as well as a rationale for each adjustment, are set out in Table 3 of the Appendix to this decision.

63. In light of the above, the Commission **approves** a service charge rate of \$4,097.57 for MTS Allstream's WSA interface service, based on the company's Phase II cost study, as adjusted to reflect the Commission's determinations in this decision and to include a 30 percent markup, effective the date of this decision.

III. Other matters

a) What are appropriate monthly rates for Cogeco's WSA 1 GE and 10 GE interface services?

64. In Telecom Order 2007-230, the Commission determined that independent service providers would be allowed to provide their own line extension cards or media converters, subject to the selected equipment meeting the reasonable technical requirements of the cable carriers. Consistent with that order, Shaw and Videotron allow independent service providers to furnish their own line cards to establish the interface service. In contrast, RCP supplies the interface in its entirety and recovers the associated costs through the monthly TPIA access rate.

65. Cogeco proposed to provide 1 GE and 10 GE interface ports at monthly tariffed rates based on a 36-month minimum contract period, consistent with the Commission's determinations in Telecom Decision 2004-69. Cogeco further proposed to only apply these rates if an appropriate or negotiated interconnection agreement with the independent service provider cannot be reached.
66. Cogeco submitted that under the aggregated POI model,¹⁵ the newer generation of POI routing equipment will have multiple ports per card, and if ISPs came in with cards that support multiple GE interfaces and only utilized a few ports, Cogeco's expansion capability would be quickly depleted.
67. CNOC supported Cogeco's proposed monthly rates for the two interface speeds. Further, CNOC did not object to Cogeco's proposed approach even though Cogeco's cost recovery mechanism would differ from those of other cable carriers. CNOC also urged the Commission to require all incumbents who have not already done so to file tariff proposals for 10 GE interfaces.

Commission's analysis and determinations

68. The Commission considers it appropriate to allow differences in certain rate structures if (a) they recover the appropriate costs that are not already recovered through other tariffs, (b) the different approaches have minimal financial impact, and (c) competitors agree with the rate structures. Accordingly, the Commission accepts Cogeco's proposed rate structure.
69. However, the Commission notes that Cogeco's cost study included supplemental costs associated with spares in the event of a failure, and that a higher level of spares was assumed in their cost study for wholesale services than the level that the company maintains for its own retail services. The Commission considers that this is inappropriate, and that the costs are therefore inflated. The Commission determines that it would be appropriate for Cogeco to apply the same level of spares as it uses in its network for its retail services.
70. The Commission notes Cogeco's proposal to apply these rates only if an appropriate or negotiated agreement with the independent service provider cannot be reached. The Commission notes that such an agreement would have to be made pursuant to the Commission's forbearance decision in Telecom Regulatory Policy 2009-19. In order to avoid any confusion as to the scope of this provision, the Commission directs Cogeco to amend section 1, article 1.2.4 of its TPIA tariff to read: "Unless agreed to as part of a forborne negotiated agreement as per Telecom Regulatory Policy 2009-19, the following rates apply:".

¹⁵ Under the aggregated POI model, an independent service provider need only purchase a single connection, or very few connections to the incumbent's network, as opposed to a disaggregated model whereby multiple connections to separate POIs are required.

71. Accordingly, the Commission **approves on a final basis** Cogeco’s WSA interface service rates as set out below, based on Phase II costs and adjusted to reflect the same percentage of spare costs that Cogeco provisions for itself and to include a 30-percent markup.

Table 2: Cogeco’s WSA interface service rates

Interface speed	Monthly rate
1 GE interface port	\$40.20
10 GE interface port	\$368.44

72. With respect to CNOC’s request to require all incumbents who have not already done so to file tariff proposals for 10 GE interface ports, the Commission determines that all incumbents with WSA services that do not currently offer 10 GE and support 10 gigabit-per-second transmission speeds in the provisioning of their own services should be required to do so once an independent service provider makes a firm request for such service.

b) What are appropriate rates for Cogeco’s and Videotron’s diagnostic labour charges?

73. Cogeco and Videotron proposed that their existing diagnostic labour rates, used to calculate rates charged for technical troubleshooting work performed by their engineers and technicians, be revised based on updated Phase II costs and include a 30-percent markup.
74. CNOC submitted that the Commission should ensure that costs used to derive these rates are accurate and that the markup used is no higher than that previously used.

Commission’s analysis and determinations

75. The Commission notes that the diagnostic labour rates proposed by Cogeco and Videotron represent increases of 21.9 percent and 32.8 percent, respectively, to their current diagnostic labour rates, which were last approved in Telecom Decision 2004-69. The Commission also notes that these increases are based on revised Phase II costs plus an appropriate markup, and include changes to salaries over time as well as various changes to cost loadings.
76. The Commission is of the view that the average annual increase in rates since 2004 for both Cogeco and Videotron are comparable to changes in inflation over this period and represent reasonable increases.
77. Accordingly, the Commission **approves** the following diagnostic labour rates for Cogeco and Videotron:

Table 3: Diagnostic labour rates

Incumbent	First-hour rate	Additional 15-minute rate
Cogeco	\$81.11	\$20.28
Videotron	\$92.89	\$23.22

c) What are appropriate rates and service intervals for Cogeco's and Videotron's configuration of IP address blocks?

78. When an independent service provider using TPIA service is establishing or increasing its number of end-customers, it must arrange to reserve a specific number of IP addresses from the American Registry for Internet Numbers (ARIN). The independent service provider in turn provides these IP addresses to the incumbent cable carrier so that it can configure or update its cable modem termination systems (CMTS). This ultimately allows the independent service provider's end-customer's modem to function.
79. Cogeco and Videotron proposed to recover the costs for configuring an independent service provider's IP address block information based on either (a) time and labour charges calculated based on the diagnostic labour rate and actual time incurred per request, or (b) a fixed rate per independent service provider request to recover the value of the total time and cost to configure the new IP address blocks for all CMTS within the region served by the aggregated POI.
80. Cogeco and Videotron submitted that these costs are not currently being recovered through existing tariffs and that both options would allow for the recovery of Phase II costs plus an appropriate markup. RCP submitted that it has been recovering the costs associated with the provisioning of IP address blocks through its monthly per-end-user TPIA access rate since 1999.
81. CNOC argued that these costs would create significant up-front costs for independent service providers, constituting a barrier to entry into the market. Further, CNOC proposed that if these costs are not currently recovered through other tariffs, they should be recovered through per-end-user TPIA access rates similar to RCP's.
82. Vaxination argued that independent service providers should only be charged for geographic areas that they serve (CMTS in those serving areas) as opposed to being charged for the entire aggregated POI region (all CMTS).
83. With regard to allowable service intervals for the configuration of IP address blocks, RCP, supported by Cogeco, proposed to delay the POI availability date for an ISP (normally three months) if it does not receive IP address block information from the ISP within 10 business days of the date of acceptance of the Initial Report.¹⁶
84. CNOC argued that 10 business days is not sufficient time for approval by ARIN, particularly in the case of IPv4 addresses, given the global exhaustion of these types of addresses.

¹⁶ RCP defines the Initial Report as being (a) the specific design and technical requirements that will apply to the aggregated POI and serving area, (b) the required IP address block sizes, and (c) the specific charges under the TPIA tariff that will apply.

Commission's analysis and determinations

85. With regard to CNOC's concern that these costs would create a barrier to entry, the Commission notes that Cogeco's and Videotron's costs for configuring an independent service provider's IP address block information is not recovered through other tariffs. The Commission therefore considers it appropriate to allow Cogeco and Videotron to recover the associated one-time costs through a service charge at the time of provisioning.
86. The Commission considers that the proposed time and labour charge option may be subject to a high degree of variability with respect to the time estimates per job. Further, the Commission considers that Cogeco's and Videotron's proposed fixed rates will over-recover costs for those independent service providers whose serving area is only a subset (a few CMTS) of the entire aggregated POI region (which includes all CMTS).
87. The Commission expects that the effort required to recover the costs of configuring IP address blocks will vary depending on the number of CMTS that need to be modified as a result of the independent service provider order, and therefore concludes that a fixed rate per CMTS, which is to be applied to the number of CMTS to be modified as a result of the independent service provider order, will provide for a more appropriate recovery of the costs incurred.
88. The Commission therefore **approves** a fixed rate of \$86.53 per CMTS for Cogeco and \$90.58 per CMTS for Videotron. These rates reflect the proposed Phase II costs per CMTS and include a 30 percent markup, adjusted to reflect similar adjustments to comparable provisioning activity costs, as identified in Table 4 of the Appendix to this decision. The Commission considers that this rate recovery approach will ensure that service charges will strictly recover the one-time costs incurred in a manner that will minimize the level of service charges imposed on competitors.
89. With regard to service intervals, given the shortage of IPv4 addresses and the incumbents' requirement for this information to process an independent service provider order, the Commission considers that a reasonable delay to permit independent service providers to deliver this information to the cable carriers should be allowed. The Commission considers that allowing 20 business days from receipt of the Initial Report for an independent service provider to provide its IP address block information is reasonable. In the event that this deadline is not met, the POI availability date is to be extended to match the period of delay that is in excess of the 20 business-day limit.

d) Should the Cable carriers' proposed TPIA service agreements be approved?

90. The Cable carriers requested that the Commission approve proposed revised TPIA service agreements. These agreements contain detailed clauses associated with the provisioning of service beyond those included in the proposed tariff pages, such as
- service intervals to process a CBB capacity-change service order,

- provisions and service intervals associated with the configuration of IP address block information,
- advance deposit to provide interconnection at a given POI,
- limitations on incumbent liability,
- protection clauses related to the cable carrier's intellectual property and trademark interests, and
- miscellaneous clauses such as definitions, insurance, non-disclosure, dispute resolution, and schedules.

91. CNOc objected to the proposed service intervals for complex orders, POI activation delay in the event of delays in receiving IP address block information, and some of the wording included in the Cable carriers' protection clauses on intellectual property and trademarks.

Commission's analysis and determinations

92. The Commission notes that the matters related to service intervals to process CBB capacity-change service orders and configuration of IP block information are discussed in paragraphs 37-52 and 78-89, respectively, of this decision. Further, advance deposit to provide interconnection at a given POI was dealt with in Telecom Order 2012-256 with respect to RCP's TPIA service.¹⁷

93. The Commission considers that these matters, as well as limitations on incumbent liability, should be included in the incumbents' tariff pages, not in the agreement, because they relate directly to the service itself. Cogeco, RCP, and Videotron are therefore directed to update their respective tariff pages to reflect these clauses.

94. The Commission notes that the remaining clauses of the proposed agreements related to the cable carrier's intellectual property and trademark interests, definitions, insurance, non-disclosure, dispute resolution, and schedules are, in essence, contractual matters and not matters that the Commission would enforce. Therefore, the Commission considers that these clauses should not be included in the tariff that it approves.

¹⁷ In Telecom Order 2012-256, the Commission required that the independent service provider provide a deposit of \$1,000 for each aggregated POI interconnection request.

IV. Are the Commission's determinations consistent with the Policy Direction?

95. The Commission considers that the policy objectives set out in paragraphs 7(a), (b), (c), and (f) of the Act¹⁸ are advanced by the regulatory measures established in this decision.
96. Consistent with subparagraph 1(a)(ii) of the Policy Direction, the Commission considers that the regulatory measures approved in this decision are efficient and proportionate to their purpose, and minimally interfere with market forces. In particular, the Commission notes that it had previously found that the CBB model is the most efficient model for these wholesale services, and that the service charges and other matters approved in this decision will allow the parties to implement the CBB model.
97. Subparagraph 1(b)(ii) of the Policy Direction requires that regulatory measures that are of an economic nature neither deter economically efficient competitive entry into the market nor promote economically inefficient entry. In this regard, the Commission considers that the wholesale cost-based rates identified in this decision are calculated with a view to ensuring that competitors are paying rates constituting Phase II costs plus an appropriate markup while the incumbents legitimately recover the costs that they incur. The Commission considers that the rates and timelines established in this decision will lower barriers to entry while encouraging incumbents to continue to reinvest in infrastructure upgrades.

V. Directions

98. The Commission directs the Bell companies, Cogeco, MTS Allstream, RCP, and Videotron to issue revised WHSA tariff pages reflecting its determinations in this decision **within 10 days of the date of this decision.**

Secretary General

Related documents

- *Rogers Communications Partnership – Introduction of 10 Gigabit Ethernet Interconnecting option – Third party Internet access service*, Telecom Order CRTC 2012-635, 21 November 2012

¹⁸ The cited policy objectives of the Act are:

7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;

7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;

7(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; and

7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

- *Videotron Ltd. – Introduction of 10 Gigabit Ethernet Interconnecting option – Third party Internet access service*, Telecom Order CRTC 2012-634, 21 November 2012
- *Confidentiality of information used to establish wholesale services rates*, Telecom Regulatory Policy CRTC 2012-592, 26 October 2012
- *Rogers Communications Partnership – Revisions to Third Party Internet Access service tariff*, Telecom Order CRTC 2012-256, 27 April 2012
- *Videotron Ltd. – Introduction of interconnection speed change charge for third-party Internet access service network capacity increments*, Telecom Order CRTC 2012-58, 27 January 2012
- *Cogeco Cable Inc. – Introduction of service charge for changes in third-party Internet access service network capacity*, Telecom Order CRTC 2012-57, 27 January 2012
- Telecom Order CRTC 2012-55, 27 January 2012
- *Billing practices for wholesale business high-speed access services*, Telecom Regulatory Policy CRTC 2011-704, 15 November 2011
- *Billing practices for wholesale residential high-speed access services*, Telecom Regulatory Policy CRTC 2011-703, 15 November 2011, as amended by Telecom Regulatory Policy CRTC 2011-703-1, 22 December 2011
- *Canadian Network Operators Consortium Inc. – Application for clarification and expedited relief concerning the manner in which cable companies intend to implement directives in Telecom Order 2011-377*, Telecom Decision CRTC 2011-482, 10 August 2011
- *Bell Canada et al.'s application to review and vary Telecom Decision 2008-17 with respect to negotiated agreements*, Telecom Regulatory Policy CRTC 2009-19, 19 January 2009
- *Cogeco Cable Canada Inc., Rogers Cable Inc., Shaw Cablesystems G.P., and Vidéotron ltée – Third-party Internet access using cable networks – Follow-up to Telecom Decision CRTC 2004-69*, Telecom Order CRTC 2007-230, 29 June 2007
- *Point of interconnection and service charge rates, terms and conditions for third party Internet access using cable networks*, Telecom Decision CRTC 2004-69, 2 November 2004, as amended by Telecom Decision CRTC 2004-69-1, 24 November 2004, and Telecom Decision CRTC 2004-69-2, 3 February 2005

Table 1: Adjustments to proposed CBB capacity-change service charge per-order costs

1. **Incumbent:** Bell companies

Proposed costs

Software and other unit costs for order processing system developed assuming same level of demand over 10-year study period

Commission adjustment

Revise demand to reflect growth of 20% for each of years 2 to 5, and 15% for each remaining year of study period; year 1 not revised.

Rationale for adjustment

Refer to paragraph 30. Revision to proposed demand for years 2 to 10 reflects level of ISP growth consistent with historical levels and considering more favourable wholesale regime in light of the wholesale matching speed decision.

2. **Incumbent:** Bell companies

Proposed costs

If common two-tier rate model approved, proposed including additional costs for billing, ordering, and processing, but did not quantify costs

Commission adjustment

Increase costs by an amount equating to 5% of proposed development costs

Rationale for adjustment

Refer to paragraph 17

3. **Incumbent:** MTS Allstream

Proposed costs

Costs based on proposed time estimates for following CSG activities:

- Initial discussion with customer on requirements
- Send meeting invite
- Discuss technical requirements, preliminary costs
- Capture meeting highlights

Commission adjustment

Exclude these costs

Rationale for adjustment

Refer to paragraphs 29 and 31. Customer contact is not expected for ongoing capacity changes.

4. **Incumbent:** MTS Allstream

Proposed costs

CSG – Review Tariff for Pricing

Commission adjustment

Exclude these costs

Rationale for adjustment

Refer to paragraphs 29 and 31. Should not be required based on proposed time estimates by all companies and assuming an efficient, fully established process

5. **Incumbent:** MTS Allstream

Proposed costs

Costs based on proposed time estimates for following CSG activities:

- Update network diagrams
- Review order for accuracy
- Generate work order

Commission adjustment

Reduce total time estimate by 53%

Rationale for adjustment

Refer to paragraphs 29 and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

6. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimates for following CSG activities:

- Receive order
- Validate order
- Task assignment
- Confirm receipt and follow-up
- Request order processing
- Post to account

Commission adjustment

Reduce total time estimate by 43%

Rationale for adjustment

Refer to paragraphs 29 and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

7. **Incumbent:** Videotron

Proposed costs

Costs based on proposed time estimates for following CSG activities:

- Explain to the ISP how the change will be applied
- Answer ISP questions

Commission adjustment

Reduce total time estimate by 33%

Rationale for adjustment

Refer to paragraphs 29 and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

8. **Incumbent:** RCP

Proposed costs

Costs based on proposed time estimates for following CSG activities:

- Record order
- Review order
- Verify capacity
- Confirm order
- Forecast discussion
- Capacity issue resolution
- Physical augmentation
- Change documentation
- Confirmation & record
- Implement change
- Prepare invoice

Commission adjustment

Calculate proposed time estimates by assuming 1.5 interfaces per order on average and assume proposed costs are order-driven

Rationale for adjustment

Refer to paragraph 19

9. **Incumbent:** RCP

Proposed costs

CSG – Documentation and filing

Commission adjustment

Exclude these costs

Rationale for adjustment

Refer to paragraphs 29 and 31. Documentation and filing activities should already be included in other CSG activities, not as a separate and distinct activity.

10. Incumbent: RCP

Proposed costs

CSG – Forward and review order

Commission adjustment

Calculate proposed time estimates by assuming 1.5 interfaces per order on average, assume proposed costs are order-driven, and reduce calculated time estimate by 60%.

Rationale for adjustment

Refer to paragraphs 19, 29, and 31. Time estimate reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

Table 2: Adjustments to proposed CBB capacity-change service charge per-interface costs

1. **Incumbent:** Bell companies

Proposed costs

Costs based on proposed time estimate for Wholesale Broadband Business Office – Create and issue order

Commission adjustment

Reduce time estimate by 48%

Rationale for adjustment

Refer to paragraphs 29 and 31. Time estimate reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

2. **Incumbent:** Bell companies

Proposed costs

Costs based on proposed time estimate for Customer service engineering – Validate if ISP’s requested configuration is supported

Commission adjustment

Reduce time estimate by 33%

Rationale for adjustment

Adjustment consistent with efficiencies identified by Bell companies in The Companies(CRTC)23Feb12-1

3. **Incumbent:** Bell companies

Proposed costs

Bad debt expense cost calculated by applying percentage of bad debt to total proposed costs causal to demand

Commission adjustment

Reduce bad debt costs by 10%

Rationale for adjustment

Reduction of bad debt costs due to reduction of total proposed costs

4. **Incumbent:** MTS Allstream

Proposed costs

Costs based on proposed time estimate for Network Engineering – Design commands

Commission adjustment

Reduce time estimate by 22%

Rationale for adjustment

Refer to paragraphs 29 and 31. Time estimate reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

5. **Incumbent:** MTS Allstream

Proposed costs

Costs based on proposed time estimate for Network Engineering – Update TecNet with Methods of Procedure

Commission adjustment

Reduce time estimate by 50%

Rationale for adjustment

Time estimate reduced to correspond with the amount of time required when installing a new interface and assuming an efficient, fully established process

6. **Incumbent:** MTS Allstream

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- After TecNet work complete, verify changes are taking effect
- Complete TecNet to report command entry complete

Commission adjustment

Reduce time estimates by 75%

Rationale for adjustment

Verifying and reporting the change should take considerably less time than executing the change assuming an efficient, fully established process

7. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimate for CSG – Scheduling and jeopardy analysis

Commission adjustment

Recalculate proposed time estimate by assuming 1.5 interfaces per order on average; further assume proposed costs are interface-driven, and reduce recalculated time estimate by 42%

Rationale for adjustment

Refer to paragraphs 18, 19, 29, and 31. Time estimate reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

8. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimates for following Network Engineering activities:

- Receive order from CSG
- Review existing design
- Review overall HSI network and all links
- Make design changes
- Verify effect of request on existing design for impact on Cogeco
- Verify effect of request on existing design for impact on other third parties
- Update document
- Create Method of Procedure
- Notify cleared staff in Network Operations

Commission adjustment

Recalculate proposed time estimate by assuming 1.5 interfaces per order on average and reduce recalculated total time estimate by 26%

Rationale for adjustment

Refer to paragraphs 19, 29, and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

9. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimates for following Network Operations activities:

- Receive notice from network engineering
- Review Method of Procedure
- Confirm clearance on CAB
- Execute MOP
- Test after execution

Commission adjustment

Recalculate proposed time estimate by assuming 1.5 interfaces per order on average and reduce recalculated total time estimate by 42%

Rationale for adjustment

Refer to paragraphs 19, 29, and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

10. **Incumbent:** Videotron

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- Validate information and technical requirements to ensure no conflicts
- Create IP configuration order
- Update databases and send email to planning/IP performance

Commission adjustment

Recalculate proposed time estimates by assuming 1.5 interfaces per order on average

Rationale for adjustment

Refer to paragraph 19

11. **Incumbent:** Videotron

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- Create work order
- Update IT management system
- Validate scheduling availability
- Get approval for the change
- Complete work order
- Discuss with engineering to schedule order change
- Ensure change conforms to standards
- Validate IP configuration and databases
- Assign employees
- Review and understand the change order
- NetOps notifies resource management
- Implement the change and verify
- Notify resource management that the change was implemented
- Resource management supervisor verify scheduling and approval
- Resource manager's time receiving notification from NetOps
- Another technician verifies change was implemented and closes the order

Commission adjustment

Recalculate proposed time estimates by assuming 1.5 interfaces per order on average and reduce recalculated total time estimate by 24%

Rationale for adjustment

Refer to paragraphs 19, 29, and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

12. **Incumbent:** RCP

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- Review request
- Identify device changes
- Confirm link capacities
- Execution documentation
- Change control request
- Problem resolution with CSG
- Review & confirm with NE
- Review activity schedule
- Schedule change
- Test capacity to verify
- Confirm with NE & CSG

Commission adjustment

Calculate proposed time estimates by assuming 1.5 interfaces per order on average

Rationale for adjustment

Refer to paragraph 19

13. Incumbent: RCP

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- Execution documentation
- Validation documentation
- Restoral documentation
- Open device configurations
- Program the changes
- Close device configurations
- Test end-to-end operation
- Documentation & filing

Commission adjustment

Calculate proposed time estimates by assuming 1.5 interfaces per order on average and reduce recalculated total time estimate by 73%

Rationale for adjustment

Refer to paragraphs 19, 29, and 31. Time estimates reduced based on proposed time estimates by all companies and assuming an efficient, fully established process.

Table 3: Adjustments to MTS Allstream's proposed single interface service charge costs

1. **Major activity:** CSG account support and service representatives

Proposed costs

Costs based on time estimates for order issuance and billing number set-up

Commission adjustment

Reduce total time estimate by 14%

Rationale for adjustment

Refer to paragraph 61

2. **Major activity:** CSG wholesale account manager

Proposed costs

Costs based on time estimates for

- (i) customer point of contact, and
- (ii) certain communications and administrative activities

Commission adjustment

Reduce time estimates by (i) 45%, and (ii) 11%, respectively, for a total reduction of 56%

Rationale for adjustment

- (i) These activities involve mostly pre-sale activities, the costs of which are not considered to be causal Phase II costs
- (ii) Refer to paragraph 61

3. **Major activity:** CSG systems engineering

Proposed costs

Costs based on time estimates for

- (i) tech sales support, and
- (ii) certain communications and consultation activities

Commission adjustment

Reduce time estimates by (i) 29%, and (ii) 7%, respectively, for a total reduction of 36%

Rationale for adjustment

- (i) These activities involve mostly pre-sale activities, the costs of which are not considered to be causal Phase II costs
- (ii) Refer to paragraph 61

4. Major activity: CSG systems analyst

Proposed costs

Costs based on time estimates for customer information updates

Commission adjustment

Reduce total time estimate by 33%

Rationale for adjustment

Refer to paragraph 61

5. Major activity: Network engineering broadband coordinator

Proposed costs

Costs based on time estimates for order coordination

Commission adjustment

Reduce total time estimate by 58%

Rationale for adjustment

Refer to paragraph 61

6. Major activity: Network engineering IP traffic design network order

Proposed costs

Costs based on time estimates for

- (i) facilities checks for connecting the ISP and an end-user to the network,
- (ii) procedure documentation and quality of service set-up, and
- (iii) administrative activities, such as updating records and sending orders for execution.

Commission adjustment

Reduce time estimates by (i) 12%, (ii) 10%, and (iii) 7%, respectively, for a total reduction of 29%

Rationale for adjustment

(i) Exclude the costs of facilities checks since these costs are associated with other service elements and are not causal to the provisioning of the interface itself

(ii) & (iii) Refer to paragraph 61

7. **Major activity:** Network engineering facilities management

Proposed costs

Costs based on time estimates for order design and issuance, e.g. checking for locations as well as available facilities and bandwidth

Commission adjustment

Reduce total time estimate by 47%

Rationale for adjustment

Refer to paragraph 61

8. **Major activity:** Network engineering circuit provisioner

Proposed costs

Costs based on time estimates for administrative activities related to order issuance, such as understanding and processing the order

Commission adjustment

Reduce total time estimate by 21%

Rationale for adjustment

Refer to paragraph 61

9. **Major activity:** Network operations – configure the network

Proposed costs

Costs based on time estimates for administrative activities such as receiving the order, error checking, and updating order information

Commission adjustment

Reduce total time estimate by 10%

Rationale for adjustment

Refer to paragraph 61

Table 4: Adjustments to time estimates for IP address block information configuration

1. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimate for CSG – Order fulfillment

Commission adjustment

Exclude these costs

Rationale for adjustment

IP address block configuration requests would generally be part of request for capacity increases / access requests

2. **Incumbent:** Cogeco

Proposed costs

Costs based on proposed time estimates for following Network Engineering and Network Operations activities:

- Modification to routing and provisioning systems
- Application to routing and provisioning systems

Commission adjustment

Reduce time estimate by 33%

Rationale for adjustment

Reflects adjustments similar to adjustments made to capacity-change costs for comparable activities

3. **Incumbent:** Videotron

Proposed costs

Costs based on proposed time estimates for Access Network Engineering – Creation of the configuration change request

Commission adjustment

Reduce time estimate by 33%

Rationale for adjustment

Reflects adjustments similar to adjustments made to capacity-change costs for comparable activities

4. Incumbent: Videotron**Proposed costs**

Costs based on proposed time estimates for the following activities:

- IP Network Support (Access) – Execution and validation of the change request
- IP Network Support (Systems) – Synchronization of CMTS and Dynamic Host Configuration Protocol (DHCP)

Commission adjustment

Reduce time estimates by 33%

Rationale for adjustment

Reflects adjustments similar to adjustments made to capacity-change costs for comparable activities