



## Telecom Order CRTC 2017-255

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Ottawa, 19 July 2017

*File number: Tariff Notice 507*

### **Bell Aliant Regional Communications, Limited Partnership – Introduction of Wholesale Ethernet Central Office Connecting Link Service**

#### **Application**

1. The Commission received an application from Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), dated 8 May 2017, in which the company proposed to introduce General Tariff item 654 – Wholesale Ethernet CO [Central Office] Connecting Link Service (the Service),<sup>1</sup> with a proposed effective date of 24 May 2017.
2. Bell Aliant submitted that it had erroneously removed the Service from its General Tariff in March 2013 and that the Service has been treated as forborne since that time.
3. Bell Aliant proposed that the rates for its 10Base-T, 100Base-T, and 1 Gigabit Ethernet (GE) services be based on the rates (one-time charges) in place in March 2013, adjusted by the inflation less productivity (I-X) factor annually for each year from 2013 to 2016, consistent with the Commission's determinations in Telecom Decision 2007-27. Bell Aliant submitted that by re-introducing rates in this manner, a cost study would not be necessary.
4. Bell Aliant submitted that its anticipated demand for the Service was low (fewer than 10 customers and less than \$10,000 in associated revenue). Bell Aliant requested that the Commission ratify the charging of the rates to provision the Service for the period from 2013 to the date of the Commission's approval of its application, pursuant to subsection 25(4) of the *Telecommunications Act* (the Act).
5. Bell Aliant also proposed to introduce a 10 GE Wholesale Ethernet CO Connecting Link Service at the same rate as its 1 GE Wholesale Ethernet CO Connecting Link Service (without conducting a cost study), consistent with the way Bell Canada provides 10 GE Wholesale Ethernet CO Connecting Link Service in Ontario and Quebec. Bell Aliant submitted that the work to provision a 10 GE link is not materially different than that to provision a 1 GE link, and that it expected demand to be low for the 10 GE service.

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<sup>1</sup> This service provides a transmission path that connects an unbundled network component located or terminated within a Bell Aliant CO to a competitive local exchange carrier's or digital subscriber line service provider's co-located transmission equipment within that CO.

6. The Commission approved Bell Aliant's application on an interim basis in Telecom Order 2017-187.
7. The Commission received no interventions regarding Bell Aliant's application. The public record of this proceeding, which closed on 7 June 2017, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file number provided above.

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

8. Regarding Bell Aliant's proposed approach to setting the rates for its 10Base-T, 100Base-T, and 1 GE Wholesale Ethernet CO Connecting Link services, in Telecom Regulatory Policy 2009-80, the Commission exempted companies proposing to introduce retail services with 10 or fewer customers and monthly revenues of less than \$10,000 from the requirement to file a price floor test (which includes filing a cost study). As well, in Telecom Regulatory Policy 2015-326, the Commission stated that it generally supported certain streamlining proposals, including a proposal for the Commission to exercise its discretion to waive the requirement to file cost studies for wholesale services with limited demand and associated revenues, as long as the integrity of the costs established is maintained.
9. In the present case, given the Service's low demand and associated revenues, as well as the expense involved in conducting a cost study, it is reasonable not to require Bell Aliant to conduct a cost study. As well, if Bell Aliant had not withdrawn its Wholesale Ethernet CO Connecting Link services in March 2013, the current rates would have been at the levels proposed in the present application, consistent with the Commission's determinations set out in Telecom Decision 2007-27. Accordingly, the Commission finds Bell Aliant's proposed rate-setting approach to be an acceptable alternative to providing a cost study and finds the proposed rates to be reasonable.
10. In light of the above, the Commission **approves** Bell Aliant's proposed rates for its 10Base-T, 100Base-T, and 1 GE Wholesale Ethernet CO Connecting Link services.
11. With respect to Bell Aliant's rate ratification request, pursuant to subsection 25(4) of the Act, the Commission may ratify the charging of a rate by a Canadian carrier otherwise than in accordance with a tariff approved by the Commission if it is satisfied that the rate was charged because of an error or other circumstance that warrants the ratification.
12. However, in the circumstances, given that the amount that customers should have been charged while the Service was not included in Bell Aliant's General Tariff can be calculated using the I-X adjustment factor, the Commission **directs** the company to refund its Service customers the difference between the rate it charged and the rate adjusted by the I-X factor for the applicable year.
13. Regarding Bell Aliant's proposal to introduce a 10 GE Wholesale Ethernet CO Connecting Link Service at the same rate as its 1 GE Wholesale Ethernet CO Connecting Link Service, Bell Aliant indicated that the work to provision a 10 GE link is not materially different than that to provision a 1 GE link. Further, demand for

the 10 GE Wholesale Ethernet CO Connecting Link Service is expected to be low. As well, cost studies can be expensive to conduct. Accordingly, it is reasonable for Bell Aliant to introduce a 10 GE Wholesale Ethernet CO Connecting Link Service without filing a cost study, and for the rate to be the same as its 1 GE Wholesale Ethernet CO Connecting Link Service.

14. In light of the above, the Commission **approves** the introduction of Bell Aliant's proposed 10 GE Wholesale Ethernet CO Connecting Link Service.

## **Conclusion**

15. In light of all the above, the Commission **approves, with changes**, Bell Aliant's application, subject to the Commission's direction above regarding the rate ratification request, effective the date of this order.

Secretary General

## **Related documents**

- Telecom Order CRTC 2017-187, 8 June 2017
- *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
- *Review of the price floor test and certain wholesale costing methodologies*, Telecom Regulatory Policy CRTC 2009-80, 19 February 2009
- *Price cap framework for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-27, 30 April 2007