



Jonathan L. Holmes
Executive Director
regulatory@itpa.ca

3 November 2017

Senior Director
Spectrum Licensing and
Auction Operations
Innovation, Science and Economic
Development Canada
235 Queen Street, 6th Floor
Ottawa, Ontario
K1A 0H5

Sent electronically via: ic.spectrumbauctions-encheresduspectre.ic@canada.ca

Subject: Canada Gazette Notice No. SLPB-005-17 – Consultation on a Technical, Policy and Licensing Framework for spectrum in the 600 MHz Band

1. Pursuant to the procedures established in *Consultation on a Technical, Policy and Licensing Framework for spectrum in the 600 MHz Band*, Canada Gazette Notice No. SLPB-005-17 (“the consultation document”) the Independent Telecommunications Providers Association (“the ITPA”) hereby submits its reply comments.

2. In its initial comments the ITPA stated that it would not be addressing each of the questions posed by Innovation, Science and Economic Development Canada (“ISED”) in the consultation document. Its comments focussed on the question of Licence Areas in section 7 of the consultation document. Unless the barriers posed by ISED’s Tier sizes are resolved for small service providers discussion of the remaining issues canvassed by ISED is irrelevant. Large providers have no incentive to deploy in low density areas where ITPA members have been established for over 100 years in many cases. ITPA members have their roots in their communities and want to enhance their service

offerings by adding wireless mobile communications. Large service providers will concentrate their marketing and build-out efforts in large urban areas. The proposed process does nothing to facilitate the participation of ITPA members as it makes it impossible for small providers to get access to the essential spectrum.

3. A review of the comments filed for this consultation reveals that several parties are opposed to the use of Tier 2 licence areas for this spectrum auction. Although the ITPA understands the views of the parties proposing Tier 3 and Tier 4 licence areas, and though this would certainly be an improvement from the current Tier 2 approach, the ITPA is of the view that this would not be enough as we discuss in the following paragraphs.

4. For example, at paragraphs 29 and 30 of its comments the British Columbia Broadband Association states:

The BCBA strongly objects to ISED's proposal to use Tier 2 service areas for this spectrum.

While the 600 MHz band does indeed present a potential for interference over long distances, the use of Tier 2 service areas is not justified by this concern. The FCC auctioned this spectrum using Partial Economic Areas, which are broadly smaller than Tier 4 service areas. (emphasis added)

5. At paragraph 10 of its comments Ecotel Inc. states:

The proposed tier-2 license areas will only allow existing carriers to increase their current spectrum portfolio and will prevent smaller carriers like Ecotel, whose business plans specifically target rural and remote areas, to bid in the upcoming spectrum auctions.

6. At paragraph 44 of its comments Eastlink states:

Eastlink is unable to outbid auction participants planning to serve Toronto and Calgary for spectrum licences that we may only intend to use in very rural areas of southern Ontario and Alberta... it may be in Canadians' interest to have the spectrum made available to those regional service providers committed to rural areas, and that the related benefits may offset any potential coordination required for interference issues.

7. At paragraph 46 of its comments Sogetel Mobilité inc. states:

Pour résumer, Sogetel croit que la division des zones de service proposées est inadéquate et continuera de défavoriser le déploiement de la technologie en milieu rural, ce qui va à l'encontre des objectifs visés par le Département. Comme les enjeux pour fournir des services sans fil en zones rurales et urbaines sont différents, Sogetel propose que ISDE considère les options suivantes en ordre de préférence:

- Mise aux enchères du spectre selon des zones de service de niveau 4 sur l'ensemble du territoire.
- Redéfinir les zones de service pour mieux circonscrire les zones urbaines des zones rurales et réaliser les enchères en deux parties.
- Mettre en place des mécanismes pour faciliter la subordination du spectre et favoriser l'accès au spectre par les fournisseurs de service régionaux et le déploiement de la technologie en milieu rural.

8. For its part, Cogeco Communications Inc. ("Cogeco") also objects to ISED's proposed use of Tier 2 licence areas. What must first of all be pointed out about Cogeco, however, is its size relative to the members of the ITPA, the Canadian Cable Systems Alliance and the companies noted above. As of 31 May 2017, Cogeco had 1,926,537

customers in Canada,¹ which makes it far larger than these other companies. With that in mind, it is interesting to note Cogeco's position on licence areas. Cogeco states:

65. ISED [should] license 600 MHz spectrum on the basis of Tier 4 service areas, certainly for the set-aside portion. On a going forward basis, Cogeco recommends Tier 4 or lower² be the starting point for the release of all new spectrum licensed on the basis of competitive licence service areas.

...

71 With respect to the argument that Tier 2 service areas would allow more effective use of radio spectrum, Cogeco respectfully disagrees and notes that the opposite may well be true. As pointed out earlier, large service areas which encompass densely-populated urban centres allow service providers to meet their coverage obligations by serving only the core urban centres. Other parts of the service area, then, do not need to be covered by that licensee's network at all, leaving radio spectrum there completely unused.

...

86. This means ISED should license [600 MHz] on the basis of Tier 4 service areas or smaller.

...

103 Cogeco notes, however, that a number of Tier 4 service areas are unusually large, and recommends that some of these should be slightly

¹ See Cogeco's 3rd Quarter 2017 *Shareholder's Report – Three and nine-month periods ended May 31, 2017*, section 8.1 Customer Statistics, page 14.

² The ITPA assumes that the term "lower" as used by Cogeco means "smaller" geographic areas. See also paragraph 86 of Cogeco's comments as noted in these reply comments.

modified by excluding certain large Census Metropolitan Areas from the Tier 4 areas in which they are currently located, such as Toronto, Montreal and other large cities. These small modifications could be completed rapidly and would have no impact on the schedule of the auction, while enabling regional and smaller carriers to participate in the 600 MHz auction for the benefit of Canadian consumers wherever they live.

9. SILECs do not have large operating territories that encompass significant population centres by which they can cross-subsidize the roll-out of services into rural areas. The population density of SILEC operating territories necessitates the availability of spectrum allocations in smaller service areas than even Tier 4 areas. These smaller service areas could extend the reach of services through this spectrum to Canadians that are currently unserved or underserved by leveraging their local presence and focus and their existing on-the-ground network footprint. To date, ISED has been reticent to use different, smaller Tier sizes that could facilitate the participation of small service providers in spectrum auctions. However, small service providers have a proven ability and incentive to leverage new technologies into their service portfolios if a successful business case can be developed.

10. On the other hand, ISED cannot and should not rely on large corporations, which could theoretically cross-subsidize services over a large footprint from high density to low density areas to do so. They have not done it willingly for Internet networks for business reasons, nor have they done it with the previous frequency bands for wireless mobile. The business rationale that existed then is still current. The new spectrum band will not, if auctioned total to large corporations, improve coverage in remote and rural areas.

11. The first step required to foster/promote reliable wireless mobile services for Canadians living in rural and remote areas is to facilitate participation by small carriers by clearing the obstacles created by the use of large Tier areas. If ISED does not take this initiative in this proceeding it will effectively foreclose on the participation of small

carriers in the 600 MHz auction, as has been the case with previous spectrum auctions in the recent past and will irremediably prevent the deployment of cost effective and reliable wireless mobile networks in those territories.

Yours truly,

A handwritten signature in black ink that reads "Jonathan Holmes". The signature is written in a cursive style with a large initial "J" and "H".

Jonathan Holmes

Cc: Canadian Cable Systems Alliance (CCSA)