



## Telecom Order CRTC 2018-148

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Ottawa, 4 May 2018

*Public record: Tariff Notice 535*

### **TELUS Communications Inc. – Introduction of a new residential service speed to Wholesale Internet ADSL Service**

#### **Application**

1. The Commission received an application from TELUS Communications Inc. (TCI), dated 1 March 2018, in which the company requested Commission approval of proposed revisions to item 226 – Wholesale Internet ADSL [Asynchronous Digital Subscriber Line] Service of its Carrier Access Tariff.
2. Specifically, the company proposed to introduce a new speed of 75 megabits per second (Mbps) for its single-line (non-bonded)<sup>1</sup> aggregated wholesale high-speed access (HSA) residential service offering. In making this proposal, TCI noted that the Commission requires incumbents to offer wholesale aggregated HSA services at speeds that match their retail Internet speed options.<sup>2</sup>
3. TCI submitted that because its proposed 75 Mbps service was a single-line configuration it did not fall within an existing approved speed band.<sup>3</sup> Therefore, to be consistent with Telecom Decision 2016-117, the company was filing cost studies for a newly specified speed band of 70 to 100 Mbps that applies only to single-line service configurations.
4. In support of its application, TCI filed two cost studies. In so doing, the company submitted that its filing was consistent with Commission staff filing instructions for cost studies in the ongoing aggregated wholesale HSA service proceeding.<sup>4</sup> TCI submitted that the first cost study abides by the principles and methodologies

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<sup>1</sup> Non-bonded access uses one copper loop whereas bonded access uses two copper loops. Bonded access is sometimes necessary to provide higher speeds due to technical constraints or if fibre-to-the-node (FTTN) is not available. In this case, TCI has submitted that, because of advances in technology and the wide availability of FTTN, it can provide the 75 Mbps on a single copper wire (i.e. a non-bonded service).

<sup>2</sup> See paragraphs 75 to 78 of Telecom Regulatory Policy 2010-632.

<sup>3</sup> The speed-banding approach that was adopted in Telecom Decision 2016-117 provides the flexibility to introduce new service speeds within a set speed band without filing an associated cost study. For example, if a company has an approved rate for a speed band between 50 and 100 Mbps, it could propose a new service with a speed of 65 Mbps at the approved rate for the speed band with no supporting cost study. In this tariff application, TCI is introducing a new speed outside its currently approved speed bands and therefore has to file a cost study with its tariff application.

<sup>4</sup> See Commission staff letter dated 16 December 2016 <https://crtc.gc.ca/eng/archive/2016/lt161216a.htm>.

detailed in the company's Regulatory Economic Studies Manual and previous Commission determinations related to wholesale HSA services, while the second cost study includes proposed revisions to these requirements.

5. The two cost studies differ in the treatment of costs for traffic-driven equipment as follows:
  - The first cost study uses an annual capital unit cost change assumption of minus 26.4% for traffic-driven equipment in compliance with Telecom Decision 2016-117. The associated monthly rate per access is \$31.28.
  - The second cost study applies the following proposed revisions to the annual capital unit cost change to traffic-driven equipment: (i) minus 16.8% for router equipment, and (ii) minus 8.7% for optical equipment.<sup>5</sup> The associated monthly rate per access is \$31.75.
6. TCI also proposed an installation service charge of \$70.56. This is the same rate that is currently in effect for all other service speeds of the company's Wholesale Internet ADSL Service.
7. The Commission received no interventions with respect to the application.

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

### **Monthly access rate**

8. The proposed monthly access rate for the new 70 to 100 Mbps single-line service band (and hence the new 75 Mbps service referenced above) is not consistent with the Commission's determination in Telecom Decision 2016-117 that an annual capital unit cost change of minus 26.4% is to be applied to traffic-driven equipment in cost studies submitted to the Commission. In addition, the interim rates<sup>6</sup> for TCI's other service bands incorporate the minus 26.4% annual capital unit cost change. In this regard, the Commission is assessing the parties' rationale for the potential use of different annual capital unit cost changes for traffic-driven equipment in the ongoing proceeding reviewing rates for wholesale HSA services.
9. The Commission considers that, for consistency with interim rates for TCI's other rate bands, it would be appropriate to set the interim monthly rate for the new 70 to 100 Mbps single-line service band (and hence the new 75 Mbps service) at \$31.28.

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<sup>5</sup> TCI submitted that it had provided the rationale and supporting evidence for these changes in its submissions in the ongoing aggregated wholesale HSA service proceeding.

<sup>6</sup> In Telecom Decision 2016-117, the Commission set all wholesale HSA service rates as interim, pending further review. In Telecom Order 2016-396, the Commission reaffirmed that the rates will remain interim until the Commission completes its ongoing review of aggregated and disaggregated HSA services.

This rate incorporates the Commission-prescribed minus 26.4% annual capital unit cost change for traffic-driven equipment.

### **Installation service charge**

10. As noted earlier in this order, TCI's proposed installation service charge of \$70.56 is identical to the service charges for the other speeds offered by TCI as part of the company's TCI Wholesale Internet ADSL Service. The Commission considers it appropriate to set the installation service charge, on an interim basis, equal to the service charge for other current service speeds.

### **Conclusion**

11. The Commission **approves on an interim basis** (i) a monthly access rate of \$31.28 for the new 70 to 100 Mbps single-line service band (and hence the new 75 Mbps service), and (ii) an installation service charge of \$70.56, effective the date of this order. TCI is to issue revised tariff pages<sup>7</sup> within **10 days** of 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

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<sup>7</sup> Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.