



PUBLIC INTEREST ADVOCACY
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DÉFENSE DE L'INTÉRÊT PUBLIC

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November 30, 1995

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Honourable Michel Dupuy
Minister of Canadian Heritage
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VIA FAX AND COURIER

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15 rue Eddy
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Dear Mr. Dupuy:

Dick Gathercole
Vancouver

Re: Keith Mahar - Cable Watch Complaint
November 28, 1995

Christine Lawrence
Edmonton

We are in receipt of the complaint filed by Cable Watch, an organization founded by Keith Mahar, a cable subscriber from Ontario.

David McKendry
Ottawa

Don McRae
Ottawa

Mr. Mahar's complaint sets out a number of allegations concerning the decision made by the CRTC following the Structural Public Hearing for the cable industry in June of 1993. These allegations raise issues as to the procedural correctness of the decision which are serious and potentially important for the cable industry as a whole, and cable consumers.

Janitha Patterson
Ottawa

Howard Pawley
Windsor

D.A. Rollie Thompson
Halifax

While we advance no position with respect to the merits of the jurisdictional concerns contained in the complaint, we believe they are of such importance that the government should swiftly take steps to initiate an independent review of Mr. Mahar's complaints and to take appropriate action if necessary.

Lynne Toupin
Ottawa

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Montreal

HEAD OFFICE

Michael Janigan
Executive Director
General Counsel

The issue of the legality of the current cable rates and the rates and charges being levied should not obscure the problem that are inherent in the decision itself, particularly in light of other regulatory developments in the communication industry. The decision advances the principal idea that ordinary cable rate payers should be forced to pay for cable investments to facilitate the delivery of services enabled by digital video compression. This concept is distinctly out of synch with the way in which the future of the Information Highway is supposed to evolve.

Philippa Lawson
Counsel

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The recent report, *Connection, Community and Content: The Challenge Of The Information Highway* comments upon the way in which industry players should upgrade their networks to provide broadband interactive communication systems. It notes on page 93 of that report...

"the timing and financing of the infrastructure will be determined by market conditions, and companies will make the necessary investments and bear the financial risk."

It is clear that the IHAC envisions that infrastructure of the Information Highway will be put in place lockstep with user demand and presumably upon the principle that "user pays". It is difficult to imagine how the current circumstance, where all cable subscribers are paying for future services capabilities which they may neither want nor need, is in keeping with the principles of this report.

More recently, CRTC Decision 95-21 explicitly insured that the telephone subscribers are not saddled with cross subsidies for the extensive broadband plans of the Stentor companies known as the "Beacon Initiative". If telephone subscribers are not being forced to subsidize the telephone companies' Information Highway plans, why are cable subscribers expected to do so for the cable industry?

Finally, we have indicated for many years that the cable industry must be subject to regulation which ensures that consumers obtain value for service and that mandates fair rates of return on services delivered by the cable companies for which there is no competitive substitute. While we recognize that the federal government and the CRTC is moving to attempt to ensure workable competition for the cable companies, we fail to understand why measures are not put in place to protect Canadian cable subscribers now, particularly when they are being asked to subsidize involuntarily the future plans of the cable industry.

Thank you.

Yours truly,



Michael Janigan
Executive Director/General Counsel

cc: Minister of Industry, Honourable John Manley
CRTC - Chairman, Keith Spicer