



Telecom Order CRTC 2016-320

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Ottawa, 9 August 2016

File numbers: Tariff Notices 320, 320A, and 320B

Saskatchewan Telecommunications – Implementation of determinations set out in Telecom Regulatory Policy 2015-326

Background

1. In Telecom Regulatory Policy 2015-326, the Commission made a number of determinations that affected, among other things, the following wholesale legacy services provided by the large incumbent local exchange carriers (ILECs):¹
 - unbundled local loops (ULLs);²
 - digital subscriber line (DSL) services provided over non-fibre-to-the-node (FTTN) technologies; and
 - low-speed competitor digital network (CDN) access services (i.e. DS-0 and DS-1 access services).³
2. The Commission determined that the rates for these services would be frozen at existing rate levels, as of the date of Telecom Regulatory Policy 2015-326. The Commission further determined that any affected service rate that was interim on the date of that decision would be final.
3. As well, the Commission determined that, subject to a three-year phase-out period, it would no longer require that the large ILECs provide ULLs. Specifically, the Commission determined that ULLs would have to continue to be made available at Commission-approved rates for at least the duration of the three-year phase-out period in exchanges where there was demand. However, the Commission forbore from regulating ULLs in exchanges where there was no existing demand.

¹ Bell Aliant Regional Communications, Limited Partnership and Bell Canada; MTS Inc.; Saskatchewan Telecommunications; Télébec, Limited Partnership; and TELUS Communications Company

² ULLs provide a transmission path between an end-user's premises and an ILEC's central office by means of copper facilities. ULLs can be used by competitors to provide local telephony and Internet access services to residential and business customers.

³ A DS-0 represents a channel capable of digital transmission at a rate of 56 kilobits per second, equivalent to one voice circuit. A DS-1 represents a channel capable of digital transmission at a rate of 1.544 megabits per second, equivalent to 24 voice circuits.

4. To implement these determinations, the Commission directed the large ILECs to file revised tariffs within 30 days of the date of its decision.

Application

5. The Commission received an application from Saskatchewan Telecommunications (SaskTel), dated 24 September 2015 and amended on 16 October 2015, in which the company proposed revisions to the following items from its Competitor Access Tariff, pursuant to the Commission's directive in Telecom Regulatory Policy 2015-326:
 - item 610.18 – Local Network Interconnection and Component Unbundling,
 - item 650.28 – Competitor Digital Network (CDN) Service,
 - item 650.32 – Aggregated Asymmetric Digital Subscriber Line (ADSL) Service, and
 - item 650.34 – Wholesale Very high-bit-rate Digital Subscriber Line (VDSL) Service
6. SaskTel proposed changes to reflect the Commission's (i) forbearance from the regulation of ULLs,⁴ and (ii) freezing of rates for low-speed CDN access services and for DSL services provided over non-FTTN technologies.
7. The Commission approved SaskTel's application on an interim basis in Telecom Order 2015-506.
8. The Commission subsequently received an intervention regarding SaskTel's application from the Canadian Network Operators Consortium Inc. (CNOc), followed by SaskTel's proposed amendment to its application, dated 24 November 2015, in response to CNOc's intervention.
9. The public record of this proceeding, which closed on 11 January 2016, is available on the Commission's website at www.crtc.gc.ca or by using the file numbers provided above.
10. CNOc submitted that SaskTel had introduced, without regulatory authority, a loop charge per service order for ADSL service provided over dry loops.⁵ CNOc also submitted that a proposed note in item 650.32 indicating that dry loop rates are frozen should be removed because, although the Commission froze ULL rates in Telecom Regulatory Policy 2015-326, it did not freeze the corresponding dry loop rates.

⁴ SaskTel indicated that there was no demand for ULLs in any of its exchanges.

⁵ Dry loops are ULLs that are not used for primary exchange service.

11. SaskTel indicated that although CNOC only referenced item 650.32, its comments would also apply to item 650.34.
12. SaskTel agreed with CNOC's comment regarding the loop charge per service order, and indicated that it had removed the charge from items 650.32 and 650.34 of its revised proposed tariff pages.
13. With regard to SaskTel's note about dry loop rates, the company indicated that these rates have always been based on a percentage of ULL rates, which are now frozen. SaskTel submitted that it was unsure how the dry loop rates, which it had proposed to express as a dollar value rather than as a percentage of ULL rates, would themselves not be frozen. Accordingly, SaskTel proposed to leave the note in.

Commission's analysis and determinations

14. SaskTel's proposed changes regarding forbearance from the regulation of ULLs, as well as the freezing of rates for DSL services provided over non-FTTN technologies and for low-speed CDN access services, are consistent with the Commission's determinations set out in Telecom Regulatory Policy 2015-326.
15. With regard to SaskTel's dry loop rates, the Commission set these rates using the percentage of the costs for ULLs that is uniquely associated with the provision of dry loops (i.e. copper facility loop costs and associated maintenance costs).⁶
16. As noted above, the Commission determined in Telecom Regulatory Policy 2015-326 that ULL rates are frozen at existing rate levels. However, the freezing of dry loop rates was not an issue before the Commission in the proceeding leading to that decision and no corresponding determination was made regarding dry loop rates. Accordingly, the existing regulatory framework for dry loop rates, which allows ILECs to propose modified dry loop rates justified with cost studies, has not changed. Therefore, the dry loop rates themselves are not frozen. In light of this, the Commission considers that SaskTel's proposal to indicate in its tariff that dry loop rates are frozen is not appropriate.
17. SaskTel's proposal to express its dry loop rates as specific numerical values, rather than expressing them as a percentage of ULL rates, is appropriate since it provides clarity to customers.
18. In light of the above, the Commission **approves in part, on a final basis**, SaskTel's application. Specifically, the Commission **directs** SaskTel to issue, within **10 days** of the date of this order, revised tariff pages⁷ that do not include the proposed note in item 650.32 indicating that the dry loop rates are frozen.

⁶ Dry loop rates were first established for SaskTel in Telecom Order 2006-64.

⁷ Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.

Secretary General

Related documents

- Telecom Order CRTC 2015-506, 13 November 2015
- *Review of wholesale wireline services and associated policies*, Telecom Regulatory Policy CRTC 2015-326, 22 July 2015; as amended by Telecom Regulatory Policy CRTC 2015-326-1, 9 October 2015
- *Aggregated Asymmetric Digital Subscriber Line (ADSL) Service, and Ethernet Access Services and Agreement*, Telecom Order CRTC 2006-64, 27 March 2006