



Broadcasting Decision CRTC 2018-20

PDF version

References: 2017-316 and 2017-316-1

Ottawa, 17 January 2018

TELUS Communications Inc.

Kelowna, Nanaimo, Penticton, Prince George, Terrace, Vancouver (including Lower Mainland, Fraser Valley, Whistler and surrounding areas), Vernon and Victoria, British Columbia; Calgary, Edmonton (including St. Albert, Sherwood Park, Spruce Grove and Stony Plain), Fort McMurray, Grande Prairie and Red Deer, Alberta; Saint-Georges, Sept-Îles, Baie-Comeau, Gaspé, Montmagny, Sainte-Marie, Mont-Tremblant and surrounding areas, Quebec; and across Canada

Public record for applications: 2017-0446-1 and 2017-0592-2

Public hearing in Toronto, Ontario

28 November 2017

Various terrestrial broadcasting distribution undertakings, video-on-demand service and pay-per-view service – Corporate reorganization

*The Commission **approves** applications by TELUS Communications Inc. for authority to effect a multi-step corporate reorganization resulting in the transfer of various broadcasting assets to TCI.*

Background

1. In Broadcasting Decision 2017-123, the Commission approved an application by TELUS Communications Company (TCC) for authority to effect the first phase of a corporate reorganization resulting in the amalgamation of Emergis Inc. into TELUS Communications Inc. (TCI). The Commission issued new licences to TCC under the same terms and conditions as those in effect in the previous licences.

Applications

2. The Commission received applications by TCI, and 1219723 Alberta ULC in partnership with TCI in TELE-MOBILE Company, partners in a general partnership carrying on business as TCC, for authority to effect a multi-step corporate reorganization resulting in the transfer of various broadcasting assets to TCI. The Commission did not receive any interventions regarding these applications.
3. TCC operates a number of licensed terrestrial broadcasting distribution undertakings (BDUs) and a licensed national video-on-demand (VOD) service and is authorized to launch a national pay-per-view (PPV) service.

4. The corporate reorganization occurred in two stages:
 - i) TELE-MOBILE Company was dissolved into TCI and 1219723 Alberta ULC on 29 June 2017; and
 - ii) 1219723 Alberta ULC was wound up into TCI on 1 October 2017.
5. As a result of this second phase, TCI is the sole remaining partner of TCC, which ceased to exist as a separate entity. Upon reissuance of the licences, TCI would become the only named licensee.
6. The applicant states that the structure of the TELUS group of companies is being simplified for tax purposes.
7. This corporate reorganization would not change the control of TCI, which would continue to be a wholly-owned subsidiary of TELUS Corporation, a widely held public corporation controlled by its board of directors.
8. In order to continue operating its BDU and VOD services and to launch its PPV service, the applicant has also requested that broadcasting licences be issued to TCI under the same terms and conditions as those in effect under the existing licences.

Compliance and licence terms

Video-on-demand service

9. Based on the material filed as part of this proceeding, TCC's VOD service is currently operating in compliance with its conditions of licence. Upon surrender of the current licence issued to TCC for the VOD service, the Commission will issue a new licence to TCI expiring 31 August 2023¹ subject to the standard **conditions of licence**, expectations and encouragements for on-demand services set out in Broadcasting Regulatory Policy 2017-138.

Regional terrestrial broadcasting distribution undertakings for Alberta, British Columbia and Quebec

10. The Commission usually conducts a review of the transaction and the current licensee's compliance with its regulatory obligations to address non-compliance issues and to impose new conditions if necessary.
11. TCC's BDU licences are currently being reviewed as part of the proceedings announced in Broadcasting Notice of Consultation 2017-160 for undertakings in Alberta and British Columbia and Broadcasting Notice of Consultation 2017-179 for undertakings in Quebec.

¹ The Commission will issue the licence for the on-demand service for a five-year period in order to align its next licence renewal with that of similar undertakings.

12. As part of these proceedings, the Commission asked TCI questions about non-compliance issues with the current licences held by TCC and the issuance of new BDU licences.
13. TCI accepted that the new licences be issued for the remainder of the existing terms ending on 31 May 2018 for undertakings in Alberta and British Columbia and 31 August 2018 for undertakings in Quebec. It stated that it will be responsible for any instance of non-compliance that could have occurred with the current licensee and is committed to accepting new licences under the terms and conditions determined by the Commission, including any conditions imposed as a result of the ongoing renewal proceeding.
14. Upon surrender of the current licences issued to TCC, the Commission will issue new broadcasting licences to TCI expiring 31 May 2018 for undertakings in Alberta and British Columbia and 31 August 2018 for undertakings in Quebec under the same terms and **conditions** as those in effect under the current licences.

Pay-per-view service

15. On 6 June 2016, the Commission extended the deadline to launch the PPV service authorized to TCC to 14 July 2018. The Commission will issue a broadcasting licence to TCI upon launch of the service. The on-demand PPV service will be subject to the terms and **conditions of licence** set out in the appendix to Broadcasting Decision 2014-368, as well as to the **conditions** that will be set out in the broadcasting licence to be issued for the undertaking.

Conclusion

16. In light of all of the above, the Commission **approves** the application by TELUS Communications Inc. for authority to effect a corporate reorganization.
17. The Commission notes that TCI will be held responsible for any instances of non-compliance made by the previous licensee and that newly issued licences will be subject to the Commission's determinations as part of the BDU renewal process.
18. The Commission **directs** TCI to file, within 30 days of the date of this decision, executed copies of all corporate documents, including but not limited to partnership agreements, partnership registrations, certificates and articles of incorporation, bylaws, certificates and articles of dissolution and certificates and articles of amalgamation.

Reminder

19. The Commission reminds TCI that a transaction resulting in the transfer of assets requires prior approval from the Commission.

Employment equity

20. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Employment and Social Development, its employment equity practices are not examined by the Commission.

Secretary General

Related documents

- *Call for licence renewal applications*, Broadcasting Notice of Consultation CRTC 2017-179, 31 May 2017
- *Notice of hearing*, Broadcasting Notice of Consultation CRTC 2017-160, 18 May 2017
- *Standard requirements for on-demand services*, Broadcasting Regulatory Policy CRTC 2017-138, 10 May 2017
- *Various terrestrial broadcasting distribution undertakings; video-on-demand service; and pay-per-view service – Corporate reorganization*, Broadcasting Decision CRTC 2017-123, 1 May 2017

This decision is to be appended to each licence