



## Telecom Order CRTC 2013-579

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Ottawa, 31 October 2013

### Saskatchewan Telecommunications – Ethernet Access Service

File number: Tariff Notice 280

1. The Commission received an application from Saskatchewan Telecommunications (SaskTel), dated 18 April 2013, in which the company proposed changes to its General Tariff item 110.54 - Ethernet Access Service.
2. Ethernet Access Service provides for the transmission of information between the demarcation point and a SaskTel serving wire centre at speeds of 10, 100, or 1000 megabits per second (Mbps), depending on the rate band. The access provided consists of transmission facilities, equipment, and management to support connectivity between the serving wire centre and the terminating equipment at the demarcation point.
3. SaskTel proposed to offer rate elements in Bands E and G for the 100 Mbps Ethernet Access Service, and in Bands C, E, and G for the 1000 Mbps Ethernet Access Service.
4. SaskTel stated that its proposal was filed in response to a customer request, and that the customer had agreed to the proposed pricing structure. SaskTel submitted a cost study in support of its application.
5. The Commission received interventions regarding SaskTel's application from the Canadian Network Operators Consortium Inc. (CNOc). The public record of this proceeding, which closed on 29 August 2013,<sup>1</sup> 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.

#### Positions of parties

6. CNOc submitted that most of SaskTel's costing information was filed in confidence, arguing that the level of disclosure should have been the same as what the

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<sup>1</sup> The Commission notes that, in addition to the filing of the application by the company and CNOc's interventions, there were additional processes undertaken during the proceeding. These included a request by the Commission for the company to refile its price floor test, a process dealing with a request to release information provided in confidence to the Commission, and a submission by the company to provide corrections to certain documentation filed during the proceeding.

Commission requires for cost studies associated with wholesale service applications.<sup>2</sup> Further, CNOC recommended that the Commission require the service to be made available on a month-to-month basis as well as the one-year, three-year, and five-year terms being proposed.

7. In addition, CNOC raised the following specific issues:
  - the study period should be ten years to capture all potential demand for service which is growing rapidly;
  - the capital increase factor (CIF) used for buried fibre (i.e. 5.4 percent) should be reduced significantly due to declining fibre technology costs;
  - field visit time estimates are very high in Bands A, B, and C, and should be reduced; and
  - the marketing analyst's time for managing the service needs to be verified.
8. In reply, SaskTel reiterated that its application was merely a geographical expansion of an existing, Commission-approved, tariff element to additional rate bands.
9. With regard to CNOC's argument that the level of disclosure should have been the same as what is required for wholesale services, SaskTel responded that its Ethernet Access Service is a retail service offering, not a wholesale service; as such, its application had been filed under the Commission's rules related to retail service applications.
10. With regard to the specific issues raised by CNOC, SaskTel noted that
  - the majority of costs included for the services are causal to demand, thus extending the study period would have a minimal impact on costs;
  - the version of technology used in Bands A, B, and C is different than that used in the other bands and has no remote functionality, therefore additional time is required for a field visit; and
  - the marketing analyst's time and input is required to manage the service, and, as such, it should be included in the cost study.

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

11. The Commission notes that SaskTel's Ethernet Access Service is a retail service offering, and that the level of disclosure of cost information was consistent with the Commission's requirements for such services.

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<sup>2</sup> See *Confidentiality of information used to establish wholesale service rates*, Telecom Regulatory Policy CRTC 2012-592, 26 October 2012.

12. With regard to the specific cost input issues raised by CNOC, the Commission considers that increasing the study period would have a minimal impact on costs as costs are for the most part causal to demand. The Commission considers that, based on its review of SaskTel's cost study and the company's reply comments, both the field visit time estimates and the marketing analyst's time reflected in the cost study are both appropriate and reasonable.
13. The Commission notes that SaskTel updated its cost study input during the proceeding, specifically to use a long-term CIF of 1.4 percent. The Commission considers that this revised factor is consistent with those utilized by other incumbent local exchange carriers, and finds the use of the revised CIF by SaskTel to be reasonable.
14. With regard to CNOC's request that SaskTel should be required to make the service available on a month-to-month basis, the Commission notes that the existing service is not available on a month-to-month basis, and SaskTel's proposal is simply to extend the service to all rate bands in its territory.
15. In light of the above, and based on the review of the information filed by SaskTel in support of its application, the Commission **approves** SaskTel's application, effective the date of this order. SaskTel is to issue<sup>3</sup> revised tariff pages reflecting the determinations set out in this order within 10 days of the date of this order.

Secretary General

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<sup>3</sup> Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.