



## Telecom Decision CRTC 2015-320

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Ottawa, 20 July 2015

*File number: 8663-S119-201500645*

### **SSi Group of Companies – Application requesting implementation of third-party Internet access service in Northwestel Inc.’s operating territory**

*The Commission determines that it would be premature to consider the implementation of third-party Internet access service by Northwestel in Whitehorse and Yellowknife at this time due to the various processes currently underway or planned with respect to the provision of wholesale services and Northwestel’s regulatory framework. Accordingly, the Commission **denies** the application filed by the SSi Group of Companies.*

#### **Introduction**

1. The Commission received an application from the SSi Group of Companies (SSi), dated 16 January 2015, in which SSi requested that Northwestel Inc. (Northwestel) be required to provide third-party Internet access (TPIA) service in the communities of Whitehorse and Yellowknife, and file any associated tariffs and cost studies. TPIA service is a wholesale high-speed access service provided by incumbent cable carriers that enables competitive service providers to offer various retail services including Internet access to their own end-users.
2. The Commission received interventions regarding SSi’s application from the Consumers’ Association of Canada (CAC) and the Public Interest Advocacy Centre (PIAC) [collectively, CAC/PIAC], the Government of the Northwest Territories (GNWT), Northwestel, and the Yukon Government (YG). The public record of this proceeding, which closed on 2 March 2015, is available on the Commission’s website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the file number provided above.

#### **Should Northwestel be required to provide TPIA service?**

3. SSi submitted that mandating the provision of TPIA service in Northwestel’s operating territory would allow it to offer greater retail Internet access speeds than it currently provides in Yellowknife, and would also allow it to enter the retail Internet access market earlier than would otherwise be possible in Whitehorse, where it has yet to deploy access facilities. Moreover, mandated provision of TPIA service would allow it to offer other enhanced services to consumers, such as voice over Internet Protocol service, and service bundles.

4. SSi argued that implementing TPIA service in the North would increase competition, contribute to the growth of the knowledge economy, and lead to investment in service development, marketing, and network platforms.
5. CAC/PIAC, the GNWT, and the YG supported SSi's application, submitting that northern residents would benefit from competitive wireline retail Internet access service offerings.
6. Northwestel submitted that SSi's application should be denied because its retail Internet access services are already regulated by the Commission, thereby negating the need for wholesale regulation. Furthermore, Northwestel submitted that the costs of introducing TPIA service within its operating territory would significantly exceed any potential benefits for consumers.
7. Northwestel also noted that no competitor requested TPIA service when asked, during its last regulatory framework review, what wholesale services they required.<sup>1</sup>

#### **Commission's analysis and determinations**

8. Although SSi's application raises several issues regarding the state of competition in retail Internet access and investment in northern telecommunications facilities, the Commission notes that there are several processes currently underway or planned that could impact any assessment of whether TPIA service should be implemented in the North. This includes the potential impact that such a decision could have on investment in access facilities or transport infrastructure.
9. First, the Commission is in the process of making its determinations in the proceeding initiated by Telecom Notice of Consultation 2013-551. That proceeding is examining, among other things, whether incumbent carriers should be mandated to provide wholesale wireline services to competitors, including TPIA service. Due to its special circumstances, the Commission specifically excluded Northwestel from the scope of that proceeding, noting that it would be more efficient to address the possible application of the established wholesale framework and any associated wholesale services for Northwestel in a separate, follow-up proceeding.<sup>2</sup>
10. In addition, the Commission recently launched a review of basic telecommunications services with the issuance of Telecom Notice of Consultation 2015-134. That proceeding is examining, among other issues, whether a mechanism is required in Northwestel's operating territory to support the provision of modern telecommunications services by funding capital infrastructure investment in transport facilities, as well as various regulatory measures related to basic telecommunications services, and may include measures applicable to retail Internet access services.

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<sup>1</sup> See Telecom Notice of Consultation 2012-669 and Telecom Regulatory Policy 2013-711.

<sup>2</sup> Pursuant to a Commission letter dated 23 September 2014

11. The Commission is of the view that the above-noted proceedings could influence policy determinations related to various wholesale services such as TPIA service, transport facilities, retail Internet access services, and other regulatory measures in the North. Consequently, it would be premature to consider the implementation of TPIA service in Northwestel's operating territory pending the outcome of those proceedings. Further, the fact that Northwestel's retail Internet access service is regulated will continue to help ensure that the interests of northern consumers are protected in the meantime.
12. As set out in the [\*CRTC Three-Year Plan 2015-2018\*](#), a review of Northwestel's regulatory framework is planned during the 2016-2017 fiscal year. Given the timing of the other proceedings currently underway, the next review of Northwestel's regulatory framework would be a more appropriate forum to consider whether mandating the provision of wholesale services such as TPIA service for Northwestel would be appropriate.
13. In light of the above, the Commission determines that it would be premature to consider the implementation of TPIA service within Northwestel's operating territory at this time, and therefore **denies** SSI's application.

Secretary General

### **Related documents**

- *Review of basic telecommunications services*, Telecom Notice of Consultation CRTC 2015-134, 9 April 2015, as amended by Telecom Notice of Consultation CRTC 2015-134-1, 3 June 2015
- *Northwestel Inc. – Regulatory Framework, Modernization Plan, and related matters*, Telecom Regulatory Policy CRTC 2013-711, 18 December 2013
- *Review of wholesale services and associated policies*, Telecom Notice of Consultation CRTC 2013-551, 15 October 2013, as amended by Telecom Notice of Consultation CRTC 2013-551-1, 8 November 2013
- *Review of Northwestel Inc.'s Regulatory Framework, Modernization Plan, and related matters*, Telecom Notice of Consultation CRTC 2012-669, 6 December 2012, as amended by Telecom Notices of Consultation CRTC 2012-669-1, 15 February 2013, and 2012-669-2, 30 April 2013