



## Telecom Order CRTC 2016-319

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Ottawa, 9 August 2016

*File numbers: Tariff Notices 768, 768A, 768B, and 768C*

### **MTS Inc. – Implementation of determinations set out in Telecom Regulatory Policy 2015-326**

#### **Background**

1. In Telecom Regulatory Policy 2015-326, the Commission made a number of determinations that affected, among other things, the following wholesale legacy services provided by the large incumbent local exchange carriers (ILECs):<sup>1</sup>
  - unbundled local loops (ULLs);<sup>2</sup>
  - digital subscriber line services provided over non-fibre-to-the-node technologies; and
  - low-speed competitor digital network access services (i.e. DS-0 and DS-1 access services).<sup>3</sup>
2. The Commission determined that the rates for these services would be frozen at existing rate levels, as of the date of Telecom Regulatory Policy 2015-326. The Commission further determined that any affected service rate that was interim on the date of that decision would be final.
3. As well, the Commission determined that, subject to a three-year phase-out period, it would no longer require that the large ILECs provide ULLs. Specifically, the Commission determined that ULLs would have to continue to be made available at Commission-approved rates for at least the duration of the three-year phase-out period in exchanges where there was demand. However, the Commission forbore from regulating ULLs in exchanges where there was no existing demand.

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<sup>1</sup> Bell Aliant Regional Communications, Limited Partnership and Bell Canada; MTS Inc.; Saskatchewan Telecommunications; Télébec, Limited Partnership; and TELUS Communications Company

<sup>2</sup> ULLs provide a transmission path between an end-user's premises and an ILEC's central office by means of copper facilities. ULLs can be used by competitors to provide local telephony and Internet access services to residential and business customers.

<sup>3</sup> A DS-0 represents a channel capable of digital transmission at a rate of 56 kilobits per second, equivalent to one voice circuit. A DS-1 represents a channel capable of digital transmission at a rate of 1.544 megabits per second, equivalent to 24 voice circuits.

4. To implement these determinations, the Commission directed the large ILECs to file revised tariffs within 30 days of the date of its decision.

## **Application**

5. The Commission received an application from MTS Inc. (MTS), dated 24 September 2015,<sup>4</sup> in which it filed proposed revisions to the following items from its Access Services Tariff and Special Services & Facilities Tariff, pursuant to the Commission's directive in Telecom Regulatory Policy 2015-326:
  - item 105 – Local Network Interconnection and Component Unbundling,
  - item 125 – Competitor Digital Network (CDN) Services,
  - item 5820 – Asymmetric Digital Subscriber Line (ADSL) Data Access Service, and
  - item 5830 – Very High-Speed Digital Subscriber Line (VDSL) Data Access Service
6. The Commission received an intervention regarding MTS's application from the Canadian Network Operators Consortium Inc. (CNOc). The public record of this proceeding, which closed on 11 February 2016, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file numbers provided above.
7. With respect to item 105, MTS proposed to indicate the following for ULLs:
  - the monthly rates and service charges are frozen,
  - the service is available in the exchange of Winnipeg only (rate bands A and B), and
  - the service is forborne from regulation in all other MTS exchanges since there was no existing demand for it.
8. For item 125, the company proposed changes to its DS-0 and DS-1 access services to indicate that the monthly rates and service charges are frozen.
9. Regarding item 5820, MTS proposed to indicate that the monthly rate and service charge associated with the ADSL Access component are frozen. The company also proposed, in response to CNOc's intervention, to change the way it expresses the dry loop rates that are applicable when the service is provided in association with dry loops.<sup>5</sup> Specifically, it proposed to remove the indication that dry loop rates are 50%

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<sup>4</sup> MTS subsequently filed amendments to its application, dated 16 October 2015, 11 December 2015, and 12 January 2016.

<sup>5</sup> Dry loops are ULLs that are not used for primary exchange service.

of the ULL rates contained in item 105, and to introduce specific dry loop rates equal to the current rates.

10. With respect to item 5830, MTS proposed to indicate that, when the service is provided in association with dry loops, the applicable dry loop rates are those contained in item 5820, as opposed to being expressed as 50% of the ULL rates set out in item 105.

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

11. The Commission set MTS's dry loop rates using the percentage of the costs for ULLs that is uniquely associated with the provision of dry loops (i.e. copper facility loop costs and associated maintenance costs).<sup>6</sup>
12. As noted above, the Commission determined in Telecom Regulatory Policy 2015-326 that ULL rates are frozen at existing rate levels. However, the freezing of dry loop rates was not an issue before the Commission in the proceeding leading to that decision and no corresponding determination was made regarding dry loop rates. Accordingly, the existing regulatory framework for dry loop rates, which allows ILECs to propose modified dry loop rates justified with cost studies, has not changed. Therefore, the dry loop rates themselves are not frozen.
13. MTS's proposal to express its dry loop rates as specific numerical values, rather than expressing them as a percentage of ULL rates, is appropriate since it provides clarity to customers.
14. The company's other proposed changes are consistent with the Commission's determinations set out in Telecom Regulatory Policy 2015-326.
15. In light of the above, the Commission **approves** MTS's application.

Secretary General

### **Related documents**

- *Review of wholesale wireline services and associated policies*, Telecom Regulatory Policy CRTC 2015-326, 22 July 2015; as amended by Telecom Regulatory Policy CRTC 2015-326-1, 9 October 2015
- Telecom Order CRTC 2006-124, 26 May 2006

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<sup>6</sup> Dry loop rates were first established for MTS in Telecom Order 2006-124.