



Telecom Order CRTC 2012-220

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Ottawa, 13 April 2012

Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of a wholesale business fibre-to-the-node high-speed access service and an optional upstream speed

File numbers: Bell Aliant Tariff Notice 400
Bell Canada Tariff Notice 7345

1. The Commission received applications by Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, the Bell companies), dated 31 January 2012, in which they proposed revisions to item 5440, Gateway Access Service – Fibre to the Node (GAS-FTTN), of their General Tariffs. Specifically, the Bell companies proposed to introduce an additional speed tier for their wholesale business GAS-FTTN access service for business end-users in Ontario and Quebec. This speed tier for business end-users would provide a transmission rate of up to 25 megabits per second (Mbps) downstream and up to 1 Mbps upstream (wholesale business FTTN 25 service)¹ at a proposed rate of \$47.18 per month per end-user. The Bell companies also proposed to introduce an option for their wholesale business FTTN 10, FTTN 16, and FTTN 25 services whereby an optional upstream speed of up to 7 Mbps may be selected for an additional charge of \$3.75 per month per end-user.
2. The Bell companies submitted that the introduction of the wholesale business FTTN 25 service and the optional upstream speed of up to 7 Mbps would be consistent with the principles inherent in the Commission's speed-matching directives set out in Telecom Regulatory Policy 2010-632.
3. The Commission received comments from the Canadian Network Operators Consortium Inc. (CNOc) on 2 March 2012, and reply comments from the Bell companies on 13 March 2012.
4. As part of its submission, CNOc submitted that there was insufficient information available on the public record for interested parties to analyze the reasonableness of the proposed services and rates. As such, CNOc requested that certain information filed in confidence with the Commission should be disclosed on the public record. By letter dated 16 March 2012, the Commission requested that the Bell companies disclose certain information on the public record. The Bell companies disclosed the requisite information for the wholesale business FTTN 25 service on 21 March 2012.

¹ The Bell companies' proposal to introduce business FTTN 25 service would be in addition to their existing business FTTN 10 and FTTN 16 service offerings.

5. The public record of this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.

Should the Bell companies' proposed wholesale business FTTN 25 service and optional upstream speed of up to 7 Mbps, and associated rates, be approved?

6. CNOC argued that the Bell companies should be required to provide a price floor test to ensure that the rates for the proposed wholesale business FTTN 25 service are above costs. Further, CNOC submitted that the Bell companies' proposed monthly charge for the optional upstream speed of up to 7 Mbps should be denied until the appropriate usage cost plus allowable markup can be determined.
7. The Bell companies indicated that there was no merit in filing a price floor test as they had calculated the proposed rate for the wholesale business FTTN 25 service using the methodology employed by the Commission in Telecom Regulatory Policies 2011-703 and 2011-704 to derive similar rates. With respect to CNOC's comments as to the validity of the proposed additional charge for the optional upstream speed of up to 7 Mbps, the Bell companies indicated that they would address this matter in their reply to CNOC's 2 March 2012 application to review and vary Telecom Regulatory Policies 2011-703 and 2011-704.

Commission's analysis and determinations

8. The Commission notes that, consistent with Telecom Regulatory Policy 2010-632, the Bell companies are required to provide competitors with services that match their retail offerings. The Commission considers that, in the interest of competition, the proposed service options should be made available as soon as possible. However, the Commission notes (a) that the Bell companies did not provide cost studies for the proposed rates, and (b) CNOC's comments regarding the lack of cost justification for the Bell companies' proposed additional charge of \$3.75 per month per end-user for the optional upstream speed of up to 7 Mbps.
9. In light of the above, the Commission **approves on an interim basis** the Bell companies' wholesale business FTTN 25 service, at a rate of \$47.18 per month per end-user, effective the date of this order. The Commission also **approves on an interim basis** an additional charge of \$0 per month for the optional upstream speed of up to 7 Mbps associated with the wholesale business FTTN 10, FTTN 16, and FTTN 25 services, effective the date of this order.
10. In order to dispose of these applications on a final basis, it is necessary for the Commission to evaluate the costs associated with the services to ensure that the proposed rates are just and reasonable. Accordingly, the Commission
 - directs the Bell companies, to file for approval, by 11 May 2012, a proposed tariff and supporting cost study for the proposed wholesale business FTTN 25 service; and

- directs the Bell companies, to file for approval, by 11 May 2012, a proposed rate and supporting cost study for the optional upstream speed of up to 7 Mbps, associated with the wholesale business FTTN 10, FTTN 16, and FTTN 25 services.
11. Interested parties may file interventions within 30 calendar days of the filing date of the cost studies by the Bell companies, and the Bell companies may file reply comments within 10 calendar days of the deadline for filing interventions. The Commission notes that it may issue interrogatories regarding the Bell companies' applications.

Secretary General

Related documents

- *Billing practices for wholesale business high-speed access services*, Telecom Regulatory Policy CRTC 2011-704, 15 November 2011
- *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