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SSi Micro struggling to uphold its position in the territory

CRTC declines request to lower Northwestel's wholesale Internet rates

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Northern News Services
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SOMBA K'E/YELLOWKNIFE

SSi Micro says it's being unfairly wedged out of the market due to Northwestel's high cost of wholesale Internet but the Canadian Radio-television and Telecommunications Commission (CRTC) disagrees that cost is unfair.

Last week, the CRTC rejected the company's request from November in which SSi Micro asked the CRTC for a re-examination of Northwestel's wholesale Internet rates.

SSi Micro purchases wholesale Internet from Northwestel, which owns the only fibre optic cable in the territory - then resells it to customers through its own access network.

When Northwestel reduced its retail Internet rates earlier this year, the cost of purchasing wholesale service did not decline in conjunction.

This made it "impossible" for SSi Micro to compete with the telecommunications giant, it said in its statement to CRTC.

However, the CRTC ultimately found the claims to be unfounded, stating in its decision released on Friday, "the commission is not persuaded Northwestel is conferring an undue preference on itself or subjecting SSi to an undue or



Internet provider SSi Micro received bad news last week with the Canadian Radio-television and telecommunications commission ruled its request to have wholesale internet rates lowered was "not necessary." - Meagan Leonard/NNSL photo

unreasonable disadvantage."

In its decision, CRTC stated SSI could charge for other services, which could garner more revenue of the company and offset purchasing costs.

It didn't specifically state what those services might be.

SSI Micro's Chief Development Officer Dean Proctor told Yellowknifer he was "completely caught off guard" by the ruling, adding it does not only affect SSI Micro clients, but is a disappointment for all residents of the NWT because it limits the possibility of having an alternative Internet provider.

"It means there will not be viable, competitive alternatives to what Northwestel is offering and that makes

no sense," he said.

Proctor said the ruling has effectively impeded any of the company's plans for future expansion in the North - specifically, a move into Whitehorse where Northwestel is the sole provider.

"The planned expansion to Whitehorse as of right now is dead," he said. "It will not happen under these current conditions."

The company has been forced to discontinue service in all of its NWT communities except Yellowknife and Fort Providence.

This has been an ongoing process for the last few years, and as recently as July, when the company stopped service in 10 communities in the territory.

Proctor says they aren't the first company to be pushed out by Northwestel.

"There were certainly well over a dozen separate Internet service providers in the Northwest Territories and Yukon not that long ago," he said. "With the extremely high backbone pricing it was charging, Northwestel one by one either killed those competitors or actually bought them out."

Northwestel has maintained the cost of wholesale Internet is beyond its control and would not comment on whether it has bought out previous providers.

Proctor said he could not speculate what future the company may have in the NWT, but said in all likelihood, it will go back to the CRTC with another appeal. For now it will be focusing on its successful market in Nunavut.

"We put in front of them a significant amount of evidence indicating problems with the current pricing structure," Proctor said. "For them to come to the conclusion they did ... is just extremely dumbfounding and disappointing for us."

Northwestel spokesperson Adriann Kennedy told Yellowknifer in an e-mail the company accepts the CRTC decision and maintains their rates are not inflated.

"(The CRTC) has extensively reviewed our wholesale cost structure and have established our rates are fair and reasonable," she said. "We accept their

decision."



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