



NEWS RELEASE

Making it Right:

SSi responds to the CRTC decision on Northwestel Wholesale Connect rates

YELLOWKNIFE, February 25, 2013. Two years ago, the SSi Group of Companies filed a formal complaint with the Canadian Radio-television and Telecommunications Commission (“CRTC”) over Northwestel's anti-competitive and discriminatory pricing practices for backbone connectivity – the essential communications link between Northern Canada and the rest of the world. Today, the CRTC made a major move to remedy damage caused by Northwestel’s practice of overcharging competitors with its decision regarding Northwestel's "Wholesale Connect Service" rates in Telecom Order 2013-93.

In its decision, the Commission significantly reduced the wholesale backbone rates proposed by Northwestel, and noted: “The introduction of Wholesale Connect Service will assist competitors in providing telecommunications services in Northwestel’s operating territory, ultimately leading to greater consumer choice of telecommunications services.”

SSi’s original complaint asked the CRTC to direct Northwestel to justify the rates charged for its wholesale terrestrial backbone. Northwestel, as the only supplier of such services in the North, was charging competitors wholesale rates that were thirteen to thirty times higher than in the south, and several times higher than its own retail pricing. This prevented any meaningful telecoms competition in the North.

In January of 2012, the CRTC agreed with SSi, and in Telecom Decision 2012-4 directed Northwestel to file cost studies to justify its backbone connectivity rates. Northwestel filed Tariff Notice 883A with proposed Wholesale Connect rates in May of 2012, and after an extensive review by the Commission, final rates for the service were approved today. These final rates reflect significant reductions including to the proposed monthly backbone, one-time service and “Class of Service” charges.

“We truly appreciate how far the Commission has gone to correct the wholesale rates charged by Northwestel,” said Jeff Philipp, Founder and CEO of SSi, “While we regret the loss of Northern competitors who did not survive to see this day, we also want to profoundly thank those dedicated customers and partners who have been so supportive in the fight to hold Northwestel accountable. Ultimately it is Northern consumers who will benefit with even more attractive alternatives to Northwestel.”



For SSi, fair and open access to backbone connectivity services is essential if a dynamic and competitive local communications market is to develop, and along with that, new investment, new innovation, consumer choice, and competitive local pricing.

“We are working to complete our new Wholesale Connect arrangements with Northwestel,” said Dean Proctor, Chief Development Officer of SSi. “The rate certainty today’s decision provides is very helpful as we move forward. While we would like to see greater assurances on quality of service, and revisions to the markups Northwestel is allowed to charge, those are matters we hope to discuss as part of the CRTC’s holistic review currently underway into the communications needs of the North.”

Telecom Order CRTC 2013-93, Northwestel - Wholesale Connect Service, is available at:

<http://www.crtc.gc.ca/eng/archive/2013/2013-93.pdf>

The Commission’s holistic review into Northern communications needs, Telecom Notice of Consultation CRTC 2012-669, can be found at:

<http://crtc.gc.ca/eng/archive/2012/2012-669.pdf>

About SSi: Headquartered in Yellowknife, Northwest Territories, the SSi Group of Companies provides broadband service across Canada’s North. SSi understands first-hand the challenges faced in providing effective and affordable communications services to remote and outlying areas, and in providing a competitive alternative to the incumbent operator in small and remote markets.

SSi has deployed advanced satellite and local broadband wireless facilities that deliver services throughout Nunavut under the “QINIQ” brand, and in over thirty communities of the Northwest Territories, an area spanning over three million square kilometers. The network uses state-of-the-art full mesh connectivity and supports broadband Internet, voice and videoconferencing technologies.

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SSi Contact:

David Veniot
Manager, Communications
The SSi Group of Companies
Tel: 613-271-6464
Cell: 613-292-8552
Email: davidv@ssimicro.com