



Regulatory Affairs

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Mr. Claude Doucet
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario K1A 0H5

**Re: Cogeco Communications Inc. Comments on Telecom Notice of
Consultation 2022-32 - Proposed Amendments to the *Telecommunications
Fees Regulations, 2010***

Dear Mr. Doucet:

1. The following are the comments of Cogeco Communications Inc., on behalf of Cogeco Connexion Inc. ("Cogeco") in response to the above-noted Telecom Notice of Consultation ("TNC 2022-32").
2. In TNC 2022-32, the Commission is proposing to amend the *Telecommunications Fees Regulations, 2010* ("Telecom Fees Regulations") in two ways:
 - a) First, by aligning the calculation of annual telecommunications fees with the contribution-eligible revenue calculation (to essentially include Internet service revenues, which were deducted from the telecommunications fees calculation in prior years), to bring the two into alignment;
 - b) Second, to amend the definition of 'related' in section 1 of the Telecom Fees Regulations to make reference to updated accounting standards.

3. Cogeco supports the principle behind the CRTC's proposed amendments to the Telecom Fees Regulations. Introducing consistency in methods of calculating the various financial obligations undertaken by Canadian carriers increases administrative efficiency and transparency. Cogeco submits that the CRTC's proposed changes reflect a reality that has been in force for the past two years with the change to the method by which contribution has been calculated, and for which contribution revenues are used.
4. However, Cogeco would note that, without any further changes to the existing calculation method to determine annual telecommunications fees, the Commission's proposal would lead to a significant increase in annual telecommunications fees collected from Canadian carriers. Specifically, in Cogeco's case, and based on the application of Cogeco's contribution eligible revenues, total industry contribution eligible revenues and the latest CRTC costs related to regulation of telecommunications activities, the company would see a doubling of its telecommunications fees, year over year.
5. In examining the annual Fees Reports from the CRTC which are tabled in the House of Commons, Cogeco notes that, with respect to Telecommunications Fees, the CRTC has consistently collected Telecom Fees that correspond to the actual costs incurred by the CRTC, and no more. This is done by first basing the calculation of Telecommunications Fees on a pro-rated basis for each carrier on the basis of that carrier's eligible revenues, in relation to the total industry revenues. If this amount is either not sufficient, or collects in excess of what the Commission requires to cover its telecommunications regulatory costs, an adjustment is performed - either up or down - to complete the amount required from each carrier to cover all of the Commission telecommunications regulatory activities.
6. With the Commission's proposals in TNC 2022-32, both the numerator and denominator will increase, but the total costs incurred by the Commission are expected to continue to follow their past trajectory, i.e., modest increases on an

annual basis. As such, without any changes to current the calculation formula, the Commission will be collecting fees from telecommunications carriers far in excess of the costs that would need to be covered. The only mechanism that currently exists to adjust fees on an annual basis, is contained in section 3(5) of the Telecom Fees Regulations. However, the key variable in the formula in this section of the Telecom Fees Regulations is intended to adjust the costs incurred by the Commission to ensure that the final costs are reflective of actual costs. This formula does not pretend to adjust the revenues received from the carriers.

7. As the Commission is certainly aware, guidelines published by the Treasury Board are clear '(...) *that fee levels should not be designed to exceed estimated full costs*'.¹ With the current amendments proposed by the Commission, it is not clear that this principle will be respected once the Telecom Fees Regulations have been changed.
8. Cogeco therefore recommends that the Commission update its proposed amendments to the Telecoms Fee Regulations to ensure that it continues to adhere to Treasury Board guidelines and only recover fees from Canadian Telecommunications carriers adequate to cover its actual costs of regulating the telecommunications industry in Canada.

Sincerely,

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Leonard D. Eichel
Director, Regulatory Affairs, Telecommunications.

¹ See: 'Guide to Establishing the Level of a Cost-Based User Fee or Regulatory Charge', Treasury Board of Canada, 22 May 2009, accessed at: <https://www.canada.ca/en/treasury-board-secretariat/services/guidance-government-spending/guide-costing/guide-establishing-level-cost-based-user-fee-regulatory-charge.html>