



March 30th, 2012

John Traversy
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario K1A 0N2

via ACCESS-KEY

RE: Videotron G.P. : 8662-V48-201201722
Application to review and vary certain aspects of Telecom Regulatory Policy 2011-703

Mr. Traversy,

1. Vaxination Informatique offers the following comments as part of Québecor/Vidéotron's Review And Variance application dated February 13th for TRP 2011-703.
2. Québecor Media raises an important question on costing principles with regards to averaging declining costs over a period of 10 years.
3. However, from a procedural point of view, Vaxination has not seen in Québecor's filing a demonstration that the Commission erred in applying established costing formulas/principles. So there is a question of whether Québecor's applications fits the established criteria for an R&V.
4. In a scenario with declining costs with fixed rates over 10 years, it is a given that the gross profit will start smaller and grow over the period.
5. While Québecor states that the current rates results in it losing money (subsidising ISPs) during the first part of the 10 year period with a modest profit in the later part of the period, Vaxination argues that the same graphs could be interpreted as Québecor having healthy profit margin at the start of the period which grows to insanely high profit margins towards the end of the period.
6. Because of a lack of evidence that Québecor is actually losing money during the first part of the 10 year period, Québecor's request for relief should be denied.
7. While there are portions of infrastructure which are long term (buildings, concrete, underground conduits etc), the electronics and software tend to vary greatly in price during a 10 year period. Québecor's suggestion that decisions propose declining tariffs over a 10 year period instead of a single static average rate merits some study. In competitive environments, there are expectations of better deals arising year after year.
8. The Commission should consider whether costing principles established in a previous era of POTS telephony should be updated to reflect the far more dynamic environments of IP and ethernet networks.

9. Vaxination notes that Bell Canada and Telus did not submit comments in the Shaw R&V whose deadline was yesterday and assumes the same will happen with the Québecor one.
10. Because a review of costing principles is an important matter which would also affect them, Vaxination feels that there should be a separate process to deal with the 10 year costing averaging issue raised by Québecor.
11. In the mean time, unless Québecor can provide evidence to show that it is actually losing money during the first X years of the 10 year costing period, the Commission should deny its request to vary 2011-703 as there would be no urgency to fix rates which are already profitable.
12. Vaxination notes that there is already public consultation 2012-168 which deals with confidentiality of costing information and perhaps the question of 10 year averaging could be included in it.

Regards,
Jean-François Mezei
Vaxination informatique

c.c.: Parties to 2011-77
Yvan Davidson, CRTC
Lynne Fancy, CRTC
Tom Vilmanen, CRTC

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