



Telecom Order CRTC 2024-307

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Ottawa, 29 November 2024

Public record: Tariff Notice 19

The Lansdowne Rural Telephone Company Ltd. – Support structure services – Introduction of Arrangements for Joint Use Lessees

Summary

The Commission approves the Lansdowne Rural Telephone Company Ltd.'s application to introduce Section 800, Item 2 – Arrangements for Joint Use Lessees to its General Tariff, which will enable competitor access required for expanding fibre-optic networks.

Application

1. On 26 June 2024, the Commission received an application from the Lansdowne Rural Telephone Company Ltd. (LRT). In its application, the LRT proposed to introduce Section 800, Item 2 – Arrangements for Joint Use Lessees to its General Tariff. This item includes proposed terms, conditions, and monthly rates for pole and strand rental in the LRT's incumbent operating territory.
2. The LRT indicated that it has a single customer that requires access to a limited number of poles and strand spans in order to fulfill its project requirements since it is building out subsidized fibre-optic networks in and around the Lansdowne, Ontario exchange.
3. The LRT based its proposed tariff item off North Renfrew Telephone Company Limited's approved tariff for support structure service.¹
4. With respect to the proposed rates in the LRT's application, the company noted that in paragraph 188 of Telecom Decision 2023-196, the Commission granted small incumbent local exchange carriers (ILECs) additional flexibility when setting rates for wholesale services. As a result, the LRT proposed to use TELUS Communications Inc.'s (TELUS) monthly pole rental rate of \$1.61 and CityWest Telephone Corporation's (CityWest) monthly strand rental rate of \$0.85.

¹ North Renfrew Telephone Company Limited General Tariff, Section 800, Item 2

5. Based on a survey of the tariffed support structure rates across Canada, the LRT proposed the highest rates currently in use. The company indicated that it would not be appropriate to use its neighbouring ILEC's (Bell Canada's) support structure rates, because these rates are based on the scope and scale of a company much larger than the LRT.
6. The LRT submitted that Bell Canada's rates for poles and strand span reflect costs averaged over multiple provinces and likely include many urban areas where costs will be lower, which impacts Bell Canada's approved rates. The Lansdowne exchange is entirely rural and high-cost. Because of this, the LRT submitted that it would not recover the costs of providing access to its support structures if it were to use Bell Canada's rates. Although TELUS's approved rates would also likely not cover the LRT's costs, the LRT indicated that it is reasonable to use the highest ILEC rates as a proxy since the LRT has not developed its own rates for support structure services.
7. With respect to CityWest's strand rental rate, the LRT submitted that CityWest is a small ILEC similar to the LRT, so its rates would be a reasonably proxy.
8. The LRT submitted that its proposed rates are reasonable since they are within the current range of support structure rates in Canada.
9. The Commission did not receive any interventions in relation to the LRT's application.

Commission's analysis

10. The LRT's proposed terms and conditions for the provision of pole and strand rental are consistent with the approved terms and conditions used by North Renfrew Telephone Company Limited in its tariff for support structure service.
11. In Telecom Decision 2023-196, the Commission considered that the existing directive for a small ILEC to use the rates of a neighbouring large ILEC for the same service was limiting. The Commission therefore revised this provision to allow small ILECs to adopt the approved rates of any company in any region for the same service, provided that the small ILECs (i) support the use of the rate with sufficient rationale and supporting evidence to justify the selected rate, and (ii) demonstrate why the neighbouring ILEC rate for the same service is not appropriate.
12. The LRT is a small ILEC consisting of one exchange (Lansdowne, Ontario) in a rural area that is considered high-cost to serve. Therefore, Bell Canada's rates would not be representative of the LRT's cost structure.
13. Consistent with Telecom Decision 2023-196, the LRT has proposed to use CityWest's strand rental rate, which is also a small ILEC operating in a rural and high-cost area. However, CityWest does not have monthly pole rates. While using the rate of an adjacent ILEC is not specifically a requirement set out in that decision,

TELUS operates in the territory adjacent to CityWest. Therefore, the LRT's proposal to use TELUS's approved monthly rates for pole rental is reasonable.

14. Furthermore, in Telecom Order 2024-108, the Commission approved a similar proposal from the Westport Telephone Company, Limited.
15. The LRT has provided sufficient justification for its proposed rates, in compliance with the regulatory framework for small ILECs.
16. Approval of the LRT's application would advance the policy objective set out in section 7(a) of the *Telecommunications Act*.²

Conclusion

17. In light of all of the above, the Commission approves, by majority decision, the LRT's application.

Secretary General

Related Documents

- *The Westport Telephone Company, Limited – Approval of a tariff application*, Telecom Order CRTC 2024-108, 14 May 2024
- *Review of the approach to rate setting for wholesale telecommunications services*, Telecom Decision CRTC 2023-196, 7 July 2023

² The cited policy objective is: 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions.