



## Broadcasting Notice of Public Hearing CRTC 2007-19

Ottawa, 20 December 2007

*The Commission will hold a public hearing commencing on 25 February 2008 at 9:30 a.m., at the Conference Centre, Portage IV, 140 Promenade du Portage, Gatineau, Quebec, to consider the following application. The deadline for submission of interventions/comments is 24 January 2008.*

[Broadcasting intervention/comments form]

### Item Applicant and Locality

1. **BCE Inc. (BCE), on its behalf and on behalf of certain of its affiliates, licensees of broadcasting and distribution undertakings**

Across Canada

Application No. 2007-1117-8

#### 1. Across Canada

##### **Application No. 2007-1117-8**

Application by **BCE Inc. (BCE), on its behalf and on behalf of certain of its affiliates, licensees of broadcasting and distribution undertakings** (the applicant), seeking authority for the transfer of effective control of the applicant to a corporation to be incorporated (BCE Holdco). BCE Holdco will hold the shares of BCE through its subsidiary 6796508 Canada Inc. (Bidco).

The applicant is also requesting authority, on behalf of CTVglobemedia Inc. (CTVgm), owner of licensees of radio, television and specialty programming undertakings, to allow a consequential change in ownership of CTVgm subject to the approval of the Commission pursuant to section 14(4)(c)(i) of the *Television Broadcasting Regulations, 1987*, section 10(4)(c)(i) of the *Specialty Regulations, 1990* and section 11(4)(c)(i) of the *Radio Regulations, 1986*.

### Background

BCE and Bidco entered into a definitive agreement, effective 29 June 2007, pursuant to which Bidco agreed to purchase all of BCE's issued and outstanding common and preferred shares (BCE proposal).

The BCE proposal was approved by a majority of BCE shareholders at a special shareholder meeting that took place on 21 September 2007, in Montréal.

The proposed transaction is to be effected by way of a Plan of Arrangement under Section 192 of the *Canada Business Corporations Act*.

### **Application**

The proposed transfer of effective control of BCE would result from the purchase by Bidco of all of the issued and outstanding common and preferred shares of BCE currently held by the public.

In the application, it is stated that pursuant to the Plan of Arrangement, BCE Holdco would own 100% of the Class B non-voting participating shares (Class B shares) of Bidco and 58.1% of the Class A voting non-participating shares (Class A shares), with the balance of 41.9% to be held by Morcague Holdings Corp. (Morcague).

Bidco would own 100% of the Class B shares of BCE and 58.1% of the Class A shares with the balance of 41.9% to be held by Morcague.

In the application, it is also stated that BCE Holdco would be privately owned, with Morcague holding 66.67% of the Class A shares with the balance of 33.33% to be held by co-investors, namely Providence Equity Partners International VI L.P. and its affiliated investment funds (Providence), Madison Dearborn Capital Partners V L.P. and its affiliated investment funds (MDP), and Merrill Lynch Global Partners, Inc. (ML). The majority of the Class B shares of BCE Holdco would be held by Canadians, with Teachers' Private Capital, a division of Ontario Teachers' Pension Plan (Teachers'), holding the largest equity stake.

### Value of the transaction

The applicant submitted that the overall value of the transaction is \$39.8 billion. Of this value, the applicant has allocated \$109.6 million to the broadcasting undertakings for the purpose of calculating the tangible benefits associated with the direct-to-home pay-per-view service of Bell ExpressVu, Limited Partnership (DTH-PPV Service) (\$108.5 million) and the regional video-on-demand service in the province of Quebec of Câblevision du Nord de Québec inc. (Feature Film Service) (\$1.1 million).

### Proposed tangible benefits

The applicant proposes, for the DTH-PPV Service, that a significant portion of the dollars be dedicated to on-screen resources. The applicant proposes to allocate \$6.2 million over a seven-year period to the creation of programming that features and promotes important and underserved Canadian entertainment properties on a pay or free per view basis. This programming would be offered in high definition. Eighty percent of these on-screen tangible benefits would go towards original programming that is both of popular interest and of specific relevance to viewers in Quebec.

The applicant also proposes to allocate \$4.1 million of the benefits to the Bell Fund and \$0.7 million to the Media Awareness Network over a seven-year period.

#### Change in ownership of CTVgm

BCE and Teachers currently hold 15% and 25% respectively of the voting shares of CTVgm. The proposed transaction would result in Teachers' increasing its voting interest in CTVgm to 40%, and thus requires regulatory approval.

#### **Review of the application**

Considering the size and scope of the proposed transaction, the Commission may wish to discuss, among other things, the following:

##### Control

Pursuant to the *Direction to the CRTC (Ineligibility of Non-Canadians)*, P.C. 1997-486, 8 April 1997, as amended by P.C. 1998-1268, 15 July 1998, the Commission must be satisfied that the broadcasting undertakings are not controlled by non-Canadians.

In this context, the Commission may wish to discuss the mechanisms proposed by BCE to ensure that control of the broadcasting and distribution undertakings will be exercised by Canadians at all times.

##### Value of the transaction

The Commission may wish to discuss the value of the transaction allocated to the broadcasting undertakings.

#### **Tangible Benefits**

The Commission, in applying its benefits test, requires that expenditures proposed as tangible benefits: (1) be incremental; (2) be directed to projects and initiatives that would not be undertaken or realized in the absence of the transaction; and (3) flow predominantly to third parties, such as independent producers.

The Commission may also wish to discuss whether and how the applicant's proposed tangible benefits package meets the Commission's benefits test.

#### **Miscellaneous**

The Commission notes that, as part of the application, a number of documents were filed in confidence with the Commission. The Commission has approved confidentiality for those documents that contain highly sensitive financial or competitive information and the disclosure of which could jeopardize the ability of the applicant to complete the proposed transaction in the event that the Commission approves the application.

Additional information will be placed on the public examination file as it becomes available. The Commission encourages interested parties to monitor the public examination file and the Commission's web site for additional information that they may find useful when preparing their comments.

The list of licensees and broadcasting and distribution undertakings owned directly or indirectly by BCE Inc. is set out in the Appendix.

*Applicant's address:*

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Bell Canada  
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Ottawa, Ontario  
K1P 1H1

*Examination of application:*

Câblevision du Nord de Québec inc.  
210, 9<sup>e</sup> Rue  
Rouyn-Noranda, Quebec

Câblevision du Nord de Québec inc.  
45 Hôtel-de-Ville Boulevard  
Val D'Or, Quebec

Bell ExpressVu  
110 O'Connor Street  
Ottawa, Ontario

Bell Aliant  
Maritime Centre  
Regulatory Matters – 11th Floor  
1505 Barrington Street  
Halifax, Nova Scotia

Bell Aliant  
64 Alision Boulevard  
Fredericton, New Brunswick

Bell Aliant  
One Brunswick Square  
5th Floor  
Saint John, New Brunswick

### **Appendix to the Notice of Public Hearing CRTC 2007-19**

List of licensees and broadcasting and distribution undertakings owned directly or indirectly by BCE Inc.

- Bell ExpressVu Inc. (the general partner), and BCE Inc. and 4119649 Canada Inc. (partners in BCE Holdings G.P., a general partnership that is the limited partner), carrying on business as Bell ExpressVu Limited Partnership
  - National satellite relay distribution undertaking
  - National direct-to-home satellite distribution undertaking
  - National terrestrial pay-per-view service
  - National video-on-demand service
  - Direct-to-home pay-per-view service
  - Regional terrestrial pay-per-view service (approved in Broadcasting Decision CRTC 2007-307)
- Bell Canada
  - Class 1 broadcasting distribution undertakings in Ontario, (regional licence)
  - Class 1 broadcasting distribution undertakings in Quebec, (regional licence)
- Bell Aliant Regional Communications Inc., the general partner, as well as limited partner with Bell Canada and 6583458 Canada Inc. (the limited partners), carrying on business as Bell Aliant Regional Communications, Limited Partnership
  - Class 1 broadcasting distribution undertakings serving localities in Nova Scotia, New Brunswick and Newfoundland (regional licence)
- Câblevision du Nord de Québec inc.
  - Class 1 and 3 broadcasting distribution undertakings in Quebec (Rouyn-Noranda and Val D'Or)
  - Regional video-on-demand service

## **Public Participation**

### **Deadline for interventions/comments**

**24 January 2008**

The intervention must be received by the CRTC and by the applicant on or before the above-mentioned date. The Commission cannot be held responsible for postal delays.

The intervention must include one of the following statements in either the first or the last paragraph:

- 1 - I request to appear at the public hearing.
- 2 - I do not want to appear at the public hearing.

Your intervention will be considered by the Commission, and will form part of the public record of the proceeding without further notification to you, provided the procedure set out below has been followed. You will be contacted only if your submission raises procedural questions.

Submit your written intervention to the Secretary General of the Commission in **only one** of the following formats:

**by using the**  
[Broadcasting intervention/comments form]

Or

**by mail to**  
CRTC, Ottawa, Ontario K1A 0N2

or

**by fax at**  
819-994-0218

A true copy **must** be sent to the applicant and proof that this has been done must accompany the intervention sent to the Commission.

The Commission advises those who file and serve by electronic mode to exercise caution when using e-mail for service of documents or notification, as it may be difficult to establish that service has occurred.

Before initiating service through electronic mode, please ensure that you will be able to satisfy the Commission, upon request, that service of the notification was completed.

Where the intervention is filed by electronic means, the line **\*\*\*End of document\*\*\*** should be entered following the last paragraph of the document, as an indication that the document has not been damaged during electronic transmission.

Each paragraph of the document should be numbered.

Your intervention should clearly identify the application and indicate whether you support or oppose the application, or if you propose changes to it, include the facts and grounds for your proposal.

In the event that the application is brought to the oral phase of the hearing, and if you wish to appear, you must provide reasons why your written comments are not sufficient and why an appearance is necessary.

Persons requiring communications support such as assistance listening devices and sign language interpretation are requested to inform the commission at least twenty (20) days before the commencement of the public hearing so that the necessary arrangements can be made.

### **Important notice**

Note that all information that you provide as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, e-mail or through the Commission's Web site at [www.crtc.gc.ca](http://www.crtc.gc.ca), becomes part of a publicly accessible file and will be posted on the Commission's Web site. This information includes your personal information, such as your full name, e-mail address, postal/street address, telephone and facsimile number(s), and any other personal information you provide.

The personal information you provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.

Documents received electronically or otherwise will be put on the Commission's Web site in their entirety exactly as you send them, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.

Please note that the information you provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the Webpage of this particular public process. As a result, a general search of our Web site with the help of either our own search engine or a third-party search engine will not provide access to the information which was provided as part of this public process.

**Examination of documents**

An electronic version of applications is available from the Commission's Web site by selecting the application number within this notice.

A list of all interventions/comments will also be available on the Commission's Web site. An electronic version of all interventions/comments submitted will be accessible from this list. To access the list, select "Lists of interventions/comments" under "Public Proceedings" from the Commission's Web site.

Documents are also available during normal office hours at the local address provided in this notice and at the Commission offices and documentation centres directly involved with these applications or, upon request, within 2 working days, at any other CRTC offices and documentation centres.

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Secretary General

This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>