Bell looks to CRTC for relaxed regulations
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Bell Canada says the government should stop regulating its business in "the highly competitive market for high-speed, fibre-based digital services" so customers can "realize the full benefits of competition, including market-driven prices."

The telco said it is asking the Canadian Radio-television and Telecommunications Commission (CRTC) to forbear from regulation digital network access services at DS-3 speeds and higher, special routing services at DS-3 speeds and higher, high-speed metro services and future services that fall under the same umbrella.

According to Lawson Hunter, executive vice-president of Bell's parent company BCE Inc., forbearance would put Bell in line with market trends.

"Prices have been falling for these services. That's one of our concerns, something which we think reflects how much competition there is out there. As a matter of fact, [recently] we filed applications to reduce our tariffs for some of these DNA-type services by as much as 54 per cent.

"You might say, 'If you did that, why are you seeking forbearance?'" Hunter continued. "The problem we have is we have to get approval every time we do that. It doesn't give us the flexibility to respond to the current market pricing."

Mark Quigley, a telecom industry analyst at The Yankee Group Canada, wondered if Bell's application stemmed from "the hand-slapping" that the carrier received last year, when the CRTC found that Bell had offered regulated services for below-regulation prices. The Commission cracked down on bundled services after that.

But Hunter said the application is the result of a healthy, competitive market for network services, and no particular incident, although he also pointed out that municipal electricity companies-turned-service providers like Toronto Hydro Telecom Inc. are coming on strong. "The enterprise business is just very, very competitive. But we are still heavily regulated in that space."

Hunter added that Bell wouldn't apply forbearance across its entire incumbent operating region, Ontario and Quebec, but only in places where competition is strong.

"It would be about 120 out of about 1,000 exchanges in our territory that would meet the test. But they're the larger ones, so it's the great bulk of our revenue."

Ian Miles, president of Toronto Hydro Telecom, said he is concerned that forbearance would make it that much harder for his company to compete against Bell.

"Will there be adequate protection around cross-subsidization of other services that Bell also offers?" he said, pointing out that Bell could offer data services at below cost and subsidize the loss with voice service revenue, if the CRTC doesn't put in certain safety nets. "If there were no safeguards in place, it would allow [Bell] to rifle-shoot our services."

Chris Peirce, vice-president of regulatory and government affairs at Allstream Corp., said Bell's application is "breathtaking," and not in a good way. The CRTC's own report on competition found that "there's no greater concentration of market power in any other segment as there is in the big business segment," he said.

"It's clearly an orchestrated effort on [Bell's] part to redefine what competition means. You can see it in Michael Sabia's comments to the Chamber of Commerce."

In a speech before the Canadian Chamber of Commerce in Ottawa in February, Bell CEO Sabia called for a new regulatory regime that accounts for the changing communications landscape. Nowadays cable companies offer voice services to compete against Bell's core products, and wireless service providers continue to eat away at the wireline carriers' market share.

Sabia said different kinds of service providers operate under different rules, and that must change. "There should be one set of rules to ensure ongoing, aggressive competition."