



Telecom Order CRTC 2024-88

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Ottawa, 1 May 2024

Public record: Tariff Notice 7654

Bell Canada – Tariff Notice 7654 – Introduction of new speed tiers for Disaggregated Broadband Service and Gateway Access Service – Fibre to the Node

Summary

The Commission **approves on an interim basis** Bell Canada's application to introduce new speed tiers of 30 megabits per second (Mbps) and 60 Mbps,

- for Disaggregated Broadband Service (DBS) at the interim rates set out in Telecom Order 2017-312; and
- for Gateway Access Service – Fibre to the Node (GAS-FTTN) at the rates made interim in Telecom Notice of Consultation 2023-56.

The Commission **denies** a request from TekSavvy Solutions Inc. to align the rate for the proposed DBS service with the proposed rate for GAS-FTTN.

Application

1. The Commission received an application from Bell Canada, Tariff Notice (TN) 7654, dated 7 November 2022. The company proposed changes to item 151 of its Access Services Tariff, Disaggregated Broadband Service (DBS); and to item 5440 of its General Tariff, Gateway Access Service – Fibre to the Node (GAS-FTTN).
2. Bell Canada indicated that it was introducing two new speed tiers for its retail residential fibre-to-the-premises (FTTP) and retail residential fibre-to-the node (FTTN) customers. In its application, the company proposed to make the same speed tiers available for its wholesale customers.
3. Specifically, the company proposed to introduce the following speed tiers for its wholesale DBS access service over FTTP and FTTN, and its wholesale GAS-FTTN access service over FTTN:
 - 30 megabits per second (Mbps), with a download speed of 30 Mbps and an upload speed of 10 Mbps; and

- 60 Mbps, with a download speed of 60 Mbps and an upload speed of 10 Mbps.
4. For the FTTN service, Bell Canada proposed both non-bonded and bonded access.
 5. For DBS access to the new speed tiers over FTTP and FTTN, Bell Canada proposed to use rates that were approved on an interim basis in Telecom Order 2017-312 for monthly access and for installation charges. The company did not file a supporting cost study, citing the ongoing process associated with configurations for DBS.¹
 6. For wholesale access to the two new speed tiers for GAS-FTTN, Bell Canada proposed to use the final rates approved by the Commission in Telecom Decision 2021-181 for non-bonded and bonded access and for installation charges.
 7. The company proposed an effective date of 7 December 2022.
 8. The Commission received interventions in respect of the application from Competitive Network Operators of Canada (CNOc) and TekSavvy Solutions Inc. (TekSavvy).

Issues

9. The Commission has identified the following issues to be addressed in this order:
 - Should the Commission approve Bell Canada's application? If so, should it be approved on an interim basis?
 - Should identical FTTN services offered to competitors be priced the same whether offered over DBS or GAS-FTTN?

Should the Commission approve Bell Canada's application? If so, should it be approved on an interim basis?

Positions of parties

10. Bell Canada submitted that, for DBS, its proposed rates should be set on an interim basis in accordance with Telecom Order 2017-312; for GAS-FTTN service, they should be set on a final basis in accordance with Telecom Decision 2021-181.
11. CNOc submitted that the rates proposed by Bell Canada are not just and reasonable. Therefore, CNOc requested that the Commission only approve the application on an interim basis.
12. CNOc recognized that Bell Canada had proposed rates in accordance with decisions and orders currently in effect. However, CNOc argued that Bell Canada is using its

¹ The process referred to was initiated by Telecom Notice of Consultation 2020-187.

flanker brands, such as EBOX and Virgin Plus, to sell FTTP services to end-users at prices that are lower than prices for the equivalent services offered to wholesale competitors at interim tariffed rates. CNOC qualified this conduct as exclusionary, anti-competitive and even predatory, which it claimed would violate subsections 27(1) and 27(2) of the *Telecommunications Act*.

13. Bell Canada replied that, for GAS-FTTN, there was no reason to make the rates interim, because the Commission has already made a final determination regarding those rates. For DBS, Bell Canada stated that it had proposed the rates be set on an interim basis in accordance with the current regulatory framework.

Commission's analysis

14. The Commission considers that Bell Canada's application was filed in accordance with the requirements set out in Telecom Information Bulletin 2010-455-1. The application is also compliant with the speed-matching requirement set out in Telecom Regulatory Policy 2010-632.²
15. The Commission is of the view that approval of this application would promote competition. The introduction of the two new speed bands would encourage greater competition by ensuring the availability of more choices of both speed and technology for Internet service providers and, ultimately, for Canadians.
16. The Commission notes that Bell Canada proposed that rates for the two speed tiers be set in accordance with Telecom Order 2017-312 and Telecom Decision 2021-181, which are both currently in effect.

Telecom Notice of Consultation 2023-56

17. On 8 March 2023, the Commission issued Telecom Notice of Consultation 2023-56 (the notice) in order to initiate a fulsome review of the wholesale high-speed access (HSA) service framework. The Commission considered that the underlying costs upon which aggregated wholesale HSA rates were established in Telecom Decision 2021-181 may no longer be an appropriate basis for setting those rates, given subsequent developments in technology and service delivery. Therefore, the Commission directed incumbent carriers to file tariff applications with proposed rates for their aggregated wholesale HSA services.
18. In the notice, the Commission determined that the rates for aggregated wholesale HSA service that it had set out in Telecom Decision 2021-181 were to be made interim. It also applied an immediate interim reduction to the existing rates that reflected a 10% decrease in the costs of traffic-sensitive components used to inform

² In Telecom Regulatory Policy 2010-632, the Commission determined that incumbent local exchange carriers and cable carriers should be required to provide their existing wholesale high-speed access services to competitors at speeds that match all speed options offered to their own retail Internet service customers. Bell Canada currently offers the proposed service speeds to its retail customers and is therefore in compliance with that requirement.

those rates.³ Subsequently, in Telecom Decision 2023-169, the Commission approved revised interim rates for aggregated HSA services for items that involve those traffic-sensitive components. For Bell Canada, the rate revisions were applicable to its capacity-based billing rates (its traffic-sensitive rate element), with no change to its existing access rates. As such, per the notice, for aggregated HSA services access rates remain interim at the rates set out in Telecom Decision 2021-181.

19. Given that GAS-FTTN access is an aggregated HSA service, the Commission is of the view that it would be appropriate to approve the proposed rates for the new speed tiers for GAS-FTTN on an interim basis.
20. Regarding disaggregated HSA services, the Commission determined in the notice that the rates, terms, and conditions of those services would remain interim. The Commission noted that current interim rates for disaggregated wholesale HSA services were dated and that new cost studies would likely be required. However, given the Commission's expectation that demand for disaggregated wholesale HSA would remain limited, at least in the near term, the Commission determined it was not appropriate to require the incumbents to invest time in developing revised cost studies.
21. The Commission is therefore of the view that Bell Canada's proposed interim rates for DBS services meet current regulatory provisions.
22. In light of the above, the Commission **approves on an interim basis** Bell Canada's application, effective **1 May 2024**, specifically
 - the introduction of new speed tiers of 30Mbps and 60Mbps for the company's DBS service over both FTTN and FTTP, at the interim rates set out in Telecom Order 2017-312; and
 - the introduction of new speed tiers of 30 Mbps and 60 Mbps for the company's GAS-FTTN service, at the access rates made interim in the notice.
23. The Commission notes that finalization of rates for both aggregated and disaggregated HSA services is dependent on the outcomes of the proceeding initiated by the notice and will be addressed at a later time.

³ See Telecom Notice of Consultation 2023-56, paragraph 53.

Should identical FTTN services offered to competitors be priced the same whether offered over DBS or GAS-FTTN?

Positions of parties

24. TekSavvy noted that Bell Canada's proposed rates for the new speed tiers include a monthly access rate of \$23.79 for the aggregated FTTN services (GAS-FTTN) and a monthly access rate of \$25.62 for the disaggregated FTTN services (DBS-FTTN).
25. TekSavvy submitted that Bell Canada had incorrectly proposed different rates for identical FTTN services.
26. TekSavvy requested that the Commission deny the proposed monthly access rate of \$25.62 for DBS-FTTN, for both 30 Mbps and 60 Mbps, and set an interim rate of \$23.79 to align it with the proposed rate for GAS-FTTN, the aggregated equivalent.
27. Bell Canada replied that TekSavvy's request should be dismissed because it does not conform to the Commission's pricing framework for those services.

Commission's analysis

28. In Telecom Regulatory Policy 2011-703, the Commission noted that the network providers' rates for wholesale HSA services should be based on associated Phase II costs plus a specified markup. Phase II methodology is designed to reflect the costs of the prospective incremental resources used to provide a service, consistent with the costing methodologies and assumptions set out in the network providers' approved Regulatory Economic Study Manuals.
29. The Commission thus considers that answering the question of whether services offered over DBS-FTTN and GAS-FTTN should be priced identically would rely on an assessment of whether the incremental resources used to provide the services are similar.
30. In the notice, the Commission directed the large incumbent local exchange carriers and cable carriers to file new Phase II cost studies to establish rates for aggregated wholesale HSA services, which would include services offered over GAS-FTTN. The Commission invited interveners to comment on what the future of disaggregated wholesale HSA services is expected to be.
31. Because that proceeding is ongoing, the Commission considers that it would be premature to determine whether the access rates for DBS-FTTN and GAS-FTTN should be priced identically.
32. In light of the above, the Commission **denies** TekSavvy's request that the Commission set an interim monthly access rate of \$23.79 for the proposed DBS-FTTN service to align it with the proposed rate for GAS-FTTN, the aggregated equivalent.

Conclusion

33. In light of all of the above, the Commission **approves on an interim basis** Bell Canada's application, effective **1 May 2024**, specifically

- the introduction of new speed tiers of 30 Mbps and 60 Mbps for the company's DBS service over both FTTN and FTTP, at the interim rates set out in Telecom Order 2017-312; and
- the introduction of new speed tiers of 30 Mbps and 60 Mbps for the company's GAS-FTTN service, at the access rates made interim in the notice.

34. The Commission also **denies** TekSavvy's request that the Commission set an interim monthly access rate of \$23.79 for the proposed DBS-FTTN service to align it with the proposed rate for GAS-FTTN, the aggregated equivalent.

Secretary General

Related documents

- *Review of the wholesale high-speed access service framework – Reduction of traffic-sensitive costs*, Telecom Decision CRTC 2023-169, 2 June 2023
- *Notice of hearing – Review of the wholesale high-speed access service framework*, Telecom Notice of Consultation CRTC 2023-56, 8 March 2023; as amended by Telecom Notice of Consultation CRTC 2023-56-1, 11 May 2023; Telecom Notice of Consultation CRTC 2023-56-2, 4 July 2023; and Telecom Notice of Consultation CRTC 2023-56-3, 6 November 2023
- *Call for comments – Appropriate network configuration for disaggregated wholesale high-speed access services*, Telecom Notice of Consultation CRTC 2020-187, 11 June 2020; as amended by Telecom Notice of Consultation CRTC 2020-187-1, 22 July 2020
- *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*, Telecom Decision CRTC 2021-181, 27 May 2021
- *Interim rates for disaggregated wholesale high-speed access services in Ontario and Quebec*, Telecom Order CRTC 2017-312, 29 August 2017; as amended by Telecom Order CRTC 2017-312-1, 12 September 2017
- *Approval processes for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455-1, 19 February 2016
- *Billing practices for wholesale residential high-speed access services*, Telecom Regulatory Policy CRTC 2011-703, 15 November 2011; as amended by Telecom Regulatory Policy CRTC 2011-703-1, 22 December 2011

- *Wholesale high-speed access services proceeding*, Telecom Regulatory Policy CRTC 2010-632, 30 August 2010