



## Telecom Order CRTC 2023-420

PDF version

Reference: 2020-260

Ottawa, 20 December 2023

*Public record: 1011-NOC2019-0191*

### **Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project**

#### **Summary**

Canadians need reliable, affordable, and high-quality Internet and cellphone services for every part of their daily lives.

Through its Broadband Fund, the Commission contributes to a broad effort by federal, provincial, and territorial governments to address the gap in connectivity in underserved rural, remote, and Indigenous communities across Canada.

Through this order, the Commission is providing additional funding to Northwestel Inc. (Northwestel) to expand a previously approved project and bring fibre connections to Atlin, British Columbia, following its addition to Northwestel’s serving territory.

The Commission heard from the Taku River Tlingit First Nation and from residents of Atlin during the Telecommunications in the Far North hearing that they currently have access to very limited telecommunications services. This additional funding will bring high-speed Internet to the community and enable improved access to essential services such as online education and healthcare.

#### **Background**

1. In Telecom Decision 2020-260, the Commission approved Northwestel Inc.’s (Northwestel) project to build fibre transport to three communities and provide fibre-to-the-home upgrades in those communities and 16 other communities in Yukon. The Commission later received written acceptance of this funding award from Northwestel and approved the company’s related statement of work in Telecom Order 2021-137, subject to the conditions of funding set out in Telecom Decision 2020-260.
2. Among the conditions of funding is the requirement, set out at paragraph 17 of Telecom Decision 2020-260, that any material changes to the project be approved by the Commission. In the Application Guide appended to Telecom Notice of Consultation 2019-191, the Commission defined a material change as including a major change in the cost or scope of a project. That notice initiated the first call for

applications and led to Telecom Decision 2020-260 and other decisions introduced in Telecom Decision 2020-255.

3. In April 2023, the Commission held the appearing portion of its Telecommunications in the Far North hearing in Whitehorse, Yukon (Telecom Notice of Consultation 2022-147). During the hearing, the Commission heard from representatives of Atlin, British Columbia, and the Taku River Tlingit First Nation, that the community of Atlin has been underserved for decades and lacks access to high-speed Internet, cellphone, and emergency services such as 9-1-1. Representatives spoke about the consequences of this on the safety of residents.
4. At the time of the hearing, Northwestel was not the incumbent telecommunications service provider in Atlin. However, through a series of recent orders,<sup>1</sup> the Commission provided approval for Northwestel to begin offering services in the community. Additionally, in Telecom Order 2023-348, the Commission approved, on an interim basis, Northwestel's tariff application to introduce two Connecting Families Internet Packages. This will enable Northwestel to provide affordable Internet access to low-income households in the North, including in Atlin.

### **Change request**

5. The project approved in Telecom Decision 2020-260 has been modified by three change requests to date:
  - First, in Telecom Order 2022-118, the Commission approved \$1,070,383 in additional funding to build fibre access facilities to three additional communities in Yukon: Canyon Creek, Mendenhall, and Takhini River.
  - Second, in Telecom Order 2022-278, the Commission approved a further \$777,570 to build fibre access facilities to two additional Yukon communities, Nygren and Marshall Creek.
  - Third, in Telecom Order 2023-224, the Commission approved an increase of \$12,705,609 due to inflation and other factors that had substantially increased project costs.
6. On 14 August 2023, Northwestel submitted a fourth change request for this project. Specifically, Northwestel requested \$4,749,948 of additional funding to add fibre Internet access services and fibre transport in the community of Atlin, British Columbia, for which Northwestel assumed incumbency as the serving incumbent local exchange carrier following tariff approvals published in Telecom Orders 2023-377, 2023-378 and, on an interim basis, 2023-379.

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<sup>1</sup> See Telecom Orders 2023-377, 2023-378, and 2023-379.

7. Northwestel also requested an additional 12 months to complete the project, which would extend the overall project's completion date to the end of 2024. This would not meet the Commission's expectation set out in Telecom Decision 2020-260 that the project be completed within three years of the date of that decision.
8. Northwestel further requested to modify the holdback for the project so that it would be extended for Atlin, but permit the release of funds based on the original project timeline for the original communities.
9. The change request was accompanied by supporting letters from the Taku River Tlingit First Nation's spokesperson and Clan Directors Council, and by a Clan Directive demonstrating Council support for the project.

### **Commission's analysis**

10. The Commission has reviewed the materials submitted and underlines the importance of addressing connectivity gaps quickly by completing Broadband Fund projects in a timely manner.<sup>2</sup> However, the Commission considers that, under the circumstances, approving the change request would satisfy the objectives set out in Telecom Regulatory Policy 2018-377. The Commission considers that the funding request and the additional time required to extend the project's reach are reasonable and the changes proposed to be beneficial to the additional community. This would bring the total project funding amount from \$53,101,477 to \$57,851,425 (an 8.9% increase).
11. In Telecom Regulatory Policy 2018-377, the Commission stated that it would retain a holdback payment of 10% of the approved amount of funding for each project, which it would distribute after one year of service once the recipient demonstrates fulfillment of the conditions of service outlined in the funding decision. Requirements related to the holdback are imposed on recipients in the Commission's funding decisions. However, the Commission considers that an exception could be made in the present case so as not to penalize Northwestel for trying to expedite the provision of services for a community in need of high-quality and reliable telecommunications services that was added only recently to its serving territory.
12. In light of the above, the Commission **approves** Northwestel's requests (i) for additional funding, (ii) to extend the project completion date, (iii) to add the community of Atlin to the project scope, and (iv) to modify the holdback.
13. The project completion report and holdback report requirements set out in paragraphs 20(k) and 20(l) of Telecom Decision 2020-260 will continue to apply with respect to the project's original final milestone as described in the statement of work approved by the Commission in Telecom Order 2021-137.

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<sup>2</sup> Detailed operational information in respect of funded Broadband Fund projects is generally treated in confidence. See Telecom Regulatory Policy 2018-377, paragraphs 405–408, and section 11 (“Confidentiality”) of the Application Guide cited in paragraph 2 of this order.

14. With respect to the addition of Atlin, Northwestel must file another project completion report within **90 days** of the date on which construction of that portion of the project is complete and services are offered. The company must also file a project holdback report **one year** after the completion date for the Atlin portion of the project.
15. Holdback funds for each project component will be releasable separately, once the Commission is satisfied that Northwestel has been operating the network associated with each component for one year according to the conditions of service set out in Telecom Decision 2020-260.
16. All other funding conditions and conditions imposed under section 24 of the *Telecommunications Act*, as set out in Telecom Decision 2020-260, continue to apply.

Secretary General

### **Related documents**

- *Northwestel Inc. – Interim approval of tariff applications*, Telecom Order CRTC 2023-379, 20 November 2023
- *Northwestel Inc. – Final approval of a tariff application*, Telecom Order CRTC 2023-378, 20 November 2023
- *Northwestel Inc. – Interim approval of a tariff application*, Telecom Order CRTC 2023-377, 20 November 2023
- *Northwestel Inc. – Introduction of Connecting Families Internet Packages*, Telecom Order CRTC 2023-348, 24 October 2023
- *Broadband Fund – Change requests – Northwestel Inc.’s Northwest Territories and Yukon fibre projects*, Telecom Order CRTC 2023-224, 27 July 2023
- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project – October 2022*, Telecom Order CRTC 2022-278, 12 October 2022
- *Call for comments – Telecommunications in the Far North, Phase II*, Telecom Notice of Consultation CRTC 2022-147, 8 June 2022; as amended by Telecom Notices of Consultation CRTC 2022-147-1, 14 July 2022; 2022-147-2, 24 October 2022; 2022-147-3, 13 October 2023; and 2022-147-4, 24 November 2023
- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project – May 2022*, Telecom Order CRTC 2022-118, 5 May 2022
- *Broadband Fund – Acceptance of statement of work for Northwestel Inc.’s Yukon fibre project*, Telecom Order CRTC 2021-137, 16 April 2021
- *Broadband Fund – Project funding approval for Northwestel Inc.’s Yukon fibre project*, Telecom Decision CRTC 2020-260, 12 August 2020

- *Broadband Fund – First call for applications – Introductory decision regarding project funding approvals*, Telecom Decision CRTC 2020-255, 12 August 2020
- *Broadband Fund – Call for applications*, Telecom Notice of Consultation CRTC 2019-191, 3 June 2019
- *Development of the Commission’s Broadband Fund*, Telecom Regulatory Policy CRTC 2018-377, 27 September 2018