



Final Reply Comments

**Submitted to the CRTC
Re: Telecom Notice of Consultation 2015-134
Review of Basic Telecommunications Service
File number: 8663-C12-201503186**

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OpenMedia is a community-based organization that works to keep the Internet open, affordable, and surveillance free.

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Executive Summary

ES1. In this proceeding, nearly 50,000 Canadians have joined the OpenMedia community to ask the Commission to recognize broadband Internet access as a basic service and to adopt an effective strategy that ensures all Canadians, regardless of where they live or their income, can access reliable services with a minimum standard of basic service in terms of actual speeds, at a reasonable price:

“A successful strategy will ensure that all Canadians have affordable, next generation service. All telecom providers must provide this minimal level of connectivity everywhere they can at a reasonable price.”

ES2. OpenMedia has also engaged large regulated entities to enquire whether they currently offer any services that include minimum warranties of service reliability besides their “best effort” packages, whether they are technically able to do so, and what they suggest would be a reasonable price for a basic service package with a 5/5 Mbps minimum service quality guarantee. While all large operators indicate they have the capacity to deliver minimum service quality guarantees and offer them to large enterprises, none of them currently do so in the residential and small and medium-sized enterprises (SME) markets because they argue there is no demand. None of the operators were willing to disclose internal data on the percentage of their connections that fall above and below the Commission’s 2011 5/1 speed targets in response to OpenMedia interrogatories, or even in confidence to the Commission. They also failed to provide OpenMedia or the Commission with what they think would be a reasonable price for such a basic service package.

ES3. OpenMedia has provided the Commission with the outline of a reasonably priced basic service package that all large incumbents should offer alongside their current offerings as soon as possible. Our proposed approach is designed to minimize potential interference with market forces by allowing operators the flexibility to offer any other service profiles they please. It is designed to motivate regulated entities to invest in a minimum level of basic service by providing them with attractive returns for removing data caps and guaranteeing minimum speeds, starting at the 5/1 Mbps levels and increasing them gradually to 5/5 and 10/10 levels in the next 5 years. OpenMedia has provided the Commission with an appeal-proof plan for developing an effective basic service strategy that is likely to have broad benefits for both consumers and industry. This plan involves holding service providers more accountable for the minimum reliability of the basic services they deliver to their customers, while providing them with the incentives to meet those quality guarantees.

ES4. In their final submissions, various incumbents have laid out a number of very similar, but wholly misleading, characterizations of the mandated basic service package approach. In this final reply comment, OpenMedia addresses these claims. These entities do not provide any evidence that substantiates their claims and do not engage with evidence or OpenMedia's proposal for a basic service package. Instead, they reference conjectures by representatives of the Affordable Access Coalition (AAC) during the oral hearing to argue that such an approach represents a “one size fits all” strategy that requires a “subsidy” and a “price ceiling”. In the case of the basic service package OpenMedia has proposed, these characterizations are wholly erroneous and represent an attempt to distract the Commission from adopting the basic service package approach in order to complement any subsidy mechanisms it may choose to adopt in this matter.

Final Reply Comments of OpenMedia

1. In this proceeding OpenMedia has asked the Commission to build on the approach it adopted with respect to “skinny basic” television access and mandate that all operators offer a basic broadband service package in which they guarantee minimum basic service reliability at “aspirational” 5/1 Mbps speeds the Commission specified in 2011 (increasing minimum guaranteed service levels in the basic package to 5/5 and 10/10 Mbps in stages). OpenMedia has documented the relevance of this approach for providing a broad benefit to Canadian consumers, as well as in the context of concerns about gaps in rural connectivity and affordability associated with the disappearance of low cost options in the market since 2011.
2. OpenMedia has outlined a number of potential approaches to implementing the proposed basic service package, all of which will ensure that delivering such a basic service package does not limit the range of service profiles operators can offer; does not require a subsidy; and in fact ensures service providers earn an attractive rate of return on their investments. Our proposed approach therefore ensures the legality of the package on appeal, which we suspect the Commission should expect from certain parties if it chooses to adopt the strategy OpenMedia has recommended.
3. Recognizing the potential complexities of implementing the basic service package in the context of Canada’s evolving wholesale access regime, we have outlined an approach to reconciling the two in a way that also encourages service-based competitors to offer the basic service package alongside their current product set. In order to promote competition and service differentiation, OpenMedia has also asked the Commission to mandate implementation of a virtual wholesale configuration in CRTC 2015-326 based on Layer 2 control.
4. OpenMedia’s proposal recognizes the complex and differentiated nature of broadband access markets. As a result, we provided the Commission with a proposal designed to minimize potential interference with market forces, and which in fact tries to stimulate them. Adopting a basic service package that includes minimum guaranteed standards of service extends the range of basic service profiles available to all Canadians, including small and medium-sized enterprises (SMEs).
5. Ensuring that the communications service providers deliver some minimum basic standards of service on an equitable basis represents one of the key reasons Parliament established the CRTC as an independent regulatory entity, giving the Commission significant authority to adopt policies that help improve quality and reliability of services under section 7(b) and the conditions of service it considers appropriate under section 24 of the *Telecommunications Act*. Consequently, there are no legal barriers to the Commission’s authority to mandate that all operators provide a minimum standard of service across all their “best effort” service plans.
6. However, we also recognize that a “one size fits all” policy may interfere with market forces as some users might be perfectly happy with the “best effort” offerings currently available in the market, where the service provider takes no responsibility for the minimum level of service reliability. It is for this reason that OpenMedia is urging the Commission to mandate just one basic service package that includes minimum service quality guarantees, rather than asking the service providers to offer minimum quality of service warranties across the entire range of service packages they offer in the market.
7. As documented in responses to OpenMedia interrogatories in this proceeding, delivering broadband services that include minimum guarantees is technically feasible for all large operators. Consequently, our proposal is clearly feasible for them and can be implemented in short order if the Commission chooses to adopt it. For smaller operators that have not yet adopted advanced network control and quality of service monetization technologies, as well as for satellite providers, some adjustment period might be needed to increase their capabilities to offer minimum service quality guarantees. Non-facilities-based competitors might require Layer 2 wholesale control to implement the type of basic service package we have recommended.
8. Setting the price of this basic service package is not necessary for mandating that regulated entities take responsibility for the minimum standard of service they deliver to Canadian consumers. Without setting a price for the basic service package with minimum guarantees, market forces will make it hard for service providers to price the mandated basic package much higher than “best effort” offerings advertising somewhat higher speeds, but lacking any warranty of service reliability. Since most applications do not require much more than 5 or 10 Mbps symmetric connections delivered on a consistent and reliable manner in peak traffic, OpenMedia believes that take-up rates for the new basic service package could be substantial if the

Commission obliges operators to promote the new service in a transparent manner to all customers. This might require some changes to websites and advertising material, but can also help the large operators by making their managers and employees care more about the reliability of basic broadband services they deliver to Canadian consumers.

9. By fixing the price for the basic service package at a level that ensures a healthy profit for operators, the Commission would actually be easing any implementation issues. OpenMedia submits the mandated basic service package should cost around \$30 per month per subscriber, which accounts for per connection fixed and operational costs; attractive margins for service providers; and unlimited data transfers. In addition to stimulating the incentives of market participants to broaden the range of their service offerings and investing in basic service quality, this price point is higher than the \$25 “skinny basic” TV package. Consequently, it is high enough to limit the incentives of vertically-integrated operators to degrade Internet service quality in the hopes of keeping Canadian consumers from “cutting the cord” on traditional TV packages. By ensuring that online activities performed in the basic package do not count against data caps, the proposed approach helps mitigate some of the concerns about “zero rating” and the emergence of a two-tiered Internet.
10. OpenMedia’s emphasis on verifiable minimum service quality guarantees and the removal of data caps by pricing them into the basic package is also designed to deal with various Internet traffic management practices (ITMPs) and differentiated pricing strategies of operators.¹ As oligopolistic and vertically-integrated gatekeepers to Canada’s fixed and mobile broadband Internet infrastructure, the incumbents have the market power to engage in smart pricing, paid prioritization, and service quality differentiation policies for bandwidth-intensive applications such as video and music streaming and high definition contextual advertisements.
11. On face value, these fast lanes may seem beneficial for consumers and companies that can pay the premium requested by the gatekeepers. In practice, however, these types of discriminatory practices have the potential to degrade basic service quality for the delivery of other applications and services on congestion-prone broadband networks. This should be a serious concern for the Commission in terms of standards of service, consumer choice, and access to an open Internet.
12. Because of significant agreement among the parties about our recommendations, a number of incumbents have devoted significant attention in their final submissions to criticizing proposals for a mandated basic service package. These parties provide a number of very similar and wholly misleading claims about the approach OpenMedia and a large number of other parties have proposed. Ignoring the facts about our proposal and the care we have taken to consider their legitimate economic and legal interests, these parties refer to a number of unsubstantiated conjectures by representatives of the AAC during the oral hearing characterizing a mandated basic service as a “one-size-fits-all” solution that will require a “subsidy” and a “price ceiling.”
13. With respect to options for implementation of the basic service package that OpenMedia is urging the Commission to adopt, these characterizations are wholly erroneous. The approach we have proposed has been designed in a way that does not require a subsidy, imply a price ceiling, or interfere with the range of services that regulated entities can offer customers who have differentiated needs and preferences. This final reply comment addresses these unfounded and potentially misleading claims in detail. Unless otherwise stated, all references relate to claims from the final submissions of the regulated entities trying to convince the

¹ For the theoretical underpinnings of OpenMedia’s proposal for minimum service quality guarantees in this basic service proceeding as a strategy for promoting the openness of Internet access of Canadians see: Brennan, Tim. “Net neutrality or minimum quality standards: Network effects vs. market power justifications.” *Market Power Justifications (June 8, 2010)* (2010).

https://www.researchgate.net/profile/Timothy_Brennan3/publication/228245629_Net_Neutrality_or_Minimum_Quality_Standards_Network_Effects_vs._Market_Power_Justifications/links/552516ce0cf22e181e73d669.pdf

Vogelsang, Ingo. “The endgame of telecommunications policy? A survey.” *Review of Economics/Jahrbuch für*

Wirtschaftswissenschaften (2013): 193-269. http://www.review-of-economics.com/download/Vogelsang_2013.pdf

Knieps, G. and Bauer, J.M., 2016. The industrial organization of the Internet. Chapter 2, *Handbook on the Economics of the Internet*. Edward Elgar.

Commission to maintain the outdated strategy it adopted five years ago, regardless of the facts of the case at hand.

14. **Telus** (para. 7) claims: *“.....no Commission subsidies are required for availability or affordability of broadband. The evidence has shown that subsidy proposals advanced by other parties for broadband expansion are unnecessary, costly, and in any event unlikely to be effective. Proposals for a mandated “skinny” Internet package should also be rejected: under the prevailing market conditions, the Commission has no authority to do so, and in any event such a regime would have negative consequences for consumers and national broadband development.”*
15. Even if Telus is correct about the inadequacy of the proposals before you, this does not imply that the Commission should back away from developing a consistent and effective approach to resolving the gaps in coverage, capacity, and affordability clearly documented by a large number of Canadians from all regions of the country. This argument represents an unwarranted attempt to dissuade the Commission from seeking a regulatory bargain that serves the public interest under the objectives of the *Telecommunications Act* with respect to access to reliable and affordable basic communications services of adequate quality in both urban and rural regions of the country.
16. **Telus** (para. 54 to 58) tries to justify its position by claiming the Commission does not have the authority to define minimum service standards and mandate a basic service plan by associating such initiatives with tariff regulation. A basic service package with minimum service standards can be designed with or without a mandated price. Setting a mandated price is incidental to the higher objective of ensuring that a minimum level of service reliability and sufficient data allowances are available to all Canadians. Telus further claims that adoption of a basic service package would be contrary to the 2006 Policy Direction as it will interfere with market forces, but does not provide any evidence to suggest that the type of basic service package OpenMedia has proposed will do so.
17. It is true that our proposed basic service will force operators to expand the range of their service offerings to include one for which the operators must take some responsibility regarding the minimum service quality it provides to its paying customers. This prospect would not, however, interfere with market forces unduly since operators such as Telus will be free to offer whatever “best effort” advertised services they want, with prices and quality levels that differ from the basic service package.
18. **Telus** (para. 59) goes on to claim that *“even if the Commission were to decide that conditions have changed and the facts support ending forbearance from retail Internet rate regulation, it should not impose a “skinny” broadband plan.”* It gives two reasons for this:
19. First, it speculates that *“price is not a significant impediment to adoption, so if the goal of a skinny plan is to increase adoption, it is not likely to succeed.”* Although improving “adoption” represents a worthy goal, we agree that a basic service package may not promote adoption per se, simply because most Canadians have already “adopted” fixed and mobile broadband Internet access. The basic service problem is not necessarily about adoption, but the quality of basic services and the rapidly rising prices Canadians have to pay for the services they need. The basic service package aims to allow even low income Canadians to enjoy all the applications and services they please without fear of data caps, overcharges, or throttling when they use the Internet “too much.”
20. According to the network performance data submitted by OpenMedia in this proceeding, Telus delivers the least consumer value of the large incumbents in terms of median measured download and upload speeds (Figures 3 and 4, OpenMedia Feb. 2016 intervention). Given its performance, it is not surprising that Telus is trying to focus the Commission’s attention on adoption and availability of advertised speeds, and on challenging the Commission’s legal authority, rather than on the failure of incumbents to provide more reliable broadband services to their customers.
21. Second, Telus claims that if the Commission were to adopt a mandated basic service package, *“... TELUS and other ISPs would have to raise prices for other customers in other tiers in order to subsidize the cost.”* This argument might be sound if the mandated basic service package the Commission adopts is priced below cost, but OpenMedia's approach is designed to avoid this very problem by arguing the price for a 5/1 Mbps

service with no data caps (rising to 5/5 and 10/10 over the next five years) should be sufficient to provide operators with an attractive rate of return that encourages them to offer the basic package.

22. What is particularly striking about Telus's argument is that it tries to justify its position based on comments by representatives of the AAC, which includes Acorn, a community-based organization representing low income Canadians, which has itself called for a \$10 a month basic service. At the same time, Telus claims it is willing to offer a \$10 basic service package to low income Canadians, but only if it could access Canada Revenue Agency (CRA) information in order to select who might be eligible for their charity.
23. Although at \$10 a basic service might require a subsidy, particularly in high-cost remote communities, the \$30 basic package with 5/1 Mbps guaranteed speeds and unlimited data will not require any subsidy from other customers. Given that companies like Telus and Rogers say they are willing to provide \$10 a month services to low income Canadians in urban communities, OpenMedia submits that Acorn's original proposal of a \$10 mandated basic service package would be viable without a significant subsidy in most urban and suburban communities. Nevertheless, the point of a basic service package is not to squeeze service providers with a price ceiling or to increase prices for consumers willing to pay for luxury bundles, but to encourage operators to serve the basic service needs of all Canadians by limiting the potential for prioritized traffic and zero-rated services to degrade basic service quality for others.
24. **Telus** (para. 59) reiterates unsubstantiated conjectures by representatives of AAC made at the oral hearing that adopting the type of basic service package OpenMedia and others have proposed "*would be fraught with administrative difficulties*" and "*require a Phase II costing process.*" Both these claims are misleading. If the Commission mandates a basic service package, there will be some administrative costs as operators will have to revise their websites, print new marketing material, and program their network policy control management systems accordingly. However, administrative costs can be reduced in the longer term as take-up for the basic service package picks up, as calls to customer service are reduced, as operators reduce the confusing complexity of plans they offer, and as attention turns from best effort advertised speeds to minimum basic service reliability.
25. In arriving at a reasonable price for the basic package that includes minimum service guarantees and no data caps, various methodological options are available to the Commission, only one of which is Phase II costing. References to Phase II costing are not surprising, given that it allows for a substantial rate of return for operators relative to more transparent forms of cost-plus, retail-minus, or comparative benchmarking approaches to arriving at a reasonable price for a basic service package. Nevertheless, the Commission has sided with Telus and Bell with respect to Phase II costing in the design of the wholesale framework. Once the Commission has determined the new capacity-based wholesale rates, it will be trivial to come up with a reasonable wholesale base price for the basic service package with minimum guarantees, on top of which the Commission should add an additional retail markup that encourages service-based competitors to also advertise and sell the mandated basic service package at a profit. OpenMedia surmises that dividing the wholesale price for the 100 Mbps guaranteed capacity connection by 20 to get to the price for a 5 Mbps service with minimum warranties and no data caps will generate a price lower than the \$30 basic package price we have proposed using a simple cost-plus approach.
26. **Bell** (para. 48): Unlike Telus and SaskTel, which continue to deny the existence of any problem needing action from the Commission, Bell appears to have pulled back from its strategy in its earlier submissions regarding the gaps identified by consumer advocacy groups and rural communities. However, Bell continues to mischaracterize the nature and extent of basic service problems in its final submission by focusing on geographic coverage gaps and "availability" data based on advertised speeds that operators supply to the CRTC, stating that: "*No other party has presented a viable solution to the problem of providing access to the 4% of Canadians that do not currently have access to speeds of 5/1.*"
27. This characterization of the scope of rural connectivity problems ignores the fact that, while 5/1 advertised speeds may be theoretically available, the limited incentives of operators to reinvest in network capacity means actual speeds are consistently lower. OpenMedia agrees that extending terrestrial access to where there is currently none should be considered a priority, but for the 4% of communities that Bell considers "unserved," satellite broadband access is likely to remain the only option for a long time. Bell's position ignores the problem identified by many rural communities, including in the report from Bowen Island BC submitted by OpenMedia, that the barrier to accessing basic services is the minimum quality of services and

speeds that service providers actually provide - not - lack of “coverage” per se, given that satellite services cover everyone already.

28. In addition to grossly underestimating the scope of rural capacity problems, Bell suggests coverage gaps should be resolved using a centralized auction or bidding mechanism, which would provide incumbents such as Bell with a clear advantage in winning any such contracts. Bell’s proposed approach in its final submission would also result in bypassing oversight by and accountability to local communities, municipalities, and the provinces. OpenMedia strongly disagrees with Bell’s proposed top-down approach to addressing the digital divide between rural and urban communities as it would mean repeating well-known mistakes associated with deferral account funds and the Connecting Canadians program.
29. **Bell** (para. 62-72) devotes significant attention to the potential for the adoption of a basic package, without providing any substantive evidence or arguments. Instead, as in the case of Telus noted above, Bell primarily relies on conjectures by representatives of the AAC during the oral hearing to dismiss the value of the proposed approach. Bell presents two misleading characterizations of the type of basic service package that OpenMedia has proposed based on unsubstantiated claims by AAC at the hearing, almost verbatim.
30. First, Bell argues that a basic service package involves “uniform pricing” and represents a “one size fits all” solution, quoting comments by one of the lawyers for Public Interest Advocacy Centre (PIAC) representing AAC, who stated before the Commission that such an approach would “restrict household choice to a prescribed and imposed level of service that may not meet the low-income household’s needs.” OpenMedia’s proposal is not designed to restrict the range of options in the market as operators will be free to offer other services at any price they want, at any advertised speeds they please, on a “best effort” basis, as well as other service packages with minimum service quality guarantees. For example, if certain operators truly believe that the 5/1 Mbps on a best effort basis is good enough for some of their customers, they should be allowed to continue to offer it at an unregulated price they feel is appropriate. As long as operators offer the mandated basic service in good faith, the Commission should not restrict the range of other services they offer or force them to guarantee a minimum level of service on all their existing broadband packages.
31. Second, again relying on statements by AAC representatives at the hearing, Bell reiterates the claim that a mandated basic package approach would not be appropriate as it would inherently require a subsidy, and therefore “*creates an incentive for the carriers not to sign people up for this because every time then it’s a cost to add another person.*” OpenMedia understands the logic of this threat, which is why in our previous submission we indicated the Commission should not set too low a price for a basic package, such as the \$10 package proposed by Acorn. At too low of a price, actual speeds and data caps are likely to be too low for most users, making such a price unsustainable in terms of ensuring that operators have enough incentive to increase network capacity in response to growing demand. This is why OpenMedia added \$15 for unlimited data based on current market prices and another \$5 for an attractive profit margin to arrive at our proposal for a \$30 basic service package.
32. Alternatively, the Commission can simply determine the price for the basic service package based on current wholesale capacity pricing proposals and the disaggregated access design it is contemplating. It could then divide the wholesale price for the 100 Mbps service by 20, adding some margin to the retail price of the mandated basic service package in order to encourage both the incumbents and service-based competitors to actively market the more reliable basic service package in a transparent manner. This will increase consumer choice by expanding the range of services relative to those currently available. This approach will not require a subsidy in most cases, except potentially in some very high cost rural and remote communities; and can be implemented in a manner perfectly consistent with the new wholesale regime the Commission is currently developing.
33. **SaskTel** (para. 63) claims that “*the introduction of regulatory measures, such as skinny broadband, would be inefficient and has the potential to discourage investment within the industry long term.*” This statement could be correct if either the minimum service quality standards or the price of the package are too low, both of which would reduce the incentives to offer the basic service package. This is why the approach OpenMedia has outlined is designed to improve basic service quality by encouraging operators to be more accountable for the minimum service level they deliver, without restricting the range of their marketing strategies and other service packages they can offer. This is likely to have the opposite effect of that claimed by SaskTel, as it will

incentivize operators to care more about the minimum reliability of the services they offer than about the maximum best effort speeds they can advertise.

34. **Rogers** (para. 54, 65); **Shaw** (para. 21, 96); **Cogeco**, (para. 40-46): The cable companies offer a critique of proposals to mandate a basic service package that is very similar to the claims by Bell and Telus. They all reference conjectures by AAC that adopting such an approach represents “one size fits all” and an inefficient “subsidy,” using language that suggests AAC represents the interests of all Canadian consumers. Although AAC may represent the opinion of its stakeholders, it is only one of the many consumer groups and community organizations that have participated in this proceeding. Neither the AAC, nor the incumbent operators who are relying on AAC’s conjectures, have provided any evidence to substantiate their claims that a mandated basic service package will interfere with market forces or require an inefficient price subsidy. This is clearly not the case with the basic service package that OpenMedia has urged the Commission to mandate.
35. As documented in responses to interrogatories from OpenMedia, the large incumbents have already deployed network control and quality of service monetization technologies that enable them to offer a basic service package that includes minimum guarantees of service reliability. However, none of them are currently offering any services besides their standard best effort packages, and they continue to maintain that the range of services they offer is sufficiently diverse to fit the needs of all customers. It is not surprising that these incumbents neglect to engage with any of the substantive questions raised during the interrogatory stages of this process or with the details of OpenMedia’s proposal that prove it is not a “one size fits all” solution and will not require a “subsidy” or a “price ceiling.”
36. Regarding the contention that mandating a basic service package will require a subsidy, it is important to note that the headline price (excluding data overages, fees, and other hidden charges) of basic service packages currently offered by many of the incumbents is consistent with the \$30 benchmark OpenMedia has proposed. The key difference is that under our proposal operators will be required to guarantee the minimum reliability of services they actually deliver to their customers, while accounting for unlimited data in the package so as to avoid abusive marketing practices that target low income Canadians with low subscription prices and exorbitant data overage charges.
37. Despite the fact that some of the incumbents were not able to sustain their positions under questioning by the Commission during the oral hearing, in their final submissions most have again totally ignored the facts on the record about the basic service quality and affordability issues that are at the centre of this proceeding. While these parties pay considerable attention to proposals for a mandated basic service package, they have ignored many of the large number of proposals recommended by other parties that have contributed to this proceeding. For example, **Bell** (para. 49-50) refers to the rural subsidy program proposed by AAC, which it dismisses as being too expensive, but goes on to propose a top-down auction model broadly similar to what AAC proposes. However, Bell does not address other proposed approaches to addressing rural market failures offered by parties from all regions of Canada. The statement (para. 48) that “no other party has provided a viable solution...” is thus thoroughly misleading since Bell does not address any of them besides the one from AAC.
38. OpenMedia urges the Commission not to be distracted by the incumbents’ attempts to develop an expensive and unsustainable rural subsidy program under which operators receive funds from the government, with little or no due diligence in terms of gap identification, stakeholder consultations, and performance monitoring from local communities, residential and business users, and lower levels of government. Public/private partnerships in which the public sector maintains an active role in directing and monitoring rural broadband infrastructure development are more complex to organize than direct subsidies (as in the case of deferral accounts and Connecting Canadians), but such community-based broadband partnerships have proven to be substantially more cost-effective in terms of the per-connection public subsidies they require.
39. We urge the Commission to note that a mandated basic service is perfectly consistent with the adoption of various proposals for industry-funded subsidies to resolve rural infrastructure and affordability gaps. Those receiving targeted affordability subsidies should remain free to purchase the mandated basic service package, or any of the other best effort offers that fit their individual needs. In rural areas that require subsidies, a 5/1 or 5/5 guarantee of minimum speeds in peak traffic periods should be the least consumers can expect from service providers receiving public subsidies. Having a mandated basic service package with minimum

specifications will make it easier for communities to hold service providers accountable for their performance, encouraging service providers to reinvest in network capacity as demand continues to grow.

40. Although all large operators use essentially the same arguments, based on comments by AAC, in their final submissions, Telus and Shaw are especially aggressive in their claims. According to data submitted by OpenMedia in our February intervention (Figures 3 and 4), the median download and upload speeds Telus and Shaw actually achieve are substantially below those of their counterparts in Eastern Canada. Given that the Commission has exempted incumbents in the West from the scope of the new wholesale access framework, OpenMedia argues that it is particularly important to adopt basic service policies that encourage them to invest more in the reliability of their services, in order to ensure a degree of parity in terms of the quality of basic services experienced by Western and Eastern Canadians.

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