

NunatsiaqOnline 2013-02-08: NEWS: SSI Micro scoffs at Northwestel's modernization plan

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“Northwestel's proposed modernization plan is neither modern nor holistic”

NUNATSIAQ NEWS

The SSI Group, a telecommunications firm that serves Nunavut and the Northwest Territories through the Qiniq and Airware brands, wants the CRTC to reject [a \\$233 million modernization plan that Northwestel submitted this past January](#).

“As proposed, it would work to the detriment of new competition, new investment, consumer choice and innovation,” SSI said in a news release.

In the plan, a revised version of a scheme the CRTC had earlier rejected, Northwestel proposes to offer 3G wireless phone service in 67 northern communities.

They also promised to double internet speeds in at least 58 northern communities, but not in satellite-dependent Nunavut, and in all 96 communities it serves they propose “enhanced calling features” such as call display.

This June, [the CRTC will hold public hearings in Inuvik and Whitehorse](#) to seek opinions from the public about Northwestel's modernization plan, local service subsidies and the entire system for regulating telecommunications in northern Canada.

This followed [a CRTC policy announcement in 2011](#), when the national telecom watchdog found Northwestel failed to make the investments required to improve services in remote northern communities.

But SSI told the CRTC in its Feb. 6 submission that Northwestel's proposed new modernization plan won't fix those shortcomings.

“Unfortunately, Northwestel's proposed modernization plan is neither modern nor holistic,” SSI said.

That's because Northwestel's plan contains many gaps, the SSI submission said.

SSI said those gaps include:

- no proposals on how to create “sustainably affordable backbone connectivity,” a reference to the big data pipes that connect northern Canada to the South;
- a lack of commitment to new investment;
- Northwestel not dealing with how northern Canada can meet the CRTC's service objective of 5

Mbps for all Canadians;

- Northwestel's failure to propose a "holistic and sustainable path" towards modernized telecommunications in the North;
- Northwestel's creation of an illusion that it's doing more than it actually will do – for example, advanced calling features tied to replacements of aging switching equipment that "should be replaced anyway in the normal course of business."

And to keep the northern telecommunications system from continuing to fall behind the rest of the world, SSI Micro said the CRTC must create a "utility backbone" approach.

(The "backbone" in Yukon and much of the Northwest Territories consists of a land-based system controlled by Northwestel. In Nunavut, the backbone consists of Telesat satellites.)

This, SSI said, means that all players must enjoy equal access to the backbone, especially in the western Arctic, where they accuse Northwestel of charging exorbitant prices to those who wish to offer competing local phone services.

"SSI believes that there is a need to develop long-term solutions for affordable backbone connectivity in the North, and that within a dynamically competitive local telecoms sector," the company said.

And SSI also believes the CRTC should look at reforming the annual contribution that Northwestel receives from the rest of the industry to help pay for an earlier service improvement plan and the high cost of local telephone service in small remote communities.

Right now, through a high-cost serving area fund created by a charge on the national telecommunications industry, Northwestel receives roughly \$20 million in a year.

About \$10 million of that is to help with an old service improvement plan and the other \$10 million is to help the company offer residential phone service in small communities.

"The current regulatory framework continues to provide an exclusive contribution subsidy for Northwestel to deliver local phone service, yet even the president of Northwestel recognizes that 'The home phone is becoming a bit of a way of the past,'" SSI told the CRTC.

So reforming that subsidy system means that broadband must be recognized as an essential service for the North and that the subsidy must be offered to all service providers.

"In other words, parties that can offer a competitive alternative to Northwestel should also be eligible to receive subsidies," SSI said.

Meanwhile, on Feb. 8, SSI announced two new internet products that it's offering to all 25 Nunavut communities through Qiniq.

Atii Plus offers a 2 Mbps service, with a 15 GB monthly cap, for \$129.95 a month. Atii Pro offers a 2.5 Mbps service, with a 30 GB monthly cap, for \$369.95 per month.

Meanwhile, as the regulatory battle continues, Northwestel, [in a letter from company president Paul Flaherty](#), urges its customers to send letters of support to the CRTC.