



## Telecom Notice of Consultation CRTC 2015-186

PDF version

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### Call for comments

### Legislated wholesale domestic wireless roaming caps

**Deadline for submission of interventions from wireless carriers and interested persons: 9 June 2015**

**Deadline for submission of replies from all parties who filed interventions: 19 June 2015**

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

*The Commission calls for comments to assist it in administering the wholesale roaming caps regime set out in section 27.1 of the Telecommunications Act.*

### Background

1. On 19 June 2014, an amendment to the *Telecommunications Act* (the Act) to cap domestic wholesale mobile wireless roaming rates came into force. This amendment (section 27.1) establishes the maximum amount a Canadian carrier can charge a second Canadian carrier for the transmission of domestic wireless voice calls, text messages, and data (the wholesale roaming caps).
2. Pursuant to section 27.1 of the Act (referred to hereafter as “the wholesale roaming caps regime”), the applicable wholesale roaming caps during a year are determined using a formula based on a carrier’s retail revenues from the provision of each wireless service (i.e. voice, text, and data) in the previous year divided by the total traffic of each wireless service (i.e. minutes, number of text messages, and megabytes [MB]).
3. As part of the Commission’s fact-finding exercise on the implementation of wholesale roaming caps (the fact-finding exercise), wireless roaming providers, namely Bell Mobility Inc. (Bell Mobility); Bragg Communications Incorporated, operating as Eastlink (Eastlink); Ice Wireless; MTS Inc. (MTS); Quebecor Media Inc., on behalf of its affiliate, Videotron G.P. (Videotron); Rogers Communications Partnership (RCP); Saskatchewan Telecommunications (SaskTel); TBayTel; and TELUS Communications Company (TCC), submitted in confidence what they considered to be their applicable wholesale roaming caps for 2014 for each wireless service using 2013 data, and provided supporting methodologies and assumptions used to determine these caps.

4. In addition, Data & Audio-Visual Enterprises Wireless Inc., operating as Mobilicity; the SSi Group of Companies; and WIND Mobile Corp. (WIND) submitted their views on how the wholesale roaming caps should be calculated and applied.
5. In a letter dated 6 August 2014 and addressed to various parties interested in the Commission's review of wholesale mobile wireless services that was initiated in Telecom Notice of Consultation 2014-76, the Commission disclosed the following industry-wide average roaming caps calculated for each of voice, text, and data services, based on aggregated revenues and traffic:<sup>1</sup>

<b>Service</b>	<b>Average roaming cap</b>
Voice	\$0.081 per minute
Text	\$0.011 per message
Data	\$0.037 per MB

6. Based on a review and assessment of the responses provided by all parties during the fact-finding exercise, the Commission notes that wireless carriers are not interpreting and applying the wholesale roaming caps regime consistently.
7. In Telecom Regulatory Policy 2015-177, dated 5 May 2015, the Commission established tariffed rates for the provision of Global System for Mobile communications (GSM)-based wholesale wireless roaming by Bell Mobility, RCP, and TCC to all wireless carriers but each other. These rates prevail over the wholesale roaming caps. The Commission also recommended that the Governor in Council repeal section 27.1 of the Act to allow for the return to market forces as soon as possible regarding the offering and provision of all other wholesale roaming. The Governor in Council has the power to repeal section 27.1 pursuant to section 241 of the *Economic Action Plan 2014 Act, No.1*.
8. Notwithstanding the Commission's recommendation previously referred to, the Commission is required to administer the wholesale roaming caps regime for the provision of (i) all wholesale roaming from the date section 27.1 of the Act came into force (i.e. 19 June 2014) until 5 May 2015, and (ii) all remaining roaming,<sup>2</sup> on an ongoing basis, from 5 May 2015 until the wholesale roaming caps are no longer in effect.

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<sup>1</sup> Average based on information provided in responses to interrogatories from Bell Mobility, MTS, RCP, SaskTel, TBayTel, and TCC.

<sup>2</sup> These are the code division multiple access (CDMA)-based roaming services provided by all carriers; GSM-based roaming services provided by Bell Mobility, RCP, and TCC to each other; and GSM-based roaming services provided by other wholesale roaming providers (Eastlink, Ice Wireless, MTS, SaskTel, TBayTel, and Videotron).

## Call for comments

9. In light of the above, the Commission hereby initiates a proceeding and calls for comments, with supporting evidence and rationale, on the proper interpretation and application of the wholesale roaming caps regime. In particular, the Commission calls for comments on the following:
  - a) What approach(es) should be used to allocate the revenues from bundled wireless services among voice, text, and data for the purpose of calculating the total retail revenues from each service? The Commission is providing, in Appendix A to this notice, descriptions of different approaches currently used by wireless roaming providers.
    - i. Should a consistent approach be applied across all wholesale roaming providers? If yes, what is the appropriate approach? If no, what rules should be adopted? Provide supporting rationale for your response.
  - b) What constitutes “total retail revenue from the provision of wireless services”? In particular, explain, with supporting rationale, whether a wireless carrier should exclude certain revenue streams from total retail wireless revenues and traffic.
    - i. If certain revenue streams should be excluded, which ones? Provide a definition of the revenue that should be excluded. To assist parties in answering this question, the Commission is providing, in Appendix B to this notice, a summary of the revenues that wireless carriers considered should be excluded or included, as set out in their responses during the fact-finding exercise.
    - ii. Explain, with supporting rationale, whether these exclusions should be applied consistently across all wholesale roaming providers. If no, explain why not, with supporting rationale.
  - c) With respect to structure, explain whether the wholesale roaming caps regime should make a distinction between airtime rates and long distance rates.
    - i. If yes, explain how this distinction is consistent with subsection 27.1(4) of the Act.
    - ii. If it is appropriate to distinguish between airtime and long distance rates, on what basis should this distinction be made?
  - d) How should the terms “during a year” and “preceding year” included in section 27.1 of the Act be interpreted?

- e) Should the roaming caps calculated by the wholesale roaming providers pursuant to the Commission's determinations resulting from this proceeding be made public? Provide supporting rationale.
  - f) Are there any other issues related to the calculation of the wholesale roaming caps?
10. The record of the fact-finding exercise is added to the record of this proceeding.

## **Procedure**

11. 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](http://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.
12. Wireless carriers are made parties to this proceeding and may file interventions with the Commission by **9 June 2015**.
13. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues by **9 June 2015**. The intervention must be filed in accordance with section 26 of the Rules of Procedure.
14. Parties are permitted to coordinate, organize, and file, in a single submission, interventions by other interested persons who share their position. 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.
15. All documents required to be served on parties to the proceeding must be served using the contact information contained in the interventions.
16. All parties who filed interventions may file replies to interventions, serving copies on all parties, with the Commission by **19 June 2015**.
17. 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.

18. 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.
19. 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

20. 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.
21. 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.
22. 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.
23. The Commission expects to publish a decision on the issues raised in this notice within four months of the close of record.

### **Important notice**

24. 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](http://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, and telephone and facsimile numbers.

25. 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.
26. 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.
27. 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**

28. 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](http://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.
29. 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

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Secretary General

### **Related documents**

- *Regulatory framework for wholesale mobile wireless services*, Telecom Regulatory Policy CRTC 2015-177, 5 May 2015
- *Review of wholesale mobile wireless services*, Telecom Notice of Consultation CRTC 2014-76, 20 February 2014
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC 2011-693, 8 November 2011
- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC 2010-959, 23 December 2010
- *Industry Consensus Reports submitted by the Contribution Collection Mechanism (CCM) implementation Working Groups*, Order CRTC 2001-220, 15 March 2001



## Appendix A

### Allocation approaches used by roaming carriers in calculating the wholesale roaming caps

Company name	Allocation of bundled services
<b>RCP</b>	Based upon the fair market value (FMV) available for each service. RCP used the closest available rate plans for the data and text message products, with the remainder allocated to voice.
<b>Bell Mobility</b>	<p>Monthly recurring rate plan fees allocated based on a relative FMV leveraging stand-alone or à-la-carte pricing of each service.</p> <p>Revenues not specifically attributable were allocated on a proportional basis of total voice, text, and data revenues.</p>
<b>TCC</b>	Based on relative FMV determined using the company's market price of each stand-alone service or closest service.
<b>MTS</b>	<p>Percentage allocated to text revenue.</p> <p>Percentage of device insurance, activation fees, and termination fees removed from Voice to Data.</p> <p>Percentage of device insurance, activation fees, and termination fees removed from Voice to Text.</p> <p>Common fees were split on a proportional basis.</p>
<b>SaskTel</b>	<p>Subject matter expert percentage of total revenue for the converged plan based on factors such as plan usage limits, target customer base, and actual usage patterns.</p> <p>Late Payment Charge allocated according to the proportionate amount of revenue for each service.</p>
<b>TBayTel</b>	Network utilization percentage.
<b>Eastlink</b>	<p>Based on subscriber records.</p> <p>Remaining monthly revenue allocated based on the fixed value of each service.</p>
<b>Videotron</b>	Appendix B of Order 2001-220.
<b>Ice Wireless</b>	<p>Average income for text based on the average rates charged for text.</p> <p>Deducted text revenue from total retail revenue to obtain voice revenue.</p> <p>All plans contained only voice and text.</p>



