



## Telecom Order CRTC 2013-81

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Ottawa, 21 February 2013

### **Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Introduction of a new business wholesale high-speed access service and an optional upstream speed service**

File numbers: Bell Aliant Tariff Notices 400 and 411,  
Bell Canada Tariff Notices 7345 and 7357

1. The Commission received applications from 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. In their applications, the Bell companies proposed to introduce an additional speed for their business wholesale high-speed access (HSA) service in Ontario and Quebec, providing up to 25 megabits per second (Mbps) downstream and up to 1 Mbps upstream (business wholesale HSA 25 Mbps service)<sup>1</sup> at a proposed rate of \$47.18 per month per end-user.
2. The Bell companies also proposed to introduce an optional upstream speed of up to 7 Mbps for their business wholesale HSA 10, 16, and 25 Mbps services offered in Ontario and Quebec, at an additional charge of \$3.75 per month per end-user.
3. The Commission received comments regarding the above-noted applications from the Canadian Network Operators Consortium Inc. (CNOc). The public record of these proceedings 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 numbers provided above.
4. CNOc submitted that the rate for the business wholesale HSA 25 Mbps service should be set using the same markup as the residential wholesale HSA 25 Mbps service. CNOc further submitted that the rate for the optional upstream speed of up to 7 Mbps should be set at \$0 as there are no usage costs associated with this option.
5. In Telecom Order 2012-220, the Commission approved the applications on an interim basis, with a modification to change the optional 7 Mbps upstream rate to \$0. The Commission further directed the Bell companies to file cost studies to support their proposed rates.

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<sup>1</sup> The Bell companies proposed to introduce business wholesale HSA 25 Mbps service in addition to their existing business wholesale HSA 10 Mbps and 16 Mbps service offerings.

6. On 11 May 2012, the Bell companies proposed a revised rate and filed the supporting cost study for the business wholesale HSA 25 Mbps service. In addition, the Bell companies also filed the supporting cost study for the business optional 7 Mbps upstream service, under Bell Aliant Tariff Notice 411 and Bell Canada Tariff Notice 7357.

### **Commission's analysis and decisions**

7. The Commission notes that the Bell companies offer wholesale HSA services to independent service providers in Ontario and Quebec using the capacity based billing (CBB) model<sup>2</sup> for services provided to residential end-users and a flat rate billing model<sup>3</sup> for services provided to business end-users.
8. In Telecom Regulatory Policy 2011-704, the Commission decided that rates for wholesale HSA services should be set according to the Phase II costs<sup>4</sup> of providing the service plus an appropriate markup.<sup>5</sup> The Commission also decided that the business wholesale HSA service rates would be set using a higher markup than the markup used to set residential wholesale HSA service rates.
9. In Telecom Decision 2013-72, issued today, the Commission decided that each incumbent should use a single billing model, either CBB or flat rate, for both residential and business wholesale HSA services. Further in Telecom Decision 2013-73, also issued today, the Commission varied Telecom Regulatory Policy 2011-704 and decided that the rates for business wholesale HSA services are to be the same as the rates approved for comparable residential wholesale HSA services, effective **8 April 2013**.
10. For the reasons set out in Telecom Decision 2013-73 and in particular taking into account the fact that residential and business wholesale HSA services are essentially the same, the Commission considers it appropriate to revise the rate of the business wholesale HSA 25 Mbps service for Bell Aliant in its territory in Ontario and Quebec and Bell Canada such that it equals the existing residential wholesale HSA 25 Mbps service rate.

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<sup>2</sup> The CBB model was formerly defined as the "approved capacity model" (in Telecom Regulatory Policy 2011-703 and Telecom Decision 2012-60). The CBB model requires each independent service provider to pay a monthly capacity rate for network capacity, in increments of 100 megabits per second (Mbps), to recover network transport costs, and a separate monthly access rate on a per end-user basis to recover access costs.

<sup>3</sup> The flat rate model requires each independent service provider to pay a monthly rate to recover both network transport costs and access costs on a per end-user basis.

<sup>4</sup> Phase II costing is an incremental costing approach used by the Commission to assess the incumbent carrier's costs of providing wholesale service to competitors.

<sup>5</sup> Markup is defined as the difference between the cost and rate of a service. For example, if the service cost is \$100 and the markup is 15 percent, then the service rate is \$115. Markup provides a contribution to an incumbent fixed and common costs. Fixed and common costs are costs that do not vary with the offering of a service. These costs are not incremental to providing wholesale services and hence are not recovered in incremental wholesale cost studies. Markup should not be confused with profit margin, given that a number of costs such as corporate overheads and past network investments may be excluded from the incremental costing analysis but would be included in the profit margin analysis.

11. The Commission notes that it will be considering the appropriate rate for the 7 Mbps upstream speed option associated with the business wholesale HSA services in the proceeding initiated by Telecom Notice of Consultation 2013-80, also issued today. The existing business wholesale HSA optional 7 Mbps upstream speed rate of \$0 will remain in effect pending the outcome of the proceeding initiated by Telecom Notice of Consultation 2013-80.
12. Accordingly, the Commission **approves on a final basis** Bell Aliant Tariff Notice 400 and Bell Canada Tariff Notice 7345, with the following modifications:
  - i. The proposed business 25 Mbps service rate is to be replaced by the residential wholesale HSA 25 Mbps service rate of \$25.62 per month per end-user for Bell Aliant in Ontario and Quebec and Bell Canada, effective **8 April 2013**; and
  - ii. The current rate of \$0 for the optional 7 Mbps upstream speed will remain interim pending a final decision in the proceeding initiated by Telecom Notice of Consultation 2013-80.
13. In light of the above, the Commission is closing Bell Aliant Tariff Notice 411 and Bell Canada Tariff Notice 7357.

Secretary General

### **Related documents**

- *Review of outstanding wholesale high-speed access service issues related to interface rates, optional upstream speed rates, and modem certification requirements*, Telecom Notice of Consultation CRTC 2013-80, 21 February 2013
- *Canadian Network Operators Consortium Inc. – Application to review and vary Telecom Regulatory Policies 2011-703 and 2011-704*, Telecom Decision CRTC 2013-73, 21 February 2013
- *Canadian Network Operators Consortium Inc. – Application requesting relief to address implementation of the capacity model approved in Telecom Regulatory Policy 2011-703*, Telecom Decision CRTC 2013-72, 21 February 2013
- *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*, Telecom Order CRTC 2012-220, 13 April 2012
- *Implementation date for the wholesale high-speed access services capacity model approved in Telecom Regulatory Policy 2011-703*, Telecom Decision CRTC 2012-60, 27 January 2012

- *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