

NetworkWorld*

CRTC shines light on dark fibre

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The CRTC recently ordered Bell Canada and Telus Communications (Quebec) Inc. to file proposed tariffs for inter-exchange dark fibre access in a bid to promote competition in the private network market.

The commission also asked Telus Communications Inc., SaskTel, MTS Communications Inc., Aliant Telecom Inc. and Telebec to show why they shouldn't also be forced to file tariffs for inter-exchange dark fibre.

Dark fibre is sold to carriers, ISPs and other large customers without any electronic signaling equipment, such as routers or switches. Customers purchasing the dark-fibre access would be responsible for setting up their own switching gear.

The CRTC's move could lower costs for organizations, such as municipalities, school boards and large enterprises seeking to build their own private networks, said Mark Quigley, an analyst with Yankee Group Canada in Ottawa.

"At the end of the day, customers would benefit from a price perspective... because if Bell is forced to offer lower costs [to competitors], there would be two or more competitive providers with similar price points going in," he explained. "Which means that there's always room for price reductions after that."

The CRTC decision was based on an April, 2003 submission from Xit Telecom, a Quebec-based outfit that helps organizations design and build private fibre networks. Xit has done work in seven provinces and the U.S. in cities such as Kamloops, B.C., Timmins, Ont. and Fredericton, N.B.

5 Xit had complained that Bell, Telus Quebec and Telebec were selling surplus dark fibre capacity to end customers at rates less than the cost of new construction, while charging more to potential competitors, such as Xit, for the same access. In its submission to the CRTC, Xit said the only way to ensure fair competition in the dark fibre market was to force the facilities-based carriers to issue general tariffs that would apply to all customers.

Bell replied in its CRTC submission that construction costs on fibre routes can

vary significantly and that imposing a general tariff would allow competitors to enter the market without having to pay the true costs of construction. The carrier also noted that a tariff would discourage investments in fibre builds and hamper facilities-based competition. Telus Quebec also argued that a general tariff on dark fibre would be unfair to facilities-based providers.

In its ruling the commission said that the current practice of allowing facilities-based providers to sell dark fibre access under Special Facilities Tariffs, which vary from case to case, allow these providers to withhold access to potential competitors, or charge unfair rates. The CRTC also noted that because the SFT process takes time to iron out, competitors may have trouble bidding on contracts with customers.

The dark fibre market isn't a large component of the overall Canadian telecom market, so the imposition of an inter-exchange dark fibre tariff won't be an onerous requirement on the facilities-based carriers, said Lawrence Surtees, an analyst with market research firm IDC Canada.

The decision dovetails with the CRTC's mandate of making the telecom market as competitive as possible, he added.

"Making this a tariffed offering forces a facilities provider to offer the same price to all who want to buy it," Surtees said.