



TELUS
215 Slater Street, 8th Floor
Ottawa, Ontario
Canada K1P 0A6

www.TELUS.com

Michael Hennessy
Vice-President
Wireless, Broadband and Content Policy

613 597 8459 Telephone
1 866 844 3404 Facsimile
michael.hennessy@telus.com

January 22, 2008

Mr. Michael Connolly
Director General
Radiocommunications and
Broadcasting Regulatory Branch
Industry Canada
300 Slater Street
Ottawa, Ontario
K1A 0C8

Dear Mr Connolly:

Subject: Gazette Notice DGRB-012-07 – Update on Clarification Questions for the AWS Policy Framework and Deadline Extension for the Consultation on Proposed Conditions of Licence (DGRB-010-07)

In the above captioned Gazette Notice the Department invited questions pertaining to clarification of the Policy Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range (AWS Policy Framework) and additionally of the licensing rules and procedures that are contained in the Licensing Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range (AWS Licensing Framework).

TELUS hereby files with the Department the following questions regarding the AWS Policy Framework and the AWS Licensing Framework.

Yours truly,

A handwritten signature in black ink that reads 'Michael Hennessy' in a cursive script.

Michael Hennessy

1. Will the Department, when setting the opening and closing times for bidding rounds throughout the spectrum auction take into consideration that there will be bidders on both the west coast and east coast of Canada i.e. reasonably convenient times for all bidders not just those in the EST time zone?
2. TELUS is concerned that if parties do not meet the ownership requirements of the Department and participate in the auction, the auction could be distorted by ineligible bidding and subsequently be challenged in Court resulting in delay or re-auction. Is it the intent of Industry Canada to perform a sufficient level of due diligence on prospective bidders such that it is certain that all bidders will be qualified to operate and control spectrum licences won in the auction?
3. If yes to 2 above how can the Department assure parties that all bidders are in fact eligible to bid in order to prevent distortions in the bidding process?
4. If yes, will it be necessary to go through any further process to obtain a licence once it has been won through the auction?
5. If a non-qualified bidder were to slip through the initial screening phase but caught in the post auction review process, what would the Department propose to do for those participants in the auction that bore increased cost due to the presence of the unqualified bidder? Will there be partial refunds or other credits given to such parties?
6. In the case of number 4 above what will become of those licences won by the unqualified bidder? Would it differ if the licences were from the set aside blocks?
7. Is it the intent of Industry Canada to publish the beneficial ownership information of all qualified bidders on their spectrum auction website before the spectrum auction starts in order to allow all parties sufficient information to assess whether they are in fact bidding only against qualified bidders? Will individuals using numbered companies and having beneficial ownership of 10% or more in such entities be identified?
8. Does Attachment E (Declaration of Ownership and Control by Provisional Winners of Spectrum Licences in the 2 GHz Range Including AWS, PCS and the Band 1670-1675 MHz) to the Application to Participate in the Auction Form only have to be filed after the conclusion of the spectrum auction, not with the Application to participate as seemingly indicated in Appendix D of the AWS Licensing Framework?
9. Will Industry Canada confirm that the time frames outlined for tower site sharing applications are for one application for a single site? If so, can the Department confirm that, in the event of multiple applications for multiple sites at or nearly at the same time, the Department is prepared to extend as much as is reasonable any final time frames laid out in the conditions of licence? If yes, will such a decision by the Department be subject to binding arbitration?
10. In section 4.13 of DGRB-011-07 (AWS Licensing Framework) the Department states that pursuant to DGTP-010-07 it will post the final conditions of licence for mandated roaming and antenna tower and site sharing. Given the Department's and CRTC's long time policy and regulatory initiatives to promote facilities based competition will there be requirements or incentives for new entrants to quickly fulfill their build-out requirements instead of potentially relying on a "gaming the system" approach to rate setting?
11. Will the Department make known the bid increment (percentage) that will be used in each of the spectrum auction's three stages before the commencement of the Spectrum Auction?

12. In the AWS Licensing Framework the Department states that “If required, this auction process will continue in a second phase which will commence within one year following the cessation of bidding in the first phase.” Other than spectrum licences receiving no bids in the first phase what other conditions would occur to have spectrum available in the second phase?
13. Are stage transitions determined on the basis of the composite set-aside/competitive auction or separately for each sub-auction?
14. With respect to section 6.5 of DGRB-011-07 (AWS Licensing Framework) the Department has set the opening bids at a level that approaches six times as high as the recent U.S. AWS auction (5 cents versus 28 cents) presumably to correct for the lack of competitive intensity for the set-aside spectrum but by doing so made bidding a very expensive proposition in stage 1 thereby decreasing participant’s ability to compete for given licences. Given this, the logic of using a 15% bid increment for stage 1 of the spectrum auction is questionable since this would double the bid within 5 rounds. Is the Department willing to consider a smaller bid increment for stage 1 in order to allow for more competitive bidding to take place?