

July 10, 2020

VIA Intervention Comment Form

Mr. Claude Doucet
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Doucet,

Subject: Telecom Notice of Consultation CRTC 2019-406: Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada – CCSA Reply Comments

1. The Canadian Communication Systems Alliance (“CCSA”) speaks for independent communications distributors – smaller broadcasting distribution companies, telephone companies and ISPs – across Canada. CCSA represents more than 110 companies operating from sea to sea to sea, including across the North.
2. CCSA submits these comments in response to Telecom Notice of Consultation CRTC 2019-406.

Executive Summary

3. There is considerable consensus among intervenors as to the primary barriers to building rural broadband networks. They are:
 - the cost and difficulty of access to key inputs to network building and operation, including:
 - terrestrial and other transport or backhaul facilities and services;

- licensed spectrum including currently licensed, unused spectrum; and
 - attachment to support structures.
- the lack of timely access to those inputs due to vagueness of existing tariff rules, mixed jurisdiction and regulatory regimes; and
 - lack of any form of subsidy for ongoing operational costs, including the costs of support structure attachment.
4. The issues that many intervenors have raised with support structure “make ready” costs and ongoing support structure attachment costs raise the larger question of how rural networks, once built, can be economically sustained.
 5. CCSA considers that the single most important issue to be addressed is the lack of any support for ongoing network operation in what amount to “High Cost Serving Areas”. CCSA fears that, without such support, Canada will find itself wasting time and money by building networks that cannot be sustained.
 6. CCSA recommends that both Government and the Commission address that deficiency as a matter of the highest priority.
 7. CCSA thanks the Commission for the opportunity to provide these comments.

Sincerely,



Christopher J. Edwards

Vice-President, Regulatory Affairs



CANADIAN COMMUNICATION SYSTEMS ALLIANCE INC.

**Before the Canadian Radio-television and
Telecommunications Commission**

**Telecom Notice of Consultation CRTC 2019-406: Call for
Comments Regarding Potential Barriers to the Deployment of
Broadband-Capable Networks in Underserved Areas in
Canada**

Reply Comments

July 10, 2020

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1. The Canadian Communication Systems Alliance (“CCSA”) speaks for independent communications distributors – smaller broadcasting distribution companies, telephone companies and ISPs – across Canada. CCSA represents more than 110 companies operating from sea to sea to sea, including across the North.
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The Basic Challenge

3. As TELUS has succinctly put it: “The most significant barrier to deploying broadband infrastructure in rural and remote areas is the difficult business case for building that infrastructure.”¹
4. In view of the low population densities and often significant geographical challenges that characterize many remaining unserved and underserved areas, CCSA completely agrees.
5. As a general proposition, the common characteristics of the remaining underserved and unserved areas include:
 - high numbers of support structures required to serve customers as compared to more densely populated urban environments;
 - relative difficulty and high cost of access to backhaul or transport services needed to extend local access service to customers.
6. Almost by definition, the areas into which the Government and Commission funding programs seek to extend broadband networks are “High Cost Serving Areas”.

¹ TELUS, “Telecom Notice of Consultation CRTC 2019-406 Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada: Intervention of TELUS” May 7, 2020 at para. 1.

7. CCSA would therefore expand TELUS' observation by noting that the most significant barrier – the “difficult business case” – has two components; first the difficult business case for building the infrastructure in the first place and, second, the difficult business case for operating new or extended broadband networks once they are built.
8. Numerous intervenors have expressed concerns with the difficulty and cost of access to:
 - wholesale terrestrial transport services;
 - spectrum licences and/or sub-licences; and
 - attachment to support structures.
9. Smaller, competitive providers generally lack the ability to amortize such cost elements over large subscriber bases or to cross-subsidize such costs with revenues from other services and product lines.
10. It is important to understand that each and every one of those necessary inputs to creation and operation of a broadband network represents a substantial component of the ongoing cost of network operation.
11. That is to say, wholly aside from the capital costs of acquiring, building and making ready the facilities underlying such elements, each of those elements entails ongoing, non-capital costs in the form of monthly or annual bandwidth fees, spectrum licence/sub-licence fees and support structure attachment fees.
12. As is discussed below, numerous intervenors have highlighted the need for ongoing, non-capital funding to defray those ongoing costs and thereby make network operation economically sustainable.
13. As CCSA has said in previous submissions, there is little value in building new networks

if continued operation of those networks is uneconomic and unsustainable.²

14. CCSA fears that if no provision is made for subsidization of ongoing network operation in underserved and unserved areas, Government and Commission capital funding programs will not achieve their objective of delivering broadband access to all Canadians.
15. Rather, limitation of funding to only capital project costs creates a significant risk of stranded investment as networks prove to be economically unsustainable over the long term.
16. CCSA urges both Government and the Commission to explore ways to ensure that the solutions delivered through their funding programs are, in fact, complete and sustainable solutions.

The Inputs – Terrestrial Transport, Spectrum

Terrestrial Transport

17. Access to transport bandwidth and spectrum are vital inputs to network operation. The cost and availability of those inputs are crucial factors in a determination as to whether a given local access network is sustainable.
18. In its review of the initial interventions in this proceeding, CCSA was struck by the number of intervenors, of various types, who share concerns with the cost and availability of those inputs.
19. With respect to the cost and availability of wholesale transport services, we note the following representative comments:

² See, e.g. CCSA, “Telecom Notice of Consultation CRTC 2019-406: Call for Comments Regarding Potential Barriers to the Deployment of Broadband-Capable Networks in Underserved Areas in Canada: Initial Comments” May 7, 2020 at para. 30.

SSi Micro – “. . . in remote and underserved regions of Canada, the bottleneck to broadband service is transport, not the access networks.”³

Winnipeg Metropolitan Region – “Additionally, there have been challenges of identifying (finding) and accessing fibre infrastructure, tower space and co-location for equipment to facilitate broadband expansion. There is also a challenge to smaller providers since the rates quoted are often above market rates.”⁴

Internet Society – “Backhaul for many remote communities in Canada can exceed \$1 million in upfront costs, and tens of thousands per month in subsequent running costs.”⁵

TekSavvy – “Parties seeking transport service also struggle with discoverability of supply conditions. No reliable detailed maps of incumbent or third-party transport facilities are readily available. Due to this problem, parties seeking transport services have no visibility into how much supply exists, the identity of the suppliers and the location of potential breakout points.”⁶

20. In response to those concerns with availability and cost of transport services, intervenors made a number of recommendations, including:

First Mile Consortium – “Pricing for transport services, particularly those supported by public funds (e.g. ISED funding programs or the Commission’s Broadband Fund), should

³ SSi Micro, “RE: Telecom Notice of Consultation CRTC 2019-406, Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada: Intervention of SSi Micro Ltd.” May 7, 2020 at para. 26.

⁴ Winnipeg Metropolitan Region, TNC CRTC 2019-406 Comment Intervention Form, January 22, 2020 at para. 10.

⁵ Internet Society, “Comment from the Internet Society on Telecom Notice of Consultation CRTC 2019-406 Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada”, March 24, 2020 at p. 4.

⁶ TekSavvy Solutions Inc., “In the matter of Telecom Notice of Consultation CRTC 2019-406, Call for Comments Regarding Potential Barriers to the Deployment of Broadband-Capable Networks in Underserved Areas in Canada, 10 December 2019, As Amended - Intervention of TekSavvy Solutions, Inc.”, May 7, 2020 at para. E6.

be regulated to ensure fair access.”⁷

“Transport services requested by third-party providers must be provided by incumbents in a timely manner. Incumbents should be penalized for unreasonable delays.”⁸

“To take advantage of existing transport capacity, the CRTC should undertake a mapping exercise to highlight available existing dark fibre and/or conduit.”⁹

NOWLC-Net – “More transparency regarding the disposition of backhaul infrastructure, especially fibre optic network infrastructure, is needed in order for cooperatives and other small-scale operators to be better able to plan their infrastructure development and investment.”¹⁰

BCBA – “We recommend that the CRTC consider a more comprehensive tariff mechanism to make access to layer-2 or dark fibre available at affordable prices to last-mile carriers in rural communities.”¹¹

Cybera – “The Commission should reinstate the regulation of access to wholesale transport services, for both fibre-based and ethernet services. The Commission should strongly consider discontinuing its policy of forbearing on rate regulation in situations where regulation is likely to increase broadband access for underserved Canadians.”¹²

⁷ First Mile Connectivity Consortium, “Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada Submission of the First Mile Connectivity Consortium”, March 23, 2020 at para. E8.

⁸ *Ibid.* at para. E11.

⁹ *Ibid.* at para. E15.

¹⁰ NOWLC-Net Cooperative Limited, “Comment from NOWLC-Net Cooperative on Telecom Notice of Consultation CRTC 2019-406 Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada”, at p. 3.

¹¹ British Columbia Broadband Association, “Re: Telecom Notice of Consultation CRTC 2019-406 - Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada (File No. 1011-NOC2019-0406) – Initial intervention from the BC Broadband Association”, April 23, 2020 at p. 3, Recommendation 8.

¹² Cybera Inc., “Telecom Notice of Consultation CRTC 2019-406: Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada: Submission from Cybera Inc.” at para. 17.

“The Commission should undertake the creation of a database to map out existing dark fibre and/or conduit.”¹³

Federation of Canadian Municipalities – “The range of services that should be considered as potentially essential should include active transport services (i.e. layer 2/Ethernet services) and dark fibre as well as potentially other fixed network assets that are expensive (and therefore inefficient) to duplicate in rural areas and remote communities (e.g. co-location, tower sharing, etc.).¹⁴

Shaw – “. . . the Commission needs to ensure competitive access to transport services in monopolistic markets, particularly in underserved areas, by taking the steps necessary to establish dispute resolution mechanism as a backstop to commercial negotiations in such markets.”¹⁵

TekSavvy – “Transport services are essential services. TekSavvy therefore requests that the Commission order the ILECs, who are the only ubiquitous suppliers of transport services, to provide transport services on a mandated basis and subject to tariffed terms and conditions, including regulated rates.”¹⁶

“Critical transport service supply shortages are a testament to the insurmountable nature of the barriers that prevent duplication on any meaningful scale.”¹⁷

SSi Micro – “The Commission should consider forbearance only if the transport facilities in question have actually been duplicated by competitors.”¹⁸

¹³ *Ibid.* at para. 21.

¹⁴ Federation of Canadian Municipalities, “Intervention Regarding Telecom Notice of Consultation CRTC 2019-406 Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada: First submission”, May 7, 2020 at para. 11.

¹⁵ Shaw Cablesystems G.P., “In the matter of Telecom Notice of Consultation 2019-406, Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada”, May 7, 2020, at para. 12.

¹⁶ TekSavvy Intervention at para. E8.

¹⁷ TekSavvy Intervention at para. E12.

¹⁸ SSi Micro Intervention at para. 43.

21. These comments and recommendations show that there is a real, wide-spread concern with affordable and timely access to wholesale transport services.
22. CCSA agrees that, at least where transport facilities are practically or economically unduplicable, such services are “essential” and the Commission should regulate the rates and terms for the provision of such essential services by the incumbents.
23. CCSA also agrees that transparency as to where transport facilities and break-out points exist is critical to a successful national rural broadband program and that mapping of existing transport facilities would be a worthwhile exercise that should be undertaken as soon as possible.

Spectrum

24. As TELUS notes in its intervention:

Fixed wireless access can be an effective and efficient method of connecting households in rural areas due to the ability to connect entire communities from a single tower or small number of towers. Using fixed wireless technology removes the need to run a wireline connection to each premises. As a result, spectrum is critical for rural areas because much of these areas rely on fixed wireless internet access.¹⁹

25. Again, the number of parties who commented on this topic demonstrates that lack of access to affordable licensed spectrum on a localized basis is a significant barrier to the cost-effective roll-out of rural broadband networks.
26. Observations and recommendations made included the following:

NOWLC-Net – “Canada should immediately operationalise its TVWS regulation and should further explore dynamic spectrum in the 3.5GHz range as is being developed with

¹⁹ TELUS Intervention at para. 16.

Citizens Broadband Radio Service (CBRS) by the FCC.”²⁰

BCBA – “We recommend that the CRTC urge the Government of Canada to ensure that small carriers gain access to low-band and mid-band licensed spectrum in rural communities for broadband services.”²¹

Cybera – “In rural, unserved, and underserved areas, a more comprehensive mechanism to access licenced, unlicensed, or shared spectrum should be instituted. This is especially true in areas where major telecoms may own spectrum licenses, but are not making use of them. The Commission should urge the Government of Canada to allow for smaller carriers to gain access to low- and mid-band licenses. While some processes exist now for sublicensing, they should be streamlined to make the process more inclusive for smaller providers.”²²

Eeyou – “Access to spectrum by non incumbents is vital to competition and for realizing the objectives of universal service in Canada. Small and independent ISPs need better access to spectrum licences, and this can only be achieved through policy change.”²³

TELUS – “ISED deployment conditions have regularly allowed spectrum, often licenced at a significant discount because of a set-aside, to go unused for years or decades to the detriment of Canadians who live in rural areas. The implementation and enforcement of strong deployment requirements are a crucial element in realizing the objective of Canadians benefiting from the latest wireless telecommunications services in both urban and rural areas. Fallow spectrum achieves no public policy goal.”²⁴

PIAC – “However, there are limits to how much acceleration of deployment is possible

²⁰ NOWLC-Net Intervention at p. 4.

²¹ BCBA Intervention at p. 3, recommendation 7.

²² Cybera Inc. Intervention at para. 36.

²³ Eeyou Communications Network, “Comment from Eeyou Communications Network (ECN) on Telecom Notice of Consultations CRTC 2019-406 Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada”, May 7, 2020 at para. 31.

²⁴ TELUS Intervention at para. 22.

(e.g., weeks to months at best), especially wireline deployment, which could warrant a focus on wireless (fixed and mobile) solutions that use licensed and unlicensed spectrum. For example, GoC could follow the US lead to quickly allocate more spectrum to TSPs willing to expand rural broadband connectivity during the pandemic (e.g., granting temporary spectrum access to Verizon and opening the 6 GHz band for WiFi and other unlicensed uses).²⁵

27. Those observations and recommendations point to an important opportunity to accelerate the build-out of rural networks and to reduce the costs of that build. CCSA agrees that fixed wireless solutions, in particular, are a cost-effective means to extend existing local networks to new service areas. CCSA is aware of a number of its members who are doing just that.
28. However, the quality of unlicensed spectrum remains an issue. To provide high-quality broadband service to their customers, smaller ISPs need access to affordable licensed spectrum, especially in the low-and mid-band ranges.
29. We note that the recommendations quoted above point to a number of possible mechanisms for making such spectrum more readily available. We consider that all possible models for making more licensed spectrum available to smaller operators on a localized basis should be explored.
30. With respect to primary licensing, we note the possibilities presented by the US CBRS model and recommend that a similar structure be considered in Canada. In prior submissions to ISED, CCSA has also recommended adoption of some form of “Spectrum as a Service” model whereby smaller operators could rent spectrum on a “pay as you grow” basis.

²⁵ Public Interest Advocacy Centre, “Intervention of the Public Interest Advocacy Centre (“PIAC”) on: Potential Barriers to the Deployment of Broadband-Capable Networks in Underserved Areas in Canada”, May 7, 2020 at para. 124.

31. Perhaps even more importantly, we agree with TELUS' comment that "[f]allow spectrum achieves no public policy goal." CCSA strongly recommends that much stronger conditions for use of licensed spectrum and rules which require sub-licensing of unused licensed spectrum should be implemented as soon as possible.
32. Quite simply, an effective rural broadband program requires the use of all resources that are available to encourage cost-effective network deployment and operation. Spectrum is a critical resource that must be made accessible as effectively as possible.

Passive Infrastructure and Operational Sustainability

Support Structure Attachment

33. The common theme upon which almost all intervenors agree is that there is a growing problem with the timeliness and cost of access to support structures owned by both the ILECs and the provincial hydro utilities.
34. That problem is delaying rural network builds and contributing significantly to the cost of operating such networks once they are built.
35. Anecdotally, CCSA is aware of some of its members having decided not to make funding applications because the time required to attach to support structures, the cost of upgrading poles – which they are left to shoulder – and the cost of ongoing attachment fees all make the project economically unfeasible.
36. Many intervenors shared those concerns, for example:

First Mile Consortium – “The Commission should make available adequate funding through the Broadband Fund to cover the total costs of access to all support structures”.²⁶

BCBA – “We recommend that the CRTC include, in their funding programs, support for

²⁶ First Mile Connectivity Consortium Intervention at para. E23.

upgrades to pole infrastructure.”²⁷

Cybera – “The Commission should make funding available for the costs of accessing support structures. Where access is available, but upgrades are needed, the broadband fund should allow applicants to apply for needed upgrades to support structures, such as utility poles, conduits, telecom towers, etc.”²⁸

Federation of Canadian Municipalities – “The fixed costs of remediating old poles needed for aerial fibre and/or small cell antenna networks, as well as operational costs associated with rents on long rural fibre runs, represent key barriers to deploying high-quality broadband networks people that live in rural areas demand.”²⁹

Eeyou – “Delays in the permit request processes for access to support structures are unfairly penalizing the small TSPs in achieving their mission to improve broadband services for their communities. These delays and denials as well as the poor communication and a lack of transparency cause considerable obstacles and delays for small TSPs, including ‘timing out’ in regard to funding deadlines and objectives.”³⁰

Canadian Electricity Association – “CEA urges the CRTC to ensure that funding for applicants’ business case includes ‘make-ready’ costs if upgrades to electrical utilities’ infrastructure are required.”³¹

Tbaytel – “Depending on individual circumstances, the detailed engineering costing process can take up to one half year with similar timelines for required remedial pole replacement/make ready work – for a total time from application to facility readiness of

²⁷ BCBA Intervention at p. 2, Recommendation 5.

²⁸ Cybera Inc. Intervention at para. 29.

²⁹ Federation of Canadian Municipalities Intervention at para. 19.

³⁰ Eeyou Communications Cooperative Intervention at para. 17.

³¹ Canadian Electricity Association, “RE: Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada, Telecom Notice of Consultation CRTC 2019-406”, May 7, 2020 at para. 23.

approx. 1 year before the actual fibre installation can commence.”³²

Rogers – “Fees to attach to incumbent local exchange carrier (ILEC) and electrical utility poles (e.g., audits, engineering, inspection, make-ready) can be unreasonably high and may account for as much as half the total cost of deploying fibre in rural and remote areas. Further, unreasonable recurring pole attachment fees have a material negative impact on the business case in these areas.”³³

37. Essentially, three remedies have been proposed to address this problem:

- the Commission to review ILEC performance under existing tariffs and set rules for attachment timelines and wholesale fees as needed;
- Government to bring all support structures – whether owned by an ILEC, a provincial hydro utility or both – under the Commission’s jurisdiction;³⁴ and
- introduction into Commission and Government broadband funding programs of eligibility for funding:
 - support structure “make-ready” costs; and
 - ongoing support structure attachment costs.

38. CCSA supports all three of those recommendations. With respect to the first, we note Shaw’s enumeration of existing issues with the ILEC tariffs as follows:

Five key shortcomings in the current support structure tariffs facilitate these delays: mandated permit application response times are subject to abuse and

³² Tbaytel, “Subject: Telecom Notice of Consultation CRTC 2019-406 – Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada - Ref #1011-NOC2019-0406”, May 7, 2020 at para. 13.

³³ Rogers Communications Inc., “Re: Telecom Notice of Consultation CRTC 2019-406 – Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas of Canada – Rogers’ Intervention”, May 7, 2020 at para. 15.

³⁴ See, e.g. TELUS Intervention at para. 67; Shaw Intervention at para. 64.

gamesmanship, some applications for support structure access are exempt from mandated response times, there exists a lack of timelines surrounding make-ready work, a lack of accountability for capacity-based access denials, and dispute resolution mechanisms that are ineffective and lack oversight.³⁵

39. CCSA supports a Commission review of the tariffs to address all of those issues, which are real barriers to deployment of networks by smaller operators.
40. With respect to the second recommendation, CCSA has for some years now, advocated for Government action to bring all matters of telecommunications support structure attachment under the Commission’s jurisdiction, regardless of the support structures’ ownership. We think the consistency that would result is absolutely critical to an effective, efficient regulatory regime in this area.

Operational Costs

41. The third recommendation is for broadband funding programs to recognize and fund the costs of support structure “make ready” costs and ongoing attachment costs.
42. To CCSA, this is the most fundamental issue in this proceeding. The exclusion of any operating costs from Government and Commission funding programs makes many projects which might otherwise proceed economically unviable.
43. Almost by definition, the remaining unserved areas are ones in which there is no business case for ongoing operation of a local access network.
44. Subsidization of capital costs to build the network is not enough. No private company is going to build a network that it cannot afford to operate.
45. Ongoing support structure attachment rates are rising quickly and, as has been noted above, such costs are proportionately higher in areas where it can take attachment to

³⁵ Shaw Intervention at para. 10.

many support structures, over long distances, to reach a single customer.

46. In many of the unserved regions, the alternative of burying plant is simply not available because of the nature of the terrain.
47. CCSA strongly recommends that Government and the Commission consider by what mechanisms a subsidy of ongoing costs, including but not limited to support structure attachment costs, can be implemented.
48. We fear that without some form of subsidy of ongoing operational costs, extension of broadband service to all Canadians, regardless of where they live, will be an impossibility. The networks simply will not get built or, if they do get built, will not survive for long.
49. CCSA's most important recommendation is that both the Commission and the Federal Government address this shortcoming before capital subsidy dollars are wasted on unsustainable projects.

Municipal Expertise and Partnerships

50. CCSA notes the concerns raised by municipal associations such as the Rural Municipalities of Alberta, the Winnipeg Metropolitan Region and the Internet Society regarding the eligibility requirement that a funding applicant partner with an established ISP or have a minimum of three years of experience with operating a broadband network.
51. CCSA appreciates that concern and the municipalities' fear that such a criterion could exclude them from building networks in response to their communities' needs.
52. Having said that, broadband network construction and operation is a tremendously complex undertaking and CCSA is aware of cases in which Federal Government funding has been awarded to municipal entities who have turned out to lack the expertise needed to get the job done.

53. For a mission – extension of broadband to all Canadians – in which every dollar is needed, the potential waste created by such situations must be avoided.
54. For that reason, while CCSA does not oppose some flexibility with this criterion, Government and the Commission both should take care to ensure that every funded project includes some entity that can bring the necessary expertise and experience to the project.
55. It may be that the criterion should be applied, with care, at the assessment rather than the eligibility stage.
56. CCSA has said before that it believes in and supports a locally-driven model for broadband expansion in which the community and the local ISP, among others, pool resources to define and create the network. CCSA members are open to working with municipalities to get networks built wherever they are needed.

Project Financing

57. CCSA was very interested to see, in the initial interventions, a number of recommendations related to the challenges of financing projects, especially by smaller players.
58. Some of those recommendations were:

BCBA – “We recommend that the CRTC make grant funding more accessible to small carriers that primarily serve remote and sparse communities.”³⁶

“We recommend that the CRTC urge the Government of Canada to direct publicly-controlled lending institutions to support rural broadband projects proposed by small- to

³⁶ BCBA Intervention at p. 3, Recommendation 9.

medium-sized carriers.”³⁷

Cybera – “For many interested groups, the Commission’s current funding restrictions limit their ability to deploy a network. This is because they are unable to secure the needed up-front capital. The Commission should make up-front funding available for approved capital costs in order to encourage groups who may not otherwise have the resources to deploy broadband infrastructure.”³⁸

59. We are interested in these comments because they highlight an issue that is seldom discussed; access to capital by smaller players.
60. Smaller ISPs, associations and municipalities, alike, share the continuous challenge of gaining access to the extensive capital needed to fund network building projects. As a general proposition, Government and the Commission should look for ways to encourage agencies, lenders and investors to participate in such capital funding.
61. CCSA notes, in particular, BCBA’s recommendation of a grant mechanism. Like BCBA, CCSA has previously advocated for a simplified grant process for projects that fall below a set dollar threshold.
62. Implementation of such a grant process could, if well-designed, relieve smaller applicants from application requirements which, to them, are barriers in themselves and from extensive reporting requirements, milestone payment structures, holdbacks and other mechanisms that, again, constitute real barriers to their participation in the funding programs.

Conclusion

63. There is considerable consensus among the intervenors as to the primary barriers to

³⁷ BCBA Intervention at p. 3 Recommendation 10

³⁸ Cybera Inc. Intervention at para. 10.

building rural broadband networks. They are:

- the cost and difficulty of access to key inputs to network building and operation, including:
 - terrestrial and other transport or backhaul facilities and services;
 - licensed spectrum including currently licensed, unused spectrum; and
 - attachment to support structures.
- the lack of timely access to those inputs due to vagueness of existing tariff rules, mixed jurisdiction and regulatory regimes; and
- lack of any form of subsidy for ongoing operational costs, including the costs of support structure attachment.

64. The issues that many intervenors have raised with support structure “make ready” costs and ongoing support structure attachment costs raise the larger question of how rural networks, once built, can be economically sustained.

65. CCSA considers that the single most important issue to be addressed is the lack of any support for ongoing network operation in what amount to “High Cost Serving Areas”. CCSA fears that, without such support, Canada will find itself wasting time and money by building networks that cannot be sustained.

66. CCSA recommends that both Government and the Commission address that deficiency as a matter of the highest priority.

67. CCSA thanks the Commission for the opportunity to provide these comments.

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