



Telecom Order CRTC 2010-177

Ottawa, 24 March 2010

TBayTel – Competitor Digital Network OC-3 Access Service

File number: Tariff Notice 156

1. The Commission received an application by TBayTel, dated 22 January 2010, in which the company proposed revisions to its Carrier Access Tariff, Section 8300 – Competitor Digital Network (CDN) Services, to introduce OC-3 Access Service.
2. TBayTel indicated that, for rate comparison purposes, Bell Canada's Band C environment best matches its own operational attributes; therefore, when TBayTel filed its Carrier Access Tariff, it filed rates that had been approved for Bell Canada. TBayTel noted, however, that Bell Canada has no rate for CDN OC-3 Access Service in Band C, and that TELUS Communications Company (TCC) is the only major incumbent local exchange carrier (ILEC) offering this service in Band C. TBayTel proposed a monthly rate of \$2,034.18 for its CDN OC-3 Access Service, without providing an economic study, noting that this rate is less than TCC's rate.
3. In Telecom Order 2010-53, the Commission approved TBayTel's application on an interim basis.
4. The Commission received no comments regarding this application. The public record of this proceeding, which closed on 21 February 2010, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

Commission's analysis and determinations

5. The Commission notes that in Decision 2001-756, it determined that small ILECs should be subject to a simplified form of price regulation involving services grouped into four separate baskets, each with its own pricing constraints. In particular, the Commission determined that rates for existing services within the fourth basket, including competitor access tariffs, would generally be permitted to increase up to any rate already approved for the same service. The Commission reaffirmed this determination for small ILECs in Telecom Decision 2006-14.
6. For services being introduced and classified in the fourth service basket, small ILECs are generally required to file supporting cost information to demonstrate that the rates are compensatory, similar to the costing requirement for service introductions for large ILECs. The Commission has, on occasion, deemed it acceptable for small ILECs to propose, for new services in the fourth basket, tariffs that the Commission has already approved for another ILEC for the same service instead of submitting cost data.

7. The Commission notes TBayTel's submission that Bell Canada's Band C environment best matches its own operational attributes. The Commission also notes that Bell Canada does not offer CDN OC-3 Access Service in Band C but that its rates for that service in Bands A and B are less than TCC's rates in the same bands. Finally, the Commission notes that TBayTel proposed an introductory rate for CDN OC-3 Access Service that is interpolated between Bell Canada's rate in Band B and TCC's rate in Band C.
8. The Commission considers that it is reasonable for TBayTel's CDN OC-3 Access Service rate to be higher than Bell Canada's rate in Band B, as would be expected due to higher costs in less populated areas, but less than TCC's rate in Band C. In addition, the Commission has interpolated Bell Canada's Band B costs and TCC's Band C costs for CDN OC-3 Access Service as a proxy for TBayTel's costs, and considers that TBayTel's proposed rate would be compensatory.
9. Accordingly, the Commission **approves on a final basis** TBayTel's application.

Secretary General

Related documents

- Telecom Order CRTC 2010-53, 3 February 2010
- *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006
- *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001

This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>.