



## Telecom Order CRTC 2012-706

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Ottawa, 21 December 2012

### **Rogers Communications Partnership – Introduction of four new wholesale Third Party Internet Access service speeds**

File number: Tariff Notice 28

1. The Commission received an application from Rogers Communications Partnership (RCP), dated 7 November 2012, in which the company proposed revisions to its Access Services Tariff item 703 – Rates and Charges, in order to introduce four new wholesale third-party Internet access (TPIA) service speeds for use by independent service providers at its aggregated points of interconnection (POIs)<sup>1</sup> [hereinafter referred to as aggregated TPIA services]. The four new aggregated TPIA service speeds proposed are 25 megabits per second (Mbps) downstream / 2 Mbps upstream, 35 Mbps downstream / 3 Mbps upstream, 45 Mbps downstream / 4 Mbps upstream, and 150 Mbps downstream / 10 Mbps upstream.
2. RCP submitted that it would be inappropriate to set final rates for these new aggregated TPIA services before the Commission makes its costing determinations in regard to a number of applications<sup>2</sup> to review and vary Telecom Regulatory Policy 2011-703 regarding billing practices for wholesale high-speed access (WHSA) services. RCP instead proposed interim rates for these new services that were not based on a cost study.
3. RCP proposed interim monthly per-end-user access rates of \$21.00 for the new 25 Mbps service and \$22.69 for the new 150 Mbps service. These proposed rates matched the rates approved in Telecom Regulatory Policy 2011-703 for 25 and 50 Mbps WHSA services.
4. RCP also proposed interim monthly per-end-user access rates of \$21.68 for the new 35 Mbps service and \$22.35 for the new 45 Mbps service. RCP submitted that it had determined these rates based on an interpolation of the 25 and 50 Mbps service rates approved in Telecom Regulatory Policy 2011-703.

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<sup>1</sup> A POI is a location at which an independent service provider connects its network to a cable carrier's network in order to gain access to its own retail customers through high-speed access paths on the cable carrier's network.

<sup>2</sup> Rogers Communications Partnership – Application to review and vary certain aspects of Telecom Regulatory Policy 2011-703, dated 10 February 2012, Videotron G.P. – Application to review and vary Telecom Regulatory Policy 2011-703, dated 13 February 2012, and Shaw Cablesystems Limited – Application to review and vary Telecom Regulatory Policy 2011-703, dated 3 February 2012

5. The Commission received comments regarding RCP's application from Bell Aliant Regional Communications, Limited Partnership and Bell Canada (collectively, the Bell companies), the Canadian Network Operators Consortium Inc. (CNOC), Teresa Murphy, and Vaxination Informatique (Vaxination). The public record of this proceeding, which closed on 27 November 2012, 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.
6. CNOC, Teresa Murphy, and Vaxination submitted that RCP should offer the new 25, 35, and 45 Mbps services at the existing rates for aggregated TPIA services of 18, 28, and 32 Mbps. RCP and the Bell companies submitted that the interpolation approach to determine interim rates in the absence of a cost study is appropriate, since it would benefit customers by allowing faster introduction of new services while ensuring that companies are properly compensated for their costs.

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

7. The Commission notes that in Telecom Regulatory Policy 2010-632, it determined that cable carriers are required to provide WHSA services to competitors at speeds that match all speed options the cable carriers offer to their own retail Internet service customers. The Commission also determined that wholesale rates should be cost-based plus a markup.
8. The Commission notes that RCP did not submit cost studies in support of its proposed rates for the new aggregated TPIA services of 25, 35, 45, and 150 Mbps because it is waiting for the Commission's forthcoming determinations on the applications to review and vary Telecom Regulatory Policy 2011-703.
9. The Commission also notes that RCP has proposed interim rates for the new 25 and 150 Mbps services based on the approved rates for aggregated TPIA services that it no longer offers (specifically, 25 Mbps downstream / 1 Mbps upstream and 50 Mbps downstream) and that were replaced by 32 and 75 Mbps services in January and July 2012, respectively.
10. The Commission also considers that RCP's proposed approach, whereby interim rates for the 35 and 45 Mbps aggregated TPIA services are based on an interpolation approach, deviates from past practice wherein the Commission has approved interim rates based on the existing approved rates.
11. The Commission agrees with RCP that, in these circumstances, the filing of cost studies to set rates for these new aggregated TPIA services would have been challenging. The Commission therefore considers that the approach of using proxy rates, on an interim basis, is appropriate. However, the Commission considers that

the approaches proposed by RCP deviate from past practice wherein the Commission has approved interim rates for new aggregated TPIA services using the approved rates of existing lower speed aggregated TPIA services.<sup>3</sup>

12. Given past practice and the fact that RCP did not file cost-based rates, the Commission determines that the interim monthly access rates for the new aggregated TPIA service speeds are to be based on the nearest lower speed service currently approved in RCP's tariff (that is, based on the rates for the existing aggregated TPIA services of 18, 32, and 75 Mbps).
13. In light of the above, the Commission **denies** RCP's proposed monthly access rates. The Commission **approves on an interim basis** the following per-end-user rates for the new aggregated TPIA services, effective the date of this order: \$14.25 for 25 Mbps downstream / 2 Mbps upstream, \$21.00 for 35 Mbps downstream / 3 Mbps upstream, \$21.00 for 45 Mbps downstream / 4 Mbps upstream, and \$22.69 for 150 Mbps downstream / 10 Mbps upstream.
14. The Commission will consider final aggregated TPIA service rates for RCP's 25, 35, 45, and 150 Mbps services once RCP files its supporting cost studies.

Secretary General

### Related documents

- *Cogeco Cable Inc. – Changes to speeds of wholesale high-speed third-party Internet access service*, Telecom Order CRTC 2012-590, 24 October 2012
- Telecom Order CRTC 2012-506, 20 September 2012
- Telecom Order CRTC 2012-435, 8 August 2012
- *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.
- *Wholesale high-speed access services proceeding*, Telecom Regulatory Policy CRTC 2010-632, 30 August 2010

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<sup>3</sup> In Telecom Orders 2012-435, 2012-506, and 2012-590, the Commission approved interim rates for new aggregated TPIA services using rates of the nearest lower existing speeds services