



Telecom Order CRTC 2019-92

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Ottawa, 28 March 2019

Public record: Tariff Notice 1032

Northwestel Inc. – Revisions to Mobile Fibre Backhaul service

*The Commission **approves with changes** Northwestel's proposed tariff for Mobile Fibre Backhaul service in Nunavut communities.*

Application

1. The Commission received an application from Northwestel Inc. (Northwestel), dated 8 November 2018, in which the company proposed a revision to item 1125 – Mobile Fibre Backhaul (MFB) service of its Private Wire Service Tariff. Specifically, the company proposed to expand this service to all exchanges in Nunavut,¹ clarify the language associated with the terms and conditions of the service, and make certain housekeeping changes.
2. Northwestel submitted that its proposed service extension will provide customers in Nunavut with fibre transport within a given community or surrounding area, for use in extending cellular coverage and/or increasing cellular network capacity, or in extending public Internet or data services via small cell antennas.
3. Northwestel filed a cost study and price floor tests in support of its application.
4. Northwestel submitted that the proposed rates for Nunavut communities were determined based on similar products, the small market demand for this service, and the extremely remote service locations.
5. The Commission received no interventions regarding Northwestel's application.

MFB service

6. MFB service provides customers with fibre backhaul service to carry traffic from a customer-provided (and owned) small cell or another remote device to Northwestel's central office equipment. This service is offered at a speed of 1 gigabit per second (Gbps) only. The service consists of four component charges – one-time service charges for base connectivity and remote access, and monthly recurring rates for base connectivity and remote access.

¹ The service is currently available in Whitehorse and Yellowknife.

7. Northwestel proposed one-time service charges for base connectivity and remote access of \$2,155 and \$1,955, respectively, for Nunavut. With regard to the monthly recurring rates for base connectivity and remote access, the company proposed rates of \$2,300 and \$1,025, respectively, for the Nunavut communities.
8. When it is necessary for the company to install special equipment, including fibre, or to incur an unusual expense to establish a service connection, the customer pays an additional charge, in accordance with the approved construction and repair rates set out in the company's General Tariff.

Commission's analysis and determinations

9. Subsection 27(1) of the *Telecommunications Act* provides that every rate charged by a Canadian carrier for a telecommunications service shall be just and reasonable. In determining whether Northwestel's proposed rates are just and reasonable, the Commission has considered a number of factors, including (a) whether the proposed rates are comparable to the approved rates in Whitehorse and Yellowknife, and (b) the level of mark-ups associated with the proposed rates.
10. Northwestel is proposing monthly recurring rates for MFB service base connectivity and remote access representing mark-ups that are considerably higher for the Nunavut communities than those for Whitehorse and Yellowknife. The Commission considers this to be an indication that these proposed rates are unreasonably high.
11. In the circumstances, the Commission considers that the monthly recurring rates for base connectivity and remote access for Nunavut should be adjusted so that the mark-up levels associated with those rates are similar to those for Whitehorse and Yellowknife, in order to ensure that the rates are just and reasonable.
12. Regarding Northwestel's proposed housekeeping and wording changes, the Commission notes that they are in line with other revisions for retail tariffed services submitted by Northwestel in 2018 to standardize language. In addition, Northwestel is clarifying that when it is necessary to install special equipment or incur an unusual expense to establish a service connection, the customer shall pay an additional charge based on time and materials, in accordance with the rates set out in its General Tariff items 305, 306, and 307 with respect to construction and repair costs. The Commission considers these proposed changes to be reasonable.
13. In light of the above, the Commission **approves with changes** Northwestel's application. The Commission revises the monthly recurring rate for base connectivity from \$2,300 to \$920, and revises the monthly recurring rate for remote access from \$1,025 to \$460.

14. The Commission's determinations set out herein are effective **the date of this order**.
Northwestel is to issue revised tariff pages² within **10 days** of the date of this order.

Secretary General

² Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.