



## Telecom Order CRTC 2019-8

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Ottawa, 15 January 2019

*Public record: Tariff Notice 542*

### **TELUS Communications Inc. – Introduction of new Wholesale Internet ADSL Service speed**

#### **Application**

1. The Commission received an application from TELUS Communications Inc. (TCI), dated 28 October 2018, in which the company proposed to revise item 226 – Wholesale Internet ADSL [Asymmetric Digital Subscriber Line] Service of its Carrier Access Tariff to introduce a new service speed of 150 megabits per second (Mbps). TCI proposed making this new wholesale high-speed access (HSA) service speed available concurrently for residential and business customers, pursuant to the Commission’s speed-matching requirement.<sup>1</sup>
2. TCI filed cost studies in support of its proposed rates for the new service speed, in accordance with the Commission’s determination in Telecom Decision 2016-117 that wholesale HSA service providers must file a cost study if a proposed new service speed is outside Commission-approved speed bands. Specifically, TCI filed a cost study using the Commission’s required annual unit cost change assumption of minus 26.4%, which it called the “base scenario.” In the “base scenario,” the monthly access rate and service charge for the proposed 150 Mbps wholesale HSA service are \$62.10 and \$70.56, respectively. TCI also filed a “proposed scenario” cost study, which incorporates a revised annual unit cost change assumption.<sup>2</sup> For the “proposed scenario,” TCI requested that the Commission approve on an interim basis a monthly access rate and service charge for the proposed 150 Mbps wholesale HSA service of \$62.97 and \$70.56, respectively.
3. The Commission received an intervention from the Canadian Network Operators Consortium Inc. (CNOC), dated 21 November 2018. CNOC objected to TCI’s request for interim approval of the proposed rates under the “proposed scenario” and urged the Commission to approve, on an interim basis, the rates under the “base scenario.” CNOC indicated that the rates under the “proposed scenario” are not

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<sup>1</sup> The retail speed-matching requirement for wholesale HSA services is set out in Telecom Decision 2006-77 and in Telecom Regulatory Policy 2010-632. Under the speed-matching requirement, when a wholesale HSA service provider introduces a new retail Internet service speed, it must also offer that speed to competitors.

<sup>2</sup> TCI proposed a blended annual unit cost change assumption of minus 16.8% applied to material and labour costs associated with router equipment, and an assumption of minus 8.7% for material and labour costs associated with optical equipment.

consistent with the Commission's determination in Telecom Order 2016-396 that the approved annual unit cost change assumption of minus 26.4% should be applied to rates approved on an interim basis.

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

4. The Commission finds that TCI's proposed 150 Mbps wholesale HSA service rates under the "proposed scenario" are inconsistent with the Commission's determination in Telecom Decision 2016-117 with respect to the application of the annual unit cost change assumption of minus 26.4%.
5. The Commission is currently undergoing a proceeding to review the final rates for aggregated wholesale HSA services. The Commission will incorporate TCI's cost studies associated with the proposed 150 Mbps wholesale HSA service into the record of that proceeding.
6. Accordingly, the Commission **denies** TCI's request for interim approval of its "proposed scenario" rates for the 150 Mbps wholesale HSA service, and **approves on an interim basis** TCI's "base scenario" monthly access rate and service charge of \$62.10 and \$70.56 respectively, effective the date of this order.

Secretary General

### **Related documents**

- *Tariff notice applications concerning aggregated wholesale high-speed access services – Revised interim rates*, Telecom Order CRTC 2016-396, 6 October 2016
- *Review of costing inputs and the application process for wholesale high-speed access services*, Telecom Decision CRTC 2016-117, 31 March 2016
- *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