ELECTRONIC FILING

September 30, 2010

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

Subject: Broadcasting Notice of Consultation CRTC 2010-623 (the "BNC") – Call for comments on contributions by broadcasting distribution undertakings to local expression

1. Cogeco Cable Inc. ("Cogeco Cable") wants to thank the Commission for this opportunity to provide comments in response to the questions raised in the BNC.

2. From the outset, it is important to note that some of the matters raised in the BNC were not addressed in the *Broadcasting Notice of Consultation CRTC 2009-661*, and have not been debated at the public hearing on the review of the community television policy framework that took place in last April 2010, in Gatineau. In the present instance, the Commission is seeking comments on the most effective mechanism to allocate the current amount of contributions by broadcasting distribution undertakings to local expression, while the cost structure relating to closed-captioning, transition to the high definition, delivery of community programming on new platforms and, of particular interest to Cogeco Cable, the provision of local news coverage in communities where local conventional broadcasters have decided not to operate anymore, have not even been fully examined yet by the Commission.

3. Cogeco Cable also notes that the Commission is seeking comments on the most effective mechanism to maintain the current level of contributions by broadcasting distribution undertakings, while no analysis on the evolution of the general factors of inflation, on the specific factors pertaining to the community television (such as increase in salaries, etc.) or on the projections of future gross revenues derived from broadcasting activities have been undertaken, all this at a time where the competition from DTH undertakings, IPTV and new services and contents available on alternative, non-regulated platforms, is becoming extremely challenging.

4. Cogeco Cable hereby provides, as Appendix A, the budget approved for TVCogeco (consolidated Québec and Ontario) for the fiscal years 2010 and 2011. Based on the method proposed by the Commission in the BNC, which limits the maximum contribution to local expression to the amount contributed by the licensee during the broadcast year

ending August 31, 2010, practically speaking, the contribution allowed for the fiscal year 2011, taking into consideration a C.P.I. of 1.7 %[1], would decrease by approximately 150,000 $, i.e. a portion that would have to be cut for the operations of TVCogeco during the remainder of the current fiscal year.

5. As we already told the Commission in the context of the review of the community television policy framework, while Cogeco Cable has always been able to meet, and in certain cases, even exceed its regulatory obligations and deliver high quality and rich content to its audiences, the new challenges encountered in the operation of community television channels are now significant. Therefore, at this juncture, it appears to Cogeco Cable that it is more crucial to increase the funding of our community channels than to limit and eventually reduce it.

6. From a very practical standpoint, and as shown in the attached Appendix A, Cogeco Cable is facing a significant increase in its operating costs for the next years related to the closed-captioning –to refer to this one only- which is the direct result of this new obligation imposed by the revised community television policy (*Broadcasting Regulatory Policy CRTC 2010-622*). Cogeco Cable is also, as are other broadcasting distribution undertakings, facing new challenges to keep its community channels pertinent and always attractive. The Commission's decision to impose conditions of licence requiring licensed BDUs to caption, at a minimum, 100 % of original licensee-produced programming by the end of their next licence term will result in growing costs for the community channels and will inevitably further reduce the monetary resources that would otherwise be devoted to the production of pertinent, local, original and attractive programming.

7. Realistically, the method proposed by the Commission would inevitably leave us with only one choice, i.e. to alter the quality and diversity of the programming available to our audiences. As a consequence, we are concerned, for instance, that the results of our last 2009 Ontario Environics customer satisfaction study, that revealed that an overall average of 90 % of respondents believe that we provide a valuable service to the community, and 88 % who perceive the channel as providing an overall quality product, will significantly deteriorate in the future.

8. Cogeco Cable also notes the new requirement for the licensee to expend on access programming, at a minimum, an amount equal to 50 % of community programming-related expenditures[2], therefore reducing the portion of available monetary resources for the original licensee-produced programming. While Cogeco Cable is a strong supporter of access programming – in fact, in 2009, more than 54 % of the programming aired on TVCOGECO consisted of access programming produced with or by more than 940 community volunteer partners-, Cogeco Cable submits that in reducing the monetary portion available for original licensee-produced programming, TVCogeco will certainly face cost pressure and difficult choices will have to be made. In this regard, Cogeco Cable

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1 Based on the last release by Statistics Canada, in August 2010.

2 This obligation will take effect in the 2014 broadcast year, and will be preceded by an expenditure obligation starting at 35 % in the 2011 broadcast year, to gradually increase between 2011 and 2014 (*Broadcasting Regulatory Policy CRTC 2010-622-1*).

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submits that the Commission's proposal to match the percentage of airing to be devoted to access programming with a corresponding obligation of community programming-related expenditures to be directed to access programming, may not be warranted. For instance, the 35 % expenditure requirement to be reached in 2011-2012 will have a direct impact on the capacity of TVCogeco to cover and air local news in North Bay: they will be put at an end, as they already consume a portion of over 60 % of the total programming expenditures.

9. Cogeco Cable's answers to the specific questions raised by the Commission in the BNC are therefore based on the comments provided above.

(i) What is the most effective and administratively simple mechanism by which to maintain total contributions to community programming by licensed BDUs at current levels?

10. Cogeco believes that the current level of 2 % should still be available to BDUs for funding their community channels, and the difference between the 2 % and the level proposed by the Commission, at 1.5 %, should be available to fund the new obligations imposed in the revised television community policy (*Broadcasting Regulatory Policy CRTC 2010-622*), such as the closed-captioning of all original licensee-produced programming, the requirement for the licensee to spend on access programming, the transition to HD programming and the new media platforms.

(ii) Should the reversion to the percentage of revenues formula be applied on an undertaking or group basis? In the case of the latter, once an ownership group's aggregate contributions represent 1.5% of revenues, all undertakings within that group would revert to the 1.5% allowable contribution.

11. The percentage of revenues formula should be applied on an undertaking basis, in order to allow access to the maximum of available resources by a larger number of undertakings, and not unduly penalize smaller systems.

(iii) What is the most appropriate use for the resulting difference? Please provide details and a rationale in support of your proposal.

12. Please refer to our answer to Q. 4 (i) above. Cogeco Cable submits that the difference would be best used by allowing the licensee to assign these monetary resources on the new, increased regulatory obligations recently imposed by the revised community television policy.

(iv) What is an appropriate methodology for determining the contribution amounts of new entrants and systems that have undergone changes in structure and size?

13. Cogeco Cable is of the strong opinion that new entrants should comply with existing rules, in the same manner as those rules apply to all other licensees. Therefore, there should be no adjustments or accommodations in this regard.

(v) Are there additional factors that need to be taken into account in implementing a set contribution amount?

14. As a result of the new contribution model proposed in the BNC, the provision by TVCogeco of local news coverage in communities where the local over-the-air broadcaster has decided not to operate anymore will be reconsidered and most likely, it will not be possible to cover and air local news anymore, as they are extremely expensive to produce. However, and as already mentioned in the context of the review of the community television policy framework, although we remain opposed in principle to the LPIF, we strongly believe, as long as it is in place, that it must be distributed fairly. So in those communities in which the conventional television station has exited the market and TVCogeco has effectively taken on the role of the local broadcaster, the community channel should be eligible to draw on the LPIF. This mechanism could allow TVCogeco to continue to provide local news coverage in those areas, and gradually in other areas in the future. In addition, the difference -between the current 2 % and the 1.5 %- proposed in the BNC would also possibly allow TVCogeco to continue to provide news coverage, at least, for a certain period of time.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 30TH DAY OF SEPTEMBER 2010

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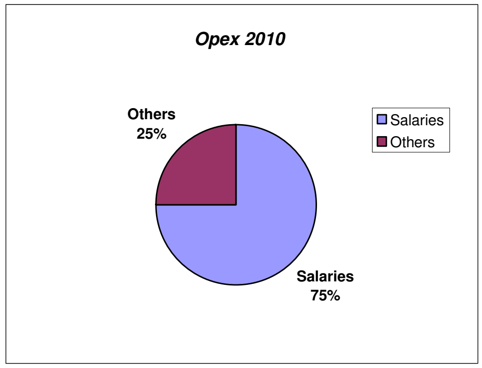
APPENDIX A

		Close captioned (6,00$ / minute for 45% of our hours)								
Year	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Forecasts	306 601 $	613 202 $	919 803 $	1 226 405 $	1 533 006 $	1 839 607 $	2 146 208 $	2 452 810 $	2 759 411 $	3 066 012 $

** Quebec + Ontario

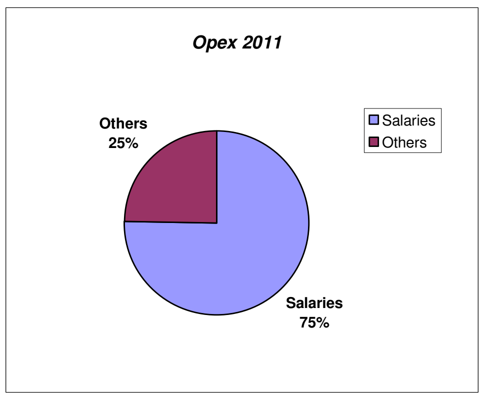
Opex 2010 (budget)	
Salaries	9 380 836 $
Others	3 106 002 $
Total	**12 486 838 $**

** Quebec + Ontario



Opex 2011 (budget)	
Salaries	9 652 725 $
Others	3 187 295 $
Total	**12 840 000 $**

** Quebec + Ontario



	Opex costs for web and social media		
Year	2012	2013	2014
Web costs	$ 225K	$ 165K	$ 165K

	HD migration costs			
year	**2011**	**2012**	**2013**	**2014**
cost	1 831 000	1 665 000	1 487 000	1 426 000

** Quebec + Ontario

	capex costs (4 years)			
Year	**2011**	**2012**	**2013**	**2014**
capex costs	3 058 600 $	3 110 000 $	2 342 000 $	2 048 000 $

** Quebec + Ontario

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