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MTS Inc. and Allstream Inc. (collectively, MTS Allstream) welcome the opportunity to submit the attached reply comments in connection with Canada Gazette, Part I (20 October 2012) Notice DGSO-006-12, entitled Consultation on Renewal Process for 2300 MHz and 3500 MHz Licences (Notice DGSO-006-12).

Yours truly,

[Signature]

for Teresa Griffin-Muir
I. Introduction

1. MTS Inc. and Allstream Inc. (collectively, MTS Allstream) are pleased to provide the following reply comments in response to Canada Gazette, Part I (20 October 2012) Notice DGSO-006-12, entitled Consultation on Renewal Process for 2300 MHz and 3500 MHz Licences (Notice DGSO-006-12) (the Consultation Document).

2. In essence the question in this consultation is whether it makes sense to renew licences for a ten year term when the use and allocations of the spectrum bands in question are likely to change.

3. There has been very little deployment since the initial licensing of this spectrum in 2003, as well recent technological developments and spectrum policy changes in other jurisdictions have opened up new opportunities for the 2300 MHz and 3500 MHz spectrum bands. These bands were predominately intended for fixed broadband uses; however an LTE mobile service using the 2300 MHz would significantly change the value and purpose of this spectrum. The submissions made by AT&T Inc. the Global TD-LTE Initiative, Ericsson Canada Inc. (Ericsson) and Huawei Canada (Huawei) provide evidence that there has been rapid adoption of LTE throughout the world. To date some 60 countries have implemented LTE mobile services in the 2300 MHz band, and the United Kingdom (UK) has begun adoption of LTE in the 3500 MHz band.

4. In light of Canada’s relative market size, to the greatest extent possible, Canada should harmonize the 2300 MHz and 3500 MHz spectrum bands with that of the United States (US). Such harmonization will ensure that Canada has access to and compatibility with the devices and technology deployed in the US. This and other changes will enable Industry Canada to maximize the use and benefit of scarce spectrum resource.

5. MTS Allstream’s view in this regard is supported by Bragg Communications Inc. operating as Eastlink (Eastlink), iTéract, La coalition des fournisseurs d'accès à Internet sans-fil du Québec, Quebecor Media Inc. (Quebecor), Shaw Communications Inc. (Shaw), and TELUS Communications Company (TELUS).
II. Harmonizing Spectrum in the 2300 MHz and 3500 MHz bands with the United States

6. Contrary to the assertions of Airnet Internet Solutions, Andrews Wireless, Axia SuperNet Ltd., Canadian Tower Corporation, Chatham Internet Access, Genesis Networks Inc., GL Mobile Communications, High Speed Crow Inc., Netago Internet Inc., Routcom Inc., Saskatchewan Telecommunications (SaskTel), and Silo Wireless Inc. the nature of the 2300 MHz spectrum is changing and therefore granting new 10 year licenses to existing licensees could perpetuate an inefficient allocation of spectrum.

7. With the rapid adoption of LTE technology, the fundamental nature and value of the 2300 MHz has changed significantly since this spectrum was first licensed. There is a strong likelihood that LTE mobile wireless will be established in these bands in North America, thereby increasing the need and public interest in repurposing and reallocating this spectrum.

8. Moreover, in October 2012, the FCC recognized the potential for new uses and amended its rules relating to spectrum in the 2300 MHz band to facilitate the development of LTE mobile broadband services.

9. Consequently, at this time, a simple renewal of these licenses would be inappropriate. For this reason, MTS Allstream supports Option 1. This would be in keeping with the recent FCC grant of short term renewals to expire in 2017 for its 2300 MHz licensees. Further, by granting similar short term license term extensions to Canadian licensees, Canada will be aligning the license terms of 2300 MHz licensees in Canada with those in the US. In addition, as the FCC adjusts its spectrum policy for this band to address new LTE technology developments, Canada will be able to adjust its own band plan and licensing policies in harmony. Finally, in MTS Allstream’s view, a new auction will be required to ensure that the 2300 MHz spectrum is efficiently allocated.

10. With respect to spectrum in the 3500 MHz band, MTS Allstream continues to recommend that no extensions be granted for existing licensees. The 3500 MHz band is in considerable flux around the world and ultimately could be a source of up to 175 MHz of spectrum useable for mobile broadband services sometime in the not too distant future.
The FCC is now conducting a review of this spectrum in the context of its National Broadband Plan initiative. As well Industry Canada expects “significant changes over the next few years to international allocations for the mobile service and frequency arrangements in the 3500 MHz band” and is already giving “advance notification that changes to the existing allocation and band plan may be considered in the next two to three years.” In light of the potential uses and of the uncertainty of the US treatment of this band it would not be prudent to grant further extensions for either the 2300 MHz and 3500 MHz band licenses.

11. It is in Canada’s best interest to align with US policy and take advantage of a broader technology ecosystem. A further extension of licenses in the 3500 MHz band up to or beyond 2017 could limit Canada’s options moving forward and lead to an inefficient use of spectrum and a misallocation of licenses.

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