Telecom Order CRTC 2008-335

Ottawa, 16 December 2008

Téléphone Guèvremont inc. – Co-location services, and local network interconnection and network component unbundling

Reference: Tariff Notices 52, 52A, and 52B

In this Order, the Commission approves with changes Guèvremont's application to introduce rates, terms, and conditions for co-location services, and local network interconnection and network component unbundling.

Introduction

1. The Commission received an application by Téléphone Guèvremont inc. (Guèvremont), dated 7 September 2007, and amended 14 September and 18 December 2007, in which the company proposed rates, terms, and conditions for co-location services, and local network interconnection and network component unbundling – specifically, access to Type A local loops. The proposed tariff items fall under section 8 of Guèvremont's General Tariff.

2. The Commission received comments from 91164-3122 Québec inc., operating under the name Sogetel Numérique (Sogetel). The public record of this proceeding, which closed on 4 June 2008, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

3. In this proceeding, the Commission must determine whether the proposed terms and conditions are appropriate and the proposed rates are just and reasonable for these tariff items. The Commission will address these issues first with respect to co-location services and then with respect to access to local loops.

I. Are the proposed terms and conditions appropriate and the proposed rates just and reasonable for Guèvremont's co-location services?

4. The Commission notes that in Telecom Decision 2006-14, it considered that a small incumbent local exchange carrier (ILEC), if requested to, should make co-location space available to an interconnecting carrier (IC) or a digital subscriber line (DSL) service provider, where space is available, under terms and conditions similar to those established for co-location services for the large ILECs.

5. Although Guèvremont indicated that it had modeled its co-location services tariff on that of Télébec, Limited Partnership (Télébec), the Commission finds that Guèvremont's proposed tariff differs from Télébec's with respect to the following:

   a) Access to Guèvremont's central office

   b) Sharing of construction costs for modifications in central offices

   c) Hourly rates

6. The Commission has reviewed the proposed co-location services tariff and considers that, with the exception of the items mentioned above, the proposed terms and conditions are appropriate and the proposed rates are just and reasonable for Guèvremont's co-location services. The Commission will examine the exceptional items in the following three sections.

a) Access to Guèvremont's central offices

7. Guèvremont's proposed co-location tariff states that access to its central offices for co-location will be granted only to persons accompanied by a representative designated by Guèvremont.

8. Sogetel submitted that this condition is not justified, that it is not willing to pay for escort charges, and that Télébec allows access to its central offices without an escort. Guèvremont replied that it wishes to ensure that its central offices are secure and that the terms and conditions for access to its central offices as proposed in its co-location tariff are therefore appropriate.

9. In Decision 2001-204, the Commission considered that it was reasonable for IC personnel that are subject to the same security restrictions and checks as ILEC personnel to have unescorted access to the ILEC's central office. The Commission also considered that there was not a compelling public policy reason that outweighed the public interest in permitting unescorted access. In view of this, the Commission considered that ILEC refusal to allow unescorted access constitutes a violation of section 27(2) of the *Telecommunications Act*.

10. The Commission notes that Télébec's tariff, on which Guèvremont's tariff is modelled, allows access without an escort to its central offices by an IC's representative, provided that person is authorized by Télébec. Accordingly, the Commission directs Guèvremont to allow unescorted access to its central offices under the same condition.

11. In Telecom Order 2002-63, the Commission approved Co-location Consensus Report CLRE027A, which was submitted by the Co-location Sub-working Group of the CRTC Interconnection Steering Committee. This report provides industry-wide guidelines for the issuance and duration of co-location access cards. The Commission encourages Guèvremont and Sogetel to implement security measures that are consistent with this report.

b) Sharing of construction costs for modifications in central offices

12. Sogetel noted that Guèvremont had not reproduced the part of Télébec's tariff that deals with how costs are shared between each IC when several ICs co-locate in the same central office. In reply, Guèvremont submitted that although it had modelled its co-location tariff on Télébec's, it did not have to reproduce the part in question because its current application concerns only one IC, namely Sogetel.

13. The Commission notes that the co-location tariff proposed by Guèvremont is available to all ICs and DSL service providers interested in co-locating in Guèvremont's central offices. Consequently, the Commission considers that several qualifying service providers could co-locate in the same central office. As noted above, in Telecom Decision 2006-14, the Commission considered that a small ILEC, if requested, should make co-location space

available to another qualifying service provider, where space is available, under terms and conditions similar to those established for co-location services for the large ILECs. In addition, since Guèvremont has modelled its tariff on that of Télébec, the Commission considers that Guèvremont should add to its co-location tariff the provisions found in Télébec's for cost-sharing between ICs.

c) Hourly rates

14. In its application Guèvremont lists, among other things, hourly rates dealing with power delivery, central office project management, building modification, enclosure construction, site preparation, installation/maintenance, and cable pulling/splicing.

15. Sogetel submitted that the hourly rates proposed by Guèvremont are excessive and above the service rates that small ILECs are authorized to bill their customers. Guèvremont replied that the rates in question are not excessive since they are the same as those in Télébec's approved tariff.

16. In Telecom Decision 2006-14 the Commission extended, with some modifications, the regulatory framework established for the small ILECs in Decision 2001-756. The Commission also established four service baskets, the fourth of which is comprised of optional services, multi-element service categories, special facilities tariffs, and competitor access tariffs. The Commission notes that co-location services are competitor services and, therefore, should be classified under the fourth service basket.

17. In Telecom Decision 2006-14, the Commission concluded that rates for services in the Fourth Basket would be allowed to increase up to any rate approved by the Commission for the same service, as established in Decision 2001-756. In addition, the Commission concluded that an economic (Phase II) study must accompany an application to support proposed rate increases over and above an approved ILEC rate.

18. The Commission notes that Guèvremont proposed adopting hourly rates approved for Télébec. In these circumstances, the Commission considers that the hourly rates proposed for the services mentioned are just and reasonable.

II. Are the proposed terms and conditions appropriate and the proposed rates just and reasonable for access to Guèvremont's local loops?

19. The Commission notes that in Telecom Decision 2006-14, it considered that when a small ILEC receives a request from a local exchange carrier to make available unbundled network elements, such as local loops, those competitor services should be implemented in a manner similar to that of the large ILECs.

20. The Commission notes that although Guèvremont proposed to align its local loop tariff with that approved for Télébec, its proposal contained some terms and conditions that differ from Télébec's tariff.

21. Although Guèvremont's proposed local loop tariff includes a reference to the effect that its business rates would apply in the case of multi-dwelling units (MDUs), the Commission notes that the company has not included terms and conditions specific to provisioning local loops in MDUs. The Commission considers that such terms and conditions should be included.

22. The Commission also notes that Guèvremont's proposed local loop tariff includes terms and conditions related to a charge for diagnostic maintenance, but it does not include a rate for this service. The Commission considers, therefore, that these terms and conditions should be deleted.

23. The Commission notes that Sogetel objected to Guèvremont's original proposal for a monthly rate of $31.65 for Type A local loops on the basis that this rate was higher than Guèvremont's rate for residential local exchange service. Although Guèvremont subsequently agreed to lower its rate to $29.05, the Commission notes that this rate is still higher than the company's rate for residential local exchange service.

24. The Commission notes that since 1 January 2002, the small ILECs' subsidy for residential primary exchange service (PES) has been calculated using the large ILECs' national weighted average monthly residential PES costs in high-cost serving areas (HCSAs). The residential PES offered by all ILECs includes a local loop, the costs of which represent a significant proportion of total PES costs. Consequently, the Commission considers that the small ILECs' local loop costs should also be calculated using the large ILECs' national weighted average monthly local loop costs in HCSAs. The Commission notes that the $29.05 local loop rate is consistent with this approach.

25. With respect to Sogetel's concern about the local loop rate being higher than the residential PES rate, the Commission notes that competitive local exchange carriers that opt to provide residential PES in HCSAs would be eligible for the same subsidy as the large or small ILECs.

26. Finally, the Commission notes that Guèvremont proposed to include its local loop tariff provisions under the "Local interconnection and unbundled network components" heading, which is in turn included under the "Co-location" heading. The Commission notes that tariffs for local interconnection and unbundled network components should be placed under different tariff item headings because they are not co-location services.

Conclusion

27. In light of the above, the Commission **approves on a final basis** Guèvremont's application, with the following modifications:

- Change the title of item 8 from "Tariffs for co-location" to "Co-location arrangements for interconnecting carriers and digital subscriber line service providers."

- Replace the second sentence in sub-item 8.3 a) with the following:

  The IC's staff or its sub-contractor may access this location without escort provided that they have been authorized to do so by the company.

- Insert prior to the last sentence of sub-item 8.5.1 c) the following provisions related to cost-sharing between ICs requesting Type 1 co-location:

  The first IC to obtain Type 1 co-location at a specific central office will be charged all of the costs to modify that specific central office. If more than one IC obtains co-location services at a specific central office at the same time, the costs will be shared equally. If, within a period of 60 months of the Type 1 co-location by the first IC, additional ICs obtain Type 1 co-location at the same central office they will be charged a proportionate share of the initial costs and this amount will be reimbursed equally to the IC(s) with Type 1 co-location already in that central office.

- Move all provisions of sub-item 8.6 to item 9 and re-number sub-items 8.6.1, 8.6.2, and 8.6.3 as sub-items 9.1, 9.2, and 9.3, respectively.

- Renumber sub-items 9.2 b), c), d), and e) as 9.2 c), d), e), and f) and insert a new sub-item 9.2 b) as follows:

  An unbundled loop provided in a multi-dwelling unit (MDU) may be terminated at either the service provider demarcation point or at the customer demarcation point within the MDU. It is the responsibility of the CLEC ordering the unbundled loop to specify the required demarcation point at the time the order is placed with the company.

- Change the title of sub-item 9.3 from "Unbundled network components – Diagnostic maintenance charge" to "Rates and charges" and delete the first paragraph of this sub-item.

Secretary General

Related documents

- *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006

- *CRTC approves co-location consensus report CLRE027A*, Telecom Order CRTC 2002-63, 8 February 2002

- *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001

- *Re: The Commission, by majority decision, approves the Coalition for Better Co-Location (CBC) – Part VII application for expedited relief with respect to the current co-location regime, dated 17 July 2000*, Decision CRTC 2001-204, 30 March 2001