



## Telecom Order CRTC 2013-83

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Ottawa, 21 February 2013

### **TELUS Communications Company – Introduction of two new wholesale high-speed access service speeds**

File number: Tariff Notice 445

1. The Commission received an application with supporting cost studies from TELUS Communications Company (TCC), dated 26 September 2012, in which TCC proposed revisions to its Carrier Access Tariff item 226 – Wholesale Internet Asymmetric Digital Subscriber Line (ADSL) Service. In its application, TCC proposed to introduce two new speeds for its wholesale high-speed access (HSA) services: a business wholesale HSA service with a speed of up to 25 megabits per second (Mbps) downstream and up to 5 Mbps upstream (business wholesale HSA 25 Mbps service) at a proposed rate of \$45.00 per month per end-user, and a residential wholesale HSA service with a speed of up to 50 Mbps downstream and up to 10 Mbps upstream (residential wholesale HSA 50 Mbps service) at a proposed rate of \$57.00 per month per end-user.
2. TCC offers wholesale HSA services to independent service providers in its territory using a flat rate billing model<sup>1</sup> for services provided to both residential and business end-users.
3. In Telecom Order 2012-580, the Commission approved TCC's application on an interim basis, effective 29 October 2012.
4. The Commission received no comments regarding the above-noted application. The public record of this proceeding is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings" or by using the file number provided above.

#### **Commission's analysis and decisions**

5. In Telecom Regulatory Policies 2011-703 and 2011-704, the Commission decided that rates for wholesale HSA services should be set according to the Phase II costs<sup>2</sup> of

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<sup>1</sup> The flat rate model requires each independent service provider to pay a monthly rate to recover both network transport costs and access costs on a per end-user basis.

<sup>2</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.

providing the service plus an appropriate markup.<sup>3</sup> The Commission also decided that the business wholesale HSA service rates would be set using a higher markup than the markup used to set residential wholesale HSA service rates.

6. In Telecom Decision 2013-73 issued today, the Commission varied Telecom Regulatory Policy 2011-704 and decided that the rates for business wholesale HSA services are to be the same as the rates approved for comparable residential wholesale HSA services, effective **8 April 2013**.
7. For the reasons set out in Telecom Decision 2013-73 and in particular taking into account the fact that residential and business wholesale HSA services are essentially the same, the Commission considers it appropriate to revise the rate of the business wholesale HSA 25 Mbps service for TCC such that it equals the existing residential wholesale HSA 25 Mbps service rate.
8. In light of the above, the Commission **approves on a final basis** a revised rate of \$29.84 per month per end-user,<sup>4</sup> for TCC's business wholesale HSA 25 Mbps service, effective the date of this order.
9. The Commission notes that TCC's residential wholesale HSA 50 Mbps service remains under review and that a decision will be issued at a later date.

Secretary General

### Related documents

- *Canadian Network Operators Consortium Inc. – Application to review and vary Telecom Regulatory Policies 2011-703 and 2011-704*, Telecom Decision CRTC 2013-73, 21 February 2013
- *TELUS Communications Company – Addition of two new speeds to Wholesale Internet ADSL Service*, Telecom Order CRTC 2012-580, 19 October 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

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<sup>3</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.

<sup>4</sup> Equal to the residential wholesale Internet ADSL 25 Mbps service rate, which is based on Phase II cost plus a markup of 40 percent.