

RESPONSE TO UNDERTAKING
INFORMATION REQUESTED BY
THE CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION
(Transcript Ref: Vol. 2, para. 1770)

Q. What is the basis for assertions that Bell Canada's provisioning costs could be as low as .08 or even .01 per gigabyte.

- A. Two cost estimates have been prepared in an attempt to provide a factually-based estimate of per GB transport costs on Bell Canada's network. The first, prepared by Lemay-Yates on behalf of Netflix is on the record of this proceeding and estimates that the incremental per GB cost for heavy users of Bell's network is likely 1 cent or less.¹ A second cost estimate, also commissioned by Netflix, was produced by Dr. Michael Geist and concludes that Bell's per GB cost in an urban setting will be in the range of 8 cents.²

The Geist study is based on rare costing information made available by Bell in the follow up to TD CRTC 2008-1, the deferral accounts decision, through various interrogatories.³ Based on a 15 year plan to provide wireline connectivity to rural communities, the model estimates a range of prices based on a number of different equipment configurations and usage scenario cases, summarized in Table 5:

case	OC4	OC12	OC48	Notes
A	\$0.3452	\$0.1192	\$0.1007	HPSA costs; usage per Case B
B	\$0.3078	\$0.1063	\$0.0898	subscribers assuming 1 GB overage
C	\$0.3078	\$0.1016	\$0.0844	subscribers assuming 0 GB overage
D	\$0.3078	\$0.0980	\$0.0759	more subscriber growth

¹ See Lemay-Yates Associates, "The Cost of Incremental Internet Transit Bandwidth in the Local Access Cloud", Attachment to Netflix, "Initial Comments to TNC CRTC 2011-77", March 28, 2011.

² See Attachment A to this Response to Information request.

³ See appendix B to Geist, *supra*, attachment A.

case	OC4	OC12	OC48	Notes
E	\$0.3078	\$0.0825	\$0.0501	max subscribers, no roll-out
F	\$0.3078	\$0.0767	\$0.0191	saturated backhaul

Table 5: Cost per GB Capacity

As the raw data that forms the basis of the Geist study is intended to cover a full buildout in rural areas, including higher premises pricing, the study concludes that an accurate per GB figure will be closer to the theoretically lowest figure of \$0.019/GB.

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