Telecom Notice of Consultation CRTC 2019-406

Call for comments regarding potential barriers to the deployment of broadband-capable networks in underserved areas in Canada

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Final Reply Comments of the First Mile Connectivity Consortium

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Rob McMahon
Coordinator
First Mile Connectivity Consortium
PO Box 104
Fredericton, NB E3B 4Y2
1-877-737-5638 extension 4522
http://www.firstmile.ca
info@firstmile.ca

1. The First Mile Connectivity Consortium (FMCC) is an incorporated independent not-for-profit national association. Our members are First Nations Internet service providers known as "community/regional intermediary organizations." Our associate members are university and private sector researchers and others interested in Indigenous and community communications and telecommunication services for the public good. Our work focuses on innovative solutions to digital infrastructure and services with and in rural and remote regions and communities across Canada. More details about our members and activities are available at http://firstmile.ca

2. We wish to respond to comments referring to FMCC in the final submissions of Bell Canada and TELUS. Both concern provision of sufficient capacity in remote and Indigenous regions.

3. Bell Canada states (para 70):[1] "We concur that, as consumer demand for bandwidth increases over time, wholesale customers may require higher volumes of transport throughput. However, in order to make additional capacity available to address this growing demand, transport providers need to either deploy new infrastructure or upgrade the one they already have. Both options entail significant capital outlays." Bell makes our point. Demand for broadband is growing dramatically throughout northern and remote regions. Installing extra fibre when building out their networks is much less costly than adding new infrastructure or upgrades later.

4. Further, effective consultation with Indigenous communities and providers, as we have emphasized in our submissions, would also enable ILECs to gain a better understanding of current and future demand.

5. Bell also states (para 72): "There is no reason to hold larger providers to a different standard…" and quotes FMCC as acknowledging that "K-Net's own fibre at Sioux Lookout has no available capacity left and the electronics are quite outdated." K-Net (a member of FMCC) responds:

> "The K-Net Sioux Lookout fiber was funded to connect First Nations organizations to the K-Net network to be able to leverage communications tools such as video conferencing that. Service providers present in Sioux Lookout at the time, such as Norcom (now Shaw), local dialup internet providers, Bell, etc. did not have connectivity options available that permitted satisfactory use of those types of tools. Not only was the scope of the fiber build limited, we were clearly prohibited from selling this to the general business or residential community as a competitive product to existing service providers.

[1] CRTC 2019-406. Final Submission by Bell Canada and its Affiliates, February 22, 2021.

The fibre network was designed and built by Bell Expertech under contract to K-Net. The current limitations in capacity are the direct result of the design choices made by Bell Expertech. Increasing the end to end fiber count would require placing new, or replacing existing fiber trunks, in essence a complete new fiber build."

6. We believe ILECs should be held to a high standard. They are often the only providers in our regions. We expect them to plan for future demand in rural and remote regions as well as in urban and suburban areas. In many cases, they have received government funding to extend or upgrade their networks.

7. TELUS states[2] that "FMCC proposes that carriers who build dark fibre be required to build for unknown future capacity." As we point out concerning Bell above, estimating future demand in an era of enormous growth in demand for broadband in rural as well as urban regions makes sense for providers. Where fibre is concerned, installing extra dark fibre during construction is obviously much cheaper that adding fibre in later upgrades and overbuilds.

8. We reject the argument that: "It would be unprecedented for the Commission to order construction of excess capacity." It is in the public interest as well as good business sense to install extra dark fibre initially, rather than returning to government funders to request more funding for expensive upgrades.

9. TELUS states (para 40): "Government subsidies for the construction of facilities that are not economically viable to build with private funds can, when implemented efficiently, lead to positive results for Canadians. However, forcing private companies to subsidize competitors will result in a drain of private capital from the industry and poor outcomes for Canadians." We agree with the first statement, but not the second. ILECs, including those serving northern regions, should be required to provide access at reasonable terms and rates to other providers that rely on their networks for external connectivity. K-Net responds: "It is not possible to meet 50/10 service obligations with the current transport costs. The transport costs consume such a large disproportional share of the total revenue that it is not possible to successfully operate the local distribution networks."

10. Forbearance policy may be an efficient strategy in urban centres where it is economically profitable for multiple providers to deploy competing networks. This is not the case in rural and remote areas, where, as Hambly and Rajabium (among others) point out: " …building multiple facilities is either not feasible at all without public subsidies and/or leads to

[2] CRTC 2019-406. Final Comments of TELUS. February 22, 2021.

inefficient duplication and ‘over-investment’ in old technologies.” [3] We therefore stand by our statement that: “[t]he issue is not regulation of non-existent capacity, but provision in an equitable and affordable manner of access to existing capacity.”[4]

11. If public dollars were awarded directly to the Indigenous community and regional networks instead of the "larger provider" then appropriate decisions could be made effectively addressing local and regional network requirements before providing the funding to upgrade the larger provider's network needs. This model supports the First Mile approach to funding and network development instead of placing these communities as the last point of service development in the ‘last mile’ delivery model used by the larger providers.

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[3] Hambly, H. & Rajabiun, R. (2021). “Rural Broadband: Gaps, maps and challenges”, *Telematics and Informatics*, 60(1): 1-18. Available at: https://doi.org/10.1016/j.tele.2021.101565

[4] CRTC 2019-406. Reply Comments of the First Mile Connectivity Consortium, July 10, 2020, para 16.