



April 21, 2022

Filed electronically

Mr. Claude Doucet
Secretary-General
Canadian Radio-television and Telecommunications Commission
Ottawa, ON
K1A 0N2

RE: Telecom Notice of Consultation CRTC 2022-65, *Funding next-generation 9-1-1 access services through the National Contribution Fund* – Intervention of SSi Canada

Dear Mr. Doucet:

1. In accordance with the procedure established in Telecom Notice of Consultation CRTC 2022-65, as amended by Telecom Notice of Consultation CRTC 2022-65-1 (“TNC 2022-65”), we are pleased to provide the intervention of SSi Micro Ltd., doing business as SSi Canada (“SSi”).
2. As a wireless competitive local exchange carrier (“CLEC”) offering voice and data telecommunications to people in some of Canada’s most remote and underserved locations, we know how valuable it is for Canadians to have access to emergency services. We agree with the Commission that it is important to eliminate any barriers to 9-1-1 service access, whether they are imposed by price – the subject of the present consultation – or, as in some of the areas we serve, by the lack of the underlying public service infrastructure required to support 9-1-1 service.
3. In TNC 2022-65 the Commission states its preliminary view that the National Contribution Fund (“NCF”) should be used to fund the provision of next generation 9-1-1 (“NG9-1-1”) access services by Telecommunications Service Providers (“TSPs”).¹
4. Provided that any NCF funding is available to and allocated fairly across **all** TSPs, and does not become an exclusive subsidy for large or small Incumbent Local Exchange Carriers (“ILECs” and “SILECs”), thereby distorting the competitive market, SSi can support the Commission’s preliminary view.
5. We note that the obligation to support the provision of NG9-1-1 services to Canadians is shared by all TSPs operating IP-based networks where PSAPs exist. Correspondingly, all TSPs in these locations will share the obligation to invest to support NG9-1-1. For CLECs, including small wireless CLECs such as SSi,

¹ For purposes of this Notice of Consultation, the CRTC has defined TSPs to include only “originating network providers of local voice telephony services, including traditional wireline, wireless, and local voice over Internet Protocol (VOIP) telephony networks” (footnote 2). We accept this definition on the understanding that the Commission’s intention is to include CLECs, as well as incumbent LECs, as “originating network providers”.

the investment required can be significant. And, unlike the ILECs and SILECs, CLECs cannot spread the recovery of their costs across both retail *and wholesale* customers by means of a CRTC-approved and -enforceable tariff.

6. To meet the policy objectives set out in section 7 of the *Telecommunications Act* in a way consistent with both the 2006 Policy Direction and the 2019 Policy Direction, it is essential that any NCF subsidy mechanism the Commission develops must also be shared across all affected TSPs. To do otherwise will exacerbate inequities in access to NG 9-1-1 among Canadians and undermine the effectiveness of competition as a means of achieving the telecommunications policy objectives.
7. Our comments in response to TNC 2022-65 are structured as responses to the questions the Commission poses in the notice.

Q1. *Would it be appropriate to recover some or all of the NG9-1-1 access service costs through a subsidy mechanism? If so, which costs (e.g., costs associated with NG9-1-1 networks, NG9-1-1 related costs associated with the operation of originating networks, costs associated with implementation of NG9-1-1 versus ongoing costs)?*

SSi Response

8. If there is to be a subsidy mechanism to defray NG9-1-1 access service costs, we strongly believe that it must be available to all who have the obligation to offer NG9-1-1 and should focus on supporting all TSPs' efforts to build or upgrade their networks to support NG9-1-1. With this fundamental caveat, we believe a technologically and competitively neutral subsidy mechanism could help TSPs to help implement their NG9-1-1 obligations without unduly burdening Canadians.
9. In delineating the range of costs that can be recovered through this mechanism, we urge the Commission to build upon the determinations made since 2016 concerning how NCF funding should be allocated to help achieve the new universal service objective. It is vital to avoid the anticompetitive and exclusionary model of the former local service subsidy, now being phased out.
10. Beginning with Telecom Regulatory Policy CRTC 2016-496, the Commission determined that to help provide Canadians with access to voice services and broadband internet access services on both fixed and mobile wireless networks, the CRTC would direct funding to qualifying projects to build or upgrade access and thereby close the connectivity gap in underserved areas. The new Broadband Fund would replace the former local service subsidy, an operational subsidy for local service that was available only to ILECs and SILECs.
11. SSi submits that if the Commission determines a new subsidy mechanism is required to support NG9-1-1, the mechanism should follow certain design principles of the Broadband Fund. It is essential to avoid

the competitive distortions that would result from reinstating principles, such as establishing indefinite access by only a subset of the local exchange carriers required to implement NG9-1-1 access, associated with the former local service subsidy.

12. Accordingly, we believe that any new subsidy mechanism should, like the Broadband Fund, be accessible to any TSP and should be directed at projects to build or upgrade networks to enable access to NG9-1-1 services. However, unlike the Broadband Fund, this should not be an exclusive or competitive funding process. Rather, all qualifying TSPs should have access to appropriate and adequate funding.

Q2. If only a portion of the NG9-1-1 related costs is to be recovered through a subsidy mechanism, how would the remaining costs be recovered (e.g., subscriber charge through tariffs or otherwise)?

SSi Response

13. In order to be competitively and technologically neutral, the Commission should avoid directing how TSPs, whether incumbent or competitor, should recover the operating costs associated with NG9-1-1 services.
14. Each TSP will structure its own business so that it can meet regulatory requirements within the possibilities and constraints of its own business operations and addressable market. This should include decisions concerning how to meet the operational costs of NG9-1-1.
15. These decisions should include determinations about whether, and how, to recover NG9-1-1 operating costs from retail subscribers by way of an explicit charge.
16. We note that ILECs and SILECs will be fully compensated, through tariffs approved and enforceable by the Commission, for any operational costs associated with supporting NG9-1-1 services offered on a wholesale basis. In determining eligibility of projects for funding through the proposed new subsidy mechanism, the Commission must take into account the revenue that the incumbents derive from these tariffs, including the contribution wholesale customers are making towards the incumbents' recovery of capital costs. Incumbents should be ineligible for subsidy to the extent that their tariffs permit them to recover these costs from their competitors.
17. The wholesale tariffs for NG9-1-1 access services must also be reviewed regularly to ensure that ILECs and SILECs cannot recover the same costs both directly from their competitors and from any new subsidy mechanism the Commission establishes as a consequence of this consultation.

Q3. Who should be eligible for disbursements from the subsidy fund for NG9-1-1 access service costs (e.g., only NG9-1-1 network providers, a subset of NG9-1-1 network providers, or other TSPs? If a subset of NG9-1-1 network providers or other TSPs, which ones and for which costs)? How should disbursements be determined and made (e.g., one-time payment to cover all relevant costs over a fixed period of time or other method)?

SSi Response

18. Because all originating IP-based network providers of local telephony that operate where PSAPs exist are required to invest in network upgrades to provide this essential public service, all such TSPs should be eligible for disbursement from the subsidy fund to support their ability to build or upgrade their networks to offer NG9-1-1 access services.

19. We believe the Broadband Fund's disbursement methods can be adapted for use with any new subsidy mechanism directed as SSi proposes here.

Q4. Is there any reason that the Central Fund Administrator (CFA), supervised by the Canadian Telecommunications Contribution Consortium Inc. (CTCC), should not be responsible for administering any subsidy created for NG9-1-1 access services within the NCF?

SSi Response

20. Once the Commission has established rules for any new subsidy mechanism that are both technologically and competitively neutral, there is no reason the existing CFA and CTCC structure cannot be used to administer the subsidy.

Q5. If a new fund other than the NCF were to be established for NG9-1-1 access services costs,

- i. Who would be required to contribute, how would the funds be collected, and on what basis would contribution liability be determined; and**
- ii. Who would administer the new fund and what oversight mechanisms would need to be established?**

SSi Response

21. As noted above, providing that any new subsidy mechanism is set up to be strictly competitively and technologically neutral, there is no need to establish a fund other than the NCF to administer it.

Q6. Should there be a sunset date or review date for any subsidy related to NG9-1-1 access services?

SSi Response

22. If any new subsidy mechanism is structured as SSi proposes, that is, in a fashion analogous to the Broadband Fund as to both potential recipients and an identified range of acceptable expenses, we believe it would be appropriate to establish a review date. Once the initial capital cost to eligible TSPs of implementing NG9-1-1 has been defrayed, it is appropriate that the Commission review whether the mechanism should be extended or adapted.

Q7. If contribution or subsidy is not an appropriate mechanism to deal with any concerns arising from divergent costs related to NG9-1-1 and differences in the size of customer bases from which to recover such costs, what other approach should the Commission consider to address these concerns?

SSi Response

23. Consistent with the 2006 and 2019 Policy Directions, it is important that any approach the Commission adopts to address concerns that arise from the price to consumers of the implementation of NG9-1-1 be carefully calibrated not to distort competition or constrain TSPs' decisions concerning the technologies they believe will best serve their market.

24. The 2006 Policy Direction directs the Commission to implement the Canadian telecommunications policy objectives set out in section 7 of the *Telecommunications Act* in a way that relies to the maximum extent feasible on market forces as the means of achieving the objectives. Where the Commission does decide that it must rely on regulation, the 2006 Direction requires such measures to be "efficient and proportionate to their purpose", interfering with the operation of competitive market forces "to the minimum extent necessary to meet the policy objectives." The 2006 Policy Direction explicitly requires the Commission to ensure the technological and competitive neutrality of network interconnection arrangements as well as other regimes "to enable competition from new technologies."²

25. The Commission has mandated the provision of NG9-1-1 precisely to enable competition in voice telephony from new technologies, namely VOIP. We submit that any new subsidy mechanism must be strictly technologically and competitively neutral so that these technologies can fulfill their promise as a means of improving service availability and affordability for all Canadians.

² Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives, SOR/2006-355, December 14, 2006.

26. The 2019 Policy Direction makes the connection between competition and consumer interests explicit. Directing the Commission to consider how its decisions can “promote competition, affordability, consumer interests and innovation,” the Governor in Council draws the Commission’s attention in particular to the extent to which its decisions “encourage all forms of competition and investment.” The role of “all forms of competition” is central to achieving objectives such as fostering affordability and lower prices (section 1(a)(ii)) and enabling innovation in telecommunications services (section 1(a)(vi)).³
27. The proposed method of contribution plus subsidy can be an appropriate regulatory measure if it is strictly technologically and competitively neutral as outlined above. Any regulatory measure, though, must build in incentives on incumbents to minimize the cost and administrative burden on competitors associated with ongoing reliance on incumbent networks to deliver NG9-1-1 services.

All of which is respectfully submitted.

SSi Canada

[SGD – DEAN PROCTOR]

Dean Proctor
Chief Development Officer

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³ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, June 17, 2019.