SaskTel Comments:

Canada Gazette Notice DGSO-002-12

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

June 25, 2012
EXECUTIVE SUMMARY

1. The following represents SaskTel’s submission in response to Gazette Notice DGSO-002-12 Consultation on a Licensing Framework for Mobile Broadband Services (MBS) - 700 MHz Band.

2. There would seem to be universal agreement that technically the 700 MHz band is well suited to bring next generation cellular broadband to rural areas of Canada. Overall however, SaskTel finds that the suggested rules for the acquisition and deployment of this important spectrum make it much less likely that regional players will be able to access 700 MHz spectrum with its unique ability to help rural areas to bridge the digital divide.

3. In an effort to find compromise, Industry Canada has linked spectrum caps with mandated roaming for all players regardless of size or capability with all players riding on the limited spectrum allowed to a predominantly rural service provider like SaskTel. This, coupled with deployment requirements that are tied only to lower percentages of overall population which will rarely impact rural residents in a Tier 2 licence area, has led SaskTel to advocate for the implementation of a “use it or share it” principle within the licence to allow rural facilities providers to have access to the growing amount of wasted spectrum in rural areas.

4. Given the growing demand for spectrum by rural residents, 5 year wait times to implement licence conditions such as “use it or share it” are unacceptable, especially when licensees obviously have no intention of using their spectrum in rural and remote areas. SaskTel urges Industry Canada to be far more diligent in ensuring that the new 700 MHz licenses and existing licenses are used in rural areas. Today many segments of licensed spectrum have sat fallow for over 25 years. Licenses should not be given for purposes of speculation but rather as the foundation for those who wish to service Canadians, both urban and rural.

5. Industry Canada has proposed the Combinatorial Clock Auction (CCA) format for the 700 MHz auction. This auction format, which has never been used in a country with as diverse a market as Canada, favours national bidders over regional suppliers. While, as Industry Canada’s consultant on this auction indicated in the recent
informational forum, no auction is “perfect”, there remains room for modification to allow regional providers a more level playing field. To that end, SaskTel has suggested slight modifications to the supplementary round phase in order to deal with the potentially overwhelming burden of accounting for values of unallocated spectrum on a national level.

6. SaskTel is pleased that Industry Canada has chosen to re-examine the random division of Lloydminster within its spectrum boundaries. While the original purpose of the Lloydminster boundary deviation was supposedly to avoid the division of population centres, the new boundary chosen by Industry Canada simply divided the city of Lloydminster in a different manner. This created new conflicts within traditional service agreements between TELUS and SaskTel and caused customer confusion to Saskatchewan residents. In addition, the need to place service boundaries outside populated areas to avoid interference no longer applies as current network design and optimization practices today routinely mitigate interference from multiple cell sites in the most dense urban markets.

7. SaskTel believes that the provincial boundaries have worked well in implementing a whole host of telecommunications and non-telecommunications services. Randomly carving off an additional portion of a city, placing it in a Tier with Edmonton some 234 kilometres away, does not seem to be the efficient application of Federal Government regulations. SaskTel asks that Industry Canada match the 700 MHz licence boundary to the provincial boundary in Lloydminster as was recently done with SaskTel’s 2500 MHz license.

8. Lastly, SaskTel is supportive of many of the rules Industry Canada has placed in this consultation. Further defining association and licensing rules are valuable in an ever changing marketplace such as cellular.
INTRODUCTION

9. Saskatchewan Telecommunications ("SaskTel" or “the Company”) is pleased to provide this response to Gazette Notice DGSO-002-12, Consultation on a Licensing Framework for Mobile Broadband Services (MBS) — 700 MHz Band, (“the Consultation”).

10. Below, SaskTel offers our responses to the specific questions raised by the Department in the Consultation. The section numbering of this document corresponds to the numbering of the consultation paper.

11. A number of questions raised by the Department cause less concern than others for SaskTel. In many of these instances, SaskTel has provided no comment at this stage. We do reserve the right to comment on these issues at a later date should we feel it necessary.
3. General

3.1 Service Area for Lloydminster (Alberta/Saskatchewan)

Industry Canada is seeking comments on whether or not the service area boundary for licences in the 700 MHz band should deviate from the provincial boundary around the City of Lloydminster, (Alberta/Saskatchewan).

12. SaskTel strongly urges the Department to end the deviation from provincial borders for the licences in the 700 MHz band around the City of Lloydminster.

13. The City of Lloydminster is located on the border between Saskatchewan and Alberta. Both provinces have over time made a number of concessions to this fact and will continue to do so. As a result both sides of Lloydminster are thriving and residents see seamless service in all utilities. Wireline telecommunications services, such as television, long-distance and high-speed, were traditionally delivered by SaskTel on the Saskatchewan side of the city and by TELUS on the Alberta side. However, Industry Canada’s deviation from provincial boundaries has now given TELUS an artificial competitive advantage in SaskTel’s traditional wireline territory.

14. The traditional cellular supplier on the Saskatchewan side of the city is SaskTel while on the Alberta side this supplier is TELUS. TELUS, through wholesale agreements with SaskTel, now also offers service on the Saskatchewan side of this city.

15. Changes to spectrum Tiers which cause portions of Lloydminster, Saskatchewan to be included in the Alberta Tier one licence, or in a Tier two licence with Edmonton, a city 234 kilometres away, threaten to confuse this traditional relationship for the residents of Lloydminster. Companies wishing to acquire spectrum licences to service the entire province of Saskatchewan would be required to purchase an Alberta licence, or at least an Edmonton licence, to do so. This would obviously not be cost effective unless those companies wish to serve Alberta as well. Any smaller company wishing to service only the City of Lloydminster would face similar challenges. The Department’s proposal will preclude any company from doing so.
16. By contrast, returning the spectrum boundaries in this area to provincial boundaries will allow more competition in this area by enabling SaskTel, with its existing 2500 MHz spectrum license, to potentially obtain lower band spectrum which can be paired with the high band spectrum in order to provide a competitive alternative that works well both within the City of Lloydminster and in surrounding rural areas, to the benefit of the residents of Lloydminster.

17. In addition, the proposed spectrum boundaries not only deviate from Provincial boundaries, they do not cover the entire City of Lloydminster in any event, and certainly not its community of interest. The Department states, in paragraph 12 of the Consultation that “[t]hese deviations were made around provincial borders to avoid having a service area boundary cut through a population centre, thereby minimizing potential interference problems”. However, a quick perusal of the map shows that the re-drawn boundaries exclude both a significant portion of the south east quadrant of this city and the Husky Oil Upgrader, a major employer in the area.

18. As residents of a border city, these Canadians have grown accustomed to unique rules applying to various parts of the city depending on which side of the provincial border – an arguably arbitrary line – they occur. However, these residents, in general, will have no understanding of an arbitrary cellular coverage hex line drawn to include some, but not all, of the Saskatchewan side of Lloydminster. If licence areas must be drawn based on an arbitrary line, and at some point they must, then it is much more logical that this line follow the provincial border.

19. The stated desire of the Department to have a service border not go through a populated area to avoid interference is also outdated. Advancements in network infrastructure design and optimization currently allow CDMA and WCDMA network deployments in any urban area to utilize multiple cell sites to provide the necessary network capacity, and these network design and optimization techniques are able to mitigate interference. These optimization techniques are routinely used in the most dense urban areas, and these same methods can be used in Lloydminster to optimize service in the city with the service boundary following the provincial border. SaskTel currently coordinates network design and optimization with neighbouring service providers, and sees no reason why this cannot be done in Lloydminster.
20. SaskTel urges Industry Canada to follow provincial boundaries for the Tiers in the 700 MHz band, allowing Saskatchewan people to continue to be served in Saskatchewan.

4. Auction Format and Rules

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<tr>
<th>Industry Canada is seeking comments on its proposal to use the CCA format, as well as the general attributes outlined above, including:</th>
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<td>• the categories of generic licences;</td>
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<td>• the guarantee of contiguity across blocks A and B in the lower 700 MHz band in a specific service area;</td>
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<td>• the combined eligibility point and revealed preference activity rule in the clock rounds, and the revealed preference limit in the supplementary round;</td>
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<td>• the use of a second-price rule; and</td>
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<td>• the information to be disclosed during, and post-auction.</td>
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The CCA Format

21. SaskTel disagrees with the use of the CCA format. SaskTel believes that the proposed format is overly complex, not transparent and discriminatory against regional players.

22. SaskTel has retained auction advisors to aid us in understanding the complexities of the proposed format. However, we remain unconvinced that the results of this auction, even given the proposed end-of-auction disclosure, will be easily auditable or understandable to the Canadian public.

23. Although the Department notes that this format has been used in several countries, SaskTel would observe that all of those auctions dealt with national licences and none of the countries in question had the diversity of regions and the number of uniquely regional players that Canada has. Professor Cramton, the expert designing this auction for the Department, stated at the auction design information session held in Ottawa on May 30, 2012, that this would be the first time the CCA format has been brought to regional auctions. SaskTel wonders why Canada would take the risk of being first, especially with spectrum which is potentially so valuable in addressing the needs of rural Canadians. (We note that Australia is also considering the use of a CCA format in a regional auction of its 2500 MHz spectrum – but that no regional players exist in Australia to complicate matters).
24. SaskTel and others have already noted the handicap faced by companies with interests only in specific regions when participating in a CCA auction. As the CCA format attempts to maximize the dollars realized from national bids, regional players – even if they end the clock round with a high bid for their preferred spectrum block in their preferred area – will likely be surpassed by national bidders whose total package bid is higher than a combination of high regional bids that may not include every region in Canada. In addition, while the CCA format (or package bidding with an SMR auction) solves the exposure problem for large, nationwide bidders, it also creates a well-known free rider problem that disadvantages smaller and regional bidders.

25. The Consultation, as clarified, indicates that “[i]f there are still some unallocated licences, a bidder can guarantee that it will win its final clock package by submitting a supplementary bid that increases the dollar amount of its final clock package bid by at least the final clock price of the unallocated licences less the opening bid prices of the unallocated licences.”\(^1\) SaskTel appreciates the clarification and notes that it does lessen our concerns slightly. However, these concerns still exist and are significant.

26. Although the additional bid amount which may be required due to unallocated licences may not be extremely significant to national bidders, it will likely represent a large portion of the bid amount to regional bidders. For instance, unallocated spectrum could possibly represent some five percent of the total bid value, which should not be an onerous burden to a national bidder. For SaskTel, however, in a market representing roughly three percent of the Canadian population, such an incremental bid would be extremely significant – with an allowance for unallocated spectrum potentially higher than our final clock bid. Other regional providers will face a similar dilemma. Professor Cramton explained this fact, with similar examples, at the auction design information session. When asked whether this might disadvantage regional bidders, Professor Cramton’s response was roughly that it would, but that this was a “fact of life” and that though he wished there was something he could do “there [was] nothing” as auction designs “can’t be perfect”. In SaskTel’s opinion,

\(^1\) The Consultation, Annex B, par 17
although it may not be possible for an auction design to be perfect, it certainly is possible for such a design to be improved.

27. 700 MHz spectrum is very important to rural Canadians as this spectrum is the most likely to allow them to continue to progress in a digital Canada. However, it is the regional players that serve a great deal of these customers. Implementing an auction format that does not give the companies serving rural customers at least an equal chance to acquire this spectrum is not good public policy.

28. At the auction information session, the CCA format was described as being very good for bidders wanting licences in multiple regions because there is no risk of winning a bid in one region and not another. The analogy made was that these national bidders will always be able to buy a complete pair of shoes rather than a right or left shoe. Unfortunately, this leaves Canada’s regional wireless providers - the one-legged shoppers - with little hope of fulfilling their own needs. As well, the exposure problem may be overstated when large nationwide bidders have similar preferences, access to alternative spectrum bands, and the ability to enter roaming arrangements in areas where they fail to secure licences.

29. SaskTel believes that the presence of regional players in Canada adds strength and diversity of competition to the marketplace and should not be ignored and swept aside by an auction format designed with no thought to such players.

30. SaskTel suggests that, if the Department wishes to experiment in this manner, it do so with the 2500 MHz spectrum, which is not so critical to bridging the digital divide.

31. SaskTel believes that an SMRA auction format would be preferable. SaskTel believes that the Department’s concerns related to stranded bids and potential gaming could be addressed through alterations to the SMRA format such as the use of a packaged SMRA auction. We note that the FCC has used this format twice; once in a small auction\(^2\) and also in their own 700 MHz auction\(^3\).

\(^2\) Auction 51, for regional narrowband PCS
\(^3\) Auction 73
32. However, if the Department continues to feel that the CCA auction format is preferable, SaskTel proposes the following modifications to help national and regional players participate in the auction on a more even footing.

33. The supplementary round winner determination algorithm should be augmented to consider only allocations that satisfy a constraint that every bidder has to win a package that includes at least its final clock round package. That is, the algorithm would allow bidders to pick up some of the spectrum unallocated at the end of the clock rounds, but would guarantee that they would not lose any licences on which they were the high bidder on at the end of the clock round.

34. To accommodate that change, the price determination algorithm should be augmented so that a bidder would not pay more than its bid for the package it wins. In particular, if a bidder wins the same package it bid for in the final clock round, the price will be no more than the sum of the final clock prices for the licences in its package. If a bidder wins a package larger than its final clock round package, then its price will be no larger than its supplementary bid for that winning package.

35. The proposed CCA format discriminates against regional bidders because of the free rider problem which is inherent in all package bidding (SMRA or CCA). The root of this problem is explained in Professor Cramton’s *Handbook of Telecommunications Economics*, which states

> Allowing package bids is a major change from the original FCC design. Bidder incentives are fundamentally altered. Large bidders, in addition to not facing an exposure problem, have less of an incentive for demand reduction. Small bidders now face a negotiation with each other on how to top large package bids. All bidders will need to rethink their strategies. Relative to the standard auction, which favored small bidders, the package auction favors large bidders.\(^4\)

36. The CCA format as proposed is especially unfavourable for regional bidders because they are disadvantaged when making supplementary round bids necessary to guarantee winning the licences for which they have submitted the highest clock round bids. This discriminatory effect is due to the ability of bidders to use the national value of unallocated spectrum to strategically increase their bids in the supplementary

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\(^4\) Cramton, P. “Spectrum Auctions” in Cave, Majumdar, and Vogelsang (ed.s) *Handbook of Telecommunications Economics*, North Holland, 2002
round – to which other bidders have no future rounds to respond. Essentially these rules turn the auction into a single round sealed bid, eliminating much of the benefit of the learning during the clock phase of the auction.

37. If the Department is not willing to adopt the alteration proposed above, which would ensure that bidders win at least their clock round packages, then SaskTel proposes an alteration to the winner determination that ensures that winners in the clock round must only consider the value of unallocated spectrum in the geographic Tiers in which they are the high clock round bidder. Such companies could guarantee successfully maintaining their winning clock round packages by bidding their maximum clock round bid plus the clock price less opening bid amount of unallocated licences in the corresponding Tier(s) to win. For example, if a bidder was the high bidder at the end of the clock phase on licences only in Alberta, it could guarantee itself the licences by increasing its bid on those licences by the value of the unallocated licences in Alberta alone. If such a modification were adopted, national bids could contain more unallocated spectrum value but the percentage of the total bid would be similar to that of regional bidders competing in specific areas, thus providing a more level field between regional and national players and potentially maintaining more competition in the market rather than letting the big three wireless companies squeeze the rest of the market players out.

- the categories of generic licences;

38. SaskTel, for the most part, supports the categories of generic licences proposed by the Department. We fully agree with the creation of generic licences for the A block, the B and C blocks, and the C1 and C2 blocks. We also agree that the unpaired, TDD blocks are unique enough to require their own generic licence category.

39. However, SaskTel believes that the unpaired TDD blocks are indeed so unique that they not only deserve their own licence, they should not be in this auction. These blocks are speculative at best and are not complementary or substitutable to the other spectrum included in this auction. Their inclusion merely introduces more bidding uncertainty and gaming opportunities, similar to the strategic bidding seen in the AWS auction because of the inclusion of the G and, particularly, the I licences. As a result,
to increase the efficiency of this auction and reduce the possibility of strategic bidding behaviour, they should be removed.

40. A natural solution would be to allocate the FDD spectrum first (by running the auction for these licences only) and a day after the conclusion of the FDD auction start the second auction for the TDD spectrum, using the same auction rules.

- the guarantee of contiguity across blocks A and B in the lower 700 MHz band in a specific service area;

41. SaskTel agrees with this proposal.

- the combined eligibility point and revealed preference activity rule in the clock rounds, and the revealed preference limit in the supplementary round;

42. If the Department proceeds with a CCA format, SaskTel supports the rules limiting bids in the clock and supplementary rounds. These rules are designed to assure useful price discovery in the clock phase and remove uncertainty caused by the sealed nature of the supplementary phase. However, they are not sufficient to achieve the goal and need to be augmented by the additional changes to the winner determination algorithm that we discussed above.

5. Bidder Participation — Affiliated and Associated Entities

Industry Canada is seeking comments on its proposed changes to the definition and rules related to associated entities. Specifically, comments are sought on:

- the types of agreements that should be captured under the definition of associated entities;
- the level of information to be disclosed to the public;
- the provision that typical roaming and tower sharing be specifically excluded from the revised definition of associated entities and whether other types of agreements such as the purchase of backhaul capacity should be deemed excluded;
- the proposal that entities that are deemed associated entities may apply to be treated as separate entities for participation in the auction;
- the proposal that associated entities may request to have the spectrum caps apply to them separately, based on an analysis of their association and of whether they intend to compete in the same licence service area;
- the criteria to be considered in determining whether the entities are competing; and
- the proposal that no changes be made to the affiliated entities rule.
43. SaskTel agrees with the changes proposed by the Department. SaskTel commends the Department for recognizing that companies can be fierce competitors and yet find it beneficial to negotiate certain wholesale agreements in order to provide service most efficiently. SaskTel agrees strongly that industry participants making such agreements should not be penalized with a lack of spectrum, especially where that spectrum would otherwise go unused.

44. SaskTel believes that the changes proposed by the Department will allow the market to develop in a manner that promotes efficient network builds; reduces tower proliferation to the maximum extent possible while still providing quality service to Canadians; and makes efficient and effective use of scarce spectrum resources.

45. To ensure that these proposals are implemented most effectively, SaskTel urges the Department to ensure that potential or actual relationships between parties can be reviewed more than one month in advance of the auction and are reviewed in a timely manner. Should the Department rule that any such relationship could lead to bidders being considered to be one entity, the ramifications of such a ruling to the bidders may well require much more than one month to resolve.

46. SaskTel further recommends that, if possible, the Department provide further guidance as to what may be considered evidence of competition and to the types of relationship that may be acceptable. This will aid with auction planning and related internal approval processes vis-a-vis the auction itself and related business strategies.

6. Conditions of Licence for Spectrum in the 700 MHz Band

Industry Canada is seeking comments on its proposal to issue spectrum licences in the 700 MHz band with a 20-year licence term.

47. SaskTel agrees with the proposal to issue 700 MHz spectrum licences with 20 year licence terms.

Industry Canada is seeking comments on the proposed wording of the condition of licence related to the spectrum aggregation limits.

48. SaskTel agrees with the proposed condition but submits that, should the Department accept the proposal in our responses to Canada Gazette Notice DGSO-001-12 to
incorporate a “use it or share it” clause in the conditions of licence, spectrum accessed according to this condition must not be counted against the cap.

49. As well, the sharing conditions proposed by SaskTel should not be subject to a five year waiting period. The sharing proposed by SaskTel would not constitute the transfer of a subordinate licence and should not be treated as such.

50. Counting any spectrum gained in this manner against the cap, or enforcing waiting periods, would make “use it or share it” nearly useless for any rural operators who are somehow able to acquire 700 MHz spectrum in this auction.

Industry Canada is seeking comments on the proposed condition of licence related to the research and development requirement.

51. SaskTel concurs with the comments of the CWTA on this matter.

Industry Canada is seeking comments on the application of the proposed wording of the licence condition related to rural deployment requirements. Specifically, comments are sought on the assessment of “access to two or more paired blocks of spectrum” for the purposes of this condition of licence.

52. SaskTel has already stated, in other forums, that the proposed condition of license does very little, if anything, to enhance rural coverage. SaskTel would contend that reference to these conditions as promoting rural investment is misleading at best. Even if the rural service obligations were rigorous, the spectrum trigger in the proposed rules would impact very few potential buyers of 700 MHz spectrum.

53. First, the condition only applies to bidders who obtain two paired blocks of spectrum, thus greatly narrowing its potential scope, especially given the proposed spectrum caps for incumbents.

54. Second, the condition only requires those bidders that are impacted to deploy spectrum to a percentage of their current HSPA coverage. In Saskatchewan, for example, Rogers would have to provide some coverage in Regina and Saskatoon, and TELUS, Bell, Wind and any other entrant would have no obligation at all. SaskTel’s obligation, were we to win two blocks would be extensive but that is an obligation we would willingly accept. If the “obligation”, as proposed, applies to any other company, it will be meaningless and do nothing at all for rural Saskatchewan.
55. SaskTel recommends that the Department make two adjustments.

56. First, the obligation should apply to bidders winning one paired block of spectrum.

57. Second, the obligation should apply to a percentage of the bidder’s overall facilities-based coverage, using any technology, not just to their HSPA coverage.

Industry Canada is seeking comments on the application of the general deployment condition of licence as stated above. Specifically, comments are sought on:

- the population coverage, as specified in Table 3, for each licence service area; and
- the time frame proposed whereby the requirement must be met.

58. SaskTel strongly agrees with including a general deployment condition of licence. As SaskTel has previously mentioned, there is already far too much usable but undeployed spectrum in Saskatchewan and in Canada. SaskTel further urges the Department to increase the population coverage requirements specified in Table 3. The deployment limits in Table 3 are based on urban deployments, suitable for higher frequency AWS spectrum. The 700 MHz spectrum is clearly favoured for rural deployments; therefore rural based deployment requirements should be used. If the deployment requirements remain at 40% for Saskatchewan, then any successful bidder for Saskatchewan 700 MHz spectrum will only be required to deploy in the cities of Regina and Saskatoon, leaving 60% of the population and over 99% of the land mass un-served by holders of this valuable spectrum. This would be a very poor use of what has been promoted by the Federal Government as a boost in services for rural residents.

59. Although the Department has seen fit not to incorporate SaskTel’s original suggestion of deployment conditions requiring coverage of 90 percent of the population, the proposed requirements are too minimal. SaskTel recommends they be increased to at least 75 percent of population.

60. Regardless of the deployment requirement ultimately imposed, SaskTel urges the Department to be firm in the application of such a licence, and ensure that successful bidders on 700 MHz spectrum either fulfill the deployment requirements or give up the licenses which they have purchased. In the case of 700 MHz spectrum, licenses
should be purchased in full knowledge that there is a true “use it or lose it” condition to that purchase.

61. In addition, as we expressed in our input to Gazette Notice DGSO-001-12, Proposed Revisions to the Frameworks for Mandatory Roaming and Antenna Tower and Site Sharing, SaskTel urges the Department to incorporate a “use it or share it” condition to spectrum licenses. This condition would apply to cases where licence holders have indeed deployed network and are using a portion of their spectrum, but appear to have no immediate plans to use the remainder of the (typically rural) geographic coverage.

62. Under such conditions, the licensee’s spectrum holdings in areas outside the range of that licensee’s home network should be made available at no charge to facilities owners with home networks that are capable of using the spectrum. The inclusion of a “use it or share it” condition would allay some of our concerns with the amount of wasted spectrum caused by inadequate deployment conditions. This would also allow other regional players who may be the service provider of last resort for many rural residents to ensure that these rural residents receive the benefits of wireless broadband.

7. Auction Process

Industry Canada is seeking comments on the proposed opening bids as presented in Table 4.

63. SaskTel has no concerns with the proposed opening bid values for paired blocks.

64. However SaskTel notes the Department’s opinion that a CCA format will shorten the length of the auction and suggests that the Department could further shorten the length by using large bid increments in earlier clock rounds, especially in areas where excess demand is significant. In later rounds, as demand begins to drop and bids are refined more finely, increments could then be decreased.

65. More specifically, we suggest that the Department follow its guidance to use higher bid increments where there is more excess demand. SaskTel suggests that in the first 8 rounds of the auction, or until the aggregate demand is below 1.5 times the available licenses, bid increments be 5% when demand for licenses is one greater
than the supply, 10% when it is two greater than the supply, 15% when it is three greater than the supply and 20% when it is four or more greater than the supply. Then, the Department should reduce bid increments to 3%, 6% and 10% when demand is one, two, and three or more greater than supply. Because the licence prices will be lower early in the auction, higher percentage increments will speed the auction, but not generally cause concern as price increases will slow down as bidders pursue alternative strategies.

Industry Canada is seeking comments on the proposed pre-auction deposits as outlined above.

66. SaskTel has no concerns with the values of the proposed pre-auction deposits.

67. SaskTel agrees with the Department’s decision to use anonymous bidding in order to reduce the potential for anti-competitive behaviour. In that same spirit, SaskTel recommends the Department release only the names of the registered auction participants and not release details of the values of opening deposits and bid points submitted by each participant.

CONCLUSION

68. SaskTel is particularly pleased that Industry Canada has decided to reopen discussion on the division of spectrum in Lloydminster. Creating further divisions of services and responsibilities in Lloydminster only adds to the confusion of its residents who have lived in this community with many long standing traditions. These traditions and legal boundaries must be considered in conjunction with the allocation of technology.

69. Unfortunately, as described in our Comments, it is our belief that many of the other policies outlined in this consultation do little to promote the Federal public policy of enhancing rural services. In particular we cite:

a) The lack of effective conditions of license to ensure that all buyers of this valuable spectrum have any true rural obligations;

b) The likelihood of increasing amounts of 700 MHz spectrum going unused in much of rural Canada; and
c) The disadvantages the CCA rules have for regional providers who primarily serve the rural areas of Canada.

70. In response to these challenges SaskTel proposes:

a) strengthening of obligations for all 700 MHz licensees by placing rural obligations on all facilities providers obtaining spectrum in this auction;

b) requiring higher spectrum deployment requirements for all licensees regardless of the number of blocks of spectrum they may obtain;

c) providing licensees who obtain licenses an option to either use that spectrum for rural residents or share it with those who will; and

d) making various modifications to the CCA auction format to reduce its discriminatory effects on regional bidders.

71. It is our belief that these small changes to Industry Canada’s approach to 700 MHz will allow urban providers to continue to expand and meet their needs for bandwidth and will also stimulate rural development.

72. SaskTel thanks the Department for the opportunity to provide comments to this consultation.