



Telecom Notice of Consultation CRTC 2013-551

PDF version

Ottawa, 15 October 2013

Notice of hearing

27 October 2014
Gatineau, Quebec

Review of wholesale services and associated policies

Deadline for submission of interventions: 6 December 2013

[Submit an intervention or view related documents]

File number: 8663-C12-201313601

The Commission will hold a public hearing, beginning on **27 October 2014 at 9:00 a.m.**, at the **Conference Centre, Phase IV, 140 Promenade du Portage**, in **Gatineau, Quebec**.

*The Commission initiates a proceeding to review the regulatory status of wholesale services and their associated policies, including the wholesale services framework, wholesale service pricing, and the appropriateness of mandating new wholesale services, including fibre-to-the-premises facilities. The purpose of wholesale services is to facilitate competition in retail markets to provide Canadians with increased choice. The Commission invites interventions, with supporting rationale, on the issues raised in this notice by **6 December 2013**.*

*The proceeding will include a public hearing, which will begin on **27 October 2014 in Gatineau, Quebec**. Further details will be provided in a follow-up to this notice.*

Introduction

1. Wholesale telecommunications services, which large incumbent local exchange carriers (ILECs) and large cable companies¹ (collectively, large incumbent carriers) are mandated to provide to competitors,² are integral to successful retail competition and the efficient functioning of telecommunications networks. Primarily, wholesale

¹ The large ILECs are Bell Aliant Regional Communications, Limited Partnership; Bell Canada; MTS Inc.; Saskatchewan Telecommunications; Télébec, Limited Partnership; and TELUS Communications Company. The large cable companies are Cogeco Cable Inc., Rogers Communications Partnership, Shaw Cablesystems G.P., and Videotron G.P.

² Other incumbent carriers, such as the small ILECs and Northwestel Inc., also provide certain wholesale services.

services allow competitors to lease certain facilities and network components from incumbent carriers to extend their networks where it is not feasible or practical for them to construct their own facilities. In other instances, wholesale services exist to facilitate the orderly development of the Canadian telecommunications system – for example, ensuring efficient interconnection of competing networks, maintaining public good services such as 9-1-1, and optimizing the use of support structures such as poles and conduits.

2. While establishment of the terms and conditions associated with wholesale services generally involves only service providers and the Commission, competitor access to wholesale services increases competition and influences downstream retail markets, which can eventually lead to lower prices, greater choice of telecommunications services, and more product features for residential and business consumers.
3. The Commission has mandated the provision of wholesale services, to varying degrees, since the early 1990s. Recognizing that there was a size disparity between the large ILECs and the emerging competitors, the Commission determined, in Telecom Decision 94-19, that competitors required access to certain wholesale services and that these services should be unbundled³ to the greatest extent possible.
4. When the Commission established its framework for local competition in Telecom Decision 97-8, it introduced the concept of essential services and ordered the large ILECs to offer these services to competitors at prescribed rates.⁴ In that same decision, the Commission also mandated the provision of certain other wholesale services, which were services that did not strictly meet the definition of an essential service but were unbundled, priced, and mandated in a manner similar to essential services.
5. In Telecom Decision 2008-17, the Commission developed a revised regulatory framework for wholesale services that redefined what constitutes an essential service,⁵ established six service categories, and assigned each wholesale service to one of those categories. Certain services found to be non-essential were subject to a

³ Unbundling of wholesale services allows competitors to lease specific network components or facilities that they may require from an incumbent carrier, as opposed to subscribing to a full end-to-end service and reselling it to a customer.

⁴ When establishing wholesale service rates, the Commission generally uses an incremental costing approach, known as Phase II costing, to assess the incumbent carrier's costs of providing wholesale service to competitors. This costing approach is similar to that of many other telecommunications regulators, as outlined in a report recently published by Wall Communications Inc., which conducted a study on costing practices for telecommunications services across various international jurisdictions. The report can be found on the Commission's website under "Telecom Reports and Publications" and will form part of the record of this proceeding.

⁵ An essential service must meet three conditions: (i) the facility is required as an input by competitors to provide telecommunications services in a relevant downstream market; (ii) the facility is controlled by a firm that possesses upstream market power such that withdrawing mandated access to the facility would likely result in a substantial lessening or prevention of competition in the relevant downstream market; and (iii) it is not practical or feasible for competitors to duplicate the functionality of the facility.

phase-out period of either three or five years,⁶ depending on the service, after which they would be forborne from regulation (prospective forbearance). The Commission decided that it would conduct an omnibus review of wholesale services after the conclusion of the five-year phase-out period.

6. Due to a variety of factors, including the pace of technological evolution and shifting consumer demands, the telecommunications landscape at both the retail and wholesale levels has undergone numerous changes since the last wholesale services review in 2008. The regulatory landscape has changed as well, with the Commission having issued numerous decisions on a range of issues in the intervening years. In light of these changes, and as specified in the 2008 review, the Commission considers that it is appropriate to conduct a comprehensive review of wholesale services and their associated policies, and hereby initiates a proceeding in that regard. The issues to be considered as part of this proceeding are set out below.
7. The Commission will review the matters raised in this proceeding in light of the policy objectives set out in section 7 of the *Telecommunications Act* (the Act). In the Commission's view, its wholesale services policy ought to contribute to achieving the policy objectives of the Act, in particular the following:
 - 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;
 - 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;
 - 7(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications;
 - 7(g) to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services; and
 - 7(h) to respond to the economic and social requirements of users of telecommunications services.
8. The Commission will also take into consideration the Policy Direction,⁷ and draws particular attention to the following directives:

⁶ The term "phase-out" means eliminating competitors' mandated access to services assigned to this category at a designated future date. By the end of the phase-out period, ILECs would no longer be required to obtain Commission approval for the rates, terms, and conditions associated with the provision of these services.

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

- 1(a)(i) rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives;
- 1(a)(ii) ... use measures that are efficient and proportionate to their purpose and that interfere with the operation of competitive market forces to the minimum extent necessary to meet the policy objectives;
- 1(b)(ii)... neither deter economically efficient competitive entry into the market nor promote economically inefficient entry; and
- 1(b)(iv)... ensure the technological and competitive neutrality of those arrangements or regimes, to the greatest extent possible, to enable competition from new technologies and not to artificially favour either Canadian carriers or resellers.

Issues to be examined

Market definition and conditions

- 9. As mentioned above, the telecommunications landscape in Canada has changed significantly since 2008, particularly in markets for high-speed Internet services. In this proceeding, the Commission intends to gain an overall view of the wholesale services market, the way in which market forces are influencing the downstream retail markets, and the factors that will most likely influence future change.
- 10. Specifically, the Commission will be seeking submissions with respect to the definition of the relevant product and geographic markets for the wholesale services at issue in this proceeding. The Commission intends to review not only the associated product markets, including substitutes, but also the geographic areas (e.g. rural vs. urban) that appropriately define the markets in question. The Commission will further examine the supply and demand for wholesale services in their defined markets, as well as identify trends (at the retail and wholesale levels) and market forces that may influence future supply and demand for wholesale services.

Consumer impacts

- 11. The Commission considers that wholesale services enable increased competition in retail markets, which can eventually lead to many benefits for consumers. As a result, the Commission intends to conduct its review by identifying the specific consumer segments that are directly or indirectly affected by wholesale services (e.g. residential/business, urban/rural, enterprise/small business), the needs of each segment, and how its wholesale service policies might address those needs.

Investment

- 12. The Commission considers that its wholesale service policies should balance incentives for innovation and investment in the construction of telecommunications network facilities with the benefits that greater competition can create for consumers.

13. Therefore, as part of this proceeding, the Commission intends to examine whether its existing wholesale service policies provide sufficient incentive for both incumbents and competitors to invest in network expansion. The Commission also intends to identify any advantages or disadvantages of the existing policies and to consider modifications that might encourage further innovation and investment.

Service categories and classification of existing wholesale services

14. In Telecom Decision 2008-17, the Commission established six categories of wholesale services: (1) essential; (2) conditional essential; (3) conditional mandated non-essential; (4) public good; (5) interconnection; and (6) non-essential subject to phase-out. Each wholesale service was then assigned to one of these six categories.
15. In this proceeding, the Commission will examine whether the previously established wholesale service categories remain appropriate, whether any existing wholesale services should be reclassified, and what impacts any such changes might have on different consumer segments.

Wholesale high-speed access services

16. In recent years, as new technologies have emerged and demand for new types of Internet services has increased, the Commission has responded by revising existing regulatory frameworks or establishing new ones, when necessary.
17. For example, the Commission addressed various issues associated with wholesale high-speed access (HSA) services in a series of decisions.⁸ Specifically, the Commission directed the large ILECs and cable companies to make wholesale HSA services available to competitors at speeds matching their own service offerings, to enable greater competition in the retail Internet services market.
18. In addition, in Telecom Regulatory Policy 2010-632, the Commission directed the cable companies to modify their third-party Internet access (TPIA) services⁹ to provide customers with access through as few interconnection points as possible. This practice, known as aggregation, increases the efficiency of transmission through a data network by grouping the traffic from individual end-customers. This change represented improved access as compared to the existing TPIA service, which in some cases required customers to interconnect at many points.
19. Recently, certain carriers have begun to deploy fibre-to-the-premises (FTTP) facilities,¹⁰ which in some cases may be replacing traditional copper facilities as the

⁸ See, for example, Telecom Regulatory Policies 2010-632, 2011-703, 2011-704, and 2013-70.

⁹ TPIA service establishes multiple interconnection points in the cable carrier's network, with each point providing competitors with high-speed access paths to the cable carrier's end-user premises within authorized service areas. The extent of these service areas varies significantly among the cable carriers.

¹⁰ FTTP facilities, which include fibre-to-the-home (FTTH) and fibre-to-the-building (FTTB) facilities, bring optical fibre directly to a customer's home or building, where electronics are installed to convert optical signals to electrical signals.

technology used to access end-customers. In light of past decisions concerning access to customer premises,¹¹ and the fact that FTTP is in its relative infancy, the Commission intends to use this proceeding as an opportunity to study FTTP in Canada. Issues to be examined include: the current state of deployment; the economic and social impacts this technology will have on consumers, competitors, and incumbent carriers; the drivers for investment by incumbent carriers; and ultimately whether regulatory intervention is needed with respect to mandated sharing of FTTP facilities and, if so, to what degree.

20. Also, as part of this proceeding the Commission will consider the appropriateness of mandating any additional wholesale HSA services, as appropriate.

Additional new wholesale services

21. Given recent developments in the wholesale services landscape, there may be new wholesale services, in addition to those associated with HSA services, that should be examined. The Commission will not, however, consider the appropriateness of new wireless wholesale services (e.g. tower sharing and wholesale wireless roaming) in the context of this proceeding. The Commission considers that, if such a review is warranted, a separate proceeding would be required.
22. The Commission will therefore consider the appropriateness of mandating any additional new wholesale services, excluding new wireless wholesale services, as appropriate.

Forbearance for wholesale services

23. In Telecom Decision 2008-17, the Commission granted prospective forbearance for all services classified as non-essential subject to phase-out. Some of the services were being offered by all carriers, while others were not so broadly provided. Forbearance for all services in this category was granted on a national basis. Some of the services were phased out three years after the date of the decision, and others were subject to a five-year phase-out period.¹²
24. Subsequently, the Commission received applications requesting that certain non-essential wholesale services be reclassified or that the associated conditions be modified. For example, the Commission received requests to reclassify Ethernet access service and wholesale Ethernet transport service, but denied those requests

¹¹ Access services (i.e. the “last mile” to the customer premises) have long been mandated by the Commission. For example, ILECs have consistently been obligated to provide unbundled local loops (i.e. access) to enable competitors to provide service to residential and business customers.

¹² The three-year phase-out occurred on 3 March 2011 and included such services as Ethernet Transport Service and certain competitor digital network (CDN) transport services. The five-year phase-out occurred on 3 March 2013 and included such services as Ethernet Access Service; CDN DS-3, OC-3, and OC-12 access services; and CDN DS-0 and DS-1 transport services. CDN service makes an ILEC’s digital network access (DNA) services and associated link facilities available to competitors at rates lower than retail DNA service rates. Ethernet is a communications protocol used for networking that enables the transmission of broadband data between two or more locations.

given the lack of evidence to support re-establishing rate regulation in a forborne market.¹³

25. In this proceeding, the Commission will consider whether it should forbear from regulating any additional existing wholesale services and, if so, under what conditions.
26. The Commission will also consider whether the conditions that supported forbearance for certain wholesale services that were phased out in Telecom Decision 2008-17 continue to justify this regulatory treatment. If forbearance is not justified, the Commission will consider whether to mandate the provision of such services, to whom, and on what basis (e.g. national or regional), as well as whether to regulate the associated rates.

Negotiated agreements

27. In Telecom Decision 2008-17, the Commission permitted large ILECs to enter into off-tariff negotiated agreements with other carriers for services that were classified as non-essential subject to phase-out. The Commission later extended this permission to include other service categories, subject to certain conditions of forbearance.¹⁴ In Telecom Regulatory Policy 2012-359, the Commission considered that a review of the filing requirements for off-tariff negotiated agreements for all wholesale services could occur during its wholesale services review.
28. Accordingly, the Commission intends to examine whether forbearance for off-tariff negotiated agreements for certain wholesale services remains appropriate, including the conditions of forbearance.

Rate setting for wholesale services

29. The Commission determined in Telecom Decision 2008-17 that rates for wholesale services would continue to be based on costs plus an allowable markup,¹⁵ which varied from service to service.¹⁶ In Telecom Regulatory Policy 2012-592, the Commission established more extensive disclosure guidelines for the cost information, including proposed markups, filed by large incumbent carriers in support of all wholesale services.
30. In this proceeding, the Commission will examine the approaches and principles it relies on to set rates for wholesale services. The Commission will also consider whether alternatives to the traditional method of setting rates based on costs plus a

¹³ See Telecom Decision 2012-520 for more details.

¹⁴ Pursuant to Telecom Regulatory Policies 2009-19, 2012-24, and 2012-359

¹⁵ “Markup” is defined as the difference between the cost and the rate of a service. For example, if the service cost is \$100 and the markup is 15 percent, the service rate is \$115. The markup provides a contribution to the carrier’s fixed and common costs, which do not vary with the offering of a service.

¹⁶ Essential and conditional essential services were allowed a 15 percent markup, while the markups for other services varied.

markup may be warranted for certain services, as well as other pricing process improvements.

Withdrawal of wholesale services

31. In Telecom Information Bulletin 2010-455, the Commission set out the process related to the destandardization and/or withdrawal of tariffed services, including mandated wholesale services. The Commission intends to examine whether this process remains appropriate for wholesale services and, if not, to consider modifications as necessary.

Performance measurement and future review

32. To the extent it is possible, the Commission will endeavour to establish a set of qualitative and quantitative metrics to measure the future performance of the wholesale services framework against desired outcomes. The Commission will seek comments on how best to measure performance, including setting performance objectives, determining relevant performance indicators, establishing a data collection process, and reporting on results.
33. The Commission will also consider whether it should conduct another wholesale services review at some point in the future.

Application of determinations

34. In Telecom Decision 2008-17, the Commission determined that its wholesale services framework would apply to the large incumbent carriers, given that these companies provide the vast majority of wholesale services. However, other carriers, including the small ILECs¹⁷ and Northwestel Inc., also provide wholesale services in response to market demand.
35. The Commission will therefore consider which carriers, if any, should be subject to its wholesale services framework, as well as the extent of their obligations, as applicable.

¹⁷ The small ILECs include CityWest Telephone Corporation (British Columbia); Amtelecom Limited Partnership, Brooke Telecom Co-operative Ltd., Bruce Telecom, Cochrane Telecom Services, Dryden Municipal Telephone System, Execulink Telecom Inc., Gosfield North Communications Co-operative Limited, Hay Communications Co-operative Limited, Huron Telecommunications Co-operative Limited, KMTS, Lansdowne Rural Telephone Co. Ltd., Mornington Communications Co-operative Limited, Nexicom Telecommunications Inc., Nexicom Telephones Inc., North Frontenac Telephone Corporation Ltd., NorthernTel, Limited Partnership, NRTC Communications, Ontera, People's Tel Limited Partnership, Quadro Communications Co-operative Inc., Roxborough Telephone Company Limited, TBayTel, Tuckersmith Communications Co-operative Limited, Wightman Telecom Ltd., and WTC Communications (Ontario); CoopTel, La Cie de Téléphone de Courcelles Inc., La Compagnie de Téléphone de Lambton Inc., La Compagnie de Téléphone de St-Victor, La Compagnie de Téléphone Upton Inc., Le Téléphone de St-Éphrem inc., Sogetel inc., Téléphone Guèvremont inc., and Téléphone Milot inc. (Quebec).

Call for comments

36. Accordingly, the Commission hereby initiates a public proceeding and invites detailed interventions to address the issues identified in this notice. In their interventions, parties should provide full supporting rationale and all evidence on which they rely to formulate their positions. Parties are to structure their submissions according to the topics and questions identified in Appendix 1 to this notice.
37. The Commission notes that, as a result of this proceeding, it could impose additional wholesale service obligations on some or all telecommunications service providers, whether or not they choose to become parties to this proceeding.
38. Concurrent with the release of this notice, the Commission has also requested information from the large incumbent carriers in the form of interrogatories, which have been addressed by way of separate letter.

Procedure

39. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding.¹⁸ For help understanding the Rules of Procedure, see the *Guidelines on the CRTC Rules of Practice and Procedure*.
40. As noted in paragraph 38 above, the Commission is issuing requests for information to large incumbent carriers concurrent with the publication of this notice. The deadline for submitting responses to these requests is **6 December 2013**.
41. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues by **6 December 2013**. The intervention must be filed in accordance with section 26 of the Rules of Procedure and must include one of the following statements in either the first or the last paragraph:
 1. I request to appear at the public hearing.
 2. I do not want to appear at the public hearing.
42. If parties wish to appear at the public hearing, they must provide reasons why their written intervention is not sufficient and why an appearance is necessary. In addition, parties requiring communications support must state their request for such support on the first page of their intervention. Only those parties whose requests to appear have

¹⁸ The Rules of Procedure set out, among other things, the rules for the filing, content, format, and service of interventions and interrogatories; the procedure for filing confidential information and requesting its disclosure; and the conduct of the public hearing, where applicable. Accordingly, the procedure set out in this notice must be read in conjunction with the Rules of Procedure and their accompanying documents, which can be found on the Commission's website under "CRTC Rules of Practice and Procedure."

been granted will be contacted by the Commission and invited to appear at the hearing.

43. Parties are permitted to coordinate, organize, and file, in a single submission, interventions by other interested persons who share their position but do not wish to appear at the hearing. Information on how to file this type of submission, known as a joint supporting intervention, as well as a template for the accompanying cover letter to be filed by parties, can be found in Telecom Information Bulletin 2011-693. The cover letter template is also available on the Commission's website at www.crtc.gc.ca, under "Public Proceedings."
44. Interventions and responses to requests for information will be posted on the Commission's website shortly after they are filed. All documents required to be served on a party or parties to the proceeding must be served using the contact information contained in the interventions.
45. The Commission expects the inclusion of a second intervention phase, two request for information phases, and a final written submission phase during the course of this proceeding. The Commission also expects that there will be requests for public disclosure of information that has been designated confidential. Procedural letters and/or updates to this notice will be issued during the course of the proceeding to establish the procedures and deadlines associated with each step of this public process.
46. An estimated timeline for some of the key milestones of the proceeding is provided in Appendix 2 to this notice.
47. Although the public hearing will be held in **Gatineau, Quebec**, the Commission will consider providing videoconference or teleconference links to other locations should it receive requests to do so.
48. Parties requiring communications support, such as assistive listening devices and sign language interpretation, are requested to inform the Commission at least 20 days before the public hearing begins so that the necessary arrangements can be made.
49. An organization and conduct letter providing directions on procedure with respect to the public hearing, including the scope of the issues to be examined, will be issued before the public hearing begins.
50. The Commission expects to publish a decision on the issues raised in this notice within four months of the close of record.
51. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding, provided that the procedure for filing set out below has been followed.
52. In accordance with the Rules of Procedure, if a document is to be filed or served by a specific date, the document must be actually received, not merely sent, by that date. A

document must be filed with the Commission by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline.

53. Submissions longer than five pages should include a summary, and each paragraph of all submissions should be numbered. In addition, the line ***End of document*** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
54. The Commission encourages interested persons and parties to monitor the record of this proceeding, available on the Commission's website, for additional information that they may find useful when preparing their submissions.
55. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

by completing the
[Intervention form]

or

by mail to
CRTC, Ottawa, Ontario K1A 0N2

or

by fax to
819-994-0218

56. The Commission advises those who file and serve by electronic means to exercise caution when using email for the service of documents, as it may be difficult to establish that service has occurred.
57. Before initiating service through electronic means, parties must ensure that they will be able to satisfy the Commission, upon request, that service was completed. The sender must keep proof of the sending and the receipt of the document for 180 days after the day on which it is filed.

Important notice

58. All information provided as part of this public process, except information designated confidential, whether sent by postal mail, facsimile, email, or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This includes personal information,

such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, and any other personal information provided.

59. The personal information provided will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
60. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
61. The information provided to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not provide access to the information provided as part of this public process.

Availability of documents

62. Electronic versions of the documents referred to in this notice are available on the Commission's website at www.crtc.gc.ca by using the file number provided at the beginning of this notice or by visiting the "Public Proceedings" section of the Commission's website. The documents can be accessed by selecting "View all proceedings open for comment," then clicking on the links in the "Related Documents" column associated with this particular notice.
63. Documents are also available from Commission offices, upon request, during normal business hours.

Commission offices

Toll-free telephone: 1-877-249-2782
Toll-free TDD: 1-877-909-2782

Central Building
Les Terrasses de la Chaudière
1 Promenade du Portage, Room 206
Gatineau, Quebec J8X 4B1
Tel.: 819-997-2429
Fax: 819-994-0218

Regional offices

Metropolitan Place
99 Wyse Road, Suite 1410
Dartmouth, Nova Scotia B3A 4S5

Tel.: 902-426-7997
Fax: 902-426-2721

205 Viger Avenue West, Suite 504
Montréal, Quebec H2Z 1G2
Tel.: 514-283-6607

55 St. Clair Avenue East, Suite 624
Toronto, Ontario M4T 1M2
Tel.: 416-952-9096

360 Main Street, Suite 970
Winnipeg, Manitoba R3C 3Z3
Tel.: 204-983-6306
Fax: 204-983-6317

2220 – 12th Avenue, Suite 620
Regina, Saskatchewan S4P 0M8
Tel.: 306-780-3422

100 – 4th Avenue SW, Suite 403
Calgary, Alberta T2P 3N2
Tel.: 403-292-6660
Fax: 403-292-6686

858 Beatty Street, Suite 290
Vancouver, British Columbia V6B 1C1
Tel.: 604-666-2111
Fax: 604-666-8322

Secretary General

Related documents

- *Disposition of review and vary applications with respect to wholesale high-speed access services: Introductory statement*, Telecom Regulatory Policy CRTC 2013-70, 21 February 2013
- *Confidentiality of information used to establish wholesale service rates*, Telecom Regulatory Policy CRTC 2012-592, 26 October 2012
- *Bell Aliant Regional Communications, Limited Partnership/ Bell Canada and MTS Allstream Inc. – Applications regarding Ethernet services*, Telecom Decision CRTC 2012-520, 27 September 2012

- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Application for revised filing requirements associated with wholesale negotiated agreements*, Telecom Regulatory Policy CRTC 2012-359, 3 July 2012
- *Network interconnection for voice services*, Telecom Regulatory Policy CRTC 2012-24, 19 January 2012
- *Billing practices for wholesale business high-speed access services*, Telecom Regulatory Policy CRTC 2011-704, 15 November 2011
- *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
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC 2011-693, 8 November 2011
- *Wholesale high-speed access services proceeding*, Telecom Regulatory Policy CRTC 2010-632, 30 August 2010
- *Approval processes for tariff applications and intercarrier agreements*, Telecom Information Bulletin CRTC 2010-455, 5 July 2010
- *Bell Canada et al. 's application to review and vary Telecom Decision 2008-17 with respect to negotiated agreements*, Telecom Regulatory Policy CRTC 2009-19, 19 January 2009
- *Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008
- *Local competition*, Telecom Decision CRTC 97-8, 1 May 1997
- *Review of regulatory framework*, Telecom Decision CRTC 94-19, 16 September 1994

Other documents

- Wall Communications Inc., *A Study of Wholesale Costing Methodologies in Selected Countries*, 2 October 2012

Questions for discussion in this proceeding

Parties are to take into consideration and address the relevant aspects of the telecommunications policy objectives set out in section 7 of the Act and the Policy Direction, as applicable, when submitting their responses to the questions below.

1. In Telecom Decision 94-19, the Commission set out a market power test for assessing whether the market for a service was sufficiently competitive. The first step of the test is to define the relevant product and geographic market for a given service. Explain whether this approach is appropriate and indicate any new principles, factors, or criteria the Commission should adopt when defining the relevant product and geographic markets for wholesale services in today's environment. For example, should the relevant market continue to be national in scale (as determined in Telecom Decision 2008-17), or should it be on a smaller scale? Explain whether any specific wholesale services might require a different approach to market definition and, if so, provide reasons why.
2. Explain the current market conditions associated with mandated wholesale services, as well as the market trends that are likely to influence these conditions in the years ahead. Identify the impact of these conditions and trends on different consumer segments (e.g. residential/business, urban/rural, enterprise/small business) and on downstream retail services. Be specific about any regional differences, as well as the evolution of market forces in the associated markets.
3. Pursuant to the above, discuss the appropriateness of the existing wholesale services framework. Explain whether the existing framework provides appropriate incentives to invest and innovate for a) incumbent carriers; and b) competitors. In addition, identify any other advantages and disadvantages of the existing wholesale services framework.
4. Explain whether changes are required to the following aspects of the wholesale services framework:

a. Service categories and classification of mandated wholesale services

Are the existing service categories for mandated wholesale services appropriate? Should any currently mandated wholesale services be reclassified? If so, identify which consumer segments would be affected and discuss how these segments would benefit from reclassification.

b. New wholesale HSA services

Explain whether additional wholesale HSA services, including FTTP facilities, should be mandated. Explain how the mandating of any proposed additional service would facilitate the development of a competitive Canadian broadband market while also providing incentives to invest in innovative

networks. Provide an overview of the potential economic and social impacts that may result from either mandating or not mandating access to such services for consumers, competitors, or incumbent carriers.

c. Additional new wholesale services (other than wholesale HSA services)

Should the provisioning of additional new wholesale services be mandated? Explain why the provisioning of any such additional wholesale service is appropriate and furthers the implementation of the telecommunications policy objectives set out in the *Telecommunications Act*. In addition to other relevant matters, explain how the mandating of any proposed additional service would facilitate the development of competition while also providing incentives to invest in innovative networks. Provide an overview of the potential economic and social impacts that may result from either mandating or not mandating access to such services for consumers, competitors, or incumbent carriers.

d. Forbearance for wholesale services

Should the Commission forbear from regulating any existing mandated wholesale services? If so, identify the relevant criteria, which should also consider application of the Telecom Decision 94-19 criteria.

Do prevailing market conditions support continued non-mandating and forbearance for any services previously classified as non-essential subject to phase-out? If not, which services should be mandated and no longer subject to forbearance, and to what extent should the forbearance determination in Telecom Decision 2008-17 be changed? Regardless of your answer, identify and discuss the relevant criteria, including geographic criteria (urban and rural), and discuss the application of the Telecom Decision 94-19 criteria with respect to whether certain services should, or should not, be forborne.

e. Negotiated agreements

Do off-tariff negotiated agreements¹⁹ for wholesale services continue to be appropriate? Discuss why or why not.

f. Pricing

Should more simple and efficient pricing approaches apply to certain wholesale services and/or carriers, and if so, what are they?

What principles should apply in setting markups for mandated wholesale services?

¹⁹ Off-tariff negotiated agreements allow parties to negotiate rates, terms, and conditions that are different from those in Commission-approved tariffs, although the underlying services remain regulated.

Are other changes warranted regarding how the Commission sets prices for mandated wholesale services (e.g. freezing rates for certain legacy services, maintaining the premium for fibre-to-the-node (FTTN)²⁰ wholesale HSA services, establishing a more efficient rate setting process for HSA,²¹ continuing the application of an I-X adjustment,²² eliminating any distinctions between wholesale business and residential HSA services)?

g. Withdrawal of wholesale services

Should certain wholesale services (e.g. those that might be considered “legacy” services) be subject to a different destandardization process than that established for other regulated services, and if so, subject to what criteria?²³

Should carriers be permitted to remove mandated wholesale services, without additional regulatory consideration (e.g. unbundled copper loops)?

5. Discuss the appropriateness of establishing a process to measure the performance of the wholesale services framework. Discuss which performance objectives ought to be included, and identify any qualitative and quantitative indicators or metrics (e.g. market share, network investments) that the Commission could use to measure the performance of its wholesale service policies.
6. Indicate whether the Commission should conduct another comprehensive review of wholesale services, and if so, the appropriate timing of such a review.
7. Indicate which carriers should be subject to the Commission’s wholesale services framework, the extent of the associated wholesale service obligations, and what criteria should apply.

²⁰ FTTN technology upgrades the telephone company’s access network by extending fibre-based facilities closer to the customer’s premises (but not directly to the premises as with FTTP) in order to provide increasingly high-speed access services.

²¹ There is a regulatory requirement for incumbent carriers to make their existing HSA services available to competitors at speeds that match all the speed options that those carriers offer to their retail Internet service customers.

²² The I-X adjustment reflects the expected inflation (I) less productivity (X) offset applicable to wholesale services.

²³ Telecom Information Bulletin 2010-455 sets out the process related to destandardization and/or withdrawal of tariffed services, including mandated wholesale services.

Appendix 2

Estimated timeline for process associated with Telecom Notice of Consultation 2013-551

Milestone	Date
First intervention due	6 December 2013
Requests for information (round 1) issued	February 2014
Second intervention due	May 2014
Requests for information (round 2) issued	June 2014
Replies	September 2014
Public hearing	27 October - 7 November 2014
Final written submissions	November 2014