

Consultation CRTC 2012-669 (Review of Northwestel Inc.'s Regulatory Framework, Modernization Plan, and related matters)

Submitted by: First Mile Connectivity Consortium and K'atl'odeeche First Nation

We are an independent not-for-profit research consortium and a First Nation community located in the Northwest Territories. Our work focuses on innovative solutions to broadband infrastructure development with and in rural and remote First Nations communities. We have a breadth and depth of understanding of the challenges and issues related to service provision in remote communities.

We recognize the current lack of access to telecommunications and broadband services for consumers in 96 communities across Northern Canada. We also acknowledge that Northwestel's proposed *Modernization Plan* offers one solution to help address this challenge. Finally, we recognize that Northwestel's service territory presents unique challenges, given its large size, small and dispersed population, and expensive-to-service terrain.

In the publicly available version of its *Modernization Plan*, Northwestel stated it will commit to a \$233M investment through a five-year capital budget. The company is pursuing partnerships with third parties to secure public funding to subsidize this service expansion and upgrades. Northwestel notes the overwhelming demand from customers and the Territorial governments is for wireless and broadband expansion and enhancements. Northwestel did not provide a breakdown of revenues from non-telecommunications services (such as cable operations) that utilize its network infrastructure. Northwestel also noted it may take longer than 5 years to implement upgrades given regulatory and competitive pressures.

Northwestel's proposed *Modernization Plan* is an ambitious and comprehensive initiative. However, it is our opinion that the *Plan* fails to leverage significant opportunities that may support the long-term economic and social development of affected rural and remote northern communities. Northwestel's *Plan* focuses on a definition of "quality of service in the North" with regards to issues of speed and access, such as the availability of 3G and high-speed Internet. We contend that while these measures are important, "quality of service" can also be framed to incorporate how local governments, public service providers, entrepreneurs, and residents develop and use available infrastructure. We believe this more holistic definition reflects the long-term potential of broadband infrastructure development for Northern rural and remote communities.

In this context, we wish to submit the following points to CRTC consultation 2012-669:

Transport facilities: Open access long-haul (backbone) infrastructure

We recognize the current installed base of access infrastructure in the North is lacking. Several proposals for publicly subsidized regional fiber optic networks are under consideration, including the Mackenzie Valley Fibre Optic Link in the Northwest Territories and several

proposals to replace or extend existing satellite-based facilities. Northwestel presently owns and operates transport facilities that the CRTC determined are due for upgrades. One question raised by the CRTC in this evolving context is how the 96 communities in Northwestel's service region will access these facilities in ways that encourage local competition while ensuring robust and reliable services. On March 8, 2012 Northwestel provided one proposal to address this challenge through a "Wholesale Connective Service" that will provide local competitors with access to a terrestrial Layer 3 Internet Protocol Virtual Private Network Wide Area Network owned and operated by the company.¹

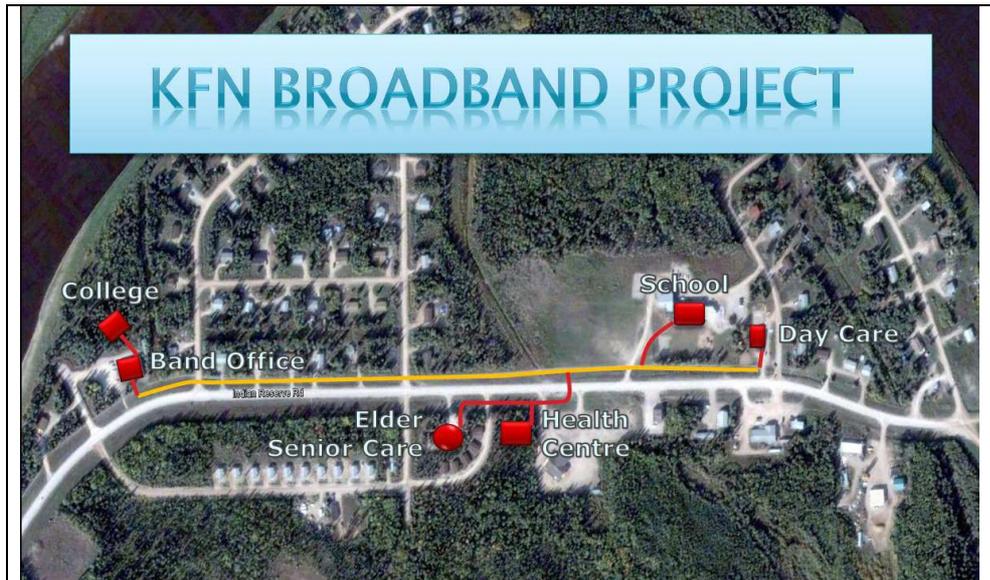
It is our opinion that a regulatory framework that encourages open access to publicly subsidized transport facilities is in the best interest of local communities. Open access transport infrastructure provides communities more flexibility and opportunity to build locally owned and operated networks. For example, in the event that communities build and operate their own fibre optic networks, the CRTC might make available a subsidy to support local enterprises in providing telecom and/or data services.

Local infrastructure: Support for community networks

Across Canada, broadband infrastructure projects reflect private-public partnerships between government, incumbent telecommunications companies, and in some cases, local and regional entities. These projects demonstrate clear evidence of how parties can work together to not only fulfill mandated service requirements, but also generate opportunities in remote and rural communities. In some cases, they provide a platform for innovation, economic development, local employment, and the provision of broadband-enabled public and community services.

Our research provides clear evidence that rural and remote First Nations across Canada are engaging in innovative infrastructure development projects. In the North, the Government of Canada (through CanNor) provided \$275,000 in funding to support the construction of a local fibre optic network in K'at'l'odeeche First Nation (KFN). In part, KFN received this funding due to shortcomings of Northwestel's existing infrastructure. Despite its location only 17 kilometres from Hay River, until 2011 KFN was serviced by copper infrastructure installed in the early 1980s, and still connected to the Internet through ADSL over telephone lines. KFN used the funds to build its own community network. It now interconnects local community services like the First Nation Band administration office, Elders Care Facility, local College, school and the Children's Day care facility over a 1 km fibre optic link built and managed by the community. We present a graphic showing KFN's existing infrastructure:

¹ As outlined in Tariff Notice 883, approved by the CRTC on April 3, 2012.



We submit that a regulatory framework might include subsidies to support the development of First Nations community networks. It can support First Nations governments like KFN to manage and develop infrastructure to meet the needs of their constituent members. Given the remote and dispersed locations of many northern communities, local networks staffed by residents can help incumbent telecommunications providers meet universal service requirements while generating sustainable jobs.

First Nations community involvement in broadband development

Finally, we submit that the development of any modernization plan in the North must engage with affected individuals and communities. There is a long-term and ongoing history of a lack of adequate consultation regarding the development of broadband infrastructure in First Nations communities. Members of our consortium outlined some of this history in two submissions to Industry Canada during consultations regarding the National Digital Strategy in 2010.²

Politically autonomous First Nations clearly state their goal to take control and ownership of their local loop infrastructure. This goal is reflected in several resolutions passed by the Chiefs in Assembly of the Assembly of First Nations (AFN), including most recently Resolution 53 (2011). This resolution supports the AFN's First Nations e-Community Strategy and directly references the desire of member First Nations to engage in community ownership and management of local networks.

It is our opinion that First Nations are best positioned to articulate their own broadband development needs. We also submit that community networks can be strategically developed

² Joint submission from AFN, FNHD, FNEC and KO-KNET - *Aboriginal Connectivity Strategy*:
http://www.ic.gc.ca/eic/site/028.nsf/eng/00397_2.html
CPROST - *Ensuring Aboriginal Involvement in Canada's National Digital Strategy*:
http://www.ic.gc.ca/eic/site/028.nsf/eng/00448_2.html

to generate economic development opportunities and provide broadband-enabled public services. This infrastructure can be shaped to meet the unique requirements of northern constituents in rural and remote communities.

We thank the CRTC for the opportunity to file this submission.

Respectfully,

First Mile Connectivity Consortium and K'atl'odeeche First Nation