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October 17, 2005

**The Director  
Spectrum and Radio Policy  
Telecommunications Branch  
Industry Canada  
1604A, 300 Slater Street  
Ottawa ON K1A 0C8**

**Dear Sir:**

**RE: Submission to Spectrum Policy Review Consultation Paper**

Distributel wishes to submit comments to Industry Canada in response to your Notice No. DGTP-001-05 - "Consultation on a Renewed Spectrum Policy Framework for Canada and Continued Advancements in Spectrum Management". We apologize for the lateness of our response but we would ask that Industry Canada please give consideration to our submission.

Distributel has been offering competitive telecommunications services for more than fifteen years. Distributel is one of a relatively few truly independent, successful telecommunications providers in the country.

Distributel has been seeking means by which to compete more broadly with the service providers in Canada and has been interested in leveraging wireless technology to offer additional services to its customers. To this end, we actively participated in the Spectrum Auction for the FWA and WCS bands conducted by Industry Canada earlier in 2005.

Industry Canada had considered setting aside spectrum for "New Entrants" in its policy as stated in the "Policy and Licensing Procedures for the Auction of Spectrum Licenses in the 2300Mhz and 3500Mhz Bands" document of September 2003. But, in the end, it decided to hold a completely "open" auction for the spectrum blocks being sold with a proviso that no entity could acquire more than 100Mhz in a given Tier 4 area.

During this recent auction process, as the bidding process continued towards the final rounds, it became clear that certain major telecommunications companies were going to spend "whatever was necessary" to acquire this spectrum, particularly in the major urban centers. At one stage during the auction, Distributel's bids exceeded \$9 million as it sought to acquire spectrum in major Quebec and Ontario markets. Distributel lost the auction battle in the major urban markets to major carriers, and in particular Bell Canada, as they bid the spectrum up to levels that no longer made economic sense to Distributel.

In view of the FWA/WCS auction results, Distributel would respectfully request Industry Canada to again consider the merit of implementing a set-aside of spectrum for New Entrants in all future auctions or other spectrum licensing processes. Distributel believes that New Entrants would be at the forefront of creating innovative services and foster competitive choice. Without such provisions, deep-pocketed carriers can effectively "shut out" less well-heeled competitors, thereby denying the public access to the services the latter might offer.

Distributel would like to thank the Department for considering our input and we welcome further discussion on this important area.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Cavanagh", is written over a horizontal line. The signature is stylized and somewhat cursive.

**Mr. Don Cavanagh**  
**Vice-President Telecommunications**  
**Distributel Communications Limited.**