25 September 2009

BY EPASS

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


Dear Mr. Morin:

Pursuant to the procedures specified in paragraph 27 of TNC 2009-194, as amended by the Commission procedural letter dated 12 May 2009, Cogeco Cable Inc. (Cogeco) is requesting further response to the interrogatory addressed on 28 August 2009 to Bell Aliant Regional Communications, Limited Partnership; Bell Canada; Saskatchewan Telecommunications; TELUS Communications Company; and, Télébec, Limited Partnership (collectively, the ILECs).

In interrogatory ______(Cogeco)28Aug09-1 TNC 2009-194, Cogeco asked the ILECs to provide the following information:


“Based on market estimates and consultation amongst Bell Aliant Regional Communications, Limited Partnership, Bell Canada, Saskatchewan Telecommunications and TELUS Communications Company (collectively, the ILECs), the ILECs estimate a combined nomadic or fixed/non-native VoIP subscriber base of 200,000 subscribers in Canada for 2007 and have each applied a common growth rate to this base. In order to determine the breakdown per province, the ILECs have agreed to apportion the 200,000 subscribers based on the population ratio as reported by Statistics Canada (2007)"

Similarly, on page 6 of the Télébec S.E.C. Étude économique portent sur le Service E9-1-1 associé aux services VoIP mobiles Coûts à la Plateforme de
Localisation (PL), Télébec states the annual growth rates for such service providers are between 10% and 30% per annum.

a) Please provide a detailed explanation as to why the ILECs have not updated their market estimation of the size of the VoIP service provider market in Canada.

b) Please provide all assumptions which were used to conclude that the VoIP service provider market in Canada is the same size in 2009 as it was in 2007, despite the incumbent carriers predicting that the market would grow by between 10% and 30% per annum.

c) Please provide all assumptions which were used to forecast annual growth rates of 10% to 30% per annum to this estimated combined nomadic or fixed/non-native VoIP subscriber base.

d) Please provide any and all studies in the company’s possession which would provide a portrait of the size of the VoIP service provider market in Canada, specifically, and in North America, generally.

In response, Saskatchewan Telecommunications and TELUS Communications Company referred Cogeco to the response provided to this interrogatory by Bell Aliant Regional Communications, Limited Partnership; Bell Canada; and, Télébec, Limited Partnership (collectively, the Companies).

The Companies failed to provide an explanation as to why they have not updated their combined nomadic or fixed/non-native VoIP subscriber base of 200,000 subscribers in Canada for 2007. Further, they failed to provide the assumptions and the calculations they used in their cost studies stating that this information is confidential. Finally, they failed to provide any studies in their possession on the record on this proceeding stating that these studies constitute competitively sensitive commercial information.

Cogeco disagrees with the response filed by the Companies and submits that their claim for confidentiality lacks merit. Moreover, Cogeco is of the view that the ILECs simply avoided responding to this interrogatory.

In its cost study filed on 28 March 2008, TELUS stated the following:

Based on market estimates and consultation with the other Canadian ILECs, we have assumed and agreed to a VoIP subscriber growth rate in Canada as follows1:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomadic and Fixed/Non-native VoIP (Growth %)</td>
<td>+30%</td>
<td>+20%</td>
<td>+20%</td>
<td>+10%</td>
<td>+10%</td>
<td>+10%</td>
<td></td>
</tr>
</tbody>
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1 See paragraph 51 of Telus Communications Company’s Report on the economic evaluation for the introduction of enhanced 9-1-1 service for nomadic and fixed/non-native VoIP (ILEC LIS), 28 March 2008.
Accordingly, in applying the growth rates forecasted for the years 1 (i.e., 2008) and 2 (i.e., 2009) to the subscriber base forecasted in 2007, Cogeco would have expected that the combined nomadic or fixed/non-native VoIP subscriber base used by the Companies in their 2009 cost studies would have been established at 312,000 subscribers in Canada for 2009. However, as cited in the preamble of this interrogatory, it seems the ILECs used the same estimation of the national nomadic or fixed/non-native VoIP subscriber base forecasted for 2007.

In response to sub-question a), the Companies stated that the ILECs have relied upon the original assumptions and estimated growth rates that were used in their previous studies. Does this mean that it is the ILECs’ belief that the subscriber base forecasted in 2007 has not increased during the last two years? If so, such an assumption requires an explanation and this is exactly what was requested in sub-questions a) and b). Otherwise, if it is the ILECs’ assumption that this subscriber base has grown during the last two years, it would be relevant to know which growth rate was applied to the 2007 forecasted subscriber base and what is their estimate of the subscriber base for 2009.

As explained below, the estimation of the nomadic or fixed/non-native VoIP subscriber base in Canada is one of the critical elements for a determination on the matters examined in this proceeding. Accordingly, Cogeco requests that the Commission order the ILECs to provide a complete explanation on their position in this regard and to disclose their estimate of the nomadic or fixed/non-native VoIP subscriber base for 2009.

With respect to the assumptions used to forecast annual growth rates of 10% to 30% per annum to this estimated combined nomadic or fixed/non-native VoIP subscriber base for the study period, the object of sub-questions b) and c), Cogeco submits that the Companies’ position to claim that this information is confidential, without providing any reasons, is entirely without merit and unacceptable.

Given the uncertainty concerning nomadic VoIP growth statistics, as recognized by the Companies themselves in their response to a), it is critical to a determination in this proceeding that a public assessment of all assumptions related to the estimation of the size of this subscriber base be done.

The proposed Canadian i2 architecture aims to provide a solution to enable E9-1-1 calls from any nomadic or fixed/non-native VoIP service user. In order to determine the economic viability of the Companies’ proposed Canadian i2 solution, in Telecom Decision CRTC 2007-125, the Commission has considered it necessary to undertake an economic evaluation of the Companies’ proposed nomadic VoIP E9-1-1 service along with the cost recovery options².

In Appendix 1 of TNC 2009-194, the Commission specifically requested that the cost studies submitted in this proceeding include the expected rate impact of a requirement that the LDP costs be recovered over “all Canadian nomadic VoIP users” (Emphasis added). Accordingly, since the nature of this undertaking is intended to solve a

² See paragraphs 20 to 23 of Telecom Decision CRTC 2007-125.
problematic that is unique to the nomadic or fixed/non-native VoIP service which may impact all Canadian Access Service Providers, Cogeco submits that the determination of the size of the subscriber base of the nomadic or fixed/non-native VoIP service is clearly on the public interest.

Therefore, Cogeco requests that the Commission order the ILECs to provide on the public record the assumptions and calculations used in their cost studies filed on 7 August 2009.

With respect to sub-question d), Cogeco submits that the Companies’ position to claim that this information constitute competitively sensitive commercial information is entirely without merit in the current context.

First, Cogeco notes that none of the Canadian ILECs presently offer a nomadic or fixed/non-native VoIP service. Moreover, as noted in its economic evaluation, it is Cogeco’s understanding that the only ILEC that offered such a service in Canada, Bell Canada, ceased to market this service, namely the “Digital Voice Lite” service, on 31 March 2009.

Furthermore, in response to sub-question a), the Companies admitted that no reliable nomadic VoIP statistics exists today. In the same vein, in response to interrogatory The Companies(Cable Companies)14May08-14 D2007-125, the Companies stated that “the estimate of 200,000 Nomadic VoIP subscribers in Canada was reached through informal research and discussions between the Companies”.

This means that the estimation of 200,000 subscribers to a nomadic or fixed/non-native VoIP service in Canada for 2007 is highly uncertain to the point of being completely unreliable and if this is so, then the entire costing exercise conducted in this proceeding is in doubt.

It is thus critical that any studies in the ILECs’ possession which would provide a portrait of the size of the VoIP service provider market in Canada, specifically, and in North America, generally, be provided on the public record. Accordingly, Cogeco requests that the Commission order all of the ILECs to provide on the public record any such studies in their possession. If the Companies have no such a study in their possession, Cogeco requests that the Companies be ordered to explain the methodology they used to obtain the estimated number of 200,000 subscribers to a nomadic or fixed/non-native VoIP service in Canada for 2007.

Yours truly,

Michel Messier
Director, Regulatory Affairs, Telecommunications

CC. Interested parties to TNC 2009-194