



Telecom Notice of Consultation CRTC 2015-133

PDF version

Additional references: 8663-C12-201401041 and Telecom Notices of Consultation 2014-44, 2014-44-1, and 2014-44-2

Ottawa, 9 April 2015

File number: 8678-C12-201503160

Call for comments

Deadline for submission of Telesat Canada's intervention: 20 July 2015

**Deadline for submission of interventions from all other interested persons:
21 August 2015**

[\[Submit an intervention or view related documents\]](#)

Review of Telesat Canada's price ceiling for C-band fixed satellite services

Telesat Canada (Telesat) provides satellite services that enable the delivery of telecommunications services, such as voice, wireless, and Internet services, to Canadians. In Telecom Notice of Consultation 2014-44, the Commission initiated an inquiry to review matters related to satellite transport services, and is publishing the resulting [Satellite Inquiry Report](#) today. In light of the findings contained in the Satellite Inquiry Report, the Commission calls for comments on the continued application of a price ceiling, including its level, to Telesat's C-band services. These services are a major cost for providers of telecommunications services in delivering telecommunications services to Canadians in communities where terrestrial transport facilities are unavailable. The Commission also calls for comments on any associated regulatory measures that should be taken.

Background

1. Telesat Canada (Telesat) is the main satellite operator in Canada that provides fixed satellite services (FSS) to broadcasting, telecommunications, corporate, and government customers. Presently, Telesat is the only satellite operator that covers all of Canada, including remote areas in the North.
2. FSS are used by providers of telecommunications services to deliver telecommunications services, such as voice, wireless, and Internet services, to Canadians – particularly those located in some of the nation's most remote communities, where terrestrial transport facilities, such as fibre transport links, are unavailable. Communities that rely on FSS for the delivery of voice, wireless, or Internet services are located in Nunavut, the Northwest Territories, and Yukon, as

well as in certain remote areas of British Columbia, Saskatchewan, Manitoba, Ontario, and Quebec.

3. FSS are delivered through the use of various frequencies, or bands, which have different characteristics and applications. The C-band is commonly used to deliver voice and Internet services, the Ka-band is commonly used to deliver direct-to-home Internet access, and the Ku-band is commonly used to deliver direct-to-home satellite television services.
4. In Telecom Decision 99-6, the Commission forbore,¹ with certain exceptions, from the regulation of Telesat's FSS. Effective 1 March 2000, Telesat was no longer required to file tariffs, that is, obtain prior Commission approval for the rates, terms, and conditions, for these services. However, the Commission set a price ceiling² of \$170,000 per month per transponder³ for Telesat's C-band and Ku-band FSS (referred to hereafter as the FSS price ceiling), effective after 31 December 2000, which remains in place today.⁴

Introduction

5. In Telecom Notice of Consultation 2014-44, the Commission appointed Commissioner Candice Molnar as an Inquiry Officer to review matters related to satellite transport services used by providers of telecommunications services (the Inquiry). Following her review, the Inquiry Officer reported her findings to the Commission. The [Satellite Inquiry Report](#) is being published today and is available on the Commission's website at www.crtc.gc.ca.
6. The Inquiry Officer reviewed, among other things, whether the Commission's existing regulatory framework for satellite services remains appropriate, and if not, what changes are required.
7. During the Inquiry, some parties argued that no further regulatory oversight is required by the Commission for satellite services in Canada, or that Telesat's current FSS price ceiling for C-band should be removed because it is no longer relevant.

¹ Forbearance is a Commission determination to refrain from the exercise of any power or the performance of any duty under sections 24, 25, 27, 29, and 31 of the *Telecommunications Act* (the Act) in relation to a telecommunications service or class of services provided by a Canadian carrier. The Commission can forbear in whole or in part, and conditionally or unconditionally. The Commission has the power to forbear where it finds as a question of fact that such forbearance would be consistent with the Canadian telecommunications policy objectives set out in section 7 of the Act, or where the market for the service(s) in question is or will be subject to sufficient competition to protect the interests of users.

² This price ceiling is a regulatory measure that prohibits Telesat from charging rates for certain FSS above the level established by the Commission.

³ A transponder is the equipment on a satellite that receives, amplifies, and retransmits signals from and to Earth. Transponders are also referred to as radio frequency (RF) channels.

⁴ Specifically, the Commission established a price ceiling for Telesat's full period, unprotected, pre-emptible RF channel services for lease terms of at least five years. Unprotected and pre-emptible service was the level of service that virtually all of Telesat's FSS customers chose at that time.

Other parties were of the view that continued or greater regulatory oversight is required. Those parties suggested a variety of changes to the Commission's current regulatory framework, such as updating the FSS price ceiling for C-band, establishing a utility backbone service, and setting Telesat's FSS prices based on Phase II costs plus a markup.

8. The Inquiry Officer found that (i) Telesat's existing C-band FSS rates are well below the FSS price ceiling for C-band, (ii) Telesat will likely remain the dominant provider of C-band FSS in satellite-dependent communities for the foreseeable future, and (iii) C-band prices in North America are projected to increase in the future. In her report, the Inquiry Officer recommended that the Commission review the price ceiling for Telesat's C-band FSS in light of today's market conditions and projected trends in the C-band market.
9. In light of the above, the Commission hereby initiates a proceeding to review the FSS price ceiling for Telesat's C-band (referred to hereafter as the C-band FSS price ceiling).

Call for comments

10. The Commission calls for comments, with supporting evidence and rationale, on the following:
 - (i) whether the continued use of a C-band FSS price ceiling remains appropriate;
 - (ii) assuming that the use of a C-band FSS price ceiling remains appropriate, whether the level of this price ceiling should be adjusted;
 - (iii) assuming that the use of a C-band FSS price ceiling remains appropriate and that the level of the current price ceiling should be adjusted, how should the revised level be set (e.g. benchmarked against current market rates, justified based on costing, or some other approach), and what should the revised level be;
 - (iv) whether it is appropriate to have a mechanism to review and adjust the level of the C-band FSS price ceiling on an ongoing basis and, if appropriate, what that mechanism should be (e.g. an adjustment factor);
 - (v) whether C-band FSS other than the services to which the price ceiling currently applies should also be subjected to a price ceiling (e.g. partial transponders and short-term leases for less than five years); and
 - (vi) whether other regulatory measures should be taken in respect of C-band FSS, either in addition to or instead of modifying the C-band FSS price ceiling.

Procedure

11. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding. The Rules of Procedure set out, among other things, the rules for the content, format, filing, and service of interventions, replies, and requests for information; the procedure for filing confidential information and requesting its disclosure; and the conduct of public hearings, where applicable. Accordingly, the procedure set out below must be read in conjunction with the Rules of Procedure and their accompanying documents, which can be found on the Commission's website at www.crtc.gc.ca, under "Statutes and Regulations." The *Guidelines on the CRTC Rules of Practice and Procedure*, as set out in Broadcasting and Telecom Information Bulletin 2010-959, provide information to help interested persons and parties understand the Rules of Procedure so that they can more effectively participate in Commission proceedings.
12. The record of the Telecom Notice of Consultation 2014-44 proceeding and the Satellite Inquiry Report are added to the record of this proceeding.
13. Telesat is made a party to this proceeding and may file an intervention with the Commission by **20 July 2015**. Telesat must also submit a response to the request for information set out in the appendix by **20 July 2015**.
14. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues by **21 August 2015**. The intervention must be filed in accordance with section 26 of the Rules of Procedure.
15. Parties are permitted to coordinate, organize, and file, in a single submission, interventions by other interested persons who share their position. Information on how to file this type of submission, known as a joint supporting intervention, as well as a [template](#) for the accompanying cover letter to be filed by parties, can be found in Telecom Information Bulletin 2011-693.
16. All documents required to be served on parties to the proceeding must be served using the contact information contained in the interventions.
17. The Commission and parties may request information, in the form of interrogatories, from any party to the proceeding. The requesting party must file its request for information with the Commission, and serve the request on the party to whom it is addressed, on or before **5 October 2015**.
18. Responses to requests for information are to be filed with the Commission, and served on all parties, by **16 November 2015**.
19. Parties may request (i) further responses to interrogatories, specifying in each case why a further response is necessary, and (ii) the public disclosure of information that has been designated confidential, setting out in each case the reasons for disclosure.

These requests must be filed with the Commission, and served on the parties to whom they are addressed, by **23 November 2015**.

20. Responses to requests for further responses to interrogatories and responses to requests for public disclosure must be filed with the Commission, and served on the parties making the requests, by **3 December 2015**.
21. Determinations regarding requests for further responses and requests for public disclosure will be issued as soon as possible. Any information to be provided pursuant to such determinations must be filed with the Commission, and served on the parties making the requests, by **18 December 2015**.
22. All parties may file final replies with the Commission, serving copies on all other parties, by **14 January 2016**.
23. The Commission encourages interested persons and parties to monitor the record of this proceeding, available on the Commission's website, for additional information that they may find useful when preparing their submissions.
24. Submissions longer than five pages should include a summary. Each paragraph of all submissions should be numbered, and the line *****End of document***** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
25. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

by completing the
[\[Intervention form\]](#)

or

by mail to
CRTC, Ottawa, Ontario K1A 0N2

or

by fax to
819-994-0218

26. Parties who send documents electronically must ensure that they will be able to prove, upon Commission request, that service/filing of a particular document was completed. Accordingly, parties must keep proof of the sending and receipt of each document for 180 days after the date on which the document is filed. The Commission advises parties who file and serve documents by electronic means to exercise caution when using email for the service of documents, as it may be difficult to establish that service has occurred.

27. In accordance with the Rules of Procedure, a document must be received by the Commission and all relevant parties by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record.
28. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding, provided that the procedure for filing set out above has been followed.

Important notice

29. All information that parties provide as part of this public process, except information designated confidential, whether sent by postal mail, facsimile, email, or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This includes all personal information, such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, etc.
30. The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
31. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
32. The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

Availability of documents

33. Electronic versions of the interventions and other documents referred to in this notice are available on the Commission's website at www.crtc.gc.ca by using the file number provided at the beginning of this notice or by visiting the "Participate" section of the Commission's website, selecting "Submit Ideas and Comments," then selecting "our open processes." Documents can then be accessed by clicking on the links in the "Subject" and "Related Documents" columns associated with this particular notice.
34. Documents are also available from Commission offices, upon request, during normal business hours.

Commission offices

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

Les Terrasses de la Chaudière
Central Building
1 Promenade du Portage, Room 206
Gatineau, Quebec J8X 4B1
Tel.: 819-997-2429
Fax: 819-994-0218

Regional offices

Nova Scotia

Metropolitan Place
99 Wyse Road, Suite 1410
Dartmouth, Nova Scotia B3A 4S5
Tel.: 902-426-7997
Fax: 902-426-2721

Quebec

505 De Maisonneuve Boulevard West, Suite 205
Montréal, Quebec H3A 3C2
Tel.: 514-283-6607

Ontario

55 St. Clair Avenue East, Suite 624
Toronto, Ontario M4T 1M2
Tel.: 416-952-9096

Manitoba

360 Main Street, Suite 970
Winnipeg, Manitoba R3C 3Z3
Tel.: 204-983-6306
Fax: 204-983-6317

Saskatchewan

1975 Scarth Street, Suite 403
Regina, Saskatchewan S4P 2H1
Tel.: 306-780-3422
Fax: 306-780-3319

Alberta

220 – 4th Avenue Southeast, Suite 574
Calgary, Alberta T2G 4X3
Tel.: 403-292-6660
Fax: 403-292-6686

British Columbia

858 Beatty Street, Suite 290
Vancouver, British Columbia V6B 1C1
Tel.: 604-666-2111
Fax: 604-666-8322

Secretary General

Related documents

- *Appointment of an Inquiry Officer to review matters related to transport services provided by satellite*, Telecom Notice of Consultation CRTC 2014-44, 6 February 2014, as amended by Telecom Notices of Consultation CRTC 2014-44-1, 2 June 2014; and 2014-44-2, 5 August 2014
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC 2011-693, 8 November 2011
- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC 2010-959, 23 December 2010
- *Telesat Canada – Transitional regulatory framework and forbearance for fixed satellite services*, Telecom Decision CRTC 99-6, 25 May 1999

Request for information – Telesat

1. Provide a cost study for a full period, unprotected, pre-emptible whole radio frequency (RF) channel service operating on the 6/4 Gigahertz (GHz) frequency band (C-band transponder) that is provided by Telesat to a Canadian provider of telecommunications services for the purpose of delivering telecommunications services. Provide an electronic copy of the cost model used to support Telesat's response. Identify all methodologies and assumptions used, with supporting rationale. The filing should also include (i) all equations used to calculate costs so that the Commission can understand how the cost inputs were developed, (ii) all the associated linked spreadsheet files, (iii) a brief description of the input data variables, (iv) the vintage of the input data, (v) any other supporting data used to develop the various costs, and (vi) any other relevant costing details. This cost information should be filed in accordance with *Confidentiality of information used to establish wholesale service rates*, Telecom Regulatory Policy CRTC 2012-592, 26 October 2012.
 - a) Provide a cost study for any other C-band FSS provided by Telesat to a Canadian provider of telecommunications services for the purpose of delivering telecommunications services, including the same information requested above.
2. Provide a copy of each agreement that Telesat has entered into since 14 May 2014 to provide C-band FSS capacity that will in turn be used to deliver telecommunications services to end-users in Canada.
 - a) Continue to provide the agreements described above until the close of record date of this notice.