



Telecom Decision CRTC 2025-51

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Gatineau, 19 February 2025

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TELUS Communications Inc. – Long-term connectivity options for three remote regions in British Columbia

Summary

Canadians need access to reliable, affordable, and high-quality telecommunications services for every part of their daily lives. With this decision, the Commission is helping to ensure that Canadians living in certain remote regions continue to have access to essential voice services that meet their needs.

TELUS Communications Inc. (TELUS) currently relies on spectrum in the 3.5 GHz band to provide voice services to customers in three remote regions in British Columbia using an SR500 system. As of 31 March 2025, TELUS will no longer have access to the spectrum it is using with its SR500 system and will therefore be unable to operate in these regions.

On 6 May 2024, TELUS filed an application to discontinue voice services in the three remote regions. TELUS proposed alternative connectivity solutions for the 115 affected customers, including transitioning them to providers offering voice over Internet Protocol (VoIP) through a satellite-based Internet service. TELUS has already provided financial compensation to each of the affected customers in the form of a \$1,400 one-time payment to help offset the costs associated with the alternative service.

While TELUS has taken steps to find a connectivity solution for the affected customers, as the incumbent local exchange carrier in these communities, it remains subject to certain regulatory obligations. The Commission is therefore taking action to ensure that satellite VoIP services are an adequate alternative to TELUS's existing services for the affected customers.

In this case, satellite VoIP services will provide similar functions, but will be more expensive for the affected customers. This affordability issue must be addressed for satellite VoIP services to be considered an adequate alternative. Accordingly, the Commission accepts TELUS's approach to provide compensation to the affected customers but considers that requiring TELUS to provide additional compensation is appropriate in this case.

After developing a robust public record and considering the scope of TELUS's obligations, the Commission is requiring TELUS to provide each affected customer with \$4,428 in compensation, in addition to the \$1,400 already provided. This additional compensation is intended to offset the difference between the cost of existing voice services and the cost of satellite VoIP services for three years. During this time, other connectivity options may become available.

The Commission will continue to actively monitor the availability of affordable voice services in the affected communities.

Background

1. Following a decision to repurpose the 3.5 GHz (gigahertz) spectrum band, Innovation, Science and Economic Development Canada (ISED) re-auctioned the band and initiated a process to transition use of the spectrum from previous licensees to new licensees. TELUS Communications Inc. (TELUS) currently relies on spectrum in this band to provide voice services to customers in three remote regions in British Columbia using an SR500 system (the affected communities).¹
2. The transition of the relevant TELUS licence was initially set to occur in May 2023. TELUS twice sought special authorization from ISED to extend its use of this spectrum, first until 31 March 2024, and in the second instance, until 31 March 2025. ISED has indicated that its extension was being provided "with no expectation of renewal." TELUS will therefore be unable to operate the SR500 system in these regions beyond 31 March 2025.

Application

3. On 6 May 2024, TELUS filed an application requesting confirmation that the Commission would not oppose the discontinuation of voice services in these three regions, namely the Alexis Creek exchange (including Nemiah Valley and the Xenigwet' in First Nation), the North Kamloops exchange (including Red Lake, Tranquille Valley, Green Stone Mountain, and Heller Creek), and the Tahsis exchange (including Leading Hill and Espinosa).² TELUS identified a total of 115 affected customers in these communities.
4. TELUS proposed alternative connectivity options for the affected customers, specifically voice over Internet Protocol (VoIP) provided over satellite-based Internet

¹ TELUS indicated that the SR500 system was deployed decades ago to address the circumstances of the affected communities, which are remote and have challenging terrain. At the time of deployment, the SR500 system was the most practical means to deploy local voice services to customers in these regions. The system was discontinued by its manufacturer over 15 years ago, and its maintenance has become unsustainable due to the lack of replacement parts.

² An exchange refers to a specific geographic area that shares a central office or network infrastructure for delivering services, such as telephone and Internet. It is a technical boundary used by providers like TELUS to manage network resources and define service zones.

service. TELUS also proposed building new broadband networks but indicated that this would require additional federal or provincial funding.

5. The Commission received interventions from Bell Canada, the Public Interest Advocacy Centre (PIAC), the Strathcona Regional District, the Thompson-Nicola Regional District, and two individuals from the Tranquille Valley community.

Issues

6. Generally, when a company wishes to withdraw a tariffed service, it follows [guidelines](#)³ published by the Commission. These guidelines set out the procedure for submitting a withdrawal application and the information a company must provide in support of such an application. However, this case is more complex than a typical application to withdraw services because TELUS is the incumbent local exchange carrier (ILEC) in the affected communities, and as such has an obligation to provide telephone services in these communities.
7. The Commission has therefore (i) examined whether TELUS has an obligation to continue providing services to customers in the affected communities and (ii) assessed whether the proposed solution – in this case, satellite VoIP services – is an adequate alternative to traditional voice services. This analysis helps the Commission in finding a solution that ensures the affected customers in these three communities will continue to have access to uninterrupted, reliable, and affordable telecommunications services.
8. In addition, the Commission made determinations on other issues raised in TELUS's application, namely whether maintaining its existing infrastructure was an option, and whether to fund TELUS's proposed network builds outside of the Commission's established funding process.

Does TELUS have an obligation to continue providing services in the affected communities?

Background

9. As the ILEC, TELUS has an obligation to provide voice services in the affected communities, as set out in Telecom Regulatory Policy 2011-291, subject to certain exceptions. The Commission maintains a General Tariff setting out TELUS's obligation to serve. TELUS's General Tariff contains an exception that relieves TELUS of its obligation to serve when it cannot acquire or maintain the equipment or rights of access that are necessary to provide service.⁴ This exception applies to customers in the tariffed exchanges of Alexis Creek and Tahsis. For customers in the

³ See Telecom Information Bulletin 2010-455-1, paras. 37–39.

⁴ See [TELUS General Tariff item 103.1\(c\) – The Company's Obligations and Responsibilities](#).

forborne exchange of North Kamloops, TELUS's Unregulated Local Telephone Service Terms apply⁵ and include a similar exception.

Positions of parties

10. TELUS submitted that the obligation to serve does not require an ILEC to build new networks when access to existing facilities is lost or removed. It noted that both its General Tariff and its Unregulated Local Telephone Service Terms provide for service discontinuation in exceptional situations. Consequently, TELUS focused its efforts on providing advance notice and financial compensation so that affected customers would have the means to maintain uninterrupted communications through alternate providers.
11. TELUS added that the regulatory compact,⁶ which is given force under subsection 27(1) of the *Telecommunications Act* (the Act), limits its obligation to serve. TELUS stated that it cannot be ordered to replace facilities that will no longer be available for reasons outside of its control without being compensated for the cost of replacement facilities or being allowed to obtain a fair return on that cost.
12. Bell Canada generally supported TELUS's position, indicating that the obligation to serve is not absolute and does not extend to communities where the underlying facilities are no longer available.
13. PIAC disagreed with TELUS that its loss of spectrum authorization and access to facilities limit its obligation to serve. PIAC indicated that even if the exceptions TELUS cited from its tariffs were to be permitted, the current circumstances do not justify their application since TELUS should have prepared contingency plans. PIAC submitted that TELUS has an obligation to provide voice services and should be required to prepare a backup plan to provide voice services now. PIAC added that the Commission has broad statutory authority to mandate the obligation to serve. PIAC indicated that this authority is further strengthened by the 2023 Policy Direction's requirement that the Commission consider how its decisions promote affordable access to high-quality, reliable, and resilient telecommunications services in all regions of Canada.⁷

Commission's analysis

14. The Commission has consistently held that the obligation to serve exists to ensure that Canadians have reasonable access to basic telecommunications services, no

⁵ See [Unregulated Local Telephone Service Terms item 1 g\) – Service Limitations](#).

⁶ The regulatory compact is a common-law concept signifying that in exchange for serving all customers at reasonable rates and without undue discrimination, a public utility service provider is entitled to a fair rate of return on its investment. According to TELUS, the regulatory compact is at the core of the obligation to serve. TELUS indicated that while the way carriers are compensated for serving high-cost areas has evolved, the right to compensation remains part of the regulatory compact.

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

matter where they reside.⁸ When considering the extent of the obligation to serve, the Commission looks to the policy objectives in section 7 of the Act, and any applicable policy directions issued by the Governor in Council.

15. While the Commission agrees with TELUS that there are limits to the obligation to serve, the Commission considers that the obligation continues to apply when there is a loss of access to spectrum or other existing facilities. All facilities will eventually require replacement due to technological advancements and regular wear and tear. If the obligation to serve no longer applied when a provider was unable to maintain its facilities, this would effectively time-limit the obligation to serve. This would be particularly problematic in high-cost serving areas. Instead, the Commission considers that ILECs are obligated to serve where they can reasonably replace those facilities or find alternative methods to serve customers.
16. In light of the above, the Commission finds that in order for TELUS to fulfill its obligation to serve, TELUS must demonstrate that an adequate alternative service is available for the affected customers before it discontinues its voice services.

Are satellite VoIP services an adequate alternative to traditional voice services?

17. To determine whether satellite VoIP services are an adequate alternative to traditional voice services, the Commission considered whether satellite VoIP services will meet the needs of Canadians in terms of functionality, reliability, and affordability.

Background

Functionality and reliability

18. Satellite VoIP services work by providing voice services and emergency services through satellite-based Internet access.
19. Currently, two satellite carriers provide service to the affected communities: Xplore Inc. (Xplore) and Starlink, a division of SpaceX Canada Corp. (Starlink). Xplore offers bundled VoIP services for use on its satellite network and provides a broadband connection through geosynchronous equatorial orbit (GEO) satellites to approximately half of the affected communities. Starlink provides low Earth orbit (LEO) satellite-based Internet to all the affected communities but does not offer VoIP services.

Affordability

20. The existing voice services that TELUS provides to the affected communities cost approximately \$32 per month. The service includes features such as unlimited local calling, call display, voicemail, and three-way calling.

⁸ See Telecom Regulatory Policy 2011-291, para. 5; Telecom Regulatory Policy 2016-496, para 164; and Telecom Decision 2020-40, para. 8.

21. Using satellite VoIP services requires a satellite-based Internet connection, such as that offered by Starlink. Starlink indicated that its service costs \$140 per month, in addition to a one-time \$499 fee to acquire the necessary connection equipment. Starlink does not offer VoIP services; customers would therefore need to obtain these separately. TELUS offers a VoIP calling plan for approximately \$25–\$30 per month. Like TELUS’s existing service, VoIP plans generally include features such as voicemail, caller ID, and call waiting.

Positions of parties

Functionality and reliability

22. TELUS submitted that satellite VoIP services are a suitable alternative for the affected customers, noting that they include voice and emergency services and are more reliable than TELUS’s existing system. Bell Canada supported TELUS’s position.
23. PIAC submitted that TELUS should be required to provide voice services through more reliable means than what satellite connectivity offers. PIAC noted concerns about the reliability of satellite VoIP services, particularly latency and weather-related outages. Individual interveners also expressed concerns about satellite VoIP services, including their availability during power outages and access to emergency alert systems.
24. One individual noted that the affected communities are often impacted by fires, and that residents’ safety depends on their ability to receive notifications and alerts in case of an emergency. The individual added that the current Enhanced 9-1-1 and Voyent Alert! services used in their community would not function without a cellular connection.
25. Starlink noted that the reliability of its satellite network is not significantly affected by bad weather. In fact, outages are quite rare due to the large number of satellites in Starlink’s constellation. If one satellite fails, there are many others ready to take its place. Further, the LEO satellites used in Starlink’s network support VoIP services very well, given that their high speed and low latency surpass the minimum requirements for VoIP.

Affordability

26. TELUS submitted that, with respect to the higher cost of satellite VoIP services:
- it has already provided financial compensation to each of the 115 affected customers in the form of a one-time payment of \$1,400, based on previous Commission decisions under similar circumstances, including Telecom Orders 2008-206, 2016-239, and 2023-144;

- any extra costs for satellite-based Internet service reflect the extra features and capabilities of broadband service, the deployment of which is a priority for the Commission;
 - the policy objective relating to the affordability of telecommunications services in subsection 7(b) of the Act applies to broadband services. Since the Commission ensures that broadband services are affordable through various regulatory mechanisms, it would be unreasonable to claim that broadband service is unaffordable;
 - the Commission's current frameworks and the policy objectives of the Act do not require that services of a different nature, such as voice services and Internet services, be provided at the same rates; and
 - all other connectivity options for the affected customers would require some form of broadband service, in which case the issue of affordability would still apply.
27. TELUS proposed offering VoIP services to the affected customers at discounted rates, provided they can obtain broadband Internet service from a different provider, such as Starlink. TELUS currently charges \$25–\$30 per month for VoIP services, depending on the chosen plan. TELUS offered to reduce the cost to \$15 per month for affected customers who commit to a three-year term, or to \$20 per month for a month-to-month plan.
28. TELUS also indicated that it is in early discussions with satellite service providers to explore a potential wholesale arrangement for the resale of satellite Internet services that could reduce retail rates for consumers in the affected communities.
29. Bell Canada generally agreed with TELUS, indicating that the compensation TELUS proposes is adequate and consistent with previous Commission decisions.
30. PIAC raised concerns about the higher cost of satellite-based Internet service once the financial compensation provided by TELUS runs out. PIAC also disputed whether the Commission's acceptance, in previous decisions, of higher monthly costs for alternative telecommunications services would apply in the present case and stated that recent inflation in the Canadian economy has exacerbated affordability concerns.
31. PIAC added that the risk of isolation for customers in the affected communities justifies a departure from previous Commission decisions.
32. One individual indicated that finances are a concern for many residents of the affected communities, who, in some cases, have simply decided to forego telecommunications services altogether, leaving them isolated. Another individual noted that the cost of satellite VoIP services far exceeds the Commission's mandated \$35-per-month cap for low-cost unlimited calling cellphone plans, and that the annual

price for satellite VoIP is a huge financial burden for a service that is critical in emergencies.

Commission's analysis

Functionality and reliability

33. In previous decisions, the Commission has approved the discontinuation of voice services where cellphone service or satellite-based options were available and could provide the functionality to be considered an adequate alternative. For example, in Telecom Order 2023-144, the Commission considered satellite phone services to be more reliable than the services being withdrawn.
34. Regarding the possibility of power outages and their impact on satellite VoIP services, customers can mitigate these risks by installing an uninterruptible power supply, such as a power bank.
35. Further, regarding emergency services, satellite VoIP services allow for access to emergency services in accordance with the framework the Commission has put in place in Telecom Decisions 2005-21 and 2005-61.
36. With respect to emergency alerting systems, while Amber Alerts require a cellular connection, weather alert services such as The Weather Network/MétéoMédia alerts, Voyent Alert! and Alertable are offered over broadband Internet and can be received over satellite networks. Consequently, the affected customers would still have access to emergency and weather alert services using a satellite-based Internet connection.
37. In light of the above, the Commission finds that satellite VoIP services are an adequate alternative to TELUS's existing service in terms of functionality and reliability.

Affordability

38. The cost of the satellite VoIP service proposed by TELUS consists of Starlink's satellite-based Internet service fee, currently set at \$140 per month and TELUS's discounted VoIP service fee of \$15 per month. Therefore, the difference between satellite VoIP services (\$155) and the existing voice services (\$32) is approximately \$123 per month. The difference is \$5 more per month for customers who choose not to commit to a three-year contract with TELUS.
39. When considering the affordability of alternative services in similar decisions, including Telecom Orders 2008-206, 2016-239, and 2023-144, the Commission approved a one-time payment to residents to offset the cost of purchasing new connection equipment. However, the Commission did not require the company to provide additional financial compensation to cover the price difference between the alternative service and the one that was being discontinued.

40. In this proceeding, the record highlighted the substantial price difference between the alternative service and the service that is being discontinued. The record also demonstrated the significant impact the loss of voice services could have on the affected customers, including isolation and lack of access to emergency services.
41. TELUS's existing voice service costs approximately \$384 per year, compared to approximately \$1,860 per year for satellite VoIP service. This is nearly five times the cost of the current service and represents an annual increase of \$1,476. In contrast, in Telecom Order 2023-144, the cost of satellite phone service was noted as being only "somewhat higher."⁹
42. Further, the affected customers would need to incur significant upfront costs, including \$499 to purchase Starlink's connection equipment, and may also need to purchase an additional device, such as a smartphone or VoIP phone, to make VoIP calls. Consequently, the \$1,400 payment provided by TELUS would only cover approximately six months of the total cost of the service (\$155 per month for 6 months, plus the \$499 equipment fee).
43. At the time that TELUS provided notice that it would be discontinuing its voice services, the 115 affected customers had continued to opt for voice services from TELUS, despite the availability of Starlink. It is therefore reasonable to conclude that the large difference in cost between the two service providers may be one of the reasons these customers have not migrated to an alternative service. If the affected customers forego services because they cannot afford them, this could have serious consequences, including isolation and lack of access to emergency services.
44. In addition, the 2023 Policy Direction mandates different considerations to those that applied in past decisions. The 2023 Policy Direction requires that the Commission consider how its decisions can "ensure that affordable access to high-quality, reliable and resilient telecommunications services is available in all regions of Canada."¹⁰
45. As a result, for satellite VoIP services to be an affordable alternative, the Commission must address the increase in costs that the affected customers would face should it approve TELUS's application to discontinue voice services in the affected communities.
46. In light of the above, the Commission considers that requiring TELUS to compensate the affected customers for an extended period of time is appropriate in this case. While TELUS has already paid the affected customers \$1,400 to cover the cost of the service for approximately six months, further compensation for the difference in the cost of services for an additional three years is appropriate. Given the approximate

⁹ See Telecom Order 2023-144, para. 21.

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

difference in price between satellite VoIP services (\$155) and existing voice services (\$32), the difference in cost for three additional years would be \$4,428.

47. Additional compensation allows TELUS to meet its obligation to serve in a way that is more expedient and cost-effective than other possible solutions, such as building new networks or modifying and maintaining the existing equipment. The Commission therefore considers that additional compensation strikes the right balance between TELUS's interest in a cost-effective solution, the policy objectives of the Act, and the 2023 Policy Direction. Additional compensation also allows time for other long-term connectivity options for the affected communities to become available.
48. The Commission notes that more affordable options for voice services are likely to become available in the affected communities in the next three years. For example, TELUS noted that it is exploring a wholesale satellite-based solution. It is also possible that the new holder of the spectrum licence previously held by TELUS could provide services to these communities or the new holder could allow another service provider to use the spectrum to do so. In addition, technological advances for satellite services during this time might result in new solutions for the affected communities. Finally, TELUS may also consider seeking funding for network builds in these regions that could help bring more affordable services to the affected communities.

Other issues

Should TELUS be required to continue to provide voice services using its SR500 system?

49. For TELUS to continue to provide services using its SR500 system, it would need to be modified so that it can function on the 1.5 GHz band. This is because the system can only operate on the 3.5 GHz or 1.5 GHz bands, and the 3.5 GHz band is being repurposed by ISED.

Commission's analysis

50. TELUS submitted that modifying the system so that it can operate on the 1.5 GHz band is not a viable option. It added that the system is outdated, and that continuing to maintain it would be difficult and costly. Bell Canada supported TELUS's position.
51. The Commission considers that modifying and maintaining the system would be costly and would not result in a reliable service. The system was discontinued in 2009, and its manufacturer is no longer in business. No support or replacement parts are available for it. As a result, parts that need to be replaced (whether due to age, wear and tear, or damage) may be very costly to produce, or even be irreplaceable.
52. Even if replacement parts could be obtained, the high-elevation terrain in the three regions means that maintaining the system would be very costly and time-consuming. Some equipment locations can only be accessed by helicopter. Given that this mode of transport is not always available due to supply and weather-related issues, maintenance could be delayed for months.

53. The Commission concludes that requiring TELUS to modify the SR500 system so that it can operate on the 1.5 GHz band is not a viable solution to ensure uninterrupted, reliable, and affordable voice services in the affected communities.

Could network builds be funded outside of the Commission's established funding process?

54. In its application, TELUS proposed network build options that could serve the affected communities. However, it noted that the proposed projects are not economically viable and would require federal or provincial funding, including funding from the Commission's Broadband Fund.

55. The Commission's Broadband Fund was created to improve Internet and cellphone services in rural, remote, and Indigenous communities across Canada.

Commission's analysis

56. The Commission believes that the satellite-based VoIP services discussed in this decision will provide an immediate and reliable solution to the customers affected by the discontinuation of TELUS's existing services. Further, by requiring TELUS to provide additional compensation to its customers to offset the difference in cost, the Commission is ensuring the services will remain affordable.

57. However, the network build options proposed by TELUS could offer viable long-term connectivity solutions to the affected communities. Further, two individual interveners supported government funding of cellular towers in their communities. The representative of the Thompson-Nicola Regional District indicated that they have been working with provincial funding bodies to explore the possibility of building cellular towers in the area. This demonstrates the interest expressed on the record in having cellular towers funded to support long-term connectivity.

58. For the Commission to consider approving funding for an infrastructure build or upgrade under the Broadband Fund, a telecommunications service provider must submit a funding application proposing a project in an eligible geographic area during the submission period of an open call for applications. Given that TELUS has not submitted funding applications to the Commission's Broadband Fund for the network builds it proposed in this proceeding, it would not be appropriate for the Commission to consider funding them in the context of this decision. However, the Commission expects TELUS to consider pursuing funding opportunities in the future to support building new networks in the affected communities, including any opportunities that may arise through the Commission's Broadband Fund.

59. The Commission concludes that it would not be appropriate for it to consider funding network build projects outside of its established funding process as proposed by TELUS in its application.

Conclusion

60. In light of all of the above, the Commission approves TELUS's proposal to discontinue voice services in the affected communities, subject to TELUS providing financial compensation to the 115 affected customers beyond the one-time payment of \$1,400 it has already provided.
61. The Commission directs TELUS to provide an additional \$4,428 to each of the 115 affected customers to offset the difference in the cost of services for three years.
62. Further, the Commission will continue to actively monitor the availability of affordable voice services in the affected communities.

Secretary General

Related documents

- *Bell Canada – Withdrawal of Exchange Radio-Telephone Service and Regional Communication Service*, Telecom Order CRTC 2023-144, 18 May 2023
- *TELUS Communications Company – Withdrawal of radiotelephone services in British Columbia*, Telecom Order CRTC 2016-239, 23 June 2016
- *Approval processes for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455, 5 July 2010, as amended by Telecom Information Bulletin CRTC 2010-455-1, 19 February 2016
- *Obligation to serve and other matters*, Telecom Regulatory Policy CRTC 2011-291, 3 May 2011, as amended by Telecom Regulatory Policy CRTC 2011-291-1, 12 May 2011
- *TELUS Communications Company - Withdrawal of Exchange Area Radiotelephone Service*, Telecom Order CRTC 2008-206, 25 July 2008
- *Follow-up to Emergency service obligations for local VoIP service providers, Decision 2005-21 - Customer notification requirements*, Telecom Decision CRTC 2005-61, 20 October 2005
- *Emergency service obligations for local VoIP service providers*, Telecom Decision CRTC 2005-21, 4 April 2005