

## **As a public utility, Toronto Hydro Telecom could supply Internet to homes across Toronto**

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Mayor David Miller's recent request to Toronto Hydro Corporation that it hold off on selling its wholly owned subsidiary Toronto Hydro Telecom (THT) marks a welcome reprieve for what could be a great asset to Torontonians.

In 2006, THT announced boldly that it would bring affordable broadband Internet access to all 1 million households and 80,000 businesses in Toronto.

At the time, it seemed well-positioned to take the lead internationally in providing universal Internet connectivity. THT already operated a 450-kilometre fibre optic network providing data services to many of Toronto's major businesses.

With the recent acquisition of the city's street lighting poles by its sister company, it could relatively cheaply and easily deploy wireless meshing technologies to blanket the entire 600-plus square kilometres of metropolitan Toronto.

One Zone, THT's wireless Internet service, proved to be a resounding technical success. Novarum, an independent broadband wireless consulting firm that tested all the major wireless services in North America, announced that One Zone was by far the leader in terms of speed. It was especially impressed that "this exceptional performance is being delivered in the challenging environment of a dense urban canyon."

However, after one year of operation, One Zone remains confined to just six square kilometres of the downtown core (at \$29/month, \$9.99/day, \$4.99/hour) with little sign of it going any further. Toronto has fallen behind other cities, which are now doing a much better job of bringing the benefits of broadband Internet to their citizens.

Behind this story of raised hopes and faltering promise lie several complexities and missed opportunities. These mainly stem from THT acting as a commercial competitor, in effect, seeking to make a profit from Toronto residents by charging them for access to facilities they

already own. Instead, THT could more efficiently and directly provide services of greater benefit to the public.

Operating as a public utility, THT could ubiquitously supply the basic residential Internet service now needed by nearly all Toronto citizens for an average annual household cost in the range of \$100.

If funded through property taxes the same way as street lighting, the roughly 60 per cent of households currently subscribing to broadband Internet service would save, on average, \$300 to \$400 per year.

The cost savings would be even greater, if the envisioned link to the provincial Smart Meter program could go through. It would also enable many of the more than 20 per cent of households that do not have Internet access to get it for the first time.

In addition, a THT city-wide fibre/wireless network could be an important boost to city departments and other civic services that have growing needs for networking, such as education, libraries, police and emergency health services.

Not only would the city's major institutions be better served if linked via city-controlled fibre, as "anchor tenants" they would further reduce the cost of connecting residences and businesses in their vicinity.

Toronto Hydro Telecom faces several technical and business hurdles in achieving this public benefit vision for its wireless and fibre networks, but the most significant challenge may be its governance structure.

THT is treated legally as a private corporation, in which pursuing profit is put ahead of the public interest. This status resulted from provincial reregulation of the electricity industry in the 1990s.

The Tory government of the time required cities in Ontario to privatize their public electricity distribution enterprises and spin off certain company assets, such as telecommunications, into separate, private corporations. One of these became THT. The perverse result is that while the taxpayers of Toronto still own THT, they are, in effect, blocked from using it as a means to directly serve their networking needs.

Toronto Hydro Telecom has the resources and experience to build a broadband network that would serve Torontonians well, but this opportunity has so far been missed because of political short-sightedness.

This could change with strong political leadership at the municipal level and working creatively within the current legislated framework.

An important precedent for this is the way in which Toronto Hydro-Electric, THT's sister company which distributes electricity in Toronto, actively promotes energy- saving measures. Cutting energy consumption runs counter to Toronto Hydro's short-term financial interests but is responsive to strong popular and political pressures to promote long-term environmental sustainability.

A similar approach can be taken for universal, affordable broadband services.

The cash-strapped City of Toronto may still be tempted to sell this asset, but if it were to exercise its current ownership of THT intelligently, the citizens of Toronto would stand to save money and gain a valuable public infrastructure appropriate to this information age.

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