



August 15, 2017

Senior Director
Spectrum Licensing and Policy Branch – ISED
235 Queen Street (6th Floor East Tower)
Ottawa, ON K1A 0H5

Dear Senior Director:

Re: Canadian Gazette, Part I, July 2017, Consultation on a Licensing Framework for Residual Spectrum Licenses in the 700 MHz, 2500 MHz, 2300 MHz, PCS and 1670 – 1675 MHz bands, SLPB-003-17

Corridor Communications Inc. (CCI) appreciates the opportunity to submit comments into ISED's Consultation on a Licensing Framework for Residual Spectrum Licenses in the 700 MHz, 2500 MHz, 2300 MHz, PCS and 1670 – 1675 MHz bands.

Introduction

CCI was founded in 2007 by 20 rural Alberta non-profits (gas co-operatives, villages, municipal districts and rural electricity associations) to provide high speed internet to their respective communities via fixed wireless service. In 2011, the company became commercial with the deployment of 10 carrier grade sites, serving 33 subscribers.

Since the initial roll out, the total number of sites has grown to provide coverage to over 100,000 households in rural Alberta.

The company is currently the second largest wireless internet service provider (WISP) in Canada and is operated out of the organization's head office in Calgary, Alberta. The business is supported by approximately 50 staff and 50 field contractors.



CCI supports the CRTC’s universal service objective that was established in Telecom Regulator Policy 2016-496 which stated, “Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband internet access services on both fixed networks and mobile wireless networks.”

The company believes key components of meeting the universal service objective are access to licensed spectrum in rural and remote regions of Canada and government policies that facilitate the efficient and expedited deployment of infrastructure in those regions.

CCI’s submission will seek to provide ISED with our perspective on how the residual auction process can facilitate greater broadband access to a larger percentage of the rural and remote populations of Canada.

CCI Input into SLPB-003-17

It is CCI’s understanding that interested parties are to provide initial input by answering questions listed in consultation paper SLPB-003-17. The questions will be numbered to correspond with the references in the consultation paper. Questions that relate to topics that CCI is indifferent as to ISED’s course of action, will not be answered.

Q2 — ISED is seeking comments on its proposals to:

- b. maintain the spectrum aggregation limits on the 2500 MHz licences including newly available 2585-2595 MHz licences; and**

CCI believes that the spectrum aggregation limits on the 2500 MHz licences including newly available 2585-2595 MHz licenses should be maintained. However, we believe the aggregation limit should be in place for the entire initial term of the license. If aggregation limits are in place for a period that is less than the term of the license, it encourages the purchase of spectrum for the purpose of reselling it at a later date, which will discourage the expedited deployment infrastructure to provide service to Canadians.

In addition, CCI believes ISED should consider spectrum aggregation limits for all licensed spectrum held by an organization (including its affiliates and/or associated entities). The use of multi-frequency chip sets allows holders of spectrum licenses across multiple frequencies to use all the frequencies to provide coverage and/or throughput to a single user (or group of users in a single area). As a result, the volume of frequency, in terms of MHz, versus the volume of frequency on a per band basis, becomes a more relevant measure of the level of potential market competition.



Q3 — ISED is seeking comments on:

a. the likely timeframe for availability of equipment capable of providing access to licensed spectrum on an opportunistic basis;

CCI believes that due to global spectrum management practices that focus on individual frequency use of spectrum, versus dynamic or opportunistic use, the market forces required to support the development of equipment capable of providing access to licensed spectrum on an opportunistic basis, do not currently exist. As a result, the likely timeframe for availability of such equipment, on a commercial basis, is very long (in excess of 10 years).

b. licence terms;

CCI believes that licensing terms of 5 years would facilitate expedited deployment of telecommunications infrastructure and encourage organizations to only bid on those licenses they intend to use in the immediate future. It would also prevent the “hoarding” of licensed spectrum by those with greater access to capital.

The concern regarding a lack of financial incentive to invest in telecommunications infrastructure when licensing terms are short is addressed through the license renewal process. As discussed in this consultation paper, spectrum licenses that are being utilized have a high likelihood of renewal. If licensing terms are reduced to 5 years, those that have deployed capital to use the spectrum during that period should find themselves able to protect that investment through a high likelihood of renewal, creating the financial incentive.

Q4 — ISED is seeking comments on its proposals:

a. to use the sealed-bid auction format for the auction of residual licences, and

CCI believes the sealed-bid auction format best addresses the desire for a fair and transparent process for bidders while maintaining an efficient auction process, given the nature of the licenses available.

Q5 — ISED is seeking comments on its proposal to include package bidding for 2500 MHz licences in the sealed bid auction format.

CCI believes that package bidding should not be available for 2500 MHz in the sealed bid auction format.

As indicated in the consultation document, package bidding could lead to many unsold licenses. In addition, it would dissuade regional telecommunications operators from bidding on licenses as the process would require bidding on licenses across multiple jurisdictions, even if those regional operators would not have a use for the licenses outside of the geographic area in which they provide service. Even if a regional carrier were to successfully



bid on a package of licenses that included locations outside of their primary operations, it is unlikely that organization would deploy infrastructure outside of their operating area, leading to a less efficient use of the resource and lower net benefit for Canadians.

In regard to the exposure risk, CCI believes that the use of multifrequency chip sets in wireless networking equipment mitigates that risk as those chip sets allow carriers to use multiple frequencies to facilitate connectivity and throughput for a single user, negating the need for access to a single frequency across a large geographical area.

Q6 — ISED is seeking comments on its proposal to use a second-price rule for this auction and the Vickrey price determination mechanism.

CCI believes that the use of a second-price rule for this auction will lead to bidding levels that are a more accurate reflection of the licenses true value.

Given that CCI does not support the use of package bidding for the 2500 MHz licenses, we do not believe the Vickrey price determination mechanism is beneficial, or necessary, for the auction process contemplated in this consultation.

Q8 — ISED is seeking comments on its proposed rules regarding Affiliated and Associated Entities, which would apply to applicants and bidders in the upcoming auction of residual spectrum licences.

CCI believes the proposed rules regarding Affiliated and Associated Entities are important to protecting the transparency and integrity of the licensed spectrum and auction processes.

Q9 — ISED is seeking comments on the rules prohibiting collusion and other communication rules, which would apply to bidders in the upcoming auction of residual spectrum licences.

CCI believes the rules prohibiting collusion and other communication rules are vital to ensuring participants in the auction process are conducting themselves in a transparent manner.

Q11 — ISED is seeking comments on the proposed renewal process.

CCI believes the renewal process proposed by ISED is sound and appropriate for the holders of licensed spectrum. It respects the rights of the licensee while allowing the Ministry to make any necessary changes it feels are in the best interest of Canadians.

End of document



Yours truly,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom, positioned above a solid horizontal line.

Corridor Communications Inc.

Adam Lamont, CPA, CGA
CEO/CFO