

Canadian Radio-television and Telecommunications Commission

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Telecom Notice of Consultation CRTC 2015-134

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Ottawa, 9 April 2015

File number: [8663-C12-201503186](#)

Notice of hearing

11 April 2016
Gatineau, Quebec

Deadline for the first phase of submission of interventions: 30 June 2015

[\[Submit an intervention or view related documents\]](#)

Review of basic telecommunications services

The Commission will examine which telecommunications services Canadians require to participate meaningfully in the digital economy and the Commission's role in ensuring the availability of affordable basic telecommunications services to all Canadians. The Commission intends to conduct this review in two phases.

In phase 1, the Commission will review its policies regarding basic telecommunications services in Canada. The Commission will also gather information from the industry to better understand which telecommunications services are being offered across Canada and whether any areas in Canada are underserved or unserved.

*The Commission invites interventions on the issues and questions identified in the notice. The deadline for filing these initial interventions is **30 June 2015**.*

*In phase 2, which will be initiated in the **fall of 2015**, the Commission will ask Canadians to provide their opinions on the telecommunications services they consider necessary to participate meaningfully in the digital economy today and in the future. Specific details regarding the scope and procedure for this phase of the proceeding will be released at a later date.*

*Following phase 2, the Commission will hold a public hearing, beginning on **11 April 2016 at 9:00 a.m.**, at the **Conference Centre, Phase IV, 140 Promenade du Portage, in Gatineau, Quebec.***

Introduction

1. Telecommunications play an important role in the lives of all Canadians. Modern telecommunications enable Canadians to participate in today's digital economy and provide access to services, such as health care, education, government, public safety, and banking services.
2. Telecommunications service providers (TSPs) offer a variety of retail services, including wireline voice, Internet, and wireless services, to over 12 million households and over 1 million

businesses in Canada. In 2013, revenues for the retail telecommunications service industry were approximately \$41 billion, and these revenues continue to grow annually, primarily due to the increasing use of wireless and Internet services.¹

3. The *Telecommunications Act* (the Act), which gives the Commission broad powers to regulate the provision of telecommunications services, affirms that telecommunications perform an essential role in the maintenance of Canada's identity and sovereignty, and sets out several broad Canadian telecommunications policy objectives,² including the following:
 - facilitating the development of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;³
 - rendering reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;⁴ and
 - responding to the economic and social requirements of users of telecommunications services.⁵
4. Generally, modern telecommunications services are available in the most densely populated areas of the country from a number of TSPs. However, in many rural and remote areas, access to these services or to more than one TSP may be limited, which may impact the ability of consumers living in these areas to participate in the digital economy.
5. As the regulator of Canada's communications system, the Commission seeks to ensure that all Canadians have access to a world-class communications system and that they are able to participate in the digital economy. Given this, as well as the importance of telecommunications services to Canadians, the Commission is initiating a public proceeding to conduct a comprehensive review of its policies regarding basic telecommunications services in Canada and of the telecommunications services that Canadians require to participate meaningfully in the digital economy.

Canadians' evolving needs for telecommunications services

6. Virtually all Canadians have access to wireline voice and Internet access services, as well as mobile wireless services that provide both voice and Internet functionalities. While wireline and wireless networks reach over 99% of Canadians, there are differences in the levels of services available in various regions, particularly in rural and remote areas.
7. Further, evolving telecommunications technology is changing the way Canadians access telecommunications services. Canadians are reducing their dependency on wireline voice services, both residential and business, in favour of mobile wireless and broadband Internet services [e.g. voice over Internet Protocol (VoIP), email, text, and other data services].
8. For example, the number of telephone lines has decreased from 18.6 million in 2009 to 15.9 million in 2013, while the number of mobile wireless service subscribers has increased from 23.5 million in 2009 to 28.4 million in 2013.⁶ Further, 20.4% of Canadian households rely only on mobile wireless services.⁷ Similarly, the number of Internet service subscribers has increased from 10.4 million in 2009 to 12.1 million in 2013.⁸
9. As well, Canadians are using Internet services from a greater number of advanced telecommunications devices (both fixed and mobile) and for an increasing number of uses (including banking, education, health, government services, shopping, entertainment, and social networking), resulting in greater demand for faster speeds.
10. The Commission considers that improvements in the access to and availability of modern telecommunications services will, among other things, safeguard, enrich, and strengthen the social and economic fabric throughout Canada and will ensure that Canadians continue to have the ability to participate in the digital economy.

Current regulatory measures for basic telecommunications services

11. The Commission has established several regulatory measures to meet its objectives set out in the Act and to ensure that Canadians have access to basic telecommunications services. Three such measures, which were last reviewed comprehensively in 2011,⁹ are the obligation to serve,

the basic service objective, and the local service subsidy regime.

12. The above-mentioned measures apply to incumbent local exchange carriers (ILECs), which consist of privately and publicly owned large regional telephone companies (large ILECs),¹⁰ smaller local telephone companies (small ILECs),¹¹ and Northwestel Inc. (Northwestel), which provides services in the North.

Obligation to serve and the basic service objective

13. The obligation to serve requires the ILECs to provide telephone service to (i) existing customers, (ii) new customers requesting service where the ILECs have facilities, and (iii) new customers requesting service beyond the limits of the ILECs' facilities.¹²
14. The Commission established the basic service objective in 1999, which reflected the level of service available at that time to most Canadians.¹³ The basic service objective ensures that Canadians in all regions have access to affordable, high-quality telecommunications services. Currently, the basic service objective consists of the following:
 - individual line local touch-tone service;
 - capability to connect to the Internet via low-speed data transmission at local rates;
 - access to the long distance network, operator/directory assistance services, enhanced calling features and privacy protection features, emergency services, as well as voice message relay service; and
 - a printed copy of the current local telephone directory upon request.
15. The basic service objective applies to the ILECs only in local exchanges where the Commission continues to regulate the rates, terms, and conditions of wireline local telephone services. In exchanges where the Commission has forborne from regulation (forborne exchanges), the ILECs continue to have an obligation to provide stand-alone wireline local telephone services, which consist of (i) unlimited local calling at a flat monthly rate, subject to a price ceiling,¹⁴ and (ii) access to a choice of long distance service provider.¹⁵ The ILECs have the flexibility to meet this obligation by offering mobile wireless voice services.

Local service subsidy regime

16. In certain rural and remote areas of Canada, the cost to provide residential wireline telephone service that meets the basic service objective exceeds the price that customers pay.
17. Because of this, pursuant to subsection 46.5(1) of the Act, the Commission requires certain TSPs to contribute to a fund to support continued access by Canadians to basic telecommunications services.
18. The current local service subsidy regime, along with the associated contribution mechanism and the National Contribution Fund (NCF),¹⁶ was established to subsidize the provision of basic residential local services in high-cost serving areas (HCSAs).¹⁷ These subsidies are currently provided only to ILECs in regulated HCSAs, since they have the obligation to provide residential wireline local telephone services.¹⁸ In 2014, the Commission determined that video relay service (VRS) is a basic telecommunications service to be funded through the NCF.¹⁹
19. TSPs, or groups of related TSPs, with annual Canadian telecommunications revenues of \$10 million or more are required to contribute to the NCF. Contribution (money) is collected by means of a revenue-percent charge that is applied to the contribution-eligible revenues of a TSP.²⁰ Certain revenues (e.g. from retail Internet and paging services) and other amounts (e.g. intercompany payments) are currently excluded from the calculation of a TSP's contribution-eligible revenues.

Regulation of retail telecommunications service rates

20. The rates for retail telecommunications services (e.g. wireline local, long distance, Internet, and mobile wireless services) are generally not regulated.²¹ However, where there is insufficient

competition to protect the interests of consumers, ILECs' retail telecommunications services are subject to price cap regulation.²²

21. Specifically, the rates, terms, and conditions for the ILECs' wireline local telephone services are regulated in certain exchanges. As well, the rates, terms, and conditions for Northwestel's terrestrially provided retail Internet services are regulated. The retail rates for Internet services (except for those provided by Northwestel) and mobile wireless services are not regulated; however, the Commission has imposed certain conditions on the provision of Internet and mobile wireless services, such as the Wireless Code²³ and Internet traffic management practices.²⁴

Broadband Internet access

22. Virtually all Canadians, regardless of whether they live in urban centres or in rural and remote areas, benefit from having access to Internet services using a variety of technologies, including wireless and satellite technologies. In Canada, the rollout of broadband Internet access has occurred through a combination of market forces, targeted funding, and public-private partnerships at all levels of government.²⁵
23. In Telecom Regulatory Policy [2011-291](#), the Commission considered that the deployment of broadband Internet access services, including deployment in rural and remote areas, should continue to rely on market forces and targeted government funding. As a result, the Commission concluded that it would not be appropriate for it to either (i) require broadband Internet access service to be provided as part of any basic service objective or (ii) establish a funding mechanism to subsidize the deployment of broadband Internet access services.
24. However, in recognition of the fact that Internet service was an increasingly important means of communication, the Commission considered that it would be in the public interest to establish universal target speeds for broadband Internet access in Canada. The Commission established target speeds of 5 megabits per second (Mbps) download and 1 Mbps upload, which it expected should be available to all Canadians, through a variety of technologies, by the end of 2015.²⁶
25. The Commission also stated that it would monitor progress towards reaching these target speeds, particularly in rural and remote areas. As well, in recognition of the evolving nature of the Internet and consumer expectations, the Commission stated that it may revisit these target speeds.

Broadband Internet service availability in rural and remote areas

26. In Telecom Regulatory Policy [2013-711](#), the Commission noted that under Northwestel's Modernization Plan, the company would not achieve the Commission's broadband Internet target speeds by 2015 in all of its operating territory.²⁷ The Commission also noted that the cost of satellite transport is the biggest impediment to affordable broadband Internet services. The Commission stated that transport infrastructure would need to be addressed to ensure that broadband Internet services are available at its target speeds. It also considered that, without its intervention, the digital divide between communities that rely on terrestrial transport infrastructure versus those that rely on satellite transport infrastructure will likely continue to exist.
27. As a result, the Commission stated its intention to establish a mechanism in the present proceeding, as required, to support the provision of modern telecommunications services in Northwestel's operating territory. Such a mechanism would fund capital infrastructure investment in transport facilities (e.g. fibre, microwave, and satellite), as well as the cost of maintaining and enhancing these facilities to ensure that they support evolving telecommunications services, such as broadband Internet services. The Commission considered that this mechanism should complement, and not replace, other investments from the private sector and governments, including public-private partnerships.
28. In addition, to gain a better understanding of satellite transport services in Canada, the Commission issued Telecom Notice of Consultation [2014-44](#), in which it appointed Commissioner Candice Molnar to conduct an inquiry with respect to the Canadian marketplace for satellite services used to provide telecommunications services to Canadians.

29. Today, the Commission is publishing Commissioner Molnar's [Satellite Inquiry Report](#). The Report states that Internet speeds in satellite-dependent communities are, in most cases, below the Commission's target speeds. In addition, the costs to provide telecommunications services over satellite facilities are high, which limits the availability of these services.²⁸
30. It is noted in the [Satellite Inquiry Report](#) that roughly 18,000 households without access to broadband Internet service at the Commission's target speeds are located in satellite-dependent communities in Yukon, the Northwest Territories, and Nunavut, as well as in certain remote areas of British Columbia, Saskatchewan, Manitoba, Ontario, and Quebec. As well, communities in these areas will likely rely on satellite facilities for telecommunications services for the foreseeable future.
31. However, the Commission notes that other communities in Canada, not just satellite-served communities, are facing challenges in achieving the Commission's broadband Internet service target speeds. In 2013, approximately 1.2 million, or 9% of, Canadian households did not have access to broadband Internet service at the Commission's target download and upload speeds.²⁹ The vast majority of these households are located in rural and remote areas of Canada. The Commission notes that many parties to the proceeding leading to Telecom Regulatory Policy [2013-711](#) raised this concern.

Issues to be examined

32. The Commission hereby initiates a proceeding to conduct a comprehensive review of its policies regarding basic telecommunications services in Canada and of the telecommunications services that Canadians require to participate meaningfully in the digital economy. In this regard, the Commission will examine how these telecommunications services are used by Canadians, and what prices Canadians should be expected to pay for these services.
33. The Commission will also examine the availability of telecommunications services to determine which areas in Canada are underserved or unserved. The Commission will consider what its role should be in ensuring the availability of basic telecommunications services, particularly in rural and remote regions of Canada.
34. As stated above, the Commission will examine whether a mechanism is required in Northwestel's operating territory to support the provision of modern telecommunications services by funding capital infrastructure investment in transport facilities as well as the cost of maintaining and enhancing these facilities. The Commission will also examine whether such a mechanism should be considered for other rural and remote areas in Canada. The aim of any such mechanism would be to complement, and not replace, other investments from the private sector and governments.
35. As well, the Commission will examine whether changes should be made to (i) the various regulatory measures related to basic telecommunications services, such as the basic service objective, the obligation to serve, the national contribution mechanism, and the local service subsidy regime, and (ii) the price cap regimes, as applicable.
36. The Commission notes that the outcome of this proceeding may result in changes to these and other regulatory measures applicable to some or all TSPs.
37. The Commission will review the matters raised in this proceeding in light of the Canadian telecommunications policy objectives set out in section 7 of the Act and taking into consideration the Policy Direction.³⁰

Call for comments

38. The Commission invites interventions on the issues identified in this notice. In their interventions, parties should provide supporting rationale and all evidence on which they rely to formulate their position. Parties should structure their submissions according to the topics and questions identified in Appendix B.
39. Shortly following the release of this notice, the Commission will request information from certain TSPs in the form of interrogatories by way of a separate letter.
40. The Commission adds [the record of the Telecom Notice of Consultation 2014-44 proceeding](#), as amended, and the [Satellite Inquiry Report](#) to the record of this proceeding.

Procedure

41. The large ILECs, small ILECs, and Northwestel are made parties to this proceeding.
42. The *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure) apply to this proceeding. The Rules of Procedure set out, among other things, the rules for the content, format, filing, and service of interventions, replies, and requests for information; the procedure for filing confidential information and requesting its disclosure; and the conduct of public hearings, where applicable. Accordingly, the procedure set out below must be read in conjunction with the Rules of Procedure and their accompanying documents, which can be found on the Commission's website at www.crtc.gc.ca, under "Statutes and Regulations." The *Guidelines on the CRTC Rules of Practice and Procedure*, as set out in Broadcasting and Telecom Information Bulletin [2010-959](#), provide information to help interested persons and parties understand the Rules of Procedure so that they can more effectively participate in Commission proceedings.
43. The Commission intends to conduct this review over two phases.
44. In **phase 1**, the Commission will conduct a review of its policies regarding basic telecommunications services in Canada and gather information from the industry. Interested persons who take part in this phase of the proceeding must file an intervention by **30 June 2015** and respond to requests for information. These parties will be provided the opportunity to appear at the hearing.
45. In **phase 2**, the Commission will reach out to Canadians and ask them to provide their opinions on the telecommunications services they consider necessary to participate meaningfully in the digital economy today and in the future. An opportunity to appear at the public hearing will also be provided. Specific details regarding the scope and procedure for this phase of the proceeding will be released at a later date.
46. The Commission will hold a public hearing, beginning on **11 April 2016 at 9:00 a.m.**, at the **Conference Centre, Phase IV, 140 Promenade du Portage**, in **Gatineau, Quebec**. The hearing is expected to last no longer than 10 days.
47. Interested persons who wish to become parties to **phase 1** of this proceeding must file an intervention with the Commission regarding the above-noted issues by **30 June 2015**. 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:
 - I request to appear at the public hearing.
 - I do not want to appear at the public hearing.
48. 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](#).
49. All documents required to be served on parties to the proceeding must be served using the contact information contained in the interventions.
50. Parties who wish to appear at the public hearing 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.
51. Only those parties whose requests to appear have been granted will be contacted by the Commission and invited to appear at the hearing. An organization and conduct letter, providing directions on procedure with respect to the public hearing, will be issued before the hearing begins.
52. Although the public hearing will be held in **Gatineau, Quebec**, parties may participate from the Commission's regional offices via videoconference. Parties interested in doing so are asked to indicate, at the time they file their interventions, the regional office where they wish to appear. A list of the Commission's regional offices is included in this notice. In addition, the Commission will make every effort to connect persons via videoconference or teleconference links to other locations should it receive requests to do so.

53. Parties requiring communications support, such as assistive listening devices and sign language interpretation, are requested to confirm their specific requirements with the Commission at least **20 days** before the public hearing begins so that the necessary arrangements can be made.
54. The Commission and parties may request information, in the form of interrogatories, from any party to the proceeding. The requesting party must file its request for information with the Commission, and serve the request on the party to whom it is addressed, by **7 August 2015**.
55. Responses to requests for information are to be filed with the Commission, and served on the parties making the requests, by **21 September 2015**.
56. Parties may request (i) further responses to interrogatories, specifying in each case why a further response is necessary, and (ii) the public disclosure of information that has been designated confidential, setting out in each case the reasons for disclosure. These requests must be filed with the Commission, and served on the parties to whom they are addressed, by **30 September 2015**.
57. Responses to requests for further responses to interrogatories and responses to requests for public disclosure must be filed with the Commission, and served on the parties making the requests, by **9 October 2015**.
58. Determinations regarding requests for further responses and requests for public disclosure will be issued as soon as possible. Any information to be provided pursuant to such determinations must be filed with the Commission, and served on the parties making the requests, by **26 October 2015**.
59. The Commission and parties, as necessary, may request additional information, in the form of interrogatories, from any party to the proceeding. The requesting party must file its request for information with the Commission, and serve the request on the party to whom it is addressed, by **2 November 2015**.
60. Responses to requests for information are to be filed with the Commission, and served on the parties making the requests, by **1 December 2015**.
61. Parties may request (i) further responses to interrogatories, specifying in each case why a further response is necessary, and (ii) the public disclosure of information that has been designated confidential, setting out in each case the reasons for disclosure. These requests must be filed with the Commission, and served on the parties to whom they are addressed, by **10 December 2015**.
62. Responses to requests for further responses to interrogatories and responses to requests for public disclosure must be filed with the Commission, and served on the parties making the requests, by **18 December 2015**.
63. Determinations regarding requests for further responses and requests for public disclosure will be issued as soon as possible. Any information to be provided pursuant to such determinations must be filed with the Commission, and served on the parties making the requests, by **18 January 2016**.
64. All parties may file further interventions with the Commission by **1 February 2016**.
65. Following the hearing, all parties may file final submissions with the Commission on any matter within the scope of this proceeding by **2 May 2016**. Final submissions, including an executive summary, are not to exceed 25 pages.
66. The Commission encourages interested persons and parties to monitor the record of this proceeding, available on the Commission's website at www.crtc.gc.ca, for additional information that they may find useful when preparing their submissions.
67. Submissions longer than five pages should include a summary. Each paragraph of all submissions should be numbered, and 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.
68. 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

69. Parties who send documents electronically must ensure that they will be able to prove, upon Commission request, that service/filing of a particular document was completed. Accordingly, parties must keep proof of the sending and receipt of each document for 180 days after the date on which the document is filed. The Commission advises parties who file and serve documents 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.
70. In accordance with the Rules of Procedure, a document must be received by the Commission and all relevant parties by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline. 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.
71. 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 above has been followed.

Important notice

72. All information that parties provide 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 all personal information, such as full names, email addresses, postal/street addresses, telephone and facsimile numbers, etc.
73. The personal information that parties provide 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.
74. 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.
75. The information that parties provide 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 that was provided as part of this public process.

Availability of documents

76. Electronic versions of the interventions and other 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 "Participate" section of the Commission's website, selecting "Submit Ideas and Comments," then selecting "our open processes." Documents can then be accessed by clicking on the links in the "Subject" and "Related Documents" columns associated with this particular notice.
77. 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

Les Terrasses de la Chaudière
Central Building

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British Columbia

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

Secretary General

Related documents

- *Final 2014 revenue-percent charge and related matters*, Telecom Decision CRTC [2014-627](#), 5 December 2014
- *Appointment of an Inquiry Officer to review matters related to transport services provided by satellite*, Telecom Notice of Consultation CRTC [2014-44](#), 6 February 2014, as amended by Telecom Notice of Consultation CRTC [2014-44-1](#), 2 June 2014; and Telecom Notice of Consultation CRTC [2014-44-2](#), 5 August 2014
- *Video relay service*, Telecom Regulatory Policy CRTC [2014-187](#), 22 April 2014
- *Northwestel Inc. - Regulatory Framework, Modernization Plan, and related matters*, Telecom Regulatory Policy CRTC [2013-711](#), 18 December 2013
- *The Wireless Code*, Telecom Regulatory Policy CRTC [2013-271](#), 3 June 2013
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC [2011-693](#), 8 November 2011
- *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
- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC [2010-959](#), 23 December 2010
- *Review of the Internet traffic management practices of Internet service providers*, Telecom Regulatory Policy CRTC [2009-657](#), 21 October 2009
- *The Canadian revenue-based contribution regime*, Telecom Circular CRTC [2007-15](#), 8 June 2007
- *Forbearance from the regulation of retail local exchange services*, Telecom Decision CRTC [2006-15](#), 6 April 2006, as amended by Order in Council P.C. 2007-532, 4 April 2007
- *Changes to the contribution regime*, Decision CRTC [2000-745](#), 30 November 2000
- *Telephone service to high-cost serving areas*, Telecom Decision CRTC [99-16](#), 19 October 1999

Appendix a

Small ILECs by province

British Columbia

CityWest Telephone Corporation

Ontario

Amtelecom Limited Partnership

Brooke Telecom Co-operative Ltd.

Bruce Telecom

Cochrane Telecom Services

DMTS

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.

WTC Communications

Quebec

CoopTel

Groupe Maskatel LP

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 Milot inc.

Appendix B

Questions for discussion in this proceeding

Although the following questions, and resulting responses, are in many cases interrelated and interdependent, parties' submissions should attempt to respond to the questions in the order presented below. Parties are to take into consideration and address the relevant aspects of the policy objectives set out in section 7 of the Act and the Policy Direction, as applicable, when submitting their responses to the questions.

Canadians' evolving needs for telecommunications services

1. Canadians are using telecommunications services to fulfill many social, economic, and cultural needs in today's digital economy.
 - a. Explain how telecommunications services are used to meet these needs. For example, uses may include e-commerce (i.e. the online purchase and trade of products or

- services), e-banking and/or telephone banking, e-health or telehealth services, telework, and distance education. Which of these uses of telecommunications services are the most important to ensure that Canadians meaningfully participate in the digital economy?
- b. Explain which telecommunications services are most important to support these needs and uses. What characteristics (e.g. capacity, mobility, high speed, and low latency) should these telecommunications services have?
 - c. Identify and explain the barriers that limit or prevent Canadians from meaningfully participating in the digital economy (e.g. availability, quality, price, digital literacy, and concerns related to privacy and security). Identify which segments of the Canadian population are experiencing such barriers.
 - d. Identify and explain any enablers that allow Canadians to meaningfully participate in the digital economy (e.g. connected devices and applications).
 - e. As Canada's digital economy continues to grow and evolve during the next 5 to 10 years, which telecommunications services are Canadians expected to need to participate meaningfully? Specify how your responses to parts a) through d) above would change based on your answer.
2. The Commission's current target speeds for broadband Internet access service are a minimum of 5 Mbps download and 1 Mbps upload, based on uses that consumers should reasonably expect to make of the Internet. Are these target speeds sufficient to meet the minimum needs of Canadians today? If not, what should the new targets be and what time frame would be reasonable to achieve these new targets?

The Commission's role regarding access to basic telecommunications services

3. Which services should be considered by the Commission as basic telecommunications services necessary for Canadians to be able to meaningfully participate in the digital economy? Explain why.
- a. Explain whether the underlying technology (e.g. cable, digital subscriber line, fibre, fixed wireless, mobile wireless, and satellite technology) should be a factor in defining whether a telecommunications service should be considered a basic service.
 - b. Identify, with supporting rationale, the terms, conditions, and service characteristics under which basic telecommunications services should be provided. Should any obligations be placed on the provider(s) of these services? If so, what obligations and on which service provider(s)?
 - c. What should be the prices for basic telecommunications services and how should these prices be determined? Provide rationale to support your answer.
4. Can market forces and government funding be relied on to ensure that all Canadians have access to basic telecommunications services? What are the roles of the private sector and the various levels of government (federal, provincial, territorial, and municipal) in ensuring that investment in telecommunications infrastructure results in the availability of modern telecommunications services to all Canadians?
5. What should be the Commission's role in ensuring the availability of basic telecommunications services to all Canadians? What action, if any, should the Commission take where Canadians do not have access to telecommunications services that are considered to be basic services?
6. In Telecom Regulatory Policy [2011-291](#), the Commission stated that it would closely monitor developments in the industry regarding the achievement of its broadband Internet target speeds to determine whether regulatory intervention may be needed. What action, if any, should the Commission take in cases where its target speeds will not be achieved by the end of 2015?
7. In Telecom Regulatory Policy [2013-711](#), the Commission stated its intention to establish a mechanism, as required, in Northwestel's operating territory to support the provision of modern telecommunications services. Such a mechanism would fund capital infrastructure investment in transport facilities (e.g. fibre, microwave, and satellite), as well as the cost of maintaining and enhancing these facilities. The Commission considered that this mechanism should complement,

and not replace, other investments from the private sector and governments, including public-private partnerships.

- a. Explain, with supporting rationale, whether there is a need for the Commission to establish such a mechanism in Northwestel's operating territory. As well, explain whether there is a need for such a mechanism in other regions of Canada.
- b. What impact would the establishment of such a mechanism have on private sector investment and government programs to fund the provision of modern telecommunications services?

Regulatory measures for basic telecommunications services

8. What changes, if any, should be made to the obligation to serve and the basic service objective?
9. Should broadband Internet service be defined as a basic telecommunications service? What other services, if any, should be defined as basic telecommunications services?
10. What changes, if any, should be made to the existing local service subsidy regime? What resulting changes, if any, would be required to the existing regulatory frameworks (e.g. price cap regimes)?
11. What changes, if any, should be made to the contribution collection mechanism? Your response should address, with supporting rationale, which TSPs should be required to contribute to the NCF, which revenues should be contribution-eligible and which revenues, if any, should be excluded from the calculation of contribution-eligible revenues.
12. Should some or all services that are considered to be basic telecommunications services be subsidized? Explain, with supporting details, which services should be subsidized and under what circumstances.
13. If there is a need to establish a new funding mechanism to support the provision of modern telecommunications services, describe how this mechanism would operate. Your response should address the mechanism described in Telecom Regulatory Policy [2013-711](#) for transport services and/or any other mechanism necessary to support modern telecommunications services across Canada. Your response should also address, but not necessarily be limited to, the following questions:
 - a. What types of infrastructure and/or services should be funded?
 - b. In which regions of Canada should funding be provided?
 - c. Which service providers should be eligible to receive funding, and how should eligibility for funding be determined (e.g. only one service provider per area, all service providers that meet certain conditions, wireless service providers, or service providers that win a competitive bidding process)?
 - d. How should the amount of funding be determined (e.g. based on costs to provide service or a competitive bidding process)?
 - e. What is the appropriate mechanism for distributing funding? For example, should this funding be (i) paid to the service provider based on revenues and costs, or (ii) awarded based on a competitive bidding process?
 - f. Should any infrastructure that is funded be available on a wholesale basis and, if so, under what terms and conditions?
 - g. Should the Commission set a maximum retail rate for any telecommunications service that is subsidized?
 - h. Should this mechanism replace the existing residential local wireline service subsidy? If so, explain how the existing subsidy should be eliminated, including details on any transition period. In addition, explain whether the small ILECs and/or Northwestel should be subject to any special considerations or modifications for this transition period.

1 Based on information in the 2014 CRTC *Communications Monitoring Report*

- [2](#) See section 7 of the Act.
- [3](#) See paragraph 7(a) of the Act.
- [4](#) See paragraph 7(b) of the Act.
- [5](#) See paragraph 7(h) of the Act.
- [6](#) Based on information in the 2014 CRTC *Communications Monitoring Report*
- [7](#) Statistics Canada Survey of Household Spending (2013)
- [8](#) Based on information in the 2014 CRTC *Communications Monitoring Report*
- [9](#) See Telecom Regulatory Policy [2011-291](#).
- [10](#) The large ILECs are Bell Aliant Regional Communications, Limited Partnership; Bell Canada; MTS Inc.; Saskatchewan Telecommunications; Télébec, Limited Partnership; and TELUS Communications Company.
- [11](#) There are currently 35 small ILECs: one in British Columbia and the rest in Ontario and Quebec. See Appendix A for a list of small ILECs.
- [12](#) The terms and conditions associated with such service extensions are set out in the ILECs' respective General Tariffs. Bell Canada is also subject to the *Bell Canada Act*, which requires the company to provide a telephone service when requested by any person or organization in a municipality or other territory within which the company provides a general telephone service, subject to some limitations.
- [13](#) See Telecom Decision [99-16](#).
- [14](#) The Commission set this price ceiling at \$30 per month in forborne exchanges and allowed this rate to increase annually, on 1 June of each year, by the rate of inflation starting in 2014. The price ceiling includes charges for touch-tone service and other permanent monthly charges associated with unlimited local calling (i.e. charges for mileage, extended area service, and Community Calling Service).
- [15](#) See Telecom Decision [2006-15](#) and Telecom Regulatory Policy [2011-291](#).
- [16](#) The local service subsidy regime was established in Decision [2000-745](#). A summary of the current regime can be found in Telecom Circular [2007-15](#).
- [17](#) An HCSA is a clearly defined geographical area where the ILEC's monthly costs to provide basic service are greater than the associated revenues generated by service rates.
- [18](#) The local service subsidies totalled approximately \$114 million in 2014.
- [19](#) See Telecom Regulatory Policy [2014-187](#). An annual funding cap of \$30 million was established for delivering VRS in Canada.
- [20](#) The revenue-percent charge for 2014 was 0.55%. See Telecom Decision [2014-627](#).

- 21** In 2013, approximately 94% of telecommunications revenues were from services that the Commission has determined are sufficiently competitive that tariff filings are no longer required. Source: 2014 CRTC *Communications Monitoring Report*
- 22** Through price cap regulation, the Commission places constraints on the maximum rates that an ILEC can charge its customers.
- 23** See Telecom Regulatory Policy [2013-271](#).
- 24** See Telecom Regulatory Policy [2009-657](#).
- 25** Various federal, provincial, and territorial programs, as well as public-private partnerships, continue to be implemented and are contributing to the further rollout of broadband Internet services. For example, on 22 July 2014, the Government of Canada launched the Connecting Canadians program, through which approximately \$300 million was dedicated to enhance broadband Internet services for 280,000 Canadian households in rural and remote areas.
- 26** These target speeds were to be the actual speeds delivered, not merely those advertised.
- 27** According to Northwestel's Modernization Plan, all of the company's terrestrially served communities would have access to broadband Internet services at speeds at or above the Commission's target speeds only by 2017, and most of the company's satellite-served communities would see no improvements in their Internet services. Satellite-served communities are communities where the underlying transport infrastructure is provisioned using satellite capacity.
- 28** Governments at all levels have been an important source of funding for telecommunications services in satellite-dependent communities.
- 29** Source: [Satellite Inquiry Report](#)
- 30** *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006
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