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NorthwesTel plan slammed

Telecom competitor SSI Micro calls out network modernization plan

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Northerners are "being held hostage" by NorthwesTel's network modernization plan, Northern telecommunications competitor SSI Micro says - in an effort to have a funding package for the Northern telecom giant's parent company Bell Canada, approved.

The allegations were made in a "reality check" news release from Yellowknife-based SSI Micro, which aims to expose holes in NorthwesTel's \$273-million modernization plan.

As part of Bell Canada Enterprises' \$3.4-billion bid to purchase broadcast entity Astral Media, Bell wants the Canadian Radio-television Telecommunications Commission (CRTC) to approve \$40 million of roughly \$200 million in a required tangible benefits package, to go toward a \$273-million NorthwesTel investment in Northern telecommunications that would provide 96 communities in the North with access to improved Internet and cellphone services on a 3G network over the course of five years.

"That's critical," said NorthwesTel president and CEO Paul Flaherty about the tangible benefits funding. "It allows us to go into areas that are uneconomical, that we otherwise wouldn't go into. For example, today we've put cell service into pretty much every community in Northern Canada that has a business case to do so - in other words, that the revenues support the cost of building and operating the infrastructure - so the ones that remain don't have enough revenues to cover those costs. And that's why it's really a significant opportunity for us if we could get the public benefits fund approved, because it actually brings next generation cell service to every community in Northern Canada."

Telecom competitor SSI Micro Ltd. is calling the modernization plan "less of the same," accusing the telecom giant of using subsidies to develop its own fibre network while sinking competitive alternatives, and tying infrastructure investment promises already promised to the CRTC in the past, to "unrelated demands by Bell."

"Upon first glance, NorthwesTel's plan appears rather clever," stated Jeff Phillip, founder and CEO of the SSI Group of Companies in a release. "It hints strongly that competition should be kept at bay so that NorthwesTel can meet its forecast revenues and invest in the promised upgrades. It also attempts to redirect money for the broadcast industry into Bell's own pockets under the guise of tangible benefits to further block competition. Perhaps they thought nobody would see through it."

In a cartoon released along with SSI's announcement, NorthwesTel's telecom modernization plan is depicted as a "Trojan buffalo" mounted by parent company Bell, being pulled by NorthwesTel into the North.

"The cornerstone of NorthwesTel's network modernization plan appears to be the upgrade of Bell Mobility's network, not NorthwesTel's network," states the release, which was prepared by Dean Proctor, chief development officer for the SSI Group of Companies. "And the upgrades are meant to allow Bell to catch up with the wireless technologies competitors already have and are upgrading in the North."

Flaherty said opposition to the plan, especially to NorthwesTel's use of the Astral Media tangible benefits package, is mostly coming from critics that have not reviewed the company's filings in their entirety.



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"In the past, large amounts of money through these types of transactions have gone to create new content but we argue that it's just as important for people to access the content," Flaherty said. "In Northern Canada, very few communities have cable TV, not everyone has satellite TV, so what this does is by making wireless broadband available everywhere, it allows people to access content through the Internet - programming that is becoming more and more common on the Internet.

"So we think that it's very legitimate. By putting this in, it's going to give a wider viewing audience to content that's viewed elsewhere."

In addition, the \$273 million proposed to be spent on Northwestel's modernization plan is incremental, Flaherty said, to be spent on top of the roughly \$40 million annually the company has spent on infrastructure improvements in past years.

Northwestel has appealed to the public to write letters to the CRTC in support of Bell's Northwestel Astral benefits proposal allotment.

Intervenors that have come out in support of Bell Canada Enterprises and Northwestel include territorial government representatives such as Weledeh MLA Bob Bromley.

"Northwestel's proposal to upgrade all customer services in its service area will provide NWT residents access to modern telecommunications service on a par with Canadians in southern markets," stated Bromley in a letter to the CRTC. "These services are essential to the economic and social well-being and opportunities of the citizens. Their current lack in Northern Canada is an obstacle to the development of commerce and provision of public services, particularly distant education and health services."

Intervenors have until Aug. 9 to submit comments.



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