



January 29, 2001

Ms. Shirley Soehn
Executive Director, Telecommunications
Canadian Radio-television and
Telecommunications Commission
Ottawa, ON K1A 0N2

Dear Ms. Soehn:

**Bell Canada And Bell Mobility: Application to Review and Vary
Decision CRTC 2000-745, Changes to the Contribution Regime,
30 November 2000**

1. The Canadian Wireless Telecommunications Association (CWTA) has reviewed the comments filed by Action Réseau Consommateur (ARC et al), AT&T Canada Corp. (AT&T), Canadian Association of Internet Providers (CAIP), Call-Net Enterprises Inc. (Call-Net), Globalstar Canada (Globalstar), Government of Saskatchewan, GT Group Telecom Services Corp. (Group Telecom), Microcell Telecommunications Inc. (Microcell), Primus Telecommunications Canada Inc. (Primus), Rogers Wireless Inc. (RWI), RSL Com Canada Inc. (RSL), Saskatchewan Telecommunications (SaskTel), Télébec ltée. (Télébec), TELUS Communications Inc. (TELUS), and Vidéotron Communications Inc. (Vidéotron) regarding an application submitted by the Bell Canada and Bell Mobility (collectively, the Bell companies) dated 13 December 2000 to review and vary portions of Decision CRTC 2000-745 (the Decision).
2. The CWTA is pleased to file the following reply comments. The failure of the Association to reply to any particular argument put forward by other interested parties should not be construed as acceptance of, or agreement with, that argument.
3. TELUS Mobility, a CWTA member, is not a party to these reply comments.
4. In the Application, the Bell companies request that the Commission vary a portion of Decision 2000-745 to mitigate the negative impacts of the Decision in the year 2001 and provide an effective transition to full

implementation of the new contribution mechanism prescribed for 2002. CWTA reaffirms its support for the requested relief for wireless carriers proposed by the Bell companies.

5. CWTA notes that the record clearly indicates that for wireless carriers, the financial impact of Decision 2000-745 is severe and immediate. In one month's time, the contribution obligations of wireless carriers increased by over 1200%, from about \$15 million under the per-minute/per circuit regime to over \$200 million under Decision 2000-745. Conversely, the record of this proceeding demonstrates that when wireless contribution payments were originally introduced by the Commission in 1998, it was preceded by a seven month lead time, despite the vastly smaller impact on the wireless industry at that time.
6. While the record from Public Notice 99-6 did indicate a move to a more broadly based regime, CWTA submits that no one could have foreseen such a radical shift of obligations without the provision of an adequate transition period to ease the shocks associated with such a change. To the contrary, the CWTA submits that the wireless industry's brief history with the contribution regime, as noted above, would have led it to assume that a reasonable transition timeframe would have been included in the Commission's decision. CWTA believes that, among other things, this demonstrates the inherent unfairness, particularly given the massive impact, of Decision 2000-745 on the wireless industry.
7. Parties have argued that establishing a distinct contribution rate for wireless carriers during the transition year runs counter to the principles of fairness, competitive equity, and technology neutrality on which Decision 2000-745 is based. As it stands, Decision 200-745 has singled out wireless as the segment of the telecommunications industry in Canada that bears the most dramatic increase in Contribution obligations. This is despite the fact that the Commission had earlier considered and established a separate regulatory regime, in Telecom Decision 96-14 Regulation of Mobile Wireless Telecommunications Services, applicable to wireless service providers (WSPs).
8. The CWTA notes that the principles of fairness, competitive equity and technological neutrality are grounded primarily within the Commission's local competition regime and are framed within the context of the Commission's Local Competition Decision 97-8. In that Decision, the Commission determined that the concept of technological neutrality would apply with respect to those service providers, wireless or wireline, that choose to opt for Competitive Local Exchange Carrier (CLEC) status.
9. With reference to the Bell companies' proposal for a transition year for wireless applicable only to 2001, CWTA notes that the record of this proceeding demonstrates that no wireless service provider is yet operating

as a CLEC in Canada and that it will likely be late into 2001 before such is the case. To the contrary, however, the significant and unforeseen implications of Decision 2000-745 apply to all wireless service providers including the vast majority who will continue to operate pursuant to the Commission regime for wireless service providers (WSPs) throughout 2001 and beyond.

10. CWTA submits that a reduced rate for wireless carriers during the transition year is justified and is in the interest of fairness, in that it reduces the impacts of the sudden and considerable obligations of wireless carriers. The record of this proceeding demonstrates that wireless carriers are subject to numerous obligations specific to the wireless industry and that these obligations and related financial impacts will not be experienced by other segments of the industry.
11. The Commission did make allowances for other classes of service providers within Decision 2000-745. As Microcell noted in its letter dated January 22, 2000, at paragraph 120 of the Decision, the Commission exempts Northwestel from the application of the new contribution collection mechanism in 2001 and 2002. At paragraph 146 of the Decision, the Commission proposes a roundtable discussion with independent telephone companies to *“review and consider the effects of the revenue-based collection mechanism”* on such companies. CWTA notes the Commission also anticipates a second transition period for the independent telephone companies. Paragraph 48 of the Decision indicates a transition period may be required in 2002 *“in the event that a Phase II costing methodology leads to a considerable reduction in the independent telcos' current subsidy requirement”*. CWTA submits the Commission has demonstrated that the principle of fairness is not degraded by distinctions between classes of service providers.
12. In regard to technological neutrality, CWTA submits that this principle is not jeopardized by the assessment of a distinct contribution rate for wireless carriers. As the Commission is aware, wireless carriers face a range of regulatory obligations imposed by Industry Canada not faced by wireline service providers. Clearly these obligations are outside the control of the Commission, but they must be considered, especially when issuing a decision that has such significant and adverse financial impacts on a specific industry segment, as does Decision 2000-745.
13. Fairness dictates that the regulatory obligations established by one Agency in the pursuit of government policy objectives, such as section 7 of the *Telecommunications Act*, cannot and must not be examined in isolation from what any other Agency establishes to meet the same objectives. In the interest of competitive equity the entire “regulatory package”, meaning all obligations established by Agencies in pursuit of the same government policy objectives, must be examined in concert.

14. In conclusion, the CWTA submits that the record of this proceeding overwhelmingly demonstrates that the relief for wireless carriers proposed by the Bell companies should be granted.

Sincerely,

Electronic filing

J. David Farnes
Vice President
Regulatory Affairs

Cc: PN 99-6 Interested Parties

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