



Telecom Decision CRTC 2022-205

PDF version

References: 2019-372, 2019-372-1, and 2019-372-2

Ottawa, 4 August 2022

Public record: 1011-NOC2019-0372

Broadband Fund – Project funding approval for Sichuun Inc., Naskapi Imuun Inc., and Redline Communications Inc.’s mobile project in northeastern Quebec and Newfoundland and Labrador

Summary

The Commission **approves** Sichuun Inc., Naskapi Imuun Inc., and Redline Communications Inc.’s funding application for up to \$297,332 to build and/or upgrade mobile wireless infrastructure in four communities in northeastern Quebec, with some coverage extending into Newfoundland and Labrador.

Application

1. In response to the Commission’s second call for applications for funding from the Broadband Fund set out in Telecom Notice of Consultation 2019-372, Sichuun Inc., in a joint venture with Naskapi Imuun Inc. and Redline Communications Inc. (collectively, Sichuun),¹ filed an application in which it requested \$297,332 from the Broadband Fund to implement a project that will improve the mobile wireless services available to eligible areas in four communities in northeastern Quebec, with some coverage extending into Newfoundland and Labrador.² Sichuun proposed to use long-term evolution (LTE) technology to offer services with voice and text, with data limits ranging from 10 gigabytes (GB) per month to unlimited, in Kawawachikamach, Lac John, Matimekosh 3 (Matimekush), and Schefferville, all in Quebec.

Commission’s analysis

2. In Telecom Regulatory Policy 2018-377, the Commission established the eligibility and assessment criteria for the Broadband Fund. In Telecom Decision 2022-204, the introductory decision accompanying the round of funding decisions issued today, the Commission

¹ Sichuun Inc. is the lead organization responsible for infrastructure implementation, Naskapi Imuun Inc. will own the infrastructure and network assets, and Redline Communications Inc. is a long-term evolution (LTE) wireless equipment manufacturer and vendor.

² The content of the application was designated confidential pursuant to section 39 of the *Telecommunications Act*, but certain details are being disclosed in this decision, consistent with section 11 – *Confidentiality* of the Application Guide, set out in the Appendix to Telecom Notice of Consultation 2019-372, and as agreed to by the applicant. Other elements of the application remain confidential but were considered when the Commission evaluated the application.

provided background information and described the eligibility and assessment process and selection considerations used to evaluate and select projects to be funded. In that decision, the Commission also set out the conditions that funding recipients must meet in order to receive funding for their projects. The introductory decision should be read in conjunction with this decision.

Eligibility criteria

3. Sichuun's application met each of the relevant eligibility criteria applicable to mobile projects.³ First, as a joint venture whose members are financially solvent and reliable Canadian corporations, including at least one member that is eligible to operate as a Canadian carrier and that has more than three years' experience deploying and operating broadband infrastructure in Canada, Sichuun met each of the criteria for eligible applicants. In addition, Sichuun demonstrated that it will invest more than a nominal amount in the project, and that the project would not be financially viable without funding from the Broadband Fund. Further, Sichuun provided evidence that it consulted or attempted to consult with communities affected by the project, either directly or through community representatives. Finally, the project will serve eligible geographic areas and will meet the requirements regarding pricing for mobile wireless services and the technology to be used to deliver service.

Assessment criteria

4. On the basis of its evaluation of Sichuun's project against the assessment criteria for mobile projects,⁴ as set out below, the Commission finds that the project is of high quality and will assist in achieving the goals of the Broadband Fund.
5. The project is technically sound and capable of delivering a level of service that is consistent with the universal service objective, which the Commission defined in Telecom Regulatory Policy 2016-496.⁵ The proposed equipment is capable of delivering the proposed services, and the project is scalable and resilient. In addition, the project will implement widely adopted and supported technologies with good long-term sustainability.
6. The construction of mobile wireless projects represents a long-term investment in critical infrastructure expansion and public safety. These types of projects are not necessarily expected to be profitable. With these factors in mind, the Commission considered various financial indicators to assess the financial viability of Sichuun's project and finds the project to be financially sound and the proposed project costs to be reasonable. In addition, the

³ Specifically, the Commission used the eligibility criteria set out in sections 6.1.1(a) to (e) of the Application Guide, applicable to applicants; in sections 6.1.2(a) to (c), applicable to all project types; and in sections 6.1.3(g) to (i), applicable to mobile projects.

⁴ Specifically, the assessment criteria set out in the Application Guide in sections 6.2.1(a) to (d) and in sections 6.2.2(k) to (m).

⁵ The universal service objective is that Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks. To help achieve this objective, mobile projects funded by the Broadband Fund should make available the latest generally deployed mobile wireless technology in Canadian homes and businesses, and/or along major transportation roads in Canada.

Commission considers that a suitable proportion of the funding for the proposed total project costs comes from sources other than the Broadband Fund.

7. Sichuun provided evidence of support for the project from the City of Schefferville and from the Naskapi Nation of Kawawachikamach and the Innu Nation of Matimekush-Lac John, the latter of which is identified as a minority owner of the applicant.

Conclusion

8. In selecting the project for funding, the Commission applied the social consideration that the project will serve Indigenous communities and an official language minority community. The Commission concludes that, in providing mobile wireless services using an LTE network, the project meets the universal service objective criterion of implementing the latest generally deployed mobile wireless technology. The project will therefore have a significant positive impact on the eligible areas to be served, which encompass approximately 640 households. In addition, the Commission concludes that supporting this project represents an efficient use of the funding available from the main component of the Broadband Fund.
9. In light of the above, the Commission **approves**, to the extent and subject to the directions and conditions set out in paragraphs 30 to 40 of the introductory decision (Telecom Decision 2022-204), up to a maximum of \$297,332 from the Broadband Fund to be distributed to Sichuun for the purpose of the mobile project described above and as set out in the approved statement of work.
10. The Commission reminds Sichuun of the funding condition related to the duty to consult (see subparagraph 36(g) of Telecom Decision 2022-204) and expects Sichuun to keep local Indigenous groups informed of its project so that the Commission can be satisfied that any adverse impact on Aboriginal or treaty rights will be identified and addressed.

Policy Directions

11. The 2006 Policy Direction⁶ and the 2019 Policy Direction⁷ (collectively, the Policy Directions) state that the Commission, in exercising its powers and performing its duties under the *Telecommunications Act* (the Act), shall implement the telecommunications policy objectives set out in section 7 of the Act, in accordance with the considerations set out therein,⁸ and should specify how its decisions can, as applicable, promote competition, affordability, consumer interests, and innovation.
12. The Commission considers that its decision to approve funding from the Broadband Fund for the project described in detail in this decision is consistent with the Policy Directions.

⁶ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

⁸ The relevant considerations are subparagraph 1(a)(i) of the 2006 Policy Direction, which states that the Commission should rely on market forces to the maximum extent feasible as the means of achieving the

13. Specifically, this decision to approve funding for a project to build and/or upgrade infrastructure in order to improve mobile wireless services in eligible areas in four communities in northeastern Quebec, with some coverage in Newfoundland and Labrador, will help to close the gap in connectivity in underserved areas. There would be no business case for the project without funding from the Broadband Fund. Funding the project will enable approximately 640 households to access voice services and/or broadband Internet access services that meet the universal service objective level and thus respond to the social and economic needs of consumers. In doing so, this decision will implement the telecommunications policy objectives, including those set out in paragraphs 7(a), (b), and (h) of the Act.⁹

Secretary General

Related documents

- *Broadband Fund – Second call for applications – Introductory decision regarding the August 2022 round of project funding approvals*, Telecom Decision CRTC 2022-204, 4 August 2022
- *Broadband Fund – Second call for applications*, Telecom Notice of Consultation CRTC 2019-372, 13 November 2019; as amended by Telecom Notices of Consultation CRTC 2019-372-1, 20 March 2020; and 2019-372-2, 27 April 2020
- *Development of the Commission’s Broadband Fund*, Telecom Regulatory Policy CRTC 2018-377, 27 September 2018
- *Modern telecommunications services – The path forward for Canada’s digital economy*, Telecom Regulatory Policy CRTC 2016-496, 21 December 2016

telecommunications policy objectives, and paragraph 1(a) of the 2019 Policy Direction, which states that the Commission should consider how its decisions can promote competition, affordability, consumer interests and innovation.

⁹ The cited policy objectives of the Act are 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; and 7(h) to respond to the economic and social requirements of users of telecommunications services.