

07 September 2005

Director,
Spectrum and Radio Policy,
Telecommunications Policy Branch,
Industry Canada,
1604A, 300 Slater Street,
Ottawa, ON K1A 0C8

Dear Mr. Shaw:

RE: Canada Gazette Notice No. DGTP-001-05, *Consultation on a Renewed Spectrum Policy Framework for Canada and Continued Advancements in Spectrum Management*, Published in the *Canada Gazette*, Part 1, dated 14 May 2005.

Introduction

1. The Canadian Alliance of Publicly-owned Telecommunications Systems (CAPTS) is pleased to provide the following comments in response to Notice No. DGTP-001-05: *Consultation on a Renewed Spectrum Policy Framework for Canada and Continued Advancements in Spectrum Management*, as published in the *Canada Gazette* Part 1, dated 14 May 2005 (the Consultation Document). CAPTS consists of small independent local exchange carriers (SILECs) of which several have associated cellular services. Included in CAPTS are Bruce Municipal Telephone System (BMTS), Dryden Municipal Telephone System (DMTS), Kenora Municipal Telephone System (KMTS), Ontera (formerly Ontario Northland Telecom) and TBayTel (formerly The Corporation of the City of Thunder Bay Telephone Department) in Ontario and City West Group of Companies (formerly CityTel (Prince

Rupert Telephone)) in British Columbia. Both Ontera and BMTS lack their own cellular services.

2. Industry Canada in its Consultation Document invites comments on a proposal to modify the Spectrum Policy Framework for Canada so that it will continue to provide a sound basis for ongoing modernization of the Canadian Spectrum Management Programme. The Consultation Document further notes that this action responds to the Minister of Industry's initiative to modernize Canada's telecommunication and radiocommunication policy and regulatory regimes.
3. With the Consultation Document organized into two sections (Part A, Industry Canada's proposed core objectives and policy guidelines and Part B, a number of Department spectrum management proposals as well as specific questions for comment), CAPTS will comment only on Part A's Policy Guideline 9 – Availability of Advanced Communication Services for all Canadians and Policy Guideline 10 – Facilitating Advances in Technology. CAPTS' comments will be specifically about how the department can assist smaller cellular companies reach their mandate of spending 2 % of its cellular revenue on R&D during the duration of their cellular licence(s) and advancing Guidelines #9 and #10.
4. CAPTS is pleased to provide the following comments in response to Industry Canada's Consultation Document and looks forward to working with the department in the future.

Comments

5. The majority of the CAPTS cellular companies are small in size providing valuable cellular coverage in more rural or remote areas of Ontario and British Columbia. Accordingly, their cellular revenues are low with three companies having yearly cellular revenues under five million dollars. Industry Canada, as a condition of having a cellular licence, requires all cellular companies to spend two percent of their adjusted gross revenues on research and development (2% R & D). As small cellular providers, CAPTS companies are more followers of telecommunications advances than leaders in the wireless industry. Therefore, the direct benefit to CAPTS from their R&D dollars is questionable.

6. CAPTS is respectfully requesting an exemption on the 2% R&D condition for Kenora MTS, Dryden MTS, City West Group of Companies and TBayTel based on low revenues and the value of the local return each receives from their R & D dollars.

7. In the event the exemption is not granted for TBayTel, as its yearly cellular revenues are greater than five million dollars, CAPTS is requesting that TBayTel's 2% R&D amount be used to provide additional cellular coverage to customers in unserved or underserved areas in Northwestern Ontario. As a corollary to the forgoing, TBayTel's 2% R & D revenue could also be spent on modernizing its equipment (i.e. changing out analog equipment for digital.) in currently underserved areas or providing new digital service to unserved areas. These dollars would be of greater benefit to potential users in the region. In lieu of providing this additional coverage, Industry Canada may have other options for TBayTel to pursue. Accordingly, TBayTel would be very interested in pursuing these options together with Industry Canada in the immediate future.

8. If these alternate R & D options as noted above were not to be available to TBayTel, CAPTS' preference would be to use this money locally. Accordingly, CAPTS on behalf of TBayTel requests that Industry Canada look into accrediting higher learning institutions in the area, like Lakehead University or Confederation College or the Northwestern Ontario Technology Centre (NOTC), all of which are located in Thunder Bay, Ontario, as eligible R & D centres.

Conclusion

9. CAPTS appreciates the opportunity to comment on the Consultation Document initiated by the Department on the development of a renewed Spectrum Policy Framework for Canada and again looks forward to working with Industry Canada in the future.

Sincerely,

Original signed by David A Wilkie

David A Wilkie
Regulatory Analyst
CAPTS