



## Telecom Order CRTC 2015-328

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Ottawa, 22 July 2015

*File number: Tariff Notice 23*

### **Shaw Cablesystems G.P. – Introduction of a new third-party Internet access service speed**

*The Commission **approves, on an interim basis**, the monthly rate for a new 120 megabits per second (Mbps) downstream / 6 Mbps upstream third-party Internet access service proposed by Shaw, effective the date of this order.*

#### **Introduction**

1. The Commission received an application (Tariff Notice 23 [TN 23]) from Shaw Cablesystems G.P. (Shaw), dated 19 February 2015, in which the company proposed a modification to its Tariff for Third Party Internet Access [TPIA] Service to introduce a new service speed of 120 megabits per second (Mbps) downstream / 6 Mbps upstream (the 120 Mbps service). The company requested approval of its application on a final basis, effective 23 March 2015. Shaw filed a cost study in support of its proposed monthly rate of \$98.55.
2. Shaw submitted that, as of 19 February 2015, it has introduced the 120 Mbps service for its retail customers, and that it filed TN 23 pursuant to the speed-matching requirement set out in Telecom Decision 2006-77.
3. The Commission received an intervention regarding Shaw's application from the Canadian Network Operators Consortium Inc. (CNOc). The public record of this proceeding, which closed on 2 April 2015, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file number provided above.

#### **Background**

4. In Tariff Notice 22,<sup>1</sup> as amended by Tariff Notice 22A (TN 22),<sup>2</sup> Shaw proposed the introduction of five new TPIA service speeds (the five TPIA service speeds).<sup>3</sup> In Shaw's supporting cost study, the company proposed significantly higher rates relative to the current Commission-approved rates for similar service speeds.

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<sup>1</sup> Shaw filed Tariff Notice 22 on 6 January 2015.

<sup>2</sup> Shaw filed Tariff Notice 22Ad on 19 February 2015.

<sup>3</sup> These five speeds were as follows: up to 5 Mbps downstream / 512 kilobits per second (Kbps) upstream; up to 15 Mbps downstream / 512 Kbps upstream; up to 20 Mbps downstream / 1.5 Mbps upstream; up to 30 Mbps downstream / 2.5 Mbps upstream; and up to 60 Mbps downstream / 3 Mbps upstream.

5. In Telecom Order 2015-73, the Commission approved interim rates for the five TPIA service speeds based on the existing nearest lower-speed approved rates, as proposed by CNOC. In response to the Commission's decision, Shaw filed an application to review and vary Telecom Order 2015-73, which remains under review.

### **Positions of parties**

6. CNOC submitted that it was concerned about Shaw's cost model, and requested that the Commission review the company's costing methodology and inclusion of new cost elements. Specifically, CNOC stated that Shaw derived the costs for the 120 Mbps service based on the cost model and methodology it used to derive the costs for the five TPIA service speeds proposed in TN 22 which, in CNOC's view, produced unreasonably high rates relative to Commission-approved rates for similar service speeds. CNOC requested that the Commission ensure that the rate for Shaw's 120 Mbps service is not unjustifiably high relative to the rates that other incumbent carriers charge for similar services.
7. In reply, Shaw submitted that it provided justification for the costing methodology, assumptions, factors, and elements it adopted in TNs 22 and 23.

### **Commission's analysis and determinations**

8. Since Shaw is currently offering the 120 Mbps service to its retail customers, a delay in the introduction of the 120 Mbps service would be inconsistent with the Commission's speed-matching determinations set out in Telecom Decision 2006-77 and Telecom Regulatory Policy 2010-632.
9. In Telecom Regulatory Policy 2010-632, the Commission affirmed that wholesale service rates should be cost-based plus a markup. While setting rates in accordance with this approach generally requires that an applicant file a cost study in support of a proposed rate, the Commission will not automatically approve a rate simply because it is supported by a cost study. In all cases, the Commission will only approve a proposed rate if it is just and reasonable.
10. In the present case, Shaw currently offers a 100 Mbps downstream / 5 Mbps upstream service at a rate of \$91.25, which is the nearest lower-speed service to the 120 Mbps service. Therefore, the rate of \$98.55 that Shaw proposed for the 120 Mbps service, and that it supported with a cost study, does not raise concerns similar to those that caused the Commission to adopt the approach it took in Telecom Order 2015-73.
11. Accordingly, the Commission **approves, on an interim basis**, Shaw's proposed 120 Mbps service at a monthly rate of \$98.55, effective the date of this order.

Secretary General

## Related documents

- *Shaw Cablesystems G.P. – Introduction of five new third-party Internet access service speeds*, Telecom Order CRTC 2015-73, 2 March 2015
- *Wholesale high-speed access services proceeding*, Telecom Regulatory Policy CRTC 2010-632, 30 August 2010
- *Cogeco, Rogers, Shaw, and Videotron – Third-party Internet access service rates*, Telecom Decision CRTC 2006-77, 21 December 2006