



Industry
Canada

Industrie
Canada

December 2003

Spectrum Management and Telecommunications Policy

Spectrum Licensing Policy for Cellular and Incumbent Personal Communications Services (PCS)

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Executive Summary

In December 2002, the Department released a Gazette Notice DGRB 004-02 entitled *Consultation on a New Fee and Licensing Regime for Cellular and Incumbent Personal Communications Services (PCS) Licensees*. Industry Canada proposed a transition of the cellular and incumbent PCS licensees to a new licensing and fee regime based on spectrum licences and a common fee. Comments and reply comments were received in March and April 2003. There was agreement among respondents on the majority of the attributes of the proposed fee and licensing regime. However, there was no support for the proposed fee rate, and there was no support for the proposed new condition of licence concerning System Access Fees (SAF). Industry Canada analysed all the comments received on the various aspects of the policy and licensing process and is now in a position to define the final policy for the transition of cellular and incumbent PCS licensees to the new licensing regime.

In proposing a fee rate the Department used as a basis an existing cellular network and the annual fees being paid to the Department for this network. The respondents stated that using these fees would mean an overall increase in annual licence fees. They proposed a number of alternatives including one that was based on the current level of fees paid by the industry. Our review indicates that a fee rate based on the current level of fees paid by the industry is suitable for this spectrum. Concurrent with the publishing of this policy, the Minister is issuing a fee order pursuant to section 19 of the *Department of Industry Act*, in order to implement the new fee regime by April 1st, 2004.

The Department also proposed a condition of licence that would require licensees to clarify the SAF charge to their subscribers. The respondents felt this was an inappropriate and unnecessary condition for a spectrum licence. Our review indicates that it is indeed in the interest of consumers to impose a condition related to SAF, as it helps consumers understand the charges on their bills. The condition meets our objectives of protecting consumers (as clearly defined within section 6 of the *Department of Industry Act*) and maintaining an efficient and effective competitive marketplace (as mandated in the *Telecommunications Act*). However, the Department will amend the proposed condition to reflect the concerns raised by respondents in the consultation.

It is the intention of the Department to implement the new fee and licensing regime for cellular and incumbent PCS licensees by April 1st, 2004.

1. Background

In December 2002, the Department released a Gazette Notice DGRB-004-02 entitled *Consultation on a New Fee and Licensing Regime for Cellular and Incumbent Personal Communications Services (PCS) Licensees*. Industry Canada proposed a transition of the cellular and incumbent PCS licensees (refer to Appendix A for a list of licensees) to a new licensing and fee regime based on spectrum licences and a common fee. The goal of the proposal was to meet Industry Canada's priority of creating a marketplace framework for the wireless telecommunications industry that is fair, efficient, and competitive. The framework would operate in accordance with common regulations, policies and procedures. This framework would further the telecommunications policy for Canada as set out in section 7 of the *Telecommunications Act*, the objectives of which include fostering increased reliance on market forces for the provision of telecommunications services and ensuring that regulation, where required, is efficient and effective. This provides the stability and efficiency required to conduct business, while maintaining consumer confidence in the products, services and transactions of the marketplace.

The proposed licensing regime also had as a goal to meet the government's commitment toward *smart regulation*. The Speech from the Throne 2002 committed the government to move forward with a smart regulation strategy "...to accelerate reforms in key areas to promote health and sustainability, to contribute to innovation and economic growth, and to reduce the administrative burden on business." By eliminating the need for annual radio licences for each site (currently over 5000), the administrative burden on the industry will be reduced.

Comments and reply comments were received in March and April 2003. Industry Canada analysed all the comments received on the various aspects of the policy and licensing process and is now in a position to define the final policy for the transition of cellular and incumbent PCS licensees to the new licensing regime. This policy is in keeping with the Treasury Board's *External Charging Policy* on user fees. Note that copies of all documents, legislation and policies cited in this document are available on the [Spectrum Management and Telecommunications Web site](http://strategis.gc.ca/spectrum) at: <http://strategis.gc.ca/spectrum>.

1.1 Definitions

In the document:

- **Cellular licensee** – is a radiocommunication carrier who operates radio apparatus installed in a base station that communicates on the transmit and receive frequencies in the radio frequency band 869.040 MHz to 893.970 MHz and the transmit and receive frequencies in the radio frequency band 824.040 MHz to 848.970 MHz.
- **Incumbent PCS Licensee** – is a PCS licensee authorized in the comparative selection and licensing process of 1995.
- **PCS licensee** – is a radiocommunication carrier who operates radio apparatus installed in a base station that communicates on the transmit and receive frequencies in the radio frequency band 1850 MHz to 1990 MHz.

2. Legislation, Policy and Technical Considerations

The Department stated in its proposal that the transition of cellular and incumbent PCS licensees to spectrum licences does not obviate the requirement that licensees meet established legislative, policy and technical requirements. Some respondents suggested that Radio Systems Policy - 019, *Policy for the Provision of Cellular Services by New Parties* (RP-019) should be amended or revoked entirely. Comments suggested that, once the new regime is in place, those interested in obtaining spectrum to provide service in underserved or unserved areas might continue to burden the Department by applying for spectrum under RP-019 as opposed to approaching current licensees for transferred or divided spectrum.

After careful review of the comments received, the Department remains of the view that the policy should remain in force as stated. The policy fosters the telecommunications objectives of the Department as outlined in the *Telecommunications Act*, in particular the objective to render reliable and affordable telecommunications services of high quality, accessible to Canadians in both urban and rural areas in all regions of Canada. The policy is also consistent with the licensing regime described in this document, particularly with regards to transferability and divisibility. Thus, the legislation, policies and technical considerations that are of particular interest to the transition remain in effect and are reiterated below.

2.1 Ministerial Authority

Spectrum licences are subject to relevant provisions in the *Radiocommunication Act* (the Act) and the *Radiocommunication Regulations* (the Regulations). For example, the Minister has the power to amend the terms and conditions of spectrum licences (paragraph 5(1)(b) of the *Radiocommunication Act*). As well, section 40 of the *Radiocommunication Regulations*¹ regarding the assignment of frequencies, continues to apply. It is important to note that the Minister, pursuant to this regulation, would reallocate spectrum only under certain circumstances (e.g. a change in international allocation or where an overriding policy need arises to address a national security issue), taking into consideration that licensees have complied with the conditions of licence, made large investments in infrastructure, and are serving an established client base. If a reallocation were contemplated, it would take place only after full public consultation.

2.2 Spectrum Aggregation Limits

Cellular and incumbent PCS licensees continue to be subject to the spectrum aggregation limit in force. However, this is subject to any determinations that are to be made pursuant to the public consultation release on October 18, 2003, concerning Advanced Wireless Services (AWS). Through this consultation the Department is seeking comments on the use of the bands 1710 MHz and 2110 MHz for new services and is launching a review of the mobile spectrum cap policy and roaming arrangements with noncompeting carriers in unserved or underserved areas of Canada.

¹ Section 40 of the *Radiocommunication Regulations* reads: “The assignment of a frequency or frequencies to a holder of a radio authorization does not confer a monopoly on the use of the frequency or frequencies, nor shall a radio authorization be construed as conferring any right of continuing tenure in respect of the frequency or frequencies.”

Please note, under Section 10.3 entitled, Application of the Spectrum Aggregation Limit, in the document *Amendments and Supplements and Clarification Questions to the Policy and Licensing Procedures for the Auction of Additional Spectrum in the 2 GHz Frequency Range*, issued October 2000, the Department clarified, with respect to the spectrum aggregation limit, what is meant by an affiliate and an entity which has an operating and/or marketing arrangement.

2.3 Cellular Service to Underserved Areas

Policy for the Provision of Cellular Services by New Parties (RP-019) effected changes to policy respecting the authorization of cellular service providers operating in the bands of 824-849 MHz and 869-894 MHz. This policy facilitates the provision of cellular services to unserved and underserved areas in a timely and orderly manner by enabling entities, other than those which previously were or could have been authorized to offer such services, to obtain access to cellular spectrum in areas where incumbent licensees are not offering services or are underserving the area. Actions taken as a result of this consultation do not obviate this policy. The Department will continue to accept applications from potential new cellular service providers for authorization to offer cellular mobile voice telephony services in areas where competitive cellular service provision is not being offered at the time the application is made. The Department will follow the procedures for the submission of applications, including public notification of an application, that are outlined in RP-019.

2.4 International Coordination

The current arrangement for PCS licensees falls under the terms of an interim sharing arrangement that provides for frequency sharing in the Canada/United States border area. The operation of PCS systems that are within 120 km of the border shall comply with both domestic, technical sharing criteria and the terms of any interim sharing arrangement between Industry Canada and the Federal Communications Commission (FCC) of the United States. The present arrangement is entitled *Interim Sharing Arrangement Between Industry Canada and the Federal Communications Commission Concerning the Use of the Band 1850 to 1990 MHz*. As per the terms of this arrangement, licensees may be required to furnish all necessary technical data to Industry Canada for each relevant site for international coordination.

Coordination is required of any cellular transmitter installation which is within 70 km of the Canada/United States border to eliminate any harmful interference, and to ensure continuance of equal access to the frequency block by both countries. Systems operators carry out the necessary coordination and are required to notify Industry Canada of their arrangements. The general principles for the coordination of cellular systems in the border area are outlined in Standard Radio System 503, *Plan Technical Requirements for Cellular Radiotelephone Systems Operating in the Bands 824 - 849 MHz and 869 - 894 MHz (SRSP-503)*.

3. Framework for Cellular and Incumbent PCS Licensees

In the consultation the Department proposed two initiatives to create a framework that is more fair, efficient, and competitive:

1. Amend current five-year spectrum licences issued to cellular and incumbent PCS licensees in 2001 to include enhanced privileges similar to auctioned PCS spectrum licences and eliminate the need for associated radio station licences other than in specified exceptional circumstances.
2. Implement a common fee regime for cellular and incumbent PCS licensees using a rate that takes into account the amount of spectrum assigned (number of MHz) and the total population included in the service area (number of pop).

The Department received comments on a number of the aspects related to these two initiatives. Based on the comments received the Department will introduce the new framework for cellular and incumbent PCS licensees as outlined below.

3.1 Spectrum Licences

Respondents were generally in favour with the proposal, however, issues were raised with some of the proposed attributes of the spectrum licences. A discussion of the issues raised is provided below. Based on the comments submitted, the Department will issue amended spectrum licences to the cellular and incumbent PCS licensees to include enhanced privileges similar to the auctioned PCS spectrum licences and eliminate the need for associated radio licences. Spectrum licences allow that licensees are authorized the use of specific frequencies or a frequency block within a defined geographic area (refer to Appendix B for the service areas) under certain minimal constraints. The privileges that would be associated with the amended licences allow (subject to compliance with the Act, the Regulations and the terms and conditions of licence) the ability to transfer in whole or in part the licence in both the geographic and spectral domains (refer to Appendix C for current spectrum holdings).

3.2 System Access Fees

The Department proposed a new licence condition which would apply to all cellular and incumbent PCS licences that would require they include in their customer invoice a statement regarding System Access Fees or Network and Licensing Charges or a similar line item. The statement would explain that such charges are neither required nor collected by the Government. Those who commented were strongly opposed to the proposed condition and some suggested alternative wording.

Consumer enquiries to Industry Canada indicate that there is confusion as to what this line item on wireless phone bills represents. The ability of consumers to make an informed choice may be limited due to the lack of clarity of the pricing information available. The Department remains of the view that a condition of licence is required concerning this line item. However, the condition will be modified to meet the concerns of the licensees while maintaining the Department's goal of having a marketplace where consumers can make an informed choice. Licensees are not required nor permitted to levy charges to their subscribers on behalf of the government.

3.3 Resale and Roaming

One respondent suggested that the current requirements for analogue cellular resale and roaming be extended to include the digital technologies at 800 MHz of the cellular licensees. Other respondents were not in agreement with this suggestion. As this suggestion could have significant impact on certain

cellular licensees and is outside the scope of this consultation, the condition of licence will not be extended to include digital technologies under this initiative. Further, the Department has initiated a public consultation outlined in *Notice No. DGTP-007-03 - Consultation on the Spectrum for Advanced Wireless Services and Review of the Mobile Spectrum Cap Policy* in which it seeks comments on the development of advanced digital mobile telephony and ancillary services in unserved and underserved areas by the cellular and PCS licensees. The conclusion of this issue will be addressed separately from this consultation on Advanced Wireless Services (AWS).

3.4 Transferability/Divisibility

Some respondents pointed out that the minimum geographic size that any licence may be partitioned should be a single spectrum grid cell, instead of the proposed census subdivision or new Local Telephone Service Provider Tier service area created to accommodate the serving areas. Industry Canada is of the view that this proposal is acceptable and consistent with other Departmental policies. The Department will modify the Transferability and Divisibility licence condition accordingly.

3.5 Census Data

The Department had used the 1996 Census data to determine the population of the service areas for the spectrum licences. A number of respondents requested that the Department use more up-to-date census figures. The Department concurs and will be using 2001 census data for the determination of population of the service areas.

4. Licence Fees

Certain respondents expressed the view that Industry Canada had not sufficiently addressed in its proposal the market value of the licences and has overestimated the fair economic value of the spectrum in question. The Department did not receive quantified alternative values nor suggestions on how one could be derived. The Department notes that there are few market indicators for spectrum in Canada today. In the absence of a functioning market with observable transactions, it is difficult to make determinations on the fair economic value of the spectrum. In the interest of advancing the supported elements of the proposed reforms, Industry Canada will implement a fee rate based on the total renewal fees paid by the cellular and incumbent PCS licensees for the fiscal year 2003/2004. This is in keeping with the Treasury Board's *External Charging Policy* on user fees. This fee rate will be established by the Minister through a fee order under the *Industry Canada Act*.

The Department will implement the new fee over a seven-year time frame after which time the full measure of the new fee becomes payable. Implementation will be graduated based on the difference between licence fees payable at March 31, 2003 and the final amount payable. This graduated implementation will apply to both licensees seeing an increase in their current annual licence fees and to those seeing a decrease in their fees including situations where partitioning and disaggregation take place. The fee will be charged on an annual basis, payable in full by March 31 of each year. Also, as proposed the Department will impose a minimum annual spectrum licence fee of \$1,000.00.

4.1 Conditions of Licence

The conditions of licence for cellular and incumbent PCS licensees are outlined below. Given the legacy requirements of cellular and incumbent PCS licensees, some conditions will apply to both, while others will only be applicable to PCS licensees, and one condition dealing with roaming and resale will apply to cellular licensees only.

4.1.1 Licence Conditions Common to All Cellular and Incumbent PCS Licensees

1. Licence Term

The term of this licence will expire on March 31, 2011. At the end of this term and any subsequent terms, licensees will have a high expectation of renewal for a ten-year term unless a breach of a licence condition has occurred, a fundamental reallocation of spectrum to a new service is required, or an overriding policy need arises. A public consultation regarding the renewal of the licence will begin no later than two years prior to the end of the licence term if the Department foresees the possibility that it will not renew this licence.

It should be noted that the licence is subject to relevant provisions in the *Radiocommunication Act* and the *Radiocommunication Regulations*. For example, the Minister continues to have the power to amend the terms and conditions of spectrum licences (paragraph 5(1)(b) of the *Radiocommunication Act*). Such powers would be exercised on an exceptional basis and only after full consultation.

2. Licence Transferability and Divisibility

Licensees may transfer their licence(s) in whole or divide the licence in both bandwidth (i.e. disaggregation) and geographic (i.e. partitioning) dimensions. The area transferred in the geographic dimension may be no smaller than a single spectrum grid cell. A spectrum grid cell is a six-sided figure with an area of 25 square kilometres. The grid cells fit together in an interlocking pattern over the geography of Canada. No minimum limit will be imposed on the amount of spectrum that may be disaggregated.

For each proposed transfer or division of licence, licensees must provide written notification to the Department. Transferees must also provide appropriate documentation showing that they meet the eligibility criteria and all other conditions of licence. The Minister of Industry reserves the right, prior to transferring or dividing licences, to request additional documentation in order to determine if the proposed new licensees comply with the appropriate eligibility requirements. The proposed new licensees must also provide an attestation (or other appropriate documentation) that they will meet the appropriate conditions of licence.

For the purposes of this condition, the "transfer" of a licence includes any leasing, subleasing or other disposition of the rights and obligations of the licence.

3. Spectrum Aggregation Limit

Licensees must comply with the spectrum aggregation limits outlined in Radio Systems Policy 021, *Revision to the PCS Spectrum Cap and Timing for Licensing Additional PCS Spectrum* (RP-021). The spectrum aggregation limit within a service area consists of spectrum licensed to licensees and their affiliates. Licensees must notify the Minister of any change that would have a material effect on their compliance with these spectrum aggregation limits. Such notification must be made in advance of any proposed transactions of which licensees have knowledge.

4. Eligibility Criteria

Licensees will employ the radio frequencies that are the subject of this licence as a radiocommunication carrier in order to operate one or more interconnected radio-based transmission facilities (that is any radio apparatus that is used for the transmission or reception of intelligence to or from anywhere on a public-switched network) that may be used by licensees or another person to provide radiocommunication services for compensation.

Licensees acting as radiocommunication carriers must comply on an ongoing basis with the eligibility criteria in subsection 10(2) of the *Radiocommunication Regulations*. Licensees must notify the Minister of Industry of any change that would have a material effect on their eligibility. Such notification must be made in advance of any proposed transactions of which licensees have knowledge. For more information, refer to Client Procedures Circular 2-0-15, *Canadian Ownership and Control* (CPC-2-0-15), as amended from time to time.

5. Radio Station Installations

For each radio station, licensees must ensure that:

- radio stations are installed and operated in a manner that complies with Health Canada's limits of human exposure to radiofrequency electromagnetic fields for the general public including the consideration of existing radiocommunication installations within the local environment;
- where applicable, antenna structures are marked in accordance with the recommendations of Transport Canada with respect to a potential hazard to air navigation;
- prior to the installation of antenna structures, meaningful consultation has taken place with all local municipalities or land-use authorities with the aim of developing consensus solutions. Installation of any antenna structure must be delayed for a period of time sufficient for Departmental review where, after considering reasonable alternatives and consultation options, land-use consultation negotiations remain at an impasse;
- all requirements prescribed in the Client Procedures Circular 2-0-03, *Environmental Process, Radiofrequency Fields and Land-Use Consultation* (CPC-2-0-03), as amended from time to time, are respected; and

- radio installations are installed and operated in a manner that complies with technical boundary and out-of-band emission conditions as specified by the Department.

6. Provision of Technical Information

When the Department requests technical information on a particular station or on a network, the information must be provided by licensees to the Department according to the definitions and criteria specified by the Department.

7. Laws, Regulations, and Other Obligations

Licensees are subject to, and must comply with, the *Radiocommunication Act*, the *Radiocommunication Regulations*, the International Telecommunication Union's (ITU) *Radio Regulations* and the *Canadian Table of Frequency Allocations* pertaining to their licensed radio frequency bands. The licence is issued on condition that the certifications made in the application materials are all true and complete in every respect.

8. Technical Considerations

Cellular

Licensees must comply with the technical requirements set forth in Standard Radio System Plan 503, *Technical Requirements for Cellular Radiotelephone Systems Operating in the Bands 824-849 MHz and 869-894 MHz* (SRSP-503), and must deploy equipment certified under Radio Standards Specification 118, *Land and Subscriber Stations* (RSS-118) and its Annex A, *Cellular System Mobile Station-Land Station Compatibility Standard*, Radio Standards Specification 128, *800 MHz Dual-Mode TDMA Cellular Telephones* (RSS-128), and Radio Standards Specification 129, *800 MHz Dual-Mode CDMA Cellular Telephones* (RSS-129). SRSP-503 provides information on channelling plans, power and antenna height limitations and image frequency relationships with UHF-TV channels. The RSS documents set out standards for transmitters and receivers for cellular telephones in the 800 MHz band.

PCS

Licensees must comply with the technical requirements set forth in Standard Radio System Plan 510, *Technical Requirements for Personal Communications Services in the Bands 1850-1910 MHz and 1930-1990 MHz* (SRSP-510), and must deploy equipment certified under Radio Standards Specification 133, *2 GHz Personal Communications Services* (RSS-133). SRSP-510 provides information on channelling plans, out-of-block emission limits, permissible effective isotropic radiated power (e.i.r.p.) and antenna heights. RSS-133 sets out standards for transmitters and receivers for PCS in the 2 GHz band.

9. International and Domestic Coordination

Licensees must comply with the requirements of cross-border sharing and coordination arrangements established between Canada and the United States, as amended from time to time. While new cellular/PCS spectrum licences will not be subject to site-by-site licensing, licensees may be required to provide technical data to Industry Canada for given sites. This data may be requested for reasons such as the resolution of coordination conflicts as well as possible interference issues. Should international coordination be required, Industry Canada will identify the appropriate data elements, format and means of submission.

Coordination between licensees within Canada will follow similar procedures as those used in international coordination.

10. Research and Development

Licensees must invest, as a minimum, 2 percent of the adjusted gross revenues resulting from operations in this spectrum, over the term of the licence, in eligible research and development activities related to telecommunications. This condition is subject to the policy provisions contained in Radio Systems Policy 019, *Policy for the Provision of Cellular Services by New Parties* (RP-019). Eligible research and development activities are those that meet the definition of scientific research and experimental development adopted in the *Income Tax Act*. Adjusted gross revenues are defined as total service revenues, less inter-carrier payments, bad debts, third-party commissions, and provincial and goods and services taxes collected.

If the licence is transferred or divided to any eligible entity prior to the expiration of its term, the condition of licence relating to investment in research and development will continue to apply on the initial transfer of the licence and on any subsequent transfer until the term of this licence expires. Prior to a transfer, in whole or in part, of this licence, the proposed transferee must undertake to ensure that the sum of the investment it will make in eligible research and development activities and all investments made by prior licensees in eligible research and development activities equal a minimum of 2 percent of the aggregated adjusted gross revenues resulting from all operations in this spectrum, over the term of the licence. An attestation signed by the proposed transferee setting out the undertaking must accompany the licence transfer notification to be submitted to the Department by licensees prior to the transfer being effected.

To facilitate compliance with this condition of licence, licensees should consult the Department's *Guidelines for Compliance with the Radio Authorization Condition of Licence Relating to Research and Development*. Further details on the exact administrative procedures for transferring a spectrum licence will be provided in a forthcoming Client Procedures Circular.

11. Annual Reporting

Licensees must submit an annual report for each year of the term of the licence indicating continued compliance with all licence conditions, and include:

- audited financial statements as required under licensees' jurisdictions of incorporation, as well as an audited Statement of Research and Development Expenditures with an accompanying Auditor's Report, prepared in accordance with the same standards of reporting; to facilitate compliance with this reporting requirement, licensees should consult the *Guidelines for Compliance with the Radio Authorization Condition of Licence Relating to Research and Development* published by Industry Canada; and
- a copy of any existing corporate annual report for the licensees' fiscal year.

The reports are to be submitted, in writing, within 120 days of the licensees' fiscal year-end to:

Manager, Wireless Networks
Radiocommunications and Broadcasting Regulatory Branch
300 Slater Street, 15th Floor
Ottawa, Ontario
K1A 0C8

Confidential information provided in the reports will be treated in accordance with subsection 20(1) of the *Access to Information Act* and the *Privacy Act*.

12. System Access Fees or Network and Licensing Charges

Licensees are not required nor permitted to levy charges to their subscribers on behalf of Industry Canada. In particular, charges which appear to be for spectrum management purposes, such as System Access Fees or Network and Licensing Charges, are not mandated by Industry Canada.

4.1.2 Conditions Applicable to PCS Licensees Only

1. Displacement of Incumbent Microwave Licensees

Licensees must comply with the revised transition policy outlined in Appendix 2 of the *Policy and Licensing Procedures for the Auction of Additional PCS Spectrum in the 2 GHz Frequency Range* issued on June 28, 2000, and the relocation procedure for the relocation of incumbent microwave stations outlined in Client Procedures Circular 2-1-09, *Displacement of Fixed Service Stations Operating in the 2 GHz Frequency Range to Accommodate Licensed Personal Communications Services (PCS)* (CPC-2-1-09).

2. Lawful Interception

Licensees using spectrum for circuit-switched voice telephony systems must, from the inception of service, provide for and maintain lawful interception capabilities as authorized by law:

- The requirements for lawful interception capabilities are provided in the *Solicitor General's Enforcement Standards for Lawful Interception of Telecommunications* (Rev. Nov. 95). These standards may be amended from time to time following consultation with the Solicitor General of Canada and licensees.
- Licensees may request the Minister of Industry to forbear from enforcing certain assistance capability requirements for a limited period. The Minister, following consultation with the Solicitor General of Canada, may exercise his power to forbear from enforcing a requirement or requirements where, in the opinion of the Minister, the requirement is not reasonably achievable. Requests for forbearance must include specific details and dates indicating when compliance to the requirement can be expected.

3. PCS Resale

Licensees must offer PCS resale throughout their service area to other PCS licensees on a non-discriminatory basis.

The Department notes that the CRTC has retained oversight under section 27(2) of the *Telecommunications Act* with respect to public-switched mobile voice services. It also notes that it is government policy to support resale and access to network facilities by third parties, to the extent practicable, as stated in the Order in Council P.C. 1994-1689 and confirmed in the *Convergence Policy Statement* of August 1996. As well, one of the objectives of section 7 of the *Telecommunications Act* is to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

It is also important to note that the conditions of licence for existing PCS licensees and for PCS licensees affected by this policy are without prejudice to decisions and actions of the CRTC on associated matters.

4.1.3 Condition Applicable to Cellular Licensees Only

Cellular Analogue Resale and Roaming

Cellular licensees will be required to offer analog cellular resale and analog cellular roaming through commercial arrangements to PCS licensees who are not also cellular licensees. The commercial arrangements are to be offered on a non-discriminatory basis and apply to those licensed areas which are common to the parties of any such arrangement. The Department does not define further the scope of these commercial arrangements.

The Department notes that the CRTC has retained oversight under section 27(2) of the *Telecommunications Act* with respect to public-switched mobile voice services. It also notes that it is government policy to support resale and access to network facilities by third parties, to the extent practicable, as stated in the Order in Council P.C. 1994-1689 and confirmed in the *Convergence Policy Statement* of August 1996. As well, one of the objectives of section 7 of the *Telecommunications Act* is to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

It is also important to note that conditions of licence for cellular licensees are without prejudice to decisions and actions of the CRTC on associated matters.

5. Contact

For further information concerning the policy or any related matter, you may contact:

Manager
Operational Policies
Radiocommunications and
Broadcasting Regulatory Branch
Phone: 613-998-3780
Fax: 613-991-3514

Appendix A

Cellular Licensees in Canada

National: Rogers Wireless Inc.

Ontario: Ameltecom Inc.
Bell Mobility Cellular Inc.
Brooke Telecom Co-Operative Ltd.
Bruce Municipal Telephone System
Cochrane Cellular Mobility
Corporation of the Town of Kenora
Corporation of the City of Thunder Bay
Dryden Mobility
Execulink Telecom Inc. (formerly Hurontario Telephones Limited)
Hay Communications
Huron Telecommunications
Gosfield North Communications
Lansdowne Rural Telephone Co. Ltd.
Mornington Communications
Nexicom Telecommunications Inc.
NorTel Mobility Inc. (Northern Telephone Limited)
North Frontenac Telephone Co. Ltd.
North Renfrew Telephone Co. Ltd.
O.N. Tel Inc.
People's Communications Inc.
Quadro Communications Co-operative
Roxbororough Telephone Co. Ltd.
Superior Wireless Inc.
Tuckersmith Communications
Westport Telephone Company Limited
Wightman Telephone Limited

Quebec: Bell Cellulaire Inc.
CoopTel (Le Syndicat coopératif de téléphone de Valcourt)
La Cie de Téléphone de Courcelles Inc.
La Compagnie de Téléphone de Lambton Inc.
La Compagnie de Téléphone de St-Victor
La Compagnie de Téléphone de Warwick
La Compagnie de Téléphone de Nantes Inc.
La Compagnie de Téléphone de Upton
La Compagnie de Téléphone de La Baie
Le Téléphone de St-Éphrem Inc.
Le Téléphone de St-Liboire de Bagot Inc.
Téléphone Milot Inc.

SOCIETE TELE-MOBILE (formerly QuébecTel Communications Inc.)
SogeTel Mobilité Inc.
Télébec Mobilité
Téléphone Guèvremont Inc.

Atlantic: Aliant Telecom Inc.

Prairies: MTS Mobility Inc.
SaskTel Cellular
TELE-MOBILE COMPANY (formerly TELUS Mobility Inc.)

BC: City of Prince Rupert
NorthWest Tel Mobility Inc.
TELE-MOBILE COMPANY (formerly TELUS Mobility Inc.)

NWT: NorthWest Tel Mobility Inc.
Yukon: NorthWest Tel Mobility Inc.
Nunavut: NorthWest Tel Mobility Inc.

Appendix B

New Tier Service Areas

On the Spectrum Management and Telecommunications Web site, the page entitled [Service Areas for Competitive Licensing](http://strategis.ic.gc.ca/epic/internet/insmt-gst.nsf/vwGeneratedInterE/h_sf01627e.html) located at http://strategis.ic.gc.ca/epic/internet/insmt-gst.nsf/vwGeneratedInterE/h_sf01627e.html, provides the descriptions of Tiers 1, 2, 3 and 4 and their associated service areas that the Department uses for all competitive licensing processes. These processes include spectrum auctions and comparative review processes.

The Department created the following additional Local Telephone Service Provider Tier service areas to accommodate the transition of non-auctioned Cellular and Personal Communications Services (PCS) licences from apparatus-based licences to spectrum licences.

The new Tier is comprised of 47 local telephone service provider areas which generally correspond to the wireline services areas of the telephone companies operating in Quebec, Ontario and British Columbia. Boundaries and population data of the new Tier service areas are based on the best available information. The service areas of telephone companies operating in those provinces other than Quebec, Ontario and British Columbia fall well within Tier 2 and Tier 4 service areas. Those companies will therefore be issued Tier 2 or Tier 4 spectrum licences for the purpose of the transition process.

Graphical representations of the [new Local Telephone Service Provider Tier service areas](http://strategis.ic.gc.ca/epic/internet/insmt-gst.nsf/vwGeneratedInterE/sf05957e.html) are available on the Spectrum Management and Telecommunications Web site at: <http://strategis.ic.gc.ca/epic/internet/insmt-gst.nsf/vwGeneratedInterE/sf05957e.html>.

Service Area Number	Descriptive Name
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QUEBEC

TEL-01	BCE Quebec : Bell Mobilité
TEL-02	BCE Quebec: Bell Mobilité PCS B3 (auction licenced area 2-15G)
TEL-03	BCE Quebec: Télébec Mobilité
TEL-04	CoopTel
TEL-05	La Corporation de Téléphone de La Baie (1983)
TEL-06	La Compagnie de Téléphone de Courcelles Inc.
TEL-07	La Compagnie de Téléphone de Lambton Inc.
TEL-08	La Compagnie de Téléphone Nantes Inc.
TEL-09	La Compagnie de Téléphone de St-Victor
TEL-10	La Compagnie de Téléphone de Warwick
TEL-11	La Compagnie de Téléphone Upton Inc.
TEL-12	Le Téléphone de St-Ephrem Inc.
TEL-13	Le Téléphone de St-Liboire de Bagot Inc.
TEL-14	Sogetel Mobilité Inc.
TEL-15	Téléphone Guèvremont Inc.

TEL-16 Téléphone Milot Inc.
TEL-17 TELUS Québec : SCP B3 (licensed area within 2-04)

ONTARIO

TEL-18 Amtelecom Inc.
TEL-19 BCE Ontario : Bell Mobility
TEL-20 BCE Ontario : NorTel Mobility Inc.
TEL-21 Brooke Telecom Co-Operative Ltd.
TEL-22 Bruce Municipal Telephone System
TEL-23 Cochrane Cellular Mobility
TEL-24 Corporation of the City of Thunder Bay
TEL-25 Dryden Mobility
TEL-26 Corporation of the Town of Kenora
TEL-27 Execulink Telecom Inc.
TEL-28 Gosfield North Communications Co-operative Limited
TEL-29 Hay Communication Co-operative Limited
TEL-30 Huron Telecommunications
TEL-31 Lansdowne Rural Telephone Co.Ltd.
TEL-32 Mornington Communications Co-operative Limited
TEL-33 Nexicom Telecommunications Inc.
TEL-34 Nexicom Telephones Inc.
TEL-35 North Frontenac Telephone Co.Ltd.
TEL-36 North Renfrew Telephone Co.Ltd.
TEL-37 O.N.Tel Inc.
TEL-38 People's Communications Inc.
TEL-39 Quadro Communications Co-operative
TEL-40 Roxborough Telephone Co.Ltd.
TEL-41 Superior Wireless Inc.
TEL-42 Tuckersmith Communications Co-operative Limited
TEL-43 Westport Telephone Company Limited
TEL-44 Wightman Telecom Limited

BRITISH COLUMBIA

TEL-45 TELUS - Southern B.C.
TEL-46 Northwestel - Northern B.C.
TEL-47 City of Prince Rupert

Appendix C

Spectrum Allotments

Licensee	Area	Spectrum Block	Frequency (MHz)
Microcell Telecommunications Inc.	1-01	PCS A/A'	1850 - 1865 / 1930 - 1945
TELUS Inc.	1-01	PCS B1/B1'	1870 - 1875 / 1950 - 1955
	2-01	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-01	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-02	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-02	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-03	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-03	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-04	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-05	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-05	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-06	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-06	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-07	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-07	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-08	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-08	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-09	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-09	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-10	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-10	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-11	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-11	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	2-12	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-12	Cellular Block B	835 - 845 / 880 - 890
	2-12	Cellular Block B	846.5 - 849 / 891.5 - 894
	2-14	PCS B2/B2'	1875 - 1880 / 1955 - 1960
	2-14	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	TEL-02	Cellular Block B	835 - 845 / 880 - 890
	TEL-02	Cellular Block B	846.5 - 849 / 891.5 - 894
	TEL-17	PCS B3/B3'	1880 - 1885 / 1960 - 1965
	TEL-45*	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-45*	Cellular Block B	835 - 845 / 880 - 890
	TEL-45*	Cellular Block B	846.5 - 849 / 891.5 - 894

* Area TEL-45 is previously known as PCS Auction Licence area 2-16

Spectrum Licensing Policy for Cellular and Incumbent Personal Communications Services (PCS)

Licensee	Area	Spectrum Block	Frequency (MHz)
Rogers Wireless Inc.	1-01	PCS F/F'	1890 - 1895 / 1970 - 1975
	1-01	Cellular Block A	824 - 835 / 869 - 880
	1-01	Cellular Block A	845 - 846.5 / 890 - 891.5
Saskatchewan Telecommunications Holding Corp.	2-11	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-11	Cellular Block B	835 - 845 / 880 - 890
	2-11	Cellular Block B	846.5 - 849 / 891.5 - 894
MTS Communications Inc.	2-10	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-10	Cellular Block B	835 - 845 / 880 - 890
	2-10	Cellular Block B	846.5 - 849 / 891.5 - 894
Aliant Telecommunications Inc.	2-01	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-01	Cellular Block B	835 - 845 / 880 - 890
	2-01	Cellular Block B	846.5 - 849 / 891.5 - 894
	2-02	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-02	Cellular Block B	835 - 845 / 880 - 890
	2-02	Cellular Block B	846.5 - 849 / 891.5 - 894
	2-03	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	2-03	Cellular Block B	835 - 845 / 880 - 890
Bell Mobility	TEL-01	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-01	Cellular Block B	835 - 845 / 880 - 890
	TEL-01	Cellular Block B	846.5 - 849 / 891.5 - 894
	TEL-02	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-03	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-03	Cellular Block B	835 - 845 / 880 - 890
	TEL-03	Cellular Block B	846.5 - 849 / 891.5 - 894
	TEL-19	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-19	Cellular Block B	835 - 845 / 880 - 890
	TEL-19	Cellular Block B	846.5 - 849 / 891.5 - 894
	TEL-20	PCS D1/D1'	1865 - 1870 / 1945 - 1950
	TEL-20	Cellular Block B	835 - 845 / 880 - 890
	TEL-20	Cellular Block B	846.5 - 849 / 891.5 - 894

* Area TEL-02 is previously known as PCS Auction Licence area 2-15G