



Telecom Notice of Consultation CRTC 2014-44

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Ottawa, 6 February 2014

Appointment of an Inquiry Officer to review matters related to transport services provided by satellite

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The Commission announces the appointment of Commissioner Candice Molnar as an Inquiry Officer pursuant to section 70 of the Telecommunications Act. Commissioner Molnar will conduct an inquiry with respect to the Canadian marketplace for satellite services that are used by telecommunications service providers (TSPs) to provide telecommunications services to Canadians. Commissioner Molnar is expected to complete her review and report her findings to the Commission by October 2014.

The inquiry and report will focus on the following areas:

- i) satellite services provided by satellite operators to TSPs, including
 - a. which satellite operators are providing services to Canadian TSPs*
 - b. the rates TSPs pay for satellite services and how these rates are established*
 - c. technical limitations on satellite services that affect the quality of services that TSPs can provide*
 - d. current and future satellite capacity that is available to TSPs to provide telecommunications services to Canadians*
 - e. potential changes to technology, the competitive environment, sources of funding, or the regulatory environment that may affect the rates, quality, and/or capacity of satellite services in the future*
 - f. whether the Commission's existing regulatory framework for satellite services remains appropriate, and, if not, what changes are required**
- ii) the use of satellite services by TSPs to provide telecommunications services, including
 - a. which TSPs use satellite services, where these TSPs operate, the numbers of customers who have access to their services and the numbers of customers they serve, what services they deliver to end-users, and what, if any, limitations apply to these services**

- b. *the costs to a TSP of providing telecommunications services by way of satellite technology, both in terms of the rates charged by satellite operators and the costs that TSPs bear for ancillary infrastructure, such as ground stations, and sources of funding that impact the overall costs to TSPs*
- c. *potential changes to the TSPs' costs arising from technological or other changes*

Introduction

1. In the recent proceeding on Northwestel Inc.'s (Northwestel) regulatory framework and Modernization Plan (the Northwestel proceeding), some parties brought to the Commission's attention issues related to satellite transport services used by telecommunications service providers (TSPs) for the provision of telecommunications services.¹ Several parties submitted that one of the impediments to affordable Internet services in communities that are dependent on satellite transport facilities is the cost of satellite transport. It was also brought to the Commission's attention that it is technically possible for TSPs to offer broadband services in the North that are similar to the broadband services available in other parts of Canada, but that the cost to consumers would be prohibitive.
2. The Commission considers that modern telecommunications services are necessary for economic development in the North and in other rural/remote regions of Canada so that Canadians in these areas can be active participants in the digital economy. To achieve the social and economic objectives set out in the *Telecommunications Act* (the Act), Canadians in the North and in other rural/remote regions of Canada should have access to reliable and high-quality telecommunications services at reasonable prices.
3. The Commission notes that parties to the Northwestel proceeding stated that Telesat Canada (Telesat) is the main provider of satellite transport services to TSPs in northern Canada, including in regions outside Northwestel's operating territory.
4. The Commission further notes that under the *Radiocommunication Act*, the Minister of Industry regulates and licenses the operation of satellites in Canada. The Department of Industry also ensures that satellite operators have access to the spectrum and orbital positions they need to offer services to Canadians, and that satellite systems conform to the provisions of the *Radiocommunication Act*, the *Radiocommunication Regulations*, and the international Radio Regulations established by the International Telecommunication Union.
5. Telesat's regulatory framework was last examined by the Commission in 1999. In Telecom Decision 99-6, the Commission forbore from regulating, among other things, Telesat's rates for radio frequency channel services provided over fixed satellite service facilities, and established a price ceiling on these rates that Telesat

¹ See paragraphs 106 to 131 of Telecom Regulatory Policy 2013-711.

could charge in certain circumstances. The Commission retained its powers under section 24 and subsections 27(1), (2), (3), (4), and (5) of the Act in that decision.

6. In Telecom Regulatory Policy 2013-711, the Commission indicated that there was insufficient information on the record of the Northwestel proceeding to make an informed decision on issues related to satellite transport services provided in Canada. As such, the Commission determined that it would undertake, in early 2014, an inquiry to gain a better understanding of the satellite transport services that can be used to provide telecommunications services in Canada.

Appointment of an Inquiry Officer

7. Pursuant to section 70 of the Act, the Commission appoints Commissioner Candice Molnar as an Inquiry Officer to conduct an inquiry related to satellite services used by TSPs for the provision of telecommunications services in Canada. Commissioner Molnar is expected to complete her review and submit her findings to the Commission by October 2014. The findings reported to the Commission will include her assessment of the regulatory options available to the Commission based on the evidence made available in the course of the inquiry.

Scope of the review

8. The inquiry will focus on the following areas:
 - i) satellite services provided by satellite operators to TSPs, including
 - a. which satellite operators are providing services to Canadian TSPs
 - b. the rates TSPs pay for satellite services and how these rates are established
 - c. technical limitations on satellite services that affect the quality of services that TSPs can provide
 - d. current and future satellite capacity that is available to TSPs to provide telecommunications services to Canadians
 - e. potential changes to technology, the competitive environment, sources of funding, or the regulatory environment that may affect the rates, quality, and/or capacity of satellite services in the future
 - f. whether the Commission's existing regulatory framework for satellite services remains appropriate, and, if not, what changes are required
 - ii) the use of satellite services by TSPs to provide telecommunications services, including
 - a. which TSPs use satellite services, where these TSPs operate, the numbers of customers who have access to their services and the numbers of customers

they serve, what services they deliver to end-users, and what, if any, limitations apply to these services

- b. the costs to a TSP of providing telecommunications services by way of satellite technology, both in terms of the rates charged by satellite operators and the costs that TSPs bear for ancillary infrastructure, such as ground stations, and sources of funding that impact the overall costs to TSPs
 - c. potential changes to the TSPs' costs arising from technological or other changes
9. The Commission notes that the inquiry will not address issues relating to satellite services that satellite operators provide directly to end-users.

Procedure

10. The Inquiry Officer will conduct her review through requests for information and a review of relevant literature. The Inquiry Officer may also have one-on-one or small group meetings with key stakeholders.
11. The Inquiry Officer is expected to complete her review and report her findings to the Commission by October 2014.
12. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this inquiry. 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 in this inquiry 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 "CRTC Rules of Practice and Procedure." 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.
13. Interested persons who wish to become parties and participate actively in this inquiry may identify themselves by sending a submission to the Secretary General of the Commission by 19 February 2014, providing a clear and concise statement defining the nature of their interest in the inquiry. The submission should be sent 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

14. Further details concerning the process for this inquiry, including details regarding questions on which the Inquiry Officer is seeking public comment and the submission of interventions, will be provided at a later date. The Commission encourages interested persons and parties to monitor the record of this inquiry, available on the Commission's website, for additional information that they may find useful when preparing their submissions.
15. 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 Inquiry Officer verify that the document has not been damaged during electronic transmission.

Important notice

16. All information provided to the Inquiry Officer as part of the public comment phase of this inquiry, 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 personal information, such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, and any other personal information provided.
17. The personal information provided 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.
18. Documents received during the public comment phase of this inquiry, 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.
19. The information provided to the Inquiry Officer as part of the public comment phase of this inquiry is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this inquiry. 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 link directly to the information provided as part of this inquiry.

Availability of documents

20. 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 numbers provided at the beginning of this notice or by visiting the "Public Proceedings" section of the Commission's website. The documents can be accessed by selecting "View all proceedings open for comment," then clicking on the links in the "Related Documents" column associated with this particular notice.
21. Documents are also available from Commission offices, upon request, during normal business hours.

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Secretary General

Related documents

- *Northwestel Inc. – Regulatory Framework, Modernization Plan, and related matters*, Telecom Regulatory Policy CRTC 2013-711, 18 December 2013
- *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, as amended by Telecom Decision CRTC 99-6-1, 15 July 1999