

June 2, 2022

FILED VIA GCKEY

Claude Doucet
Secretary General
Canadian Radio-television and
Telecommunications Commission
Gatineau, QC
K1A 0N2

Dear Mr. Doucet,

Subject: *Call for comments – Proposed amendments to the Telecommunications Fees Regulations, 2010*, Telecom Notice of Consultation CRTC 2022-32 (CRTC File 1011-NOC2022-0032) – Intervention of Competitive Network Operators of Canada

1. In accordance with the process set out in the Commission’s procedural letter dated 18 May 2022, Competitive Network Operators of Canada (“CNOC”) is hereby submitting its intervention with respect to the proceeding initiated by Telecom Notice of Consultation CRTC 2022-32¹ (“TNC 2022-32”).
2. In TNC 2022-32, the Commission proposes two changes to the *Telecommunications Fees Regulations, 2010*² (“*Fees Regulations*”):
 - (1) Amending the *Fees Regulations* to replace the current reference to Telecom Circular 2007-15³ with a reference to Telecom Information Bulletin 2019-396⁴ (“TIB 2019-396”), such that retail Internet service revenues and retail paging revenues would no longer be deductible when determining contribution-eligible revenues in the telecom fees calculations;⁵ and
 - (2) Replacing the current definition of the term “related” in section 1 of the *Fees Regulations*, which formerly referenced section 3840 of the outdated *Canadian Institute of Chartered Accountants Handbook*, with the definition of the International

¹ *Call for comments – Proposed amendments to the Telecommunications Fees Regulations, 2010*, Telecom Notice of Consultation CRTC 2022-32, 16 February 2022.

² (SOR/2010-65).

³ *The Canadian revenue-based contribution regime*, Telecom Circular CRTC 2007-15, 8 June 2007.

⁴ *The Canadian revenue-based contribution regime, effective 1 January 2020*, Telecom Information Bulletin CRTC 2019-396, 4 December 2019.

⁵ TNC 2022-32, at para 6.

Accounting Standard 24 in the *CPA Canada Handbook – Accounting*, which is the successor to the *Canadian Institute of Chartered Accountants Handbook*.⁶

3. CNOC will address each of these proposed changes, in turn.
4. CNOC’s failure to address a matter raised by another party that is contrary to CNOC’s interests should not be taken to mean that CNOC agrees with the views of that party.

Determination of Contribution Eligible Revenues under the Fees Regulations

5. CNOC supports the Commission’s proposed change to the calculation of contribution eligible revenues under the *Fees Regulations*. This proposed change would result in a more proportionate and equitable allocation of telecom fees. By aligning the approach for calculating contributions under the National Contribution Fund (“NCF”) and calculating telecom fees under the *Fees Regulations*,⁷ the Commission will also simplify annual reporting for telecommunications service providers with Canadian telecommunications service revenues over \$10 million.
6. Although CNOC agrees with Rogers Communications Canada Inc. (“Rogers”) that telecom fees should be allocated according to the activity and operations of the Commission’s activities,⁸ CNOC disagrees with Rogers’ submission that the current approach to calculating telecom fees is better suited for allocating costs on this basis.⁹ Over the years, the telecommunications environment has evolved. Reliance on legacy voice telephony continues to lessen over time whereas Internet services have become an essential service for Canadians. Going forward, the Commission’s activities must continue to shift accordingly. By extension, the Commission’s costs should be allocated on a basis that is reflective of regulatory activities that respond to the telecommunications needs of Canadians. This can only be achieved by adopting the definition of contribution-eligible revenues set out in TIB 2019-396, which captures Internet service and retail paging revenues.
7. Aligning the approach for calculating telecom fees with the same formula that determines a telecommunications service provider’s contributions to the NCF increases regulatory efficiency, consistent with section 7(c) of the *Telecommunications Act*¹⁰ and paragraph 1(a)(ii) of the 2006 Policy Direction¹¹. The Commission’s proposed change is also consistent with paragraph 1(a)(i) of the 2019 Policy Direction¹², as it will allow for a more proportionate and equitable distribution of

⁶ *Id.*, at paras 7-8.

⁷ *Id.*, at paras 5-6.

⁸ Rogers intervention dated 19 April 2022, at paras 8-9.

⁹ *Ibid.*; See also Rogers reply dated 4 May 2022, at para 9.

¹⁰ S.C. 1993, c. 38.

¹¹ Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives, SOR/2006-355.

¹² Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to

the Commission's costs, which supports a regulatory ecosystem that is more amenable to competition and investment.

Definition of the term "related"

8. CNOC supports the Commission's proposed change to the redefinition of the term "related". This definition should track the leading accounting standards. In this case, the previous definition of "related" from the *Canadian Institute of Chartered Accountants Handbook* is succeeded by the definition from the definition in International Accounting Standard 24 in the *CPA Canada Handbook – Accounting*, the successor to the *Canadian Institute of Chartered Accounts Handbook*. Furthermore, as noted in TNC 2022-32, this change is consistent with the Commission's treatment of related entities under the contribution regime, as per TIB 2019-396.

Conclusion

9. In summary, CNOC supports both changes proposed in TNC 2022-32. CNOC looks forward to participating in the final reply stage of this proceeding.

Yours very truly,

Geoff White

Director, Executive Director and General Counsel

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