



Teresa Griffin-Muir

Vice President, Regulatory Affairs
Vice-présidente des Affaires réglementaires
MTS Allstream

3 April 2013

by Email

Mr. Luc Fournier
Director, Spectrum Management Operations
Spectrum Management Operations Branch
Industry Canada
300 Slater St.
Ottawa, ON K1A 0C8
E-mail: spectrum.operations@ic.gc.ca

Dear Mr. Fournier:

Subject: Gazette Notice DGSO 002-13, Consultation on Considerations Relating to Transfers, Divisions and Subordinate Licensing of Spectrum Licenses, 16 March 2013 – MTS Allstream comments

1. Pursuant to the procedure set out in Gazette Notice DGSO 002-13, *Consultation on Considerations Relating to Transfers, Divisions and Subordinate Licensing of Spectrum Licenses* (Notice DGSO-002-13), issued on 16 March 2013, MTS Inc. and Allstream Inc. (collectively, MTS Allstream) provide the following comments.
2. In Notice DGSO-002-13, Industry Canada (IC) has proposed a new approach to licence transfers that would maintain the status quo with regards to transfers of spectrum that occur as part of internal reorganizations, transfers that serve to fill gaps in network coverage and transfers that involve small amounts of spectrum.
3. In the case of more significant transfers of spectrum, IC has proposed that such transfers be subject to detailed reviews, examining:
 - a) the efficiency and competitiveness of Canadian telecommunications market;
 - b) the availability, quality or affordability of services available to consumers;
 - c) the economic and social benefits that Canadians derive from the use of the radio;

- d) current licence holdings of the proposed licensee or subordinate licensee in the subject spectrum band and region;
 - e) overall distribution of licences in the subject spectrum band and/or related bands in the region;
 - f) the current and/or prospective services provided using the subject spectrum; and/or
 - g) the existence and availability of alternative spectrum with similar properties as that subject to the transaction.
4. MTS Allstream is supportive of IC's proposed approach. Spectrum transfers, divisions and subordinate licensing arrangements are needed to ensure efficient markets and the efficient provision of telecommunications services. Providers wishing to fill spectrum gaps, innovate and find more efficient uses for spectrum must have the ability to acquire and/or transfer spectrum. IC's approach balances this need with the need to ensure competition.
5. The three national incumbents, Rogers Communications (Rogers), Bell Canada Enterprises (BCE) and TELUS Communications Company (TELUS) currently hold 85% of all usable mobile spectrum in Canada. Such concentration limits competition.
6. Even in Manitoba where MTS Inc. is the incumbent local exchange carrier (ILEC), MTS Inc. holds just 22% of usable mobile spectrum, Globalive owns 3% and the remaining 75% will be held by the three national incumbents if the Shaw Communications Inc. (Shaw)-Rogers spectrum transfer option is completed (see Appendix 1). In Manitoba and elsewhere in Canada, further concentration of spectrum held by the three national incumbents lessens the choices Canadians have in the marketplace.

Industry Canada is seeking comments on:

6-2 Whether there is a threshold in the form of concentration or a measure of MHz-pop that Industry Canada should apply in deciding whether to conduct a detailed review, or some other type of threshold, screen, or cap that should be used to decide if a detailed review is required.

7. MTS Allstream proposes IC set two concentration thresholds in which to trigger a detailed review.
8. First, to prevent any single carrier from gaining dominant market share solely through spectrum concentration, MTS Allstream proposes IC trigger a detailed review if any transfer, division or subordinate licencing arrangement results in any one carrier holding more than 50% of usable mobile spectrum within a licence area.
9. Second, consistent with IC's publicly stated goal to have a fourth carrier in addition to the three national incumbents in every market across Canada, MTS Allstream proposes IC trigger a detailed review if any transfer, division or subordinate licencing arrangement results in the three national incumbents, Rogers, BCE and TELUS, collectively holding more than 80% of usable mobile spectrum in any one licence area. This threshold will ensure there is sufficient spectrum for alternative carriers to provide competitive service.

Industry Canada is seeking comments on:

6-3 The treatment of deemed spectrum licence transfers as actual transfers, divisions or subordinate licencing arrangements.

10. MTS Allstream broadly supports IC's proposed treatment of deemed spectrum license transfers. Agreements transferring spectrum rights and responsibilities, all but in name, are effectively full license transfers. The effects on the marketplace, with respect to competition and choice, may be the same whether the license is transferred officially or deemed.
11. To properly assess the impacts on competition, choice and public policy goals, such deemed transfers must also be subject to detailed review when warranted.

Industry Canada is seeking comments on:

6-4 The current review model, which is confidential, and whether it should be modified such that Industry Canada would publicize a spectrum licence transfer request and provide an opportunity for third party input.

12. MTS Allstream supports a public consultation model for detailed reviews of spectrum licence transfers, division and subordinate licensing arrangements.
13. In allocating spectrum, IC must balance various public policy goals: incenting investment in wireless networks, promoting competition and choice, ensuring service in rural Canada, security and others. In cases triggering a detailed review, given the potential impacts on the public, it is reasonable that the public be given an opportunity to input. An open process will provide IC with the diversity of input it may need to balance the federal government's policy goals.

Yours truly,



for Teresa Griffin-Muir
Vice President, Regulatory Affairs

Attachment

c.c: Justin To, MTS Allstream, (613) 688-4507

* * * End of Document * * *