

September 05, 1997

Mrs. Laura M. Talbot-Allan
Secretary General
Canadian Radio-television
and Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mrs. Talbot-Allan:

Subject: Relationship between Bell Canada and i-Star Internet Inc.

1. In accordance with the Commission's letter of August 22, 1997 on procedure, AT&T Canada Long Distance Services Company (AT&T Canada LDS) hereby provides its reply to the comments of Bell Canada (Bell) dated August 29, 1997.
2. In a letter dated August 08, 1997, AT&T Canada LDS requested that the Commission investigate the relationship between Bell and i-Star Internet Inc. (i-Star) to ensure that Bell was not in violation of the *Telecommunications Act*(the Act), specifically subsections 25(1) and 27(2) of the Act. After having reviewed Bell's comments, AT&T Canada LDS maintains that the Commission should probe the aforementioned relationship to assure itself and the Canadian public that no improprieties have taken place.
3. In its letter of August 08, 1997, AT&T Canada LDS referred to a press release which specified that Bell would be accepting payment for telecommunications services provided by Bell to i-Star through the provision of convertible debentures.¹ The press release stated:

As part of the agreement, Bell Canada will provide \$20 million of telecommunications services over the next eighteen months for the option of an equity investment in the form of convertible debentures.²

¹ Bell Canada, *News Release -iStar Internet Inc. and Bell Canada to Form Significant Network Relationship* July 10, 1997, page 1 of 2.

² *Ibid.*, page 1.

4. In its comments of August 29, 1997, Bell explains that:

AT&T [Canada LDS] appears to be relying on press reports which are incorrect. To be clear, the Company is not proposing to provide regulated telecommunications services in exchange for convertible debentures.³

5. Contrary to Bell's assertion, AT&T Canada LDS is not relying on any "press reports" which may have inaccurately reflected the specific details of the arrangement. Rather, AT&T Canada LDS is quoting directly from a press release that was issued by Bell itself and is posted for public consumption on Bell's World Wide Web (WWW) site (www.bell.ca/bell/eng/library/nr/97/nr97e0710.htm). If the information cited by AT&T Canada LDS is in fact incorrect, AT&T Canada LDS notes that Bell has had ample opportunity to remove the press release from its WWW site and/or issue a revised press release and yet has chosen not to do so. Therefore, given Bell's inaction, it would be reasonable for AT&T Canada LDS to assume that the information issued by Bell in its press release is accurate.
6. AT&T Canada LDS maintains that, notwithstanding Bell's comments, it certainly remains unclear whether Bell is providing telecommunications services in exchange for convertible debentures. Bell's disassociation from its own press release is puzzling and certainly does not prove that Bell is in fact being properly compensated for telecommunications services which it is providing. AT&T Canada LDS therefore requests that the Commission direct Bell to file all pertinent information associated with its arrangement with i-Star to confirm that it is in fact charging for all regulated telecommunications services which it is providing directly to i-Star or indirectly to i-Star through a Bell affiliate. This information should include the specific agreements signed by Bell, i-Star and any Bell affiliates providing services to i-Star as part of the arrangement. AT&T Canada LDS submits that the public should have an opportunity to scrutinize this documentation for any improprieties and provide comments to the Commission.
7. AT&T Canada LDS submits that the onus is on Bell Canada to prove to the CRTC and the Canadian public that the arrangement between Bell and i-Star does not violate any provisions of the Act including subsections 25(1) and 27(2). Accordingly, AT&T Canada LDS requests that Bell Canada be directed to file the following information on the public record:
- a) information which documents and names all tariffs to which i-Star and Bell affiliates subscribe to in order to satisfy the needs of i-Star vis-à-vis the Bell/ i-Star arrangement.
 - b) all documentation including any and all agreements between Bell and i-Star, i-Star and any Bell affiliates and between Bell and Bell affiliates as pertains to the Bell/ i-Star arrangement which demonstrate that Bell is being properly compensated for telecommunications services which it is providing directly to i-Star or indirectly to i-Star through an affiliate. If no such documentation exists, Bell should be directed to submit an affidavit to the Commission signed by an officer of the

³ Bell Canada, *Letter from AT&T re Bell/i-Star*, August 29, 1997, page 1.

company confirming that i-Star and/or a Bell affiliate is compensating Bell in accordance with Bell's approved tariffs for the telecommunications services that are being provided by Bell to i-Star or another party in order to satisfy the terms and conditions of the Bell/ i-Star arrangement.

8. At a minimum, AT&T Canada LDS submits that the aforementioned information should be filed with the Commission so that the Commission can assure itself that Bell is not in violation of any provision of the Act.

All of which is respectfully submitted,

Carlo Di Luch

cc: Teresa Muir - Bell Canada

End of Document