



Teresa Griffin-Muir
Vice President, Regulatory Affairs
Vice-présidente des Affaires réglementaires
MTS Allstream Inc.

26 June 2006

By email and by fax

Ms. Diane Rhéaume
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Ms. Rhéaume:

Subject: MTS Allstream comments in regards to Aliant Telecom and Bell Canada's Part VII Application to Revise the *Telecommunications Fees Regulations, 1995*

1. MTS Allstream Inc. (MTS Allstream) is in receipt of a Part VII application filed by Aliant Telecom and Bell Canada (collectively, Bell et al.), requesting a revision to the current regulations regarding telecommunications fees and, in particular, the current basis on which telecommunications fees are determined and levied.
2. Bell et al. are requesting (i) that all Telecommunication Service Providers (TSPs), and not only those who file tariffs, contribute to the costs of the Commission; (ii) the Commission establish service standards with regards to regulatory activities and publish these on a quarterly basis, and (iii) that the Commission undertake a review of the Commission's cost structure and commit to reducing activities that do not contribute to the objectives of the *Telecommunications Act*.
3. MTS Allstream agrees that telecommunications fees should be payable by all TSPs and on a consistent base of revenues, in the same way that all TSPs contribute to the costs of providing telecommunication service in high cost serving areas. Currently telecommunications fees are paid only by Canadian carriers who file tariff applications to

the Commission, as established by the *Telecommunications Fees Regulations, 1995*.
(*The Regulations*)

4. It is evident that the telecommunications industry has changed since *The Regulations* were set in place in 1995. Given that the telecommunications market has been open to competition since that time, MTS Allstream submits that it is time the Commission reevaluate *The Regulations* in order to create a fair distribution of regulatory costs.
5. As noted by the Commission in Telecom Public Notice 98-34, *Amendments to Regulations Respecting Telecommunications Fees*, it is not solely the Canadian carriers that file tariffs that contribute to the Commission's regulatory costs. The Commission's activities and resources span a broad range of regulatory activities including the establishment and monitoring of a regulatory framework designed to ensure that there is sustainable competition:

...even though all Canadian carriers cause regulatory costs, in a competitive era where all carriers must cut costs, some must pay fees, while their competitors do not. It is also to be noted that regulation by the Commission benefits not only those that file tariffs, but all Canadian carriers, by providing a body which seeks, among other objectives, to ensure that there is substantial competition.¹

6. MTS Allstream submits that this statement made by the Commission clearly identifies that the existing fee structure disadvantages those Canadian carriers who are required to file tariffs. It appears that the Commission is aware of the fact that all Canadian TSPs contribute to and benefit from the Commission's regulatory processes.
7. In Telecom Public Notice 98-34 the Commission proposed an amendment to *The Regulations* where by telecommunications fees would be paid by all Canadian
TSPs, whether they file tariffs or not, unless their telecommunications operating revenues were less than the proposed threshold of \$1 million per annum in

telecommunications operating revenues.² MTS Allstream is of the view that this proposal is fair and reasonable and that the fee structure proposed by the Commission in PN 98-34 should be implemented without further delay.

8. MTS Allstream notes that revising the structure of telecommunications fees as proposed by the Commission in PN 98-34, would decrease the overall burden currently carried by TSPs who file tariffs.
9. Bell et al. have also requested that the Commission undertake a review of its cost structure and commit to reducing activities which do not contribute to the objectives of the *Telecommunications Act*. It is not clear precisely what work Bell et al. believe the Commission undertakes that does not relate or contribute to achieving the objectives of the Act. Moreover, all industry participants, including Bell et al. contribute to the Commission's ever-expanding workload. The work related to the numerous appeals Bell et al. have made to the courts and the cabinet as well as work related to the Telecom Policy Review report and Bell et al.'s numerous Part VII applications have increased not lessened the Commission's workload. While some of the work may be necessary, it is clear that for the most part the initiation of such work is outside the Commission's control. It therefore seems unreasonable for Bell et al. to request that the fees be frozen at the 2006 levels. MTS Allstream is of the view, however, that, irrespective of the mechanism used for collection, all the funds collected through the telecommunication fees should be allocated in full to funding the Commission's work relating to telecommunications.
10. MTS Allstream is of the view that the Commission should reconsider the basis for allocating the telecommunications fees outlined in PN 2000-75 and reexamine *The Regulations* in order to resolve the inequities of the current regulations.

¹ Telecom Public Notice CRTC 98-34, paragraph 5.

² Telecom Public Notice CRTC 98-34, paragraph 9.

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MTS Allstream respectfully submits that an overhaul of the telecommunications
fee calculation methodology is overdue.

Yours truly,

Angela Donnelly

FOR / Teresa Griffin-Muir
Vice President, Regulatory Affairs

c.c.: Telecommunications Service Providers

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