



## Telecom Notice of Consultation CRTC 2013-79

PDF version

Ottawa, 21 February 2013

### Call for comments

### Review of rate principles for legacy business wholesale high-speed access services

File number: 8661-C12-201303495

#### Introduction

1. In Telecom Regulatory Policy 2011-704, the Commission decided, among other things, the billing structure and prices of business wholesale high-speed access (HSA) services offered by large telephone companies. Independent service providers use these wholesale services to provide high-speed Internet access or other services to their own retail end-users. The Commission does not regulate the rates for retail Internet services because there are multiple service providers bringing competition, pricing discipline, innovation, and consumer choice to the retail Internet services market. The Commission also determined the rate principles for business wholesale HSA service such that rates should be based on the Phase II costs<sup>1</sup> of providing the service plus an appropriate markup.<sup>2</sup> The Commission further decided that the business wholesale HSA rates would be set using a higher markup than the markup used to set residential wholesale HSA rates.
2. Based on this decision, the Commission set rates for business wholesale HSA services for those companies that offer separate wholesale HSA services for residential and business end-users, i.e., Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, the Bell companies) and TELUS Communications Company (TCC). The wholesale HSA service rates

---

<sup>1</sup> Phase II costing is an incremental costing approach used by the Commission to assess the incumbent carrier's costs of providing wholesale service to competitors.

<sup>2</sup> Markup is defined as the difference between the cost and rate of a service. For example, if the service cost is \$100 and the markup is 15 percent, then the service rate is \$115. Markup provides a contribution to an incumbent fixed and common costs. Fixed and common costs are costs that do not vary with the offering of a service. These costs are not incremental to providing wholesale services and hence are not recovered in incremental wholesale cost studies. Markup should not be confused with profit margin, given that a number of costs such as corporate overheads and past network investments may be excluded from the incremental costing analysis but would be included in the profit margin analysis.

approved in Telecom Regulatory Policy 2011-704 included the business non-legacy<sup>3</sup> services offered by these companies as well as the business legacy wholesale HSA services of TCC<sup>4</sup>, but excluded the business legacy wholesale HSA services for Bell Aliant in its territory in Ontario and Quebec and Bell Canada (collectively, the Bell companies in Ontario and Quebec).<sup>5</sup>

3. Subsequently, the Canadian Network Operators Consortium Inc. (CNO) and Telesave Communications Ltd. (Telesave) filed applications requesting that the Commission review and vary the rate principles established in Telecom Regulatory Policy 2011-704.
4. On review of the record of the proceeding leading up to Telecom Regulatory Policy 2011-704 as well as the above-noted applications, the Commission concluded, in Telecom Decision 2013-73, that the rates for business wholesale HSA services were to be made equivalent to the rates approved for comparable residential wholesale HSA services.
5. In light of the above, consistent with other telephone companies and cable carriers, there is no longer a distinction between business and residential non-legacy wholesale HSA service rates for the Bell companies and TCC. However, there continues to be a distinction between legacy wholesale HSA business and residential rates for the Bell companies in Ontario and Quebec. The business and residential rates for these legacy wholesale HSA services are provided in the Appendix.

### **Call for comments**

6. The Commission invites parties to file comments, including supporting rationale and all evidence on which they rely, on whether the principle decided in Telecom Decision 2013-73 to apply the same rates for equivalent business and residential wholesale HSA service speeds should also apply to the legacy business wholesale HSA service speeds of the Bell companies in Ontario and Quebec.
7. The Commission also invites parties to file comments, including supporting rationale, on whether, if the Commission decides to approve legacy business wholesale HSA rates that are equivalent to the legacy residential wholesale HSA rates for the Bell companies in Ontario and Quebec, those rates should be made effective 45 days from the date of such decision, consistent with the effective date of implementation set out in Telecom Decision 2013-73.

---

<sup>3</sup> Non-legacy business wholesale HSA services are those services offered using fibre-to-the-node (FTTN) technology, which upgrades the access network by extending fibre closer to the customer premises in order to provide increasingly higher-speed access services.

<sup>4</sup> Legacy business wholesale HSA services are those services that were on the market prior to July 2011.

<sup>5</sup> The legacy business wholesale HSA services of Bell Canada and Bell Aliant in Ontario and Quebec are offered at speeds of up to 640 kilobits per second (Kbps), 1 Mbps, and 6 Mbps. In contrast, Bell Aliant in Atlantic Canada does not make a distinction between legacy residential and business wholesale HAS services.

## Procedure

8. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding.<sup>6</sup>
9. The Bell companies are made parties to this proceeding.
10. Parties to this proceeding and interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues, by **25 March 2013**. In accordance with section 26 of the Rules of Procedure, this intervention must explicitly state that the person wishes to be considered an intervener.
11. The Commission will post the interventions on its website shortly after **25 March 2013**. All documents required to be served on a party or parties to the proceeding must be served using the contact information contained in the interventions.
12. All parties may file reply comments with the Commission, serving copies on all other parties, by **2 April 2013**.
13. The Commission will not formally acknowledge interventions or comments. It will, however, fully consider all submissions, which will form part of the public record of the proceeding.
14. Parties are reminded that, in accordance with the Rules of Procedure, if a document is to be filed or served by a specific date, the document must be actually received, not merely sent, by that date. A document must be filed with the Commission by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. The Commission takes no responsibility for postal delays and will not notify parties if their submissions are received after the deadline. Late submissions will not be considered by the Commission and will not be made part of the public record.
15. Electronic submissions should be in HTML format. Alternatively, Microsoft Word may be used for text and Microsoft Excel for spreadsheets. Submissions longer than five pages should include a summary.
16. Each paragraph of all submissions should be numbered. In addition, the line **\*\*\*End of document\*\*\*** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
17. The Commission encourages interested persons and parties to monitor the record of this proceeding and/or the Commission's website for additional information that they may find useful when preparing their submissions.

---

<sup>6</sup> The Rules of Procedure set out, among other things, the rules for the filing, content, format, and service of interventions and interrogatories; the procedure for filing confidential information and requesting its disclosure; and the conduct of the public hearing, where applicable. Accordingly, the procedure set out in this notice must be read in conjunction with the Rules of Procedure and their accompanying documents, which can be found on the Commission's website under "CRTC Rules of Practice and Procedure."

18. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

**by completing the**

(Intervention/comment/answer form)

or

**by mail to**

CRTC, Ottawa, Ontario K1A 0N2

or

**by fax to**

819-994-0218

### **Important notice**

19. All information provided as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, email, or through the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), becomes part of a publicly accessible file and will be posted on the Commission's website. This includes personal information, such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, and any other personal information provided.
20. The personal information provided will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
21. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
22. The information provided to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not link directly to the information provided as part of this public process.

### **Location of CRTC offices**

Submissions may be examined or will be made available promptly upon request at Commission offices during normal business hours.

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

Central Building  
Les Terrasses de la Chaudière  
1 Promenade du Portage, Room 206  
Gatineau, Quebec J8X 4B1  
Tel.: 819-997-2429  
Fax: 819-994-0218

***Regional offices***

Metropolitan Place  
99 Wyse Road, Suite 1410  
Dartmouth, Nova Scotia B3A 4S5  
Tel.: 902-426-7997  
Fax: 902-426-2721

205 Viger Avenue West, Suite 504  
Montréal, Quebec H2Z 1G2  
Tel.: 514-283-6607

55 St. Clair Avenue East, Suite 624  
Toronto, Ontario M4T 1M2  
Tel.: 416-952-9096

360 Main Street, Suite 970  
Winnipeg, Manitoba R3C 3Z3  
Tel.: 204-983-6306  
Fax: 204-983-6317

2220 – 12th Avenue, Suite 620  
Regina, Saskatchewan S4P 0M8  
Tel.: 306-780-3422

100 – 4<sup>th</sup> Avenue SW, Suite 403  
Calgary, Alberta T2P 3N2  
Tel.: 403-292-6660  
Fax: 403-292-6686  
858 Beatty Street, Suite 290  
Vancouver, British Columbia V6B 1C1  
Tel.: 604-666-2111  
Fax: 604-666-8322

Secretary General

## Related documents

- *Canadian Network Operators Consortium Inc. – Application to review and vary Telecom Regulatory Policies 2011-703 and 2011-704*, Telecom Decision 2013-73, 21 February 2013
- *Billing practices for wholesale business high-speed access services*, Telecom Regulatory Policy CRTC 2011-704, 15 November 2011

## Appendix

### Gateway Access Service (GAS) Rates

(the Bell companies in Ontario and Quebec)

Lite (up to 640 Kbps downstream and up to 512 Kbps upstream)

<b>GAS Access – Business</b>	<b>Contract Period/Monthly Rate</b>		
	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>
<500	\$27.00	\$26.00	\$25.00
500-1000	\$26.00	\$25.00	\$24.00
>1000	\$25.00	\$24.00	\$23.00

Lite Plus (up to 1 Mbps downstream and up to 640 Kbps upstream)

<b>GAS Access – Business</b>	<b>Contract Period/Monthly Rate</b>		
	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>
<1000	\$27.45	\$26.45	\$25.45
1000-2500	\$26.45	\$25.45	\$24.45
2501-5000	\$25.45	\$24.45	\$23.45
5001-7500	\$24.45	\$23.45	\$22.45
>7500	\$23.45	\$22.45	\$21.45

Basic (up to 6 Mbps downstream and up to 800 Kbps upstream)

<b>GAS Access – Business</b>	<b>Contract Period/Monthly Rate</b>		
	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>
<1000	\$31.00	\$30.00	\$29.00
1000-2500	\$30.00	\$29.00	\$28.00
2501-5000	\$29.00	\$28.00	\$27.00
5001-7500	\$28.00	\$27.00	\$26.00
>7500	\$27.00	\$26.00	\$25.00

<b>GAS Access – Residence</b>	<b>Monthly Rate</b>
Lite (up to 640 Kbps downstream and up to 512 Kbps upstream)	\$14.11
Lite Plus (up to 2 Mbps downstream and up to 800 Kbps upstream)	\$14.11
Basic (up to 6 Mbps downstream and up to 800 Kbps upstream)	\$14.11