



## Telecom Order CRTC 2024-53

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Reference: 2020-260

Ottawa, 13 March 2024

*Public record: 1011-NOC2019-0191*

### **Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project**

#### **Summary**

Canadians need reliable, affordable, and high-quality Internet and cellphone services for every part of their daily lives.

Through its Broadband Fund, the Commission contributes to a broad effort by federal, provincial, and territorial governments to address the gap in connectivity in underserved Indigenous, rural, and remote communities across Canada.

With this order, the Commission is providing additional funding to Northwestel Inc. to expand a previously approved project and bring fibre connections to the Daylu Dena First Nation community of Lower Post (Daylu), British Columbia.

#### **Background**

1. In Telecom Decision 2020-260, the Commission approved Northwestel Inc.’s (Northwestel) project to build fibre transport to Faro, Mayo, and Ross River in Yukon. The project intended to serve three anchor institutions, namely campuses of Yukon University, located in these communities. It will also provide fibre-to-the-home service that meets the universal service objective<sup>1</sup> in these communities, along with 16 other communities.<sup>2</sup> The Commission later received written acceptance of this funding award from Northwestel and approved the company’s related statement of work in Telecom Order 2021-137, subject to the conditions of funding set out in Telecom Decision 2020-260.

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<sup>1</sup> In Telecom Regulatory Policy 2016-496, the Commission established the universal service objective, namely that Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks.

<sup>2</sup> These communities are Beaver Creek, Burwash Landing, Carcross, Carmacks, Champagne, Dawson City, Destruction Bay, Haines Junction, Judas Creek/Marsh Lake, Pelly Crossing, Stewart Crossing, Tagish, Teslin, Upper Liard, Watson Lake, and underserved areas surrounding Whitehorse.

2. Among the conditions of funding is the requirement, set out at paragraph 17 of Telecom Decision 2020-260, that any material changes to the project be approved by the Commission. In the Application Guide appended to Telecom Notice of Consultation 2019-191, the Commission defined a material change as including a major change in the cost or scope of a project. That notice initiated the first call for applications and led to Telecom Decision 2020-260 and other decisions introduced in Telecom Decision 2020-255.

### **Change requests**

3. The project approved in Telecom Decision 2020-260 has been modified by four change requests to date:
  - First, in Telecom Order 2022-118, the Commission approved an increase of \$1,070,383 (2.8%) in additional funding to build fibre access facilities to three additional communities in Yukon: Canyon Creek, Mendenhall, and Takhini River.
  - Second, in Telecom Order 2022-278, the Commission approved an increase of \$777,570 (2.0%) to build fibre access facilities to two additional Yukon communities, Nygren and Marshall Creek.
  - Third, in Telecom Order 2023-224, the Commission approved an increase of \$12,705,609 (31.5%) due to inflation and other factors that had substantially increased project costs.
  - Fourth, in Telecom Order 2023-420, the Commission approved (i) an increase of \$4,749,948 (8.9%) in funding to add fibre Internet access services and fibre transport in the community of Atlin, British Columbia; (ii) an additional 12 months to complete the project, which extends the overall project's completion date to the end of 2024; and (iii) a modification to the holdback for the project so that it would be extended for Atlin, and so that the release of funds would be based on the original project timeline for the original communities.
4. On 14 August 2023, Northwestel submitted a fifth change request for this project. Specifically, the company requested \$750,365 (an increase of 1.3%) of additional funding to add fibre Internet access services in the Daylu Dena First Nation community of Lower Post (Daylu), British Columbia, adding approximately 64 households. Northwestel also sought (i) additional time to complete the project and (ii) a modification to the project holdback for this change in scope similar to the change made in Telecom Order 2023-420.
5. The change request was accompanied by a letter from the Deputy Chief of the Daylu Dena First Nation in support of Northwestel's request on behalf of that First Nation.

## Commission's analysis

6. The Commission considers that Northwestel's funding request is reasonable and an efficient use of funds. The Commission also considers that the changes proposed are in line with the goals of extending broadband connectivity to unserved Indigenous communities. This would bring the total project funding amount from \$57,851,425 to \$58,601,790 (a 1.3% increase) and the total number of households that would benefit to 6,008 (a 1.1% increase).
7. In Telecom Regulatory Policy 2018-377, the Commission stated that it would retain a holdback payment of 10% of the approved amount of funding for each project, which it would distribute after one year of service once the recipient demonstrates fulfillment of the conditions of service outlined in the funding decision. Requirements related to the holdback are imposed on recipients in the Commission's funding decisions. However, the Commission considers that an exception with respect to the principal project funding, excluding funding related to Lower Post (Daylu), could be made in the present case. Such an exception would avoid disadvantaging the recipient as a result of adding a community in need of high-quality and reliable telecommunications services to the project.

## Conclusion

8. In light of the above, the Commission **approves** Northwestel's requests to (i) add the community of Lower Post (Daylu) to the project scope, (ii) grant additional funding related to providing service to that community, (iii) extend the project completion date by three months with the expected completion date to be in spring 2025, and (iv) modify the associated holdback.
9. The project completion report and holdback report requirements set out in subparagraphs 20(k) and 20(l) of Telecom Decision 2020-260 will continue to apply with respect to the project's original final milestone as described in the statement of work approved by the Commission in Telecom Order 2021-137.
10. Northwestel must file another project completion report within **90 days** of the date on which construction of that portion of the project is complete and services are offered. The company must also file a project holdback report **one year** after the completion date for the Lower Post (Daylu) portion of the project.
11. Holdback funds for each project component will be released separately, once the Commission is satisfied that Northwestel has been operating the network associated with each component for one year according to the conditions of service set out in Telecom Decision 2020-260.
12. All other funding conditions and conditions imposed under section 24 of the *Telecommunications Act*, as set out in Telecom Decision 2020-260, continue to apply.

Secretary General

## Related documents

- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project*, Telecom Order CRTC 2023-420, 20 December 2023
- *Broadband Fund – Change requests – Northwestel Inc.’s Northwest Territories and Yukon fibre projects*, Telecom Order CRTC 2023-224, 27 July 2023
- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project – October 2022*, Telecom Order CRTC 2022-278, 12 October 2022
- *Broadband Fund – Change request – Northwestel Inc.’s Yukon fibre project – May 2022*, Telecom Order CRTC 2022-118, 5 May 2022
- *Broadband Fund – Acceptance of statement of work for Northwestel Inc.’s Yukon fibre project*, Telecom Order CRTC 2021-137, 16 April 2021
- *Broadband Fund – Project funding approval for Northwestel Inc.’s Yukon fibre project*, Telecom Decision CRTC 2020-260, 12 August 2020
- *Broadband Fund – First call for applications – Introductory decision regarding project funding approvals*, Telecom Decision CRTC 2020-255, 12 August 2020
- *Broadband Fund – Call for applications*, Telecom Notice of Consultation CRTC 2019-191, 3 June 2019
- *Development of the Commission’s Broadband Fund*, Telecom Regulatory Policy CRTC 2018-377, 27 September 2018
- *Modern telecommunications services – The path forward for Canada’s digital economy*, Telecom Regulatory Policy CRTC 2016-496, 21 December 2016