



Telecom Order CRTC 2005-323

Ottawa, 16 September 2005

Competitor Digital Network Services - Other Central Office Connecting Link (copper-based)

Reference: TCI Tariff Notice 168

1. The Commission received an application by TELUS Communications Inc. (TCI), dated 21 March 2005, in response to paragraph 525 of *Competitor Digital Network Services*, Telecom Decision CRTC 2005-6, 3 February 2005 (Decision 2005-6), where the Commission noted that a separate Competitor Digital Network (CDN) Other Central Office (CO) Connecting Link (copper-based) (CDN CO Copper Link), to be classified as a Category 1 Competitor Service, may be required for certain service configurations. These configurations involve competitor requests for links between the following CDN services: intra-exchange, metropolitan interexchange and channelization. In its application, TCI requested Commission approval of revisions to its Carrier Access Tariff, item 224, CDN Services, to introduce the CDN CO Copper Link service at a monthly rate of \$4.23 per link.
2. With respect to the costs submitted, in support of its application TCI indicated that the installation of each CDN CO Copper Link required CO technician time, including the application of a portfolio expense factor.¹
3. On 30 March 2005, the Commission posed interrogatories to TCI that requested, among other things: a break-down of the proposed labour costs into the number of hours of CO technician time by activity; the associated average labour unit cost broken down by major cost component; and an explanation as to how the portfolio expense had been developed.
4. In its response to interrogatories, dated 15 April 2005, TCI submitted that the CO technician labour costs were incurred on a one-time basis and were treated as expenses for accounting purposes. TCI further submitted that it would be appropriate to recover such costs through an up-front, one-time service charge, and not through the monthly rate proposed in its application. TCI proposed a one-time service charge of \$346.49.
5. On 29 April 2005, Call-Net Enterprises Inc., now Rogers Telecom Holdings Inc. (Rogers Telecom), filed comments regarding TCI's application. Rogers Telecom submitted that the proposed rate for the CDN Copper Link service was higher than TCI's approved rate for a similar Category 1 service, Connecting Links A and B. Rogers Telecom further submitted that the record of this proceeding provided no justification for the difference in rates between the two types of connecting links.

¹ In paragraph 328 of Decision 2005-6, the Commission indicated that while the definition of portfolio (expenses causal to a group of services but not causal to any individual service within the group) was a matter for consideration in that proceeding, Commission staff recently proposed that portfolio expenses be defined as expenses directly related to the development of marketing/promotional sales activity associated with a common group of retail and/or Competitor Services.

6. In its reply comments, dated 9 May 2005, TCI submitted that the Connecting Links A and B tariff provided for a 100 pair cable which was installed at one time to the TCI co-location site. TCI further submitted that, in the case of the proposed CDN CO Copper Link service, the cable provided was a 4-wire or co-axial jumper that was individually installed for each circuit connected to the applicable equipment. TCI argued that it would therefore be incorrect to compare the costs between the two solutions on a per circuit basis.

Commission's analysis and determinations

7. The Commission notes that, by letter dated 21 July 2005, TCI indicated that it would not have the regulatory, marketing and technical resources required to participate fully in Commission proceedings due to labour disruption it is experiencing in Alberta and British Columbia. TCI further indicated that, upon resolution of the labour disruption, TCI would undertake to advise the Commission, as soon as practicable, of TCI's readiness to rejoin proceedings.
8. The Commission notes that TCI's interrogatory response identified that the costs associated with the provisioning of the CDN CO Copper Link occurred on a one-time basis and were treated as an expense item. Accordingly, the Commission considers that it would be appropriate to charge such costs as a one-time service charge, as proposed by TCI in its interrogatory response.
9. In light of the above and with regard to ensuring that competitors are able to avail themselves of this CDN service component in TCI's operating territory, the Commission **approves on an interim basis**, effective the date of this Order, a Service Order Charge of \$180.55 per CDN CO Copper Link. This rate reflects costs associated with the CDN CO Copper Link and includes a mark-up of 15 percent.
10. The Commission notes that the one-time service order charge for this service will be revised to reflect the application of an appropriate portfolio expense and any other issues pertaining to TCI's application once the labour disruption TCI is experiencing in Alberta and British Columbia is over.
11. In light of the above, the Commission considers it appropriate for TCI to track competitor demand for the CDN CO Copper Link service until final disposition of this application, in order to allow for any billing adjustments that may be required.

Secretary General

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