



## Telecom Order CRTC 2024-54

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Reference: 2020-258

Ottawa, 13 March 2024

*Public record: 1011-NOC2019-0191*

### **Broadband Fund – Change request – Northwestel Inc.’s Northwest Territories 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 grants Northwestel Inc.’s request to postpone the completion date of its Northwest Territories fibre project and modify the associated holdback.

#### **Background**

1. In Telecom Decision 2020-258, the Commission approved Northwestel Inc.’s (Northwestel) project to upgrade a transport point of presence in Dettah, Northwest Territories. The project intended to provide fibre-to-the-home service that meets the universal service objective<sup>1</sup> in Dettah and 17 other communities in the Northwest Territories.<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 2021-135, subject to the conditions of funding set out in Telecom Decision 2020-258.

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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 Aklavik, Behchokò, Deline, Enterprise, Fort Good Hope, Fort Liard, Fort McPherson, Fort Providence, Fort Resolution, Fort Simpson, Jean Marie River, Kakisa, Nahanni Butte, Tsiigehtchic, Tuktoyaktuk, Tulita, and Wrigley.

2. Among the conditions of funding is the requirement, set out at paragraph 17 of Telecom Decision 2020-258, 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 2020-258 and other decisions introduced in Telecom Decision 2020-255.

### **Change request**

3. The project approved in Telecom Decision 2020-258 has been modified by one change request to date. Specifically, in Telecom Order 2023-224, the Commission approved a funding increase of \$6,975,239 (41.6%) due to inflation and other factors that had substantially increased project costs. The Commission also approved an increase of 104 households (2.9%) to bring the total number of households to 3,747.
4. On 22 August 2023, Northwestel submitted a second change request for its project approved in Telecom Decision 2020-258. Northwestel requested approval to postpone the project completion date by one year, given that a portion of the project is dependent on a related transport project being delivered by another entity identified in confidence, which is delayed.
5. Northwestel indicated that this delay would affect the rollout of services to two communities, Fort McPherson and Tsiigehtchic, and that it expected the project to be complete by the end of 2024. This completion date would not meet the Commission's expectation set out in Telecom Decision 2020-258 that the project be completed within three years of the date of that decision.
6. Northwestel also requested to modify the holdback to permit the release of funds based on the original project timeline, notwithstanding the delay affecting those two communities.

### **Commission's analysis**

7. The Commission has reviewed the materials submitted and unforeseen factors described. The Commission underlines the importance of addressing connectivity gaps quickly by completing Broadband Fund projects in a timely manner.<sup>3</sup> However, the Commission considers that, under the circumstances, approving the change request would satisfy the objectives identified by the approach set out in Telecom Regulatory Policy 2018-377. The Commission considers that the delay is due to circumstances beyond the control of Northwestel.

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<sup>3</sup> Detailed operational information in respect of funded Broadband Fund projects is generally treated in confidence. See Telecom Regulatory Policy 2018-377, paragraphs 405–408, and section 11 (“Confidentiality”) of the Application Guide cited in paragraph 2 of this order.

8. 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 will 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. The Commission expects that Northwestel will continue to provide the same quality of service in the two affected communities as that in the other communities covered by the project, particularly because the recipient has indicated that very little work is required to connect the remaining two communities once the dependent project is complete.

## Conclusion

9. In light of the above, the Commission **approves** Northwestel's requests to extend the project completion date and modify the related requirements. In particular,
  - (a) the project completion report described in subparagraph 20(k) of Telecom Decision 2020-258 must now be submitted **90 days** after construction is complete and services are offered to all communities other than Fort McPherson and Tsiigehtchic;
  - (b) the project holdback report described in subparagraph 20(l) of Telecom Decision 2020-258 is due **one year** after the project completion report is submitted; and
  - (c) the Commission will release holdback funds for the project once it is satisfied that construction is complete and services are offered for the project as a whole, that the network is being operated according to the conditions of service set out in Telecom Decision 2020-258, and that it has been operating in this manner for at least one year for all communities other than Fort McPherson and Tsiigehtchic.
10. All other funding conditions and conditions imposed under section 24 of the *Telecommunications Act*, as set out in Telecom Decision 2020-258, continue to apply.

Secretary General

## Related documents

- *Broadband Fund – Change requests – Northwestel Inc.'s Northwest Territories and Yukon fibre projects*, Telecom Order CRTC 2023-224, 27 July 2023
- *Broadband Fund – Acceptance of statement of work for Northwestel Inc.'s Northwest Territories fibre project*, Telecom Order CRTC 2021-135, 16 April 2021
- *Broadband Fund – Project funding approval for Northwestel Inc.'s Northwest Territories fibre project*, Telecom Decision CRTC 2020-258, 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