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Ken Engelhart
Vice President - Regulatory

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Via email: telecom@ic.gc.ca

Director General
Telecommunications Policy Branch
Industry Canada
16th Floor – 300 Slater Street
Ottawa, Ontario. K1A 0C8

Dear Sirs:

Re: *Canada Gazette Notice; Order under Section 8 of the Telecommunications Act; Policy Direction to the Canadian Radio–Television and Telecommunications Commission; Volume 140; No. 24; June 17, 2006*

Introduction

Rogers Communications Inc. (Rogers) has made representations pursuant to the above-noted Direction jointly with Cogeco Cable Inc., Quebecor Media Inc. and Shaw Communications Inc. While fully supportive of these representations, Rogers would like to submit additional comments on one aspect of the Direction. We wish to comment on the importance of Section 1(c)(ii) of the above-noted Direction.

The Proposed CRTC Review

Section 1(c)(ii) of the proposed Direction directs the CRTC to conduct a review of its regulatory framework regarding mandated access to wholesale services. Rogers is of the view that the CRTC's regime regarding mandated access to wholesale services is working well. We do not believe that a review is required.

Competition is slowly beginning to develop in Canada's local telephone market. Canada's incumbent phone companies still have 90% of this market. Competitors rely on cable television facilities, wireless facilities, fibre-optic facilities and mandated access to wholesale services in order to provide competitive services. Rogers submits that Canada cannot afford to reduce competitive forces regardless of whether the competitors use their own facilities, competitively supplied facilities or mandated access to wholesale services. In all cases, increased competition allows market forces to replace regulation.

Extent of Facilities Competition in Canada's Business Market

Much of the emphasis on local telephone competition in recent years has focused on emerging competition from cable television companies, such as Rogers Cable. While Rogers is very proud of its efforts in providing Rogers Home Phone Service, we would note that cable television companies for the most part have facilities which do not extend into business locations. Cable television has traditionally been a residential consumer service. Accordingly, most cable television companies have a limited footprint into business locations.

The lack of competitive facilities to the business locations is well illustrated by the Rogers Business Solutions division of Rogers Communications Inc. Rogers Business Solutions provide telecommunications services to the Canada's business market. We provide wireless services using our own wireless network. To provide wireline services, Rogers Business Solutions uses its own fibre-optic facilities, the cable television facilities of Rogers Cable, and resold facilities of other cable television companies. However, the vast majority of the access facilities used by Rogers Business Solutions are obtained from mandated access to incumbent telephone company wholesale services. RBS uses these services extensively and will be required to do so for the foreseeable future because there are no duplicate or competitive facilities into the vast majority of business locations.

During the 1990's, companies such as Rogers, Metronet and AT&T spent hundreds of millions of dollars installing fibre-optic facilities into business locations. Despite this, there are very few business locations which have facilities other than those provided by Canada's incumbent phone operators. This is partly because building facilities to business locations is extremely expensive. Compounding this problem, enterprise customers (such as financial institutions) often have multiple locations and require their

suppliers to serve many of these locations. Therefore, the cost of building facilities to satisfy one enterprise customer may create an uneconomic challenge for any facilities-based competitor.

Conclusion

Rogers wishes to emphasize that great caution should be taken in interfering with the CRTC's regime for mandated access to wholesale services. The vast majority of the competition which exists in the business market today relies on mandated access to wholesale services. If this mandated access were to be unavailable or available only at increased rates, Rogers Business Solutions and, we believe, Allstream would have no choice but to exit most segments of the market. As a result, the business market would be served by a monopoly or virtual monopoly. The result would be devastating for business customers of telecommunications services. As a result, Rogers recommends that the Government should not proceed with ordering the CRTC to conduct a review of its regulatory framework regarding mandated access to wholesale services at this time. Furthermore, if such a review is conducted, Rogers urges the Government to give the CRTC full latitude to reach the appropriate conclusions regarding Canada's business market. In particular, Rogers submits that it would be appropriate for the CRTC to have the option of strengthening the existing regime for mandated access to wholesale services, should their review indicate that this is justified.

Yours very truly,

A handwritten signature in black ink, consisting of a stylized 'K' and 'E' followed by a long horizontal line.

Kenneth G. Engelhart
Vice President - Regulatory