



## Telecom Decision CRTC 2022-82

PDF version

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

Ottawa, 29 March 2022

*Public record: 1011-NOC2019-0372*

### **Broadband Fund – Project funding approval for South Kountry Cable Ltd.’s access project in British Columbia**

The Commission **approves** South Kountry Cable Ltd.’s funding application for up to \$763,734 to build and/or upgrade local fixed access infrastructure in one community in British Columbia.

#### **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, South Kountry Cable Ltd. (South Kountry) filed an application in which it requested \$763,734 from the Broadband Fund to implement a project to improve the broadband Internet access services available to eligible areas in one community in British Columbia.<sup>1</sup> South Kountry proposed to use fibre optic and coaxial cable technology to offer services with unlimited data, with speeds ranging from 30 megabits per second (Mbps) download and 10 Mbps upload (30/10 Mbps) to 80/20 Mbps, in the community of Jaffray.

#### **Commission’s analysis and determinations**

2. In Telecom Regulatory Policy 2018-377, the Commission established the eligibility and assessment criteria for the Broadband Fund. In Telecom Decision 2022-81, the introductory decision accompanying the round of funding decisions issued today, the Commission 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.

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<sup>1</sup> 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.

## Eligibility criteria

3. South Kountry's application met each of the relevant eligibility criteria applicable to access projects.<sup>2</sup> First, as a financially solvent and reliable Canadian corporation that is eligible to operate as a Canadian carrier and that has more than three years' experience deploying and operating broadband infrastructure in Canada, South Kountry met each of the criteria for eligible applicants. In addition, South Kountry 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, South Kountry 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 service speeds and pricing for broadband Internet access services.

## Assessment criteria

4. On the basis of its evaluation of South Kountry's project against the assessment criteria for access projects,<sup>3</sup> 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 speeds and data allowances consistent with the universal service objective, which the Commission defined in Telecom Regulatory Policy 2016-496.<sup>4</sup> 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 Commission considered various financial indicators to assess the financial viability of South Kountry's project and finds the project to be financially sound and the proposed project costs to be reasonable. In addition, the Commission considers that a suitable proportion of the funding for the proposed total project costs comes from sources other than the Broadband Fund and finds that the cost per household to the Broadband Fund is reasonable.
7. South Kountry provided evidence of support for the project from the regional district that encompasses the project area, from the relevant member of the provincial legislature, and from local businesses.

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<sup>2</sup> Specifically, the Commission used the eligibility criteria set out in sections 6.1.1(a) to (d) 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(d) to (f), applicable to access projects. Because the applicant does not comprise a partnership, joint venture, or consortium, the criterion set out in section 6.1.1(e) does not apply.

<sup>3</sup> Specifically, the assessment criteria set out in the Application Guide in sections 6.2.1(a) to (d) and in sections 6.2.2(f) to (j).

<sup>4</sup> 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, projects funded by the Broadband Fund should enable fixed broadband Internet access service subscribers to access speeds of at least 50/10 Mbps, and to subscribe to a service offering with an unlimited data allowance.

## Conclusion

8. In selecting the project for funding, the Commission concludes that, in providing broadband Internet access services with speeds of up to 80/20 Mbps and an unlimited data allowance, the project is consistent with the universal service objective and will have a significant positive impact on the eligible areas to be served, which encompass approximately 60 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 29 to 39 of the introductory decision (Telecom Decision 2022-81), up to a maximum of \$763,734 from the Broadband Fund to be distributed to South Kountry for the purpose of the access project described above and as set out in the approved statement of work.
10. The Commission reminds South Kountry of the funding condition related to the duty to consult (see paragraph 35(f) of Telecom Decision 2022-81) and expects South Kountry 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 Direction<sup>5</sup> and the 2019 Policy Direction<sup>6</sup> (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,<sup>7</sup> 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.
13. Specifically, this decision to approve funding for a project to build and/or upgrade infrastructure in order to provide improved fixed broadband Internet access services to eligible areas in one community in British Columbia 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 60 households to access broadband Internet access services that meet or exceed the universal service objective level

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<sup>5</sup> *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

<sup>6</sup> *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

<sup>7</sup> 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 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.

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.<sup>8</sup>

Secretary General

### **Related documents**

- *Broadband Fund – Second call for applications – Introductory decision regarding the March 2022 round of project funding approvals*, Telecom Decision CRTC 2022-81, 29 March 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

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<sup>8</sup> 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.