Consultation on a Licensing Framework for Mobile Broadband Services (MBS) - 700 MHz Band

Executive Summary of the Submission of Sogetel Mobilité
Submitted to Industry Canada in Response to Canada Gazette Notice no. DGSO-002-12

June 25, 2012
1. Executive Summary of Sogetel’s Submission to Industry Canada

This document is an Executive summary in English of the submission of Sogetel Mobilité (in French) to Industry Canada in response to Canada Gazette Notice No. DGSO-002-12, of April 25, 2012 regarding the licensing framework for the upcoming auction of the 700 MHz spectrum band. Not all elements of the original Sogetel submission in French are discussed in this Executive Summary and the French document should be regarded as the official submission of Sogetel.

Sogetel Mobilité (‘Sogetel’) is a private enterprise, which offers a wide array of mobile and fixed services, including telephone, fixed broadband Internet and television services, in a number of rural areas of Québec. Sogetel has been offering mobile broadband services at speeds of up to 21 Mbps to its clientele since late 2009 and offers a sophisticated suite of handsets and mobile devices including iPhones. Sogetel competes with the largest mobile carriers in the country to offer services to rural areas in Quebec. Sogetel currently employs 170 persons in a high technology field in Quebec. Sogetel is a company that has successfully resolved the challenges associated with the rural deployment of advanced communications services and is committed to continue to do so on a daily basis.

Sogetel thanks the Department for the opportunity to submit its comments and recommendations regarding the upcoming award of the 700 MHz spectrum band across Canada.

The 700 MHz spectrum band is recognised for its excellent propagation characteristics and hence its ability to better serve territories with low population densities compared to...
other spectrum bands. This has been recognised by Industry Canada in a speech by the Honorable Christian Paradis, Minister of Industry Canada on March 14, 2012\(^1\). We have reproduced below a key excerpt of this speech below (with underline added).

“Our government recognizes that high-quality networks are crucial infrastructure for enhancing local economic opportunity as well as for providing access to valuable services.

Our government also believes that rural Canadians should have access to services as advanced as those in urban Canada, in a timely manner.

And that is why our government will be applying specific measures in the 700 MHz auction to see that rural Canadians will have access to the same services as everyone else in a timely manner.”

Sogetel fully supports the pro-competitive objectives pursued by the Canadian government by putting in place a framework for the award of 700 MHz spectrum with spectrum caps that ensures that different mobile carriers will be able to secure spectrum in the 700 MHz spectrum band. However, Sogetel notes that awarding spectrum on a Tier 2 geographic basis is prejudicial to small carriers such as Sogetel, since Tier 2 service zones far exceed the territorial coverage as well as the population of the Sogetel service areas. In our opinion, offering the 700 MHz spectrum band only on a Tier 2 basis in effect goes against the objectives of rural deployment of advanced services in a timely manner as put forward by the Canadian government. Nevertheless, Sogetel looks to the opportunity to continue to offer the latest and best mobile broadband services to its clientele.

Our submission includes two key recommendations to Industry Canada. The first recommendation is for the Canadian government to reduce the opening bids and the pre-

In its detailed submission, Sogetel has highlighted that the opening bids proposed for paired blocks for the 700 MHz spectrum auction are up to 12 times higher than those used in 2008 for the auction of spectrum in the AWS spectrum bands. The ratio of 12 or higher is found when comparing opening bids for licenses in territories such as Northern Quebec (the 2-07 service zone) and the Territories (the 2-14 service zone) Sogetel also highlights that the proposed opening bids for the 700 MHz auction are in a number of cases even higher than the final price paid for AWS spectrum in 2008. This is the case for spectrum licenses in Tier 2 zones 2-01, 2-02, 2-03, 2-04, 2-07, 2-09 and 2-14. In some cases, the opening bid proposed for the 700 MHz auction is up to 3 times higher than the price paid for spectrum in the 2008 auction. The decreases in opening bids proposed by Sogetel would contribute significantly to achieve the rural deployment objectives of the 700 MHz spectrum as stated by Industry Canada.

The second recommendation is to award the 700 MHz spectrum band using the well tested Simultaneous Multiple Round Ascending (SMRA) auction format. After careful review and analysis, Sogetel believes that the high level of complexity of the Combinatorial Clock Auction (CCA) format proposed by Industry Canada will also disadvantage small carriers such as Sogetel and that awarding the 700 MHz spectrum band using an SMRA process coupled with anonymous bidding and generic spectrum blocks as proposed by Industry Canada would protect the interests of all participants.

IndustryCanada : Consultation on a Licensing Framework for Mobile Broadband Services (MBS) - 700 MHz Band
Executive Summary of the Submission of Sogetel Mobilité in response to Canada Gazette Notice no. DGSO-002-12, June 28, 2012
End of the Executive Summary.