



Telecom Order CRTC 2020-134

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Ottawa, 24 April 2020

Public record: Tariff Notices 1075 and 1075A

Northwestel Inc. – Special Services Tariff – Amendment to Special Assembly #4 Layer 3 IP/VPN Service

Application

1. The Commission received an application from Northwestel Inc. (Northwestel), dated 19 March 2020 (Tariff Notice [TN] 1075) and revised on 27 March 2020 (TN 1075A), in which the company proposed changes to the Special Assembly #4 Layer 3 IP/VPN [Internet Protocol/Virtual Private Network] Service in its Special Services Tariff.
2. In TN 1075, Northwestel proposed to introduce a short-term option to augment existing terrestrial sites to provide greater speeds for three months starting 20 March 2020, so that its customer will have the flexibility to manage its network more effectively in light of the COVID-19 situation.¹ Given the urgency of its request and the unusual situation, Northwestel requested the Commission's immediate approval to increase the capacity of the network used to serve its customer at a rate of \$0, since it had not had time to determine a rate for the new higher speeds while it sought to address the needs of its customer and the general public in this time of crisis.
3. The Commission approved TN 1075 on an interim basis in Telecom Order 2020-102, effective 20 March 2020.
4. Northwestel subsequently filed TN 1075A, in which it provided a revised tariff page, including proposed rates, to replace the proposed tariff page submitted in TN 1075. Northwestel also provided a copy of its price floor test results, which demonstrated that the proposed rates pass the price floor test. Northwestel submitted that since the service in question is categorized as an Uncapped Service, the company's proposals have no impact on its price cap indices. Northwestel requested an effective date of 20 March 2020, which was the date that TN 1075 received interim approval.
5. The Commission approved TN 1075A on an interim basis in Telecom Order 2020-118, effective 7 April 2020.

¹ This service connects the customer's cellular towers. Additional capacity was required to support the increased volume of calls as a result of the COVID-19 situation.

Commission's analysis and determinations

6. The Commission considers that the service is properly categorized as an Uncapped Service, consistent with the Commission's determinations in Telecom Decision 2007-5, which states that the Uncapped Services basket should contain services such as special assembly services. Northwestel's service can be categorized as a special assembly service.
7. The price floor test demonstrates that the rates meet the requirements related to Type 1 customer specific arrangements (CSAs) set out in Telecom Decision 2005-27, and the revised price floor test guidelines for Type 1 and Type 2 CSAs set out in a Commission [letter](#) dated 13 June 2005.
8. In light of the above, the Commission **approves on a final basis** TNs 1075 and 1075A, effective 20 March 2020. The rates apply retroactively as of that date.
9. The Commission **directs** Northwestel to issue revised tariff pages within **10 days** of the date of this order.²

Policy Directions

10. The 2019 Policy Direction³ states that the Commission should consider how its decisions can promote competition, affordability, consumer interests, and innovation.
11. The Commission has reviewed Northwestel's application in light of the 2019 Policy Direction and has considered its aspects to the extent necessary, using measures that are efficient and proportionate to their purpose. The Commission considers that its approval of the application is compliant with the 2019 Policy Direction, since it complements and adds appropriate pricing to a previous application that promoted (i) consumer interests, by providing additional flexibility in the form of additional bandwidth speeds for three months, which will benefit end-users in light of the current COVID-19 situation; and (ii) innovation, by ensuring that consumers have access to high-quality telecommunications services as a result of greater bandwidth speeds being made available.

² Revised pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.

³ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

12. Further, in accordance with subparagraph 1(b)(i) of the 2006 Policy Direction,⁴ the Commission considers that its approval of Northwestel's application will advance the telecommunications policy objective set out in paragraph 7(f) of the *Telecommunications Act*.⁵

Secretary General

Related documents

- Telecom Order CRTC 2020-118, 7 April 2020
- Telecom Order CRTC 2020-102, 20 March 2020
- *Price cap regulation for Northwestel Inc.*, Telecom Decision CRTC 2007-5, 2 February 2007
- *Review of price floor safeguards for retail tariffed services and related issues*, Telecom Decision CRTC 2005-27, 29 April 2005

⁴ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

⁵ The cited objective is as follows: 7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.