

- Q. On page 19, line 13, the statement is made “Cross-subsidization has been common among utilities and telecommunications companies...”. Please provide specific examples of this cross-subsidization within Canada.**
- A. In the Ontario electric industry, rate protection is provided to certain rural consumers in accordance with the Ontario Energy Board Act, 1998. In the telecommunications industry, the Canadian Radio-television and Telecommunications Commission (“CRTC”) has a contribution regime which subsidizes the high cost of local service in rural and remote areas. The funding for this contribution regime comes from a revenue based charge that is applied to telecommunications service providers. It should be noted that the CRTC has been reducing the amount of cross-subsidization and plans to reduce it further.**