



Telecom Decision CRTC 2024-233

PDF version

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Wholesale roaming service – Review of rates and rate-setting approach

Summary

Roaming allows Canadians to temporarily use their cellphone on other networks when they travel outside of their service provider's local coverage area.

In 2018, the Commission approved the current wholesale roaming rates and required that Bell Mobility Inc., Rogers Communications Canada Inc., and TELUS Communications Inc. offer wholesale roaming to other wireless carriers.

In May 2022, the Commission received an application from Cogeco Communications Inc.; Bragg Communications Incorporated, carrying on business as Eastlink; Videotron Ltd.; and Xplornet Communications Inc. requesting that the Commission launch a review of the current wholesale roaming rates. The applicants claimed that the current rates are too high and not reflective of market conditions.

Based on the available evidence, including trends in retail data revenue and usage, the Commission agrees that the existing wholesale roaming rates may no longer be just and reasonable. In this decision, the Commission mandates commercial negotiation with final offer arbitration (FOA) for setting wholesale roaming rates going forward.

To help ensure that new rates can be introduced as quickly as possible for the benefit of Canadians, the Commission will require carriers to enter into commercial negotiations, rather than initiating a new rate-setting proceeding. If carriers are unable to come to an agreement, they can ask the Commission to set a rate through FOA. This is similar to the approach the Commission has adopted for its mobile virtual network operator framework, which enables regional carriers to offer cellphone services in parts of Canada that they do not currently serve.

To help ensure that the negotiation process is fair for all carriers, the Commission will publish certain rate benchmarks on an annual basis, including the weighted average retail revenue per gigabyte of data in Canada. The Commission also encourages regional carriers to negotiate as a group, if they so choose, and will offer staff-assisted mediation

to help parties reach agreements. Additionally, until new rates are agreed to, the Commission will maintain the existing tariffed rates on an interim basis.

By adopting commercial negotiation with FOA as its rate-setting approach for wholesale roaming going forward, the Commission aims to help bring lower rates to the market in an efficient and timely manner. Lower wholesale rates will enable regional carriers to offer more competitive plans and promotions, while continuing to invest in their networks. This decision reflects the Commission's commitment to fostering fair competition for cellphone services and efficient regulatory processes to better serve Canadians.

Background

1. Roaming is fundamental for mobile wireless carriers and their customers. It allows customers to stay connected when moving from one wireless coverage area to another, without having to carry multiple devices or subscribe to multiple cellphone plans. For regional carriers, roaming is necessary to remain competitive; without it, their coverage would be limited to their own regional network footprint, which many customers would likely find too limited.
2. The Commission mandates Bell Mobility Inc. (Bell Mobility), Rogers Communications Canada Inc. (RCCI), and TELUS Communications Inc. (TCI) [the national wireless carriers] to provide wholesale roaming service to other wireless carriers. Wholesale roaming service is classified as an essential service under the Commission's regulatory framework in Telecom Regulatory Policy 2015-177, and the rates, terms, and conditions are set out in approved tariffs. Terms and conditions for the service were approved in Telecom Decision 2017-56. Innovation, Science and Economic Development (ISED) Canada also mandates roaming between wireless carriers as a condition of spectrum licence.¹
3. Like most wholesale services, the rates for wholesale roaming are currently based on long-run incremental costs (LRIC) using the Commission's Phase II costing methodology. The Commission established the final tariffed rates in Telecom Order 2018-99 as follows:

¹ CPC-2-0-17 — Conditions of Licence for Mandatory Roaming and Antenna Tower and Site Sharing and to Prohibit Exclusive Site Arrangements (canada.ca). ISED's mandate also includes an arbitration process to settle disputes.

Table 1: Current wholesale roaming rates

National carrier	Voice rate per minute	Rate per SMS [Short Message Service]	Data rate per gigabyte (GB)²
Bell Mobility	\$0.013668	\$0.000593	\$13.28
RCCI	\$0.007062	\$0.000007	\$13.98
TCI	\$0.015735	\$0.001796	\$14.07

4. In Telecom Regulatory Policy 2021-130, the Commission mandated the provision of a wholesale mobile virtual network operator (MVNO) access service where rates were to be commercially negotiated between parties with final offer arbitration (FOA) as a backstop if negotiations fail. The Commission also mandated the provision of both 5G roaming and seamless roaming³ and acknowledged that any costs associated with their implementation were not reflected in the current roaming rates.
5. In Telecom Decision 2023-196,⁴ the Commission reviewed its overall approach to setting rates for wholesale telecommunications services (both wireline and wireless). The Commission determined that the Phase II methodology would continue to be used as its primary rate-setting method for wireline and wireless wholesale services, with the continued use of off-tariff agreements as necessary. However, the Commission also determined that it may adopt other rate-setting approaches, including commercial negotiations with an FOA process, where appropriate and on a case-by-case basis, to improve regulatory efficiency or to further certain policy objectives.

Application

6. On 19 May 2022, the Commission received an application from Cogeco Communications Inc. (Cogeco); Bragg Communications Incorporated, carrying on business as Eastlink (Eastlink); Videotron Ltd. (Videotron); and Xplornet

² The tariff rates are listed in megabytes but have been multiplied by 1,000 and presented as per GB rates in this table.

³ Voice and data sessions are normally dropped when an end-user moves from a regional carrier's network to a national wireless carrier's network while on a call. Seamless roaming minimizes this from happening through the implementation of seamless handoff functionality between the two carriers' networks.

⁴ In Telecom Notice of Consultation 2020-131, the Commission launched a proceeding to identify issues associated with its approach to rate-setting for wholesale telecommunications services. The intent was to establish a more transparent and efficient rate-setting process, while ensuring that rates for regulated wholesale services remain just and reasonable.

Communications Inc. (collectively, the applicants). The application requested that the Commission take the following actions:

- initiate a comprehensive review of the wholesale roaming tariff rates of Bell Mobility, RCCI, and TCI;⁵
 - include in its review consideration of a mechanism whereby any newly approved wholesale roaming rates will decline on an annual basis thereafter; and
 - make interim the national wireless carriers' wholesale roaming tariff rates.
7. The Commission received interventions from Bell Mobility, the Competitive Network Operators of Canada (CNOC), Iristel Inc. (Iristel) on behalf of its affiliate Ice Wireless Inc., the Public Interest Advocacy Centre (PIAC), RCCI, and TCI.
8. The record closed on 9 June 2023.

Issues

9. The Commission has identified the following issues to be addressed in this decision:
- Is a review of the current wholesale roaming rates necessary?
 - What should the rate-setting approach for wholesale roaming service be going forward?
 - Should the tariffed wholesale roaming rates be declared interim?
 - How should costs for seamless handoff implementation be treated?
 - Should access to wholesale roaming services extend to areas where a national wireless carrier uses another carrier's radio access network (RAN) as part of a network-sharing agreement?

Is a review of the current wholesale roaming rates necessary?

Positions of parties

10. The applicants submitted that the wholesale roaming rates are not just and reasonable, given that they derived from forward-looking five-year economic studies filed by the national wireless carriers in November 2015. The network equipment cost inputs were based on equipment procurement data from late 2015, and since then wireless equipment has evolved substantially from 3G to 4G/LTE [long-term evolution] to 5G. The applicants argued that these evolutions have translated into retail price reductions

⁵ After receiving this application, the Commission made its determination on this matter and published Telecom Decision 2023-196.

for wireless services. Moreover, they noted that the retail price reductions, although significant, do not fully reflect the reduction in unit price for the handling of wireless traffic, given that the national wireless carriers have market power.

11. As further evidence that the current rates are not just and reasonable, the applicants cited the regulated wholesale roaming rate cap that wireless carriers in the European Union (EU) may charge each other. This cap dropped from €7.70/GB in June 2017 to €2.50/GB in January 2022, which the applicants estimated to be equivalent to a rate of \$3.40 based on an exchange rate of 1.36 Canadian dollars to the euro.⁶ The applicants noted that the European Council has further approved forward-looking declining rates that went into effect in July 2022 of €2.00/GB dropping annually to €1.00/GB by January 2027.
12. CNOC, Iristel, and PIAC filed interventions in support of the applicants' position. CNOC noted that it had previously argued that the wholesale rates were not just and reasonable on the record of the proceeding leading to Telecom Regulatory Policy 2021-130. Iristel filed evidence of recent retail data packages marketed by the national wireless carriers, offering effective rates per GB of data significantly below the current tariffed rates. These parties also supported the mandating of tariff rates that decline annually.
13. The national wireless carriers generally objected to the requests made in the application, submitting that the applicants failed to provide evidence that the wholesale roaming rates are no longer just and reasonable. They objected to the comparison with EU roaming rates because those rates are not based on Phase II costing principles and involve bilateral network use by providers from other jurisdictions. In contrast, they argued that tariffed rates are compensatory, and support the Commission's policy objective of encouraging domestic competition.
14. Bell Mobility submitted that the evidence shows that regional carriers are not disadvantaged by the wholesale roaming rates and are continuing to invest in and grow their wireless networks. It noted that regional carriers spent \$2.8 billion in spectrum acquisitions since 2008, and have also spent significantly more on acquisitions and network expansion. It also noted that the wholesale data roaming usage of regional carriers on its network grew from 2017 to 2022, and that the market share growth of regional carriers was higher than that of the national wireless carriers.

Commission's analysis

15. The 2023 Policy Direction⁷ indicates that in order to foster mobile wireless competition that is sufficient to protect the interests of users, the Commission must

⁶ This was the exchange rate cited by the applicants in their submission from May 2022.

⁷ *Order Issuing a Direction to the CRTC on a Renewed Approach to Telecommunications Policy*, SOR/2023-23, 10 February 2023.

maintain a regulatory framework mandating access, at just and reasonable rates, to wholesale roaming services.

16. To assess whether wholesale roaming rates in the tariffs should be updated, the Commission compared these rates with retail data rates, as well as wholesale data rates in recently negotiated roaming and MVNO agreements, and roaming rates in other jurisdictions. Based on these comparisons, the Commission is of the view that the current wholesale roaming rates may be too high and therefore may no longer be just and reasonable.
17. The main comparable the Commission considered was retail data rates. In this regard, the applicants presented evidence showing that from 2017 to 2020, the average retail revenue per GB of wireless data in Canada declined from \$17.33 to \$8.73. As another example, the Commission notes recent retail data packages marketed by the national wireless carriers offering an effective rate between \$1.60 to \$5.00 per GB of data.
18. The most persuasive evidence in the Commission's analysis was the per GB rate the national wireless carriers charge their own retail customers for data. To derive this figure, the Commission relied on the total mobile revenue and customer data usage information filed by the national wireless carriers. Based on this information, the national wireless carriers' average retail data rate was \$7.21 per GB in 2022. This is significantly lower than what their retail data rates were in 2015 when the temporary rate cap for wholesale roaming rates, based on retail rates, was put in place by Parliament. The Commission considers that an average wholesale rate of \$13.78/GB, which is nearly double the national wireless carriers' average retail rate, strongly suggests that the existing wholesale roaming rates are no longer just and reasonable.
19. Recently completed MVNO access agreements and off-tariff wholesale roaming agreements support this view, as they also include data rates that are, on average, much lower than the tariffed wholesale roaming rates.
20. Regarding the regulated wholesale roaming rates set by the EU, the Commission is of the view that they are not directly comparable to the Canadian domestic wholesale roaming service. The EU rates are for reciprocal international roaming where a carrier from one jurisdiction uses the network of another carrier in a different jurisdiction, and vice versa. By contrast, the Canadian domestic wholesale roaming service is one-sided, where regional carriers use a national wireless carrier's network to ensure their customers have wireless connectivity outside their home network footprint. The reverse is not true as the national wireless carriers generally have no need for a reciprocal roaming service from a regional carrier.
21. The Commission also notes that there are several key differences between the EU and Canadian markets including the number of jurisdictions, cost structures, population

density, and spectrum acquisition costs.⁸ Accordingly, the Commission considers that the EU wholesale roaming rates cannot alone be relied upon to determine whether the regulated Canadian wholesale roaming rates are just and reasonable.

22. Nevertheless, the EU wholesale roaming rates can provide supplemental guidance on rate trends. To this end, as the applicants submitted, the EU regulated roaming rate for data dropped from €7.70 in 2017, to €2.50 in 2022 (a 67% drop in rates),⁹ while Canadian regulated wholesale roaming rates have remained the same.
23. In light of the above, the Commission considers that there is sufficient evidence on the record, including in particular recent retail and wholesale data rates, to indicate that the wholesale domestic roaming rates in the national wireless carriers' tariffs may no longer be just and reasonable and should be updated.
24. The Commission notes that it is not persuaded by the argument from the national wireless carriers that evidence of continued investment and growth by regional carriers proves that they have not been disadvantaged by the current wholesale roaming rates. Wholesale roaming is one cost component among many for regional carriers and rates that are too high would not prevent investment and growth entirely. The fact that regional carriers are continuing to increase the number of customers that they serve and invest in their networks does not demonstrate that the rates they pay for wholesale roaming are just and reasonable.

What should the rate-setting approach for wholesale roaming service be going forward?

25. At the time the application was originally filed, the applicants requested that the Commission initiate a proceeding to review the cost-based roaming rates. Nevertheless, the Commission is of the view that now is an opportune time to consider adopting an alternative approach to setting wholesale roaming rates. This is in light of changes that have occurred since 2018, including the Commission's evolving approach to wholesale rate-setting, as set out in Telecom Regulatory Policy 2021-130 and Telecom Decision 2023-196.
26. Specifically, in this proceeding, the Commission explored the option of setting rates using commercial negotiations with FOA as a backstop, similar to its approach for wholesale MVNO access. In this regard, the Commission has recently issued timely decisions resulting from FOA proceedings in Telecom Decision 2023-217, Telecom Decision 2023-335, and Telecom Decision 2024-81.

⁸ Falling Behind: Comparing 5G spectrum policies in Canada and OECD [Organisation for Economic Co-operation and Development] countries, Prices Paid, page 13.

⁹ Article 1, item (4) of Regulation (EU) 2017/920 of the European Parliament and of the Council of the European Union amending Regulation (EU) No 531/2012 as regards rules for wholesale roaming markets (17 May 2017) and Article 11 (page 86) of the new regulation.

Positions of parties

27. Bell Mobility and RCCI favoured commercial negotiations for the setting of wholesale roaming service rates. They submitted that in Telecom Regulatory Policy 2021-130, in the context of wholesale MVNO access, the regional carriers generally favoured commercial negotiations over cost-based tariff rates. Although Bell Mobility and RCCI supported FOA if negotiations fail, they proposed that the arbitrator be a mutually agreed upon third-party rather than the Commission. They noted that this process is already in place as a condition of licence that wireless providers must agree to when they obtain spectrum licences from ISED. They argued that a third-party would be more objective, fair, and expedient, and would counter attempts of regulatory gaming by the negotiating parties.
28. Bell Mobility and RCCI were opposed to cost-based tariff rates being maintained as a backstop for commercial negotiations. They submitted that updating cost-based rates would be resource intensive and the availability of the rates in a tariff could undermine parties being reasonable in their proposals.
29. Eastlink supported a commercial negotiation approach provided that the Commission put parameters in place to ensure that the national wireless carriers enter negotiations reasonably. Eastlink submitted that the Commission should be the arbitrator for FOA. Cogeco was also in support of an approach to set rates through commercial negotiations, with FOA by the Commission if necessary. Cogeco further submitted that the national wireless carriers' rates should be required to decline annually.
30. TCI submitted that cost-based rates, based on Phase II costing principles with a regulated markup, result in just and reasonable rates consistent with the Commission's policy objectives.
31. Videotron did not support changing to commercial negotiations. It submitted that the Commission has previously determined that the national wireless carriers possess market power in the national market for wholesale roaming service, and that the service was essential for competitors. Videotron argued that commercial negotiation is advantageous to the national wireless carriers. Videotron also argued that the commercial negotiation with FOA backstop will likely result in multiple requests and result in delays in rate-setting.
32. To mitigate against delays if the Commission were to adopt a commercial negotiation approach for setting rates, Videotron submitted that the Commission should limit the duration for negotiations and proposed a one-month limit. Videotron further noted that negotiated rates must include an annual declining rate structure, which reflects the reduction in costs resulting from network efficiencies.
33. CNOC submitted that commercial negotiations are not favourable to competitors in achieving just and reasonable rates because the national wireless carriers have market power for mobile wireless services. It argued that competitors are further disadvantaged given that there is a disparity in information between competitors and the national wireless carriers and only the national wireless carriers know the true

cost of the service. Furthermore, it expressed concern that national wireless carriers would continue to gather knowledge from previous negotiations that would not be available to individual competitors, and argued that FOA would not address the above-noted inefficiencies of the commercial negotiation process.

34. CNOc further submitted that should the Commission consider a rate-setting approach based on commercial negotiations with FOA, it should not be the primary method for setting rates. Rather, the primary method should continue to be the cost-based tariff, set using Phase II costing principles. CNOc argued that the cost-based tariff could serve as a backstop for commercial negotiations between competitors and an incumbent. Furthermore, it argued that national wireless carriers should be required to offer annual negotiations at the request of a regional carrier to address market and technology changes.
35. SSi Canada (SSi) submitted that the market power of national wireless carriers means that negotiations alone are unlikely to result in rates that would support competition, and an FOA backstop offers no further benefit. SSi submitted that the market power imbalance is particularly pronounced in the North, where it operates. SSi further submitted that should the Commission go ahead with a rate-setting approach based on commercial negotiations with FOA, the Commission must maintain cost-based rates as an upper limit and backstop.
36. The Independent Telecommunications Providers Association (ITPA) did not support commercial negotiations, arguing that, given the market power of the national wireless carriers, the Commission should maintain the current cost-based rate-setting approach. The ITPA further submitted that commercial negotiation with FOA would not promote market entry by smaller service providers.
37. Sichuun Inc. did not express a preference for either of the two proposed rate-setting approaches. However, it stated its support for a Commission initiative that would facilitate roaming for smaller carriers, such as a roaming hub.

Commission's analysis

38. The Commission's usual method of setting rates for wholesale services, and the method requested by the applicants, is to conduct a proceeding where the wholesale service providers (in this case, the national wireless carriers) file cost studies using the Phase II methodology. Phase II costing focuses on the LRIC of provisioning a service, plus an associated markup.
39. A typical Phase II rate-setting proceeding involves the Commission building a public record based on submitted cost studies, evaluating the cost inputs, and making determinations. The Commission often sets interim rates for a service while it conducts the rate-setting proceeding, and then finalizes the rates when it issues its determinations.
40. There are a few advantages to this approach. First, cost-based rate-setting provides a measure of consistency and certainty where a just and reasonable rate is set using

economic principles, typically for a five-year period. It aims to ensure that national wireless carriers recover their costs, which would allow them to continue to invest in their networks. All regional carriers pay the same rate for the same service. Another advantage is familiarity. Phase II costing is well known to most carriers, given that it has been used by the Commission for decades as its main rate-setting approach, and similar LRIC-type methodologies are used by regulators around the world. Smaller regional carriers can choose not to participate in the rate-setting proceeding if they are short on available staff or expertise, but still benefit from the tariffed rate that would be set through this process.

41. However, as the Commission previously found in Telecom Decision 2023-196, wholesale rate-setting proceedings can be complex and lengthy, and require expertise in economics, accounting, and network operations that can be difficult for a carrier to obtain. A costing proceeding would also require significant resources for all parties involved. The Commission is concerned that initiating another lengthy and resource-intensive rate-setting proceeding at this time would delay the benefits of new wholesale roaming rates to the detriment of competition and Canadians.
42. Another method that the Commission can use to set wholesale rates is commercial negotiation with FOA as a backstop. Under this approach, parties enter into good faith negotiations to agree on a rate and are given a deadline by the Commission. If parties cannot agree on a rate by the deadline, they can seek FOA from the Commission. In FOA, both parties put forward their “final offer” and one is selected by the Commission as the final rate.
43. The Commission has previously considered an FOA mechanism to be appropriate where there is a single issue under dispute, such as a rate, with all other potentially controversial issues such as the terms and conditions of access having been previously resolved, as is the case for wholesale roaming. Parties have an incentive to propose a just and reasonable rate, because the Commission can adopt the rate proposed by the other party should they propose a rate that is either too high or too low.
44. The main advantages of this approach, as compared to a Phase II rate-setting proceeding, are the timeliness and efficiency with which it can set a just and reasonable rate. The Commission’s recent experience with commercial negotiations in the context of wholesale MVNO access demonstrates this point. To date, based on status updates provided by the industry, negotiations have generally progressed well, with several agreements completed or near completion in the months following the finalization of the terms and conditions of the tariffs. Some agreements between parties were concluded independently without the Commission’s involvement, while other parties used the FOA process. The Commission expects similar developments in the context of wholesale roaming negotiations, given the similarities between the services.
45. The Commission’s recent decisions on the RCCI-Videotron and TCI-Videotron FOA requests further demonstrate the efficiency of such a process. The Commission

delivered decisions about three months after first receiving the requests. In the Commission's view, there is synergy in adopting the same rate-setting approach for MVNO access and wholesale roaming, which are similar services used by a similar set of regional carriers.

46. As noted by some parties, the commercial negotiation approach is not without challenges. The national wireless carriers have certain advantages over smaller regional carriers, including information on costs and broader experience negotiating with regional carriers. These advantages, combined with the collective market power of the national wireless carriers, could place some smaller regional carriers at a disadvantage when negotiating.
47. That said, the Commission considers that there are several measures that it can adopt to address concerns raised by parties. First, to help address the imbalance of information available to parties, the Commission will provide a benchmark by publishing, on an annual basis, the average retail data rate of the national wireless carriers. It is reasonable to expect that wholesale rates would be below the retail rate being charged by the national wireless carriers. In the future, once a sufficient number of wholesale data rates are in place (both through negotiations and FOA), average wholesale rate benchmarks could be published to provide additional transparency.
48. Second, FOA will be available as a recourse for any regional carrier that is not satisfied with negotiations with a national wireless carrier. The Commission will have examples of completed commercial agreements for both wholesale roaming and MVNO access to help inform its analysis in selecting a rate that is just and reasonable. Furthermore, the retail rate information to be published annually will provide rate guidance to regional competitors not only for negotiations but also in the event of FOA.
49. Third, staff-assisted mediation is another avenue for regional carriers and would generally be required prior to the Commission accepting a request for FOA. This step could assist smaller regional carriers that may prefer a less formal process.
50. Fourth, negotiated rates will not be in place indefinitely and can be renegotiated at regular intervals to ensure they remain current and responsive to market changes. The relative efficiency of this process allows for more frequent updates to rates than using traditional costing proceedings. For MVNO access, the Commission determined that rates can be renegotiated every two years, and a similar timeframe can be agreed to by parties if they are negotiating roaming with MVNO access service together so that the timeframes align. Where wholesale roaming service rates are being negotiated on a stand-alone basis, the Commission considers that a three-year negotiation timeframe would be reasonable. The reason for the difference in negotiation timeframes is the duration of each mandated service. MVNO access is intended to have a temporary life of seven years, so allowing for more frequent renegotiations over a limited timeframe is appropriate. Roaming, on the other hand, has an indefinite mandate and so the need for more frequent negotiations is lessened. The extra year will also potentially help to spread out potential FOA requests and reduce the regulatory burden on those

involved. Regarding Videotron's annual declining rate structure proposal, the Commission considers that parties are free to negotiate different rate structures as they see fit. In the event parties do not agree on a declining rate structure, the ability to renegotiate at regular intervals removes the need to impose a measure that mandates declining rates.

51. Fifth, regional carriers may, if they choose, negotiate as a group to improve both their bargaining power and the overall efficiency of the process. The Commission notes that any refusal by the national wireless carriers to enter into collective negotiations when approached by a group of regional carriers could be seen as impeding and reducing the efficiency of the rate-setting process.
52. Finally, the Commission notes that, by default, resale is permitted under the terms and conditions of the wholesale roaming service. As such, smaller regional carriers can negotiate commercial agreements with larger regional carriers that have roaming agreements in place with the national wireless carriers.
53. The Commission concludes that, for the purposes of setting rates for wholesale roaming service, the efficiency and expediency of the commercial negotiation with FOA approach outweigh the advantages of a cost-based rate-setting process. In the Commission's view, any disadvantages faced by regional carriers in negotiations can be sufficiently mitigated by the measures set out above.
54. Regarding Bell Mobility and RCCI's suggestion to use a third-party arbitrator for FOA, the Commission considers that it is in the best position to be the arbitrator. The Commission has expertise and experience with arbitration in both telecommunication and broadcasting matters and has processes and procedures already in place to ensure that rates selected through the FOA process are just and reasonable. Furthermore, the Commission has the jurisdiction to obtain (i) information pertaining to other commercially negotiated agreements, and (ii) information from completed FOA processes for MVNO access service and wholesale roaming service. This will minimize gaming in rate-setting. Moreover, the Commission can require parties to negotiate in good faith and publish guidelines for negotiation, as it did for MVNO rates.¹⁰
55. To help ensure good faith negotiations, the Commission notes that Telecom Information Bulletin 2024-234 is also being published today. This bulletin sets out the practice and procedure for FOA to determine wholesale roaming service rates.
56. Where multiple FOA applications are filed in a short period of time, the Commission intends to assess each FOA application received and, where necessary and appropriate, prioritize applications involving a regional carrier that is either a new

¹⁰ In a letter dated 17 February 2023, the Commission denied Videotron's application for FOA regarding MVNO access service rates, and provided guidelines, including timeframes for negotiations, on what parties must demonstrate prior to filing for FOA.

entrant or that has not yet concluded any off-tariff roaming agreement with a national wireless carrier.

Determining an average retail data rate to assist commercial negotiations

57. As noted above, to address concerns from regional carriers about bargaining power disparity, particularly smaller regional carriers, the Commission will publish the average retail data rate of the national wireless carriers to provide a benchmark for negotiations. The Commission notes that a rate cap for wholesale roaming service rates was used prior to the introduction of tariff rates in 2015. Parliament set out the rate cap, based on the average retail revenue for a unit of voice, text, or data usage for the previous year, in section 27.1 of the *Telecommunications Act* (the Act).¹¹ This cap was repealed with the introduction of interim tariff rates in 2015. In the Commission's view, publishing the average retail data rate could be used to inform commercial negotiations.
58. The Commission notes that the final tariffed wholesale roaming rates approved by the Commission based on the 2015 Phase II cost studies were lower than the average retail revenue for a unit of data usage at that time. However, as discussed above, evidence on the record indicates that the wholesale rates are currently higher than the national wireless carriers' average retail rates. Furthermore, total retail data revenue from mobile services has only marginally increased over five years, while retail data usage has more than tripled. This represents a significant drop in the average retail revenue per GB of data.
59. Based on evidence filed in this proceeding, the Commission has calculated that the weighted average retail revenue from mobile data usage for the national wireless carriers was **\$7.21 per GB** in 2022. This figure is meant as a benchmark to inform negotiations and is not a rate cap. However, wholesale rates are generally expected to be lower than retail rates and the Commission will factor this expectation into any FOA determinations, while also considering any arguments made by parties that might justify an exception.
60. To assist regional carriers with negotiations in future years, the Commission will continue to publish annually on its website the weighted average retail revenue per GB for data for the national wireless carriers and the percentage change from the previous year. The Commission notes that it already collects wireless data revenue and usage through its annual data collection process. Going forward, the Commission intends to use that data to calculate the average revenue per GB that it will publish. This will reduce the need for any additional data collection and filings by the industry and instead rely on a process that has been in place for years.

¹¹ The roaming rate estimate based on retail revenues was in effect from June 2014 to June 2015. It was repealed when the Commission introduced the tariff rates.

61. As well, once a sufficient number of wholesale data rates are in place (both through negotiations and FOA), from which a meaningful average rate can be derived, the Commission intends to publish an average wholesale data rate on its website as an additional benchmark. In the Commission's view, providing regional carriers with information on retail and potentially wholesale data rates will help address concerns over information imbalances during negotiations.

Should the tariffed wholesale roaming rates be declared interim?

Positions of parties

62. The applicants submitted that the Commission must grant itself the flexibility to provide relief on a retroactive basis by declaring the current wholesale roaming rates to be interim. CNOC, Cogeco, Iristel, and PIAC filed interventions in support of the applicants' position.

63. Bell Mobility and RCCI submitted that it cannot be assumed that the Commission would continue to tariff the wholesale roaming service rates, and therefore it would not be appropriate to declare the current tariff rates to be interim. TCI submitted that the current wholesale tariff rates are just and reasonable given that these rates were approved by the Commission. It argued that declaring these rates interim would introduce uncertainty for service providers and their wholesale customers. TCI further argued that there is no pressing reason, such as proof that the applicants are suffering harm, which would compel making the rates interim.

Commission's analysis

64. Given that the Commission has, in this decision, indicated that the wholesale roaming rates may no longer be just and reasonable, the Commission grants the applicants' request to declare as interim the existing rates, effective the date of this decision. Parties will thus be able to take into account the interim rate charged from the date of this decision in their negotiations.

How should costs for seamless handoff implementation be treated?

Positions of parties

65. The national wireless carriers' general view is that their costs to implement seamless roaming should be recovered through a separate charge to regional carriers requesting the service. This charge would be set out in the roaming tariffs.

66. Bell Mobility and TCI recommended that regional carriers be charged the cost incurred to implement seamless handoff. This cost would vary based on the project. Bell Mobility indicated that significant costs are associated with changing boundaries for seamless handoff, and that these costs vary depending on the size of a regional carrier's footprint and how many boundary points are needed. TCI argued that the cost-based approach ensures reasonable rates for all carriers, while Bell Mobility

justified this cost as an incentive for regional carriers to only request the service where needed and to continue building their network.

67. CNOc, Cogeco, Eastlink, Execulink Telecom Inc., the ITPA, and Videotron opposed the inclusion of additional charges to implement seamless handoff functionality for wholesale roaming. Videotron submitted that the national wireless carriers have been overcompensated by the existing wholesale rates and therefore no further compensation should be provided to implement seamless handoff functionality.
68. Eastlink submitted that seamless roaming should be offered as a feature rather than an additional service. Eastlink further argued that in Telecom Regulatory Policy 2021-130, the Commission required that national wireless carriers implement seamless roaming as part of their wholesale roaming services.

Commission's analysis

69. While the implementation of seamless roaming has been underway for nearly two years, the issue of cost recovery remains unresolved.¹²
70. The Commission notes that this matter has been raised by the national wireless carriers numerous times across several proceedings, including this one, since the policy was first enacted.
71. Seamless handoff arrangements are performed on a bilateral basis between a national wireless carrier and a regional carrier and, as such, the costs would be specific to each regional carrier depending on their network size and configuration. Accordingly, the Commission considers that it would be appropriate for the recovery of costs for seamless handoff to be addressed as part of the commercial negotiations with FOA process, where they can be integrated into the usage rate or charged as a one-time cost. The Commission notes that parties have included and offered seamless handoff functionality as part of their commercially negotiated MVNO access and wholesale roaming arrangements.

¹² In Telecom Regulatory Policy 2021-130, when the Commission first mandated seamless handoff, it acknowledged the potential of additional operational costs for the national wireless carriers. The rates for wholesale roaming, which were based on five-year cost studies, were finalized in 2018. Consequently, in Telecom Regulatory Policy 2021-130, the Commission concluded that an assessment of the underlying costs associated with the implementation of seamless roaming and the proper reflection of these tariff rates may be appropriate upon implementation of seamless roaming. Furthermore, in Telecom Order 2023-171, the Commission reiterated its determination by ordering the national wireless carriers to remove rates for seamless roaming that they had included in their proposed updates to their wholesale roaming tariffs. These were submitted for Commission approval following Telecom Regulatory Policy 2021-130, indicating that there was insufficient evidence or cost studies to support the approval of such a rate.

Should access to wholesale roaming services extend to areas where a national wireless carrier uses another carrier's RAN as part of a network-sharing agreement?

Positions of parties

72. RCCI submitted that with any rate-setting approach, the Bell Mobility/TCI shared network (the shared network) must be available to competitors as a national network. This allows competitors to choose between three national network providers with which to negotiate, rather than RCCI being seen by competitors as having the only national network.
73. Cogeco argued that all commercial negotiations must include all future mobile wireless technologies and should cover a national wireless carrier's entire footprint, including network sharing agreements. Eastlink agreed with RCCI and argued that including the shared network for wholesale roaming service would be consistent with the position the Commission took with the MVNO access service.
74. Both Bell Mobility and TCI argued that the terms and conditions of the wholesale roaming tariff are not the subject of this proceeding, and therefore, the inclusion of their shared RAN should not be considered.

Commission's analysis

75. The purpose of the application, and thus the focus of the record of this proceeding, was to examine the wholesale roaming rates and the approach for setting new rates. The application did not request new terms and conditions, and the record did not examine the appropriateness of any specific changes to them.
76. At present, regional carriers enter into roaming agreements separately with Bell Mobility and TCI for their respective portions of the shared network. There is no condition of service requiring Bell Mobility and TCI to provide full access to the shared network for roaming. This is not because the Commission explicitly rejected such a condition, but rather because the issue has not previously been raised, likely because separate access to the two companies' networks did not, before now, raise logistical or commercial concerns.
77. Such a condition is, however, included in the MVNO access tariff, where it was clear from the outset that parties would be entering into commercial negotiations. The Commission's analysis provided in paragraphs 278-294 of Telecom Decision 2022-288 explains the necessity of regional carriers having full access to the shared network, and the reasons why the Commission imposed such a condition of service under section 24 and subsection 27(2) of the Act.
78. While the issue is beyond the scope of this proceeding, the Commission recognizes that it must be addressed. Bell Mobility and TCI are national wireless carriers that

have national coverage and upstream market power¹³ due to their shared network. Therefore, the issue arises as to whether denial of access to a regional carrier by either Bell Mobility or TCI to the shared network, and thus denial of national roaming coverage for the retail customers of regional carriers, would result in undue preference and unjust discrimination under section 27(2) of the Act. Another concern is that, without access to the full shared network, regional carriers could effectively be left with only one option to obtain national roaming coverage, namely RCCI's national network, rather than three, thus placing them at a further disadvantage when negotiating.

79. Accordingly, the Commission has initiated a proceeding (see Telecom Notice of Consultation 2024-235, published today) to consider whether a condition of service under section 24 of the Act should be applied to Bell Mobility and TCI's wholesale roaming services, similar to the analogous condition of service for MVNO access.
80. The Commission's preliminary view in this regard is that such a condition of service should be applied to clarify that each company's available footprint for wholesale roaming includes the RAN owned and operated by the other carrier under their shared network agreement. The Commission invites parties to justify any objections to its preliminary view.

Conclusion

81. In light of all of the above, the Commission considers that the evidence on the record indicates that the existing wholesale roaming rates may no longer be just and reasonable.
82. To address this issue, the Commission mandates commercial negotiation with FOA for setting wholesale roaming rates going forward, while maintaining in place the existing terms and conditions in the tariffs. Specifically, the Commission directs the national wireless carriers and regional carriers to negotiate in good faith and conclude negotiations with a signed agreement within **60 days** of the submission of a wholesale roaming request by a regional carrier or group of regional carriers to a national wireless carrier. In the event of unsuccessful negotiations, parties are to engage in staff-assisted mediation prior to submitting a request to the Commission for FOA.
83. To support the effective implementation of this new approach to setting wholesale roaming rates, the Commission:
 - will publish annually, on its website, the weighted average retail revenue per GB for data (among the national wireless carriers) to help guide future negotiations (calculated by the Commission to be \$7.21 per GB in 2022). In the future, the Commission intends to also publish information on average wholesale data rates;

¹³ See Telecom Regulatory Policy 2015-177, paragraphs 81-88.

- indicates that wholesale roaming rates are subject to renegotiation at least every three years, unless parties mutually agree on a different timeframe; and
- declares the existing tariffed rates to be interim until current users of the wholesale roaming service tariff have agreements for rates either through negotiation or FOA.

84. In addition, the Commission:

- invites regional carriers, if they choose, to negotiate collectively to secure a single agreement with a national wireless carrier. Any refusal by a national wireless carrier to enter into good faith collective negotiations when approached by a group of regional carriers could be seen as impeding and reducing the efficiency of the rate-setting process; and
- reminds parties that the tariffed terms and conditions, including those which allow for resale, continue to apply.

Policy Direction

85. The Commission considers that its determinations set out in this decision are consistent with the 2023 Policy Direction, and that mandating commercial negotiation with FOA for setting wholesale roaming rates would support rates that are just and reasonable. This approach is expected to result in timely and lower wholesale roaming rates, in a manner that is efficient and proportionate to its purpose, and that would promote competition and serve to foster affordability and lower prices for mobile wireless services.

86. Gathering and publishing annual retail data rates to assist regional carriers in negotiations is, pursuant to paragraph 5 of the 2023 Policy Direction, an example of the Commission demonstrating strong and timely market monitoring, research, and strategic foresight skills. Furthermore, it uses the results that it obtains from these activities in the exercise of its powers and the performance of its duties.

87. Additionally, the Commission considers that its determinations in this decision, which are of an economic nature as they are meant to result in lower wholesale roaming rates, are consistent with paragraph 8 of the 2023 Policy Direction. Indeed, they will help foster competition and encourage the provision of services at affordable prices for consumers.

Secretary General

Related documents

- *Show cause and call for comments – Available footprint for Bell Mobility Inc. and TELUS Communications Inc.’s wholesale roaming services*, Telecom Notice of Consultation CRTC 2024-235, 7 October 2024

- *Practice and procedure for final offer arbitration to determine wholesale roaming rates*, Telecom Information Bulletin CRTC 2024-234, 7 October 2024
- *Final offer arbitration between Quebecor Media Inc. and TELUS Communications Inc. regarding wholesale mobile virtual network operator access rates*, Telecom Decision CRTC 2024-81, 22 April 2024
- *Final offer arbitration between Bell Mobility Inc. and Quebecor Media Inc. regarding wholesale mobile virtual network operator access rates*, Telecom Decision CRTC 2023-335, 10 October 2023
- *Final offer arbitration between Quebecor Media Inc. and Rogers Communications Canada Inc. regarding wholesale mobile virtual network operator access rates*, Telecom Decision CRTC 2023-217, 24 July 2023
- *Review of the approach to rate setting for wholesale telecommunications services*, Telecom Decision CRTC 2023-196, 7 July 2023
- *Amendments to wholesale roaming service tariffs to reflect Commission determinations regarding seamless roaming and 5G networks*, Telecom Order CRTC 2023-171, 7 June 2023
- *Practice and procedure for final offer arbitration to determine mobile virtual network operator access rates*, Telecom Information Bulletin CRTC 2022-337, 9 December 2022
- *Facilities-based wholesale mobile virtual network operator (MVNO) access tariffs – Commission determinations on proposed terms and conditions*, Telecom Decision CRTC 2022-288, 19 October 2022; as amended by Telecom Decision CRTC 2022-288-1, 31 October 2022
- *Review of mobile wireless services*, Telecom Regulatory Policy CRTC 2021-130, 15 April 2021
- *Call for comments – Review of the approach to rate setting for wholesale telecommunications services*, Telecom Notice of Consultation CRTC 2020-131, 24 April 2020; as amended by Telecom Notices of Consultation CRTC 2020-131-1, 7 July 2020, and 2020-131-2, 19 October 2020
- *Wholesale mobile wireless roaming service tariffs – Final rates*, Telecom Order CRTC 2018-99, 22 March 2018
- *Wholesale mobile wireless roaming service tariffs – Final terms and conditions*, Telecom Decision CRTC 2017-56, 1 March 2017
- *Regulatory framework for wholesale mobile wireless services*, Telecom Regulatory Policy CRTC 2015-177, 5 May 2015