



Mr. Peter Hill

June 30, 2009

Director

Spectrum Management Operations

Industry Canada

300 Slater Street

Ottawa, Ontario

K1A 0C8

Dear Mr. Hill,

The following are the reply comments of the Canadian Independent Telephone Company Joint Task Force (the Task Force) in Canada Gazette Part I, Notice DGRB-002-09 – Consultation on the Renewal of Cellular and Personal Communications Services(PCS) Spectrum Licences.

The Canadian Independent Telephone Company Task Force (the Task Force) has reviewed the comments made by other parties in the above-noted proceeding, as posted on the Industry Canada web site, and offers the following comments in reply.



The Task Force's reply comments are in the order in which topics appear in Canada Gazette Notice DGRB 002-09 (the Notice). Failure to comment on a particular position put forward by other parties in this proceeding should not be construed either as acceptance or concurrence of such positions on the part of the Task Force.

Renewal of Cellular and PCS Licences :

Licence term and Renewal:

The great majority of parties have expressed their preference for a licence term longer than 10 years with a high expectation of renewal for a period equivalent to the initial term.

Having reviewed the record and particularly the references to previous Industry Canada issued Gazette Notices (DGRB-001-08, DGRB-001-09) and the Study of Market-based Exclusive Spectrum Rights, 31 August 2007 (the Cave study) and having consulted those source documents, the Task Force endorses an initial licence term of 15 years with a high expectation of renewal for an equal 15-year period. Such a licence term would offer an appropriate level of stability and certainty to encourage sufficient network investment and enhanced delivery of service to customers.

The Task Force also supports the proposal by many parties that the high expectation of renewal, not only be indicated in policy documents, but also be



specified in the relevant licences. Such a measure would remove any ambiguity or uncertainty that may exist today and would contribute to a greater degree of investment stability with resultant benefits to investors and customers.

In the Notice, the Department stated : « The Department is not proposing a condition of licence for deployment for cellular and PCS licences due to the extensive services being offered and the opportunities available for others to gain access to unused spectrum. » The Task Force concurred with both the Department's assessment and its proposal when filing its comments on May 29, 2009.

This matter raised a number of opposing viewpoints.

Some parties (First Networks Operations Inc. and Lynx Mobility) proposed that special circumstances should apply in northern, remote and rural territories. These parties argued that in the absence of network implementation reaching certain standards, licences should be revoked or that licensees should be restricted from participation in future proceedings. These same parties expressed the view that measures such as use of secondary markets (RP-019, *Policy for the Provision of Cellular Services by New Parties*) were inadequate.

The Task Force members have had a number of experiences with these measures, and while there is always room for improvement (as indicated in our May 29

submission , section iv) Resale and Roaming), we believe the Department's proposal to be appropriate.



Licence fees :

The Task Force had identified, in its comments of June 15 in reply to Canada Gazette Part I, Notice DGRB-01-09, the investment uncertainty associated with the possibility of an undetermined fee at licence renewal time. The Task Force also notes and supports the comments of Bell Mobility and SaskTel expressing their concern about the Department's apparent decision to apply renewal fees prior to a public consultation.

Lawful Interception :

The Task Force notes the comments of a number of parties related to the application of lawful interception requirements to wireless licensees. The Task Force agrees that such obligations should only apply in cases when standardized commercial equipment and software are available. In addition, the Task Force further agrees that licensees should be compensated for their costs when they do provide lawful interception services to law enforcement agencies.

Research and Development:

The Task Force agrees with those parties proposing the abandonment of this licence condition. While such a condition may have been appropriate at one time, this is no longer the case. As the record indicates, and as indicated in our comments in Gazette Notice DGRB 001, manufacturers carry out most of the R&D; in any event, the larger licensees have exceeded the expenditure requirement



and , certainly in the case of smaller licensees such as the Task Force members, such monies would be better spent on service deployment to customers.

Mandated Antenna Tower, Site Sharing and Roaming :

While certain parties expressed the view that these conditions were not appropriate in the competitive wireless marketplace, the Task Force remains convinced that such conditions continue to be required for the reasons set out in our May 29 comments.

The Task Force thanks the Department for its consideration of these comments.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'A. B. Smith' or similar, written in a cursive style.

On behalf of the Task Force