



Telecom Order CRTC 2024-156

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Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project – July 2024

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.

With this order, the Commission approves Northwestel’s request for additional funding to build out to Deep Creek, Golden Horn, and Takhini River Road, Yukon as part of its Yukon fibre project. The additional funding will help fill remaining connectivity gaps in Yukon.

Background

1. In Telecom Regulatory Policy 2018-377, the Commission set out objectives and governing framework for the Broadband Fund.
2. The Broadband Fund’s framework refers, among other items, to material changes to projects approved for funding. To that end, the Application Guide appended to Telecom Notice of Consultation 2019-191, which initiated the first call for Broadband Fund applications, defined a material change as including a major change in the cost or scope of a project. Applications to seek Commission approval for material changes are known as change requests. They may include applications for additional funding, which must contain clear and compelling documentation.
3. Northwestel Inc. (Northwestel) participated in the first call for applications. In Telecom Decision 2020-260, Northwestel received approval for its project to build fibre transport to Faro, Mayo, and Ross River, Yukon. The project intended to serve three anchor institutions, each a campus of Yukon University, located in these communities. It also intended to provide fibre-to-the-home service that meets the

universal service objective¹ in these 3 communities, along with 16 other communities.²

4. The Commission later received written acceptance of this funding award from Northwestel. The Commission approved Northwestel's related statement of work in Telecom Order 2021-137, subject to the conditions of funding set out in Telecom Decision 2020-260. These include the holdback period and the ability to seek Commission approval for material changes.³
5. According to the Broadband Fund's framework, a holdback payment of 10% of the approved amount of funding will be retained for each project approved under the Broadband Fund. The Commission distributes the holdback amount only after the recipient has fulfilled the conditions of service outlined in the funding decision for one year.

Change requests

6. The project approved in Telecom Decision 2020-260 has been modified by five change requests to date:
 - First, in Telecom Order 2022-118, the Commission approved an increase of \$1,070,383 (+2.8%) 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 an increase of \$777,570 (+2.0%) to build fibre access facilities to two additional Yukon communities: Marshall Creek and Nygren.
 - Third, in Telecom Order 2023-224, the Commission approved an increase of \$12,705,609 (+31.5%) due to inflation and other factors that had substantially increased project costs.
 - Fourth, in Telecom Order 2023-420, the Commission approved (i) an increase of \$4,749,948 (+8.9%) in funding to add fibre Internet access services and fibre transport in the community of Atlin, British Columbia; (ii) an additional 12 months to complete the project, which extends the overall project's

¹ In Telecom Regulatory Policy 2016-496, the Commission established the universal service objective, namely 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.

² The 16 communities in addition to Faro, Mayo, and Ross River are Beaver Creek, Burwash Landing, Carcross, Carmacks, Champagne, Dawson City, Destruction Bay, Haines Junction, Judas Creek/Marsh Lake, Pelly Crossing, Stewart Crossing, Tagish, Teslin, Upper Liard, Watson Lake, and underserved areas surrounding Whitehorse.

³ See Telecom Decision 2020-260, paragraph 17.

completion date to the end of 2024; and (iii) a modification to the holdback for the project so that it would be extended for Atlin, but other funds would be released based on the project timeline for the original communities.

- Fifth, in Telecom Order 2024-53, the Commission approved (i) an increase of \$750,365 (+1.3%) in funding to add fibre Internet access services in the Daylu Dena First Nation community of Lower Post (Daylu), British Columbia, adding approximately 64 households; (ii) additional time to complete the project; and (iii) a modification to the project holdback for this change in scope similar to the change made in Telecom Order 2023-420.
7. On 6 October 2023, Northwestel submitted a sixth change request seeking \$4,144,490 of additional funding to add fibre for Internet access services in the Whitehorse rural areas of Deep Creek, Golden Horn, and Takhini River Road (the Whitehorse rural areas), adding approximately 250 households.⁴ Northwestel also requested a modification to the project holdback for this change in scope, similar to the changes made in respect of the fourth and fifth change requests approved in Telecom Orders 2023-420 and 2024-53.
 8. The change request was accompanied by supporting letters from residents of the Whitehorse rural areas and the Government of Yukon. It was supplemented on 4 April 2024 by another supporting letter from the Deputy Chief of the Ta'an Kwäch'än Council.

Commission's analysis

9. Northwestel did not previously apply to the Broadband Fund to cover the Whitehorse rural areas. This would be the sixth material change to the original project. Approval of the change request would bring the total project funding amount from \$58,601,790 to \$62,746,279 (a further 7.1% increase).
10. However, the Commission notes that (i) this is a rural region in the North; (ii) there is currently no fibre coverage that meets the universal service objective in the area; and (iii) the proposed expansion was supported by a local Indigenous community, residents of the area, and the territorial government. The Commission encourages Northwestel to continue to collaborate on its projects with Indigenous entities. Approval of the change request would bring the total number of British Columbia and Yukon households that would benefit from this fibre project from 6,008 to 6,258 (a 4.2% increase).
11. Moreover, by approving this change request, most of the remaining connectivity gaps in Yukon would be filled. This would be in line with the Commission's target to

⁴ Northwestel originally submitted its change requests for the additions of Atlin and Lower Post together. Commission staff asked Northwestel to submit a revised change request to instead combine the additions of Lower Post and the Whitehorse rural areas, which the company submitted on 8 January 2024.

provide services that meet the universal service objective to 100% of households in Canada by 2030.

12. Accordingly, the Commission considers that Northwestel's request for additional funding to add the Whitehorse rural areas to the project scope is appropriate and well-supported due to the combination of the following factors:

- the spirit of reconciliation;
- the remoteness of the area in question; and
- the exceptional circumstances listed in paragraph 10 of this order.

In the Commission's view, Northwestel's request would advance the objectives identified by the approach set out in Telecom Regulatory Policy 2018-377. The Commission looks forward to the completion of the project with these final additions.

13. Regarding Northwestel's request to modify the holdback period, the Commission considers that an exception with respect to the principal project funding could be made in the present case. This exception would exclude the funding for the Whitehorse rural areas from the principal project funding. The funding for the Whitehorse rural areas would instead be subject to its own holdback. Such an exception would avoid disadvantaging the recipient as a result of adding communities that need high-quality and reliable telecommunications services to the project.

Conclusion

14. In light of the above, the Commission approves Northwestel's requests to (i) add the Whitehorse rural areas to the project scope, (ii) grant additional funding related to providing service to those communities, and (iii) modify the associated holdback.

15. The project completion report and holdback report requirements are set out in subparagraphs 20(k) and 20(l) of Telecom Decision 2020-260. They 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.

16. Northwestel must file another project completion report within **90 days** of the date on which construction of the Whitehorse rural areas 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 Whitehorse rural areas portion of the project.

17. Holdback funds for each project component will be released separately. They will be released 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.

18. 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

- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project*, Telecom Order CRTC 2024-53, 13 March 2024
- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project*, Telecom Order CRTC 2023-420, 20 December 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
- *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 – 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
- *Modern telecommunications services – The path forward for Canada’s digital economy*, Telecom Regulatory Policy CRTC 2016-496, 21 December 2016