



Telephone: (306) 777-3882
Fax: (306) 565-6216
Internet: candice.molnar@sasktel.sk.ca

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Sent via Electronic Mail

Clerk of the Privy Council and
Secretary to the Cabinet
Langevin Block
80 Wellington Street
Ottawa, Ontario
K1A 0A3

**Ref: Canadian Gazette Notice No. DGTP-007-01 (14 April 2001)
Petition to the Governor in Council concerning Decision
CRTC 2000-745**

Dear Sir/Madam:

The following constitutes the response of Saskatchewan Telecommunications ("SaskTel") to a petition to the Governor in Council concerning Changes to the contribution regime, Decision CRTC 2000-745 ("Decision 2000-745") from Amtelecom Inc., Bruce Municipal Telephone System (BMTS), Prince Rupert City Telephones and Sogetel Inc. ("the Petitioners"). The Petitioners indicate that the petition had been reviewed and endorsed by the Ontario Telecommunications Association (OTA), Societe d'administration des tarifs d'accès des telecommunicateurs and the Canadian Alliance of Public Telephone Systems (CAPTS).

The Petitioners are seeking from the Governor in Council an order to:

- Vary Decision 2000-745 by changing the revenue threshold for exemption from the requirement to pay contribution to \$10 million of "Contribution Eligible Revenues" rather than \$10 million of "Canadian Telecommunications Service Revenues";
- Vary Decision 2000-745 by endorsing the principle of a basic exemption for those telecommunications service providers with \$10 million or more of contribution eligible revenues;
- Vary Decision 2000-745 by replacing the principle of a flat tax or single rate of tax with the principle of a graduated charge for contribution; and,
- Refer back to the CRTC the matter of the amount of the basic exemption referred to above and the structure of the graduated contribution charge, including the number of revenue brackets to which the graduated charge would apply.¹

¹ Amtelecom Inc., BMTS, Prince Rupert City Telephones and Sogetel Petition to the Governor in Council pursuant to Section 12 of the Telecommunications Act regarding Decision CRTC 2000-745, February 28, 2000, p. ii.

It is SaskTel's respectful submission that the Petitioner's request be denied in its entirety.

SaskTel continues to strongly support the principles and procedures established in Decision 2000-745. The creation of a broad-based, national fund is an important step in ensuring affordable access to telecommunications by all Canadians residing in high-cost service areas.

In SaskTel's view, the Commission's determination in favor of a national, revenue-based mechanism appropriately balanced the criteria used to assess the new collection mechanism. Any attempt to modify the new contribution mechanism in the interests of one party or another would re-establish the major criticisms of the previous collection mechanism. Furthermore, it would serve to undermine the overriding principles and foundations of Decision 2000-745.

In recent months, the Commission has released similar arguments, denying the applications of RSL Com Canada² and Bell Canada/Bell Mobility³ to vary Decision 2000-745 to meet their special circumstances.

During Review of the Contribution Collection Mechanism, Telecom Public Notice CRTC 99-6 ("PN 99-6"), SaskTel suggested that all carriers, regardless of size, should share the obligation to contribute to the fund. SaskTel argued that by establishing a threshold limit which would exempt certain carriers, a policy would be established which is contrary to the best interests of all telecommunications service providers and which would ultimately impact the sustainability of a new contribution mechanism.

Interestingly, at that time, certain of the Petitioners, the OTA and CAPTS, agreed with those principles. In the past, BMTS, for example, stated:

*"However, if the Commission were to impose a charge on the revenues of Canadian telecommunications service providers, BMTS recommends that all telecommunications service providers be required to pay into a HCSA fund, whether they are providing local or toll, wireline or wireless, voice or data, or domestic or international services. This would ensure that the revenues available would be maximized."*⁴

Similarly, and in the interests of equity and sustainability, both the OTA⁵ and CAPTS⁶ advocated that all telecommunications service providers, without exception, should be part of the new contribution mechanism.

SaskTel would note that the Petitioners do have an opportunity to address their concerns in upcoming forums, without having to modify Decision 2000-745.

² Order CRTC 2001-300, April 12, 2001, para.24.

³ Order CRTC 2001-219, March 15, 2001, para.15.

⁴ Final Argument of Bruce Municipal Telephone System, Telecom Public Notice CRTC 97-42: Service to High-Cost Serving Areas, January 29, 1999, para. 41.

⁵ OTA(CRTC)14Jan00 - 301 PN 99-6, page 4.

⁶ CAPTS(CRTC)14Jan00 - 301 PN 99-6, page 3.

Within Decision 2000-745, the Commission stated the following:

"Considering that the independent telcos' current subsidy funding is derived in large part from subscribers outside of their own territory, the Commission sees no pressing need to change the collection mechanism for these funds from a per-minute charge to another mechanism in 2001.

*The independent telcos are exempted from the proposed cut over date of 1 January 2001 to the revenue-based mechanism and will maintain the per-minute charge throughout 2001. The Commission will, during the transition year of 2001, initiate processes to address the necessary modifications to include the independent telcos under the revenue-based mechanism in 2002."*⁷

SaskTel would suggest that the above-noted forums contemplated by the Commission are the appropriate place for the Petitioners' issues.

Finally, in recent deliberations the Commission has indicated that the revenue charge for the new contribution mechanism for the year 2002 and beyond is estimated at approximately 1.5%, not the current rate of 4.5%.⁸ This markedly reduced contribution charge post-2002 will ease the "burden" for all contributors to the contribution mechanism, including smaller telecommunications service providers.

SaskTel urges the federal government to deny all aspects of the Petitioners' request in order to uphold the foundations of Decision 2000-745, and in order to allow established Decision processes to address the situation of independent telcos.

Yours sincerely,

[Original signed by C. Molnar]

Candice Molnar
General Manager
Regulatory Affairs

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

⁷ Decision CRTC 2000-745, Changes to the contribution regime, 30 November 2000, paras. 140 and 141.

⁸ Decision CRTC 2001-238, Restructured bands, revised loop rates and related issues, 27 April 2001, para. 132.

