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## CRTC cuts data rates

*Move leaves SSI Micro hanging on wholesale charges*

Stewart Burnett  
Northern News Services  
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### SOMBA K'E/YELLOWKNIFE

On the surface, last week's ruling from the Canadian Radio-television and Telecommunications Commission (CRTC) for Northwestel to reduce residential Internet rates looks like a win for consumers.

Northwestel will be required to reduce residential rates for low-speed Internet connections, DSL Internet Lite and DSL Internet by two to 10 per cent.

Its DSL Internet 5 and DSL Internet 15 services will be required to come down by 30 per cent. However, in Yellowknife the company uses cable technology for residential Internet rather than DSL.

The company will not be able to increase residential rates until 2017 at the earliest, and the CRTC must approve such a move.

But those moves don't change the company's wholesale rate for its backbone service, which runs a fibre optic line from Yellowknife down south. That leaves competitor SSI Micro, which has to purchase wholesale from Northwestel in a tough spot.

"The fact that retail Internet rates were dropped is a good thing," said Dean Proctor, SSI Micro's chief development officers.

"The fact that wholesale Internet rates weren't dropped at the same time or prior to is a bad thing."

His company has been pushing the CRTC to bring down Northwestel's wholesale rate.

"Our problem is that we can't match those (residential) rates given how much we have to pay Northwestel for backbone," said Proctor.

Northwestel spokesperson Mark Koepke countered that by telling Yellowknifer, "Wholesale rates were not a part of the recent decision and were previously approved by the CRTC."

Northwestel has a monopoly on fibre optic cable down to the south, which is part of the reason the CRTC has stepped in to regulate it.

Proctor said it's clear Northwestel's wholesale costs are inflated.

When SSI Micro filed an appeal with the CRTC four months ago, Northwestel denied it was selling retail Internet service for less than wholesale cost.

"Northwestel is not selling services below cost and has filed detailed information with the CRTC on our Internet packages," Northwestel spokesperson Kerron Williams stated in an e-mail to Yellowknifer at the time.

Proctor said dropping retail rates are a good thing for consumers but said he thinks the CRTC should have held off on that ruling until finalizing its position on the wholesale market which he expects a ruling for soon. In the meantime, SSI Micro is in a tough spot.

"If they're dropping retail Internet rates for Northwestel but they haven't yet adjusted the wholesale rates we have to pay them, you're causing confusion and disruption in the competitive marketplace," said Proctor.

"We have to be able to compete with those retail Internet rates."

He said the CRTC is enacting regulatory policy that ignores the need for competition in the market.

"We believe competition does matter and have a proceeding in front of the commission that, if the commission agrees with our position, will rectify the problem of competitors not being able to compete in the retail Internet market," said Proctor.

"It's almost as if one decision came too early."

In the past few years, SSI Micro has had to exit more than a dozen communities in the territory where costs became too great.

"We have no desire to leave the Northwest Territories," said Proctor.

"Some of these communities we kept going for two years at a loss."

As part of the CRTC's ruling, Northwestel will no longer be allowed to charge additional fees to customers who subscribe to Internet services not bundled with

telephone service.

SSI Micro hopes to receive news from the CRTC on wholesale rates soon.

*–with files from Karen Ho*



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