



Telecom Decision CRTC 2015-306

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Iristel Inc. – Application requesting a modification of certain aspects of Northwestel Inc.’s Modernization Plan

*The Commission **approves, with changes**, a request from Iristel Inc. (Iristel) regarding the rollout of local number portability (LNP) and **directs** Northwestel to file, every six months until the completion of its Modernization Plan (the Plan), a detailed forecast concerning the enablement of switches that will support LNP. The first forecast, which is to be broken into six-month intervals, is to be filed by **31 July 2015**.*

*The Commission **denies** Iristel’s request that Northwestel be directed to upgrade switches in 12 communities, not included in the Plan, to be LNP-capable.*

Background

1. In Telecom Regulatory Policy 2011-771, the Commission, among other things,
 - directed Northwestel Inc. (Northwestel) to file a comprehensive plan to modernize its network infrastructure to ensure that its customers can receive telecommunications services, both regulated and forborne, comparable to those available in southern Canada;¹
 - determined that it would be appropriate to implement facilities-based local competition throughout Northwestel’s operating territory, with the expectation that Northwestel would generally follow the process established for implementing local competition in the large incumbent local exchange carriers’ (ILECs) territories;² and
 - considered that, in order to facilitate the development of local competition, it is important for customers who choose to change service providers to be able to retain their telephone numbers via the number portability process.
2. In response to the Commission’s directive, Northwestel filed a Modernization Plan (also referred to in this decision as the Plan) in February 2013.³ The Plan, covering the period of 2013 to 2017, included, among other things, the installation of new

¹ See paragraph 40 of Telecom Regulatory Policy 2011-771.

² See paragraphs 51 and 52 of Telecom Regulatory Policy 2011-771.

³ Northwestel’s Modernization Plan was subsequently updated in April 2013 taking into account the impact of Telecom Order 2013-93.

switches that will support local number portability (LNP), enhanced calling features (ECFs), high-speed Internet services, and local network interconnection in certain of the 96 communities in its territory.

3. As per the Commission's directive set out in Telecom Regulatory Policy 2013-711,⁴ Northwestel submitted a revised Modernization Plan and progress report in March 2014.⁵

Application

4. The Commission received an application from Iristel Inc. (Iristel), dated 26 January 2015, in which the company requested that modifications be made to Northwestel's Modernization Plan. Specifically, Iristel sought orders from the Commission requiring Northwestel to
 - disclose to its competitors the currently anticipated dates on which the switch for each community listed in Northwestel's 2014 Modernization Plan will be capable of supporting LNP, and to advise competitors promptly of any anticipated changes to those dates and any corresponding reasons; and
 - revise the list of communities that will be upgraded so as to be LNP-capable to include an additional 12 communities,⁶ and to have this revised list reflected in Northwestel's next progress report on implementing its Modernization Plan.
5. The Commission received interventions regarding Iristel's application from Northwestel, SSi Micro Ltd. (SSi), and the Yukon Government (YG). The public record of the proceeding, which closed on 10 March 2015, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.
6. The Commission has identified the following issues to be addressed in this decision:
 - Should competitors be given LNP-enablement dates for all remaining communities included in Northwestel's 2014 Modernization Plan for each of the years 2015 to 2017?
 - Should 12 additional communities be made LNP-capable in communities beyond those included in Northwestel's 2014 Modernization Plan?

⁴ See paragraphs 76 and 285 of Telecom Regulatory Policy 2013-711.

⁵ In its revised Modernization Plan filed with the Commission in March 2014, the company included a list of LNP plans for all 96 communities.

⁶ See Appendix 1 of this decision for a list of the 12 communities.

Should competitors be given LNP-enablement dates for all remaining communities included in Northwestel's 2014 Modernization Plan for each of the years 2015 to 2017?

7. Iristel submitted that the failure of Northwestel to provide exact dates for when communities will be LNP-capable is anti-competitive and negatively affects consumers contrary to the provisions of the *Telecommunications Act* (the Act) and the Policy Direction.⁷ In this regard, Iristel submitted that a competitor must inform Northwestel in writing at least 30 days before it considers that LNP should go live in a community,⁸ so that Northwestel can identify that the exchange will be service-ready for LNP within 30 days of the request.
8. Further, Iristel stated that Northwestel had indicated, in a letter to Iristel dated 19 November 2014, that it has modified this notification process commencing in 2014 so as to indicate, in its December 31 LIR [local interconnection regions]⁹ Boundary Forecast on switch upgrades, whether a switch upgrade is expected to be completed in the first or second half of a given year. However, Iristel submitted that Northwestel did not do so when it provided its latest LIR Boundary Forecast.
9. Iristel submitted that there are a number of processes that must be completed and equipment that must be deployed in order for a competitor to achieve interconnection in an LNP-enabled community, arguing that it is unrealistic to expect that it can complete this work in 30 days as Northwestel presently insists. Failure to promptly provide competitors with LNP-capability information makes it very difficult for competitors to plan to allocate resources to achieve interconnection in specific communities, greatly delaying entry into those communities.
10. Iristel argued that requiring Northwestel to disclose to its competitors the exact date that it plans to enable LNP in various communities will not cause undue harm to Northwestel, but will have the effect of creating a more level playing field for competitors.
11. Northwestel submitted that Iristel's request should be rejected as it believes that the current process to inform competitors of LNP-enablement is working and should continue as is. In Northwestel's view, Iristel's comments about the impact of delaying equipment installation are exaggerated as most competitors do not need to install local point of interconnection equipment. Further, most of the larger LIRs have one exchange serving as the point of interconnection for all communities within the LIR.

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2014

⁸ For a complete listing of the approved processes for ILECs to notify competitive local exchange carriers (CLECs) as to when exchanges are LNP-enabled, see Telecom Decision 2007-122. These processes are outlined in detail in CRTC Interconnection Steering Committee (CISC) reports BPRE062e – *Industry Notification Process for Declaring an Exchange Portable* and NTRE042 – *Request-Driven Roll-out Schedule/Criteria*.

⁹ An LIR is a geographic area specified by an ILEC within which traffic is exchanged with CLECs on a bill-and-keep basis.

12. Northwestel did acknowledge that, in its last LIR Boundary Forecast, it mistakenly submitted the forecast by the year, instead of in six-month intervals as it had proposed to do. Northwestel indicated that it has since rectified this error by issuing a letter on 26 January 2015 with a revised LIR Boundary Forecast, including the appropriate information.
13. SSi supported Iristel's request to extend Northwestel's LNP readiness notification period, asking that the Commission consider the realities of operating in the North when reviewing this notification period. In this regard, SSi pointed to the barriers of entry related to the rollout of telecommunications facilities in Canada's North, including the high cost of inputs, complicated supply management, and the need for long-term, multi-year capital planning.
14. The YG submitted that it is reasonable for prospective competitors to have LNP schedule and location information, arguing that providing such information would accelerate the introduction of competitive choice in Yukon and the rest of the North.

Commission's analysis and determinations

15. In Telecom Decision 2007-122, the Commission approved processes and implementation time frames for making an exchange ready for number portability.¹⁰ The processes for ILECs to notify competitive local exchange carriers (CLECs) when exchanges are LNP-enabled are outlined in detail in CRTC Interconnection Steering Committee (CISC) reports BPRE062e – *Industry Notification Process for Declaring an Exchange Portable* (report BPRE062e) and NTRE042 – *Request-Driven Roll-out Schedule/Criteria* (report NTRE042). The key objective of the combined processes is to facilitate CLEC requests for LNP in exchanges not already LNP-enabled. Further, in Telecom Regulatory Policy 2011-771, the Commission determined that Northwestel was to follow the same processes for implementing local competition as was set out in the large ILECs' territories.
16. Within the processes set out in report NTRE042, there are intervals, ranging from 30 to 180 days, for the ILEC to LNP-enable a switch, depending on the status of the existing switch. CLECs and ILECs are to negotiate and agree upon the appropriate interval, after which time the CLEC sends a letter to the ILEC requesting LNP with an LNP service-ready date based on the agreed-upon interval. While the ILEC is completing its work, the CLEC can also complete work required on its part in parallel.
17. Northwestel now includes in its annual LIR Boundary Forecast information on the actual switches that will be upgraded and in which half of the year the work will take place (first six months or second six months of a given year). This provides competitors with information regarding future LNP readiness in each community in the forecast. Having this same forecast continue until the end of the Modernization Plan would provide competitors with information to develop long-term plans to

¹⁰ See footnote 8.

determine where and when they could provide competitive local service ultimately benefiting consumers in the North. The six-month intervals also align with the maximum intervals allowed for LNP-enablement in report NTRE042 when major switch upgrades are required, as is the case for most switches in Northwestel's Modernization Plan.

18. Northwestel also issues written letters to the industry and the Commission providing advance notification of when individual exchanges are to be LNP-enabled, including the service-ready date, as the required upgrades are completed. This allows competitors to develop specific, short-term plans to determine whether to offer service in these locations.
19. An assessment of the existing LNP notification process used by Northwestel from September 2012 to January 2015 shows that Iristel, for the most part, appears to be waiting to be informed as to the LNP-enablement date from Northwestel. The Commission considers that Northwestel and Iristel are not negotiating the LNP service-ready date beforehand as per the process set out in report NTRE042; if they were communicating and negotiating from the outset, Iristel would have earlier notice of when certain exchanges are to be LNP-enabled.
20. There are existing industry-developed and Commission-approved processes in place that, if followed by both parties, would provide the information being requested by Iristel. However, in light of the above, and in order for Iristel and other competitors to develop long-term deployment plans based on Northwestel's forecasts, Northwestel is **directed** to file with the Commission a forecast, broken into six-month intervals, showing which exchanges are to be LNP-enabled in each six-month interval, from the date of the forecast to the end of Northwestel's Modernization Plan. The first forecast is to be filed by **31 July 2015**, with subsequent forecasts to be issued, at six-month intervals (i.e. the next forecast would be filed by 31 January 2016) until the end of Northwestel's Modernization Plan in 2017. The forecast should identify any changes to the exchanges scheduled to be LNP-enabled from one forecast to another.
21. Iristel and Northwestel are reminded to follow the processes approved in Telecom Decision 2007-122, and as detailed in the above-mentioned CISC reports, for notifying CLECs when exchanges are LNP-enabled. These processes were designed to provide flexibility in establishing LNP-enablement dates for both ILECs and CLECs, as well as to ensure sufficient notice of LNP-enablement for all parties involved.

Should 12 additional communities be made LNP-capable in communities beyond those included in Northwestel's 2014 Modernization Plan?

22. In support of its request that additional communities, beyond those identified in Northwestel's 2014 Modernization Plan, be made LNP-capable, Iristel referenced the following statement made by Northwestel in its 2013 Modernization Plan:

as a result of ECF being provisioned to all remaining communities over the course of the Modernization Plan, there will be an additional benefit of providing LNP to those communities.

23. Iristel argued that, since the communities of Dease Lake, Tuktoyaktuk, Norman Wells, Fort Simpson, Fort McPherson, and Fort Providence all have ECFs and are terrestrially-served communities, they should be made LNP-capable.
24. In addition, Iristel was of the view that Northwestel has chosen to exclude certain communities from LNP, including some major population centres in the North, despite the fact that LNP deployment is technically feasible, arguing that this is anti-competitive and should not be permitted. In this regard, Iristel submitted that the current deployment plans for LNP do not make sense and are not in the best interests of Canadian consumers as they exclude large communities for some time to come from the competitive benefits that LNP can bring.
25. Iristel argued that it makes sense to ensure that the most populous areas are provided with LNP first, allowing competitors to build a critical mass of customers and make their business case sustainable. Accordingly, Iristel specifically requested that Northwestel be required to enable LNP in Pangnirtung, Pond Inlet, Kugluktuk, Cape Dorset, Gjoa Haven, and Clyde River, all of which have ECFs.
26. Northwestel submitted that Iristel's request to implement LNP in additional communities during the course of the Modernization Plan should be rejected because
 - there is an existing plan to provision LNP through the Modernization Plan that should be permitted to proceed;
 - the exchanges requested by Iristel have no modernization requirement that would justify the cost to implement LNP at this time;
 - there would be a significant cost to implement LNP in these communities; and
 - communities which require modernization should take priority over communities that do not.
27. Northwestel submitted that Iristel is mistaken that infrastructure already exists in the 12 communities to enable LNP. Rather, when it enables ECFs as part of the Modernization Plan, it puts in a new switch that would be LNP-capable and therefore LNP could be provisioned without substantial additional cost. This does not apply to existing switches that currently have ECFs.¹¹

¹¹ In its reply, Iristel acknowledged that it was mistaken in its impression that if a switch was capable of providing ECFs it was also technically capable of providing LNP.

28. Northwestel submitted that if it were required to add the 12 communities to the Plan as requested by Iristel, it would have to cancel other projects that are upgrading Internet services and switching capabilities.¹²
29. SSI disagreed with the request that larger communities be prioritized over smaller communities, stating that an equitable and inclusive approach to the modernization of the North's communications networks should be applied to all communities. As such, Northwestel must take into account the priorities of competitor input, including input from Iristel and SSI, when selecting locations and advancing dates for LNP readiness.

Commission's analysis and determinations

30. The original Northwestel Modernization Plan and subsequent updates have been on the public record and subject to review and comment during the public hearing which led to Telecom Regulatory Policy 2013-711. To date, there have been no comments received from any parties regarding the proposed communities to be made LNP-capable or regarding the criteria used by Northwestel to select the communities to be LNP-enabled that were published in the 2013 Modernization Plan Update.¹³ These selection criteria have not changed since they were published in 2013. None of the 12 communities that Iristel has requested be LNP-enabled meet the criteria.

31. Telecom Regulatory Policy 2011-771 set out the following:

As set out in this decision, Northwestel will be required to file a plan to modernize its network infrastructure, which is likely to include a schedule of the upgrades and/or replacements of switches. Accordingly, should a competitor request number portability to be available in any of these remaining communities, the competitor will be required to compensate Northwestel for all financing costs associated with advancing the upgrade/replacement of the switch prior to its implementation date.¹⁴

32. Based on the above passage set out in Telecom Regulatory Policy 2011-771, it follows that if a switch upgrade is not planned, the competitor requesting LNP for a switch that requires an upgrade is responsible for the cost of upgrading that switch.

¹² Northwestel submitted an estimate of the total cost to provision LNP in the 12 communities requested by Iristel in confidence with the Commission.

¹³ In its Plan, Northwestel indicated that a community will be upgraded for LNP if (a) LNP capability was implemented in 2012 (Whitehorse, Yellowknife, Iqaluit, Fort Nelson, Inuvik), or (b) it has a population over 1,600, or (c) it will receive ECFs, or (d) it is served by a remote tethered off a LNP-capable switch, or (e) it gets a fixed wireless switch.

¹⁴ See paragraph 62 of Telecom Regulatory Policy 2011-771.

33. In Telecom Regulatory Policy 2011-771, the Commission also stated the following:

As for Northwestel's remaining switches,¹⁵ the Commission notes that these switches are generally in communities with less than 1,000 network access services (NAS) and that substantial costs would need to be incurred by Northwestel to upgrade and/or replace these switches for the portability to be available in these communities. The Commission therefore considers that the benefits of requiring number portability in these communities at this time are outweighed by the costs.¹⁶

34. Iristel provided no information regarding the timing of commercial services launch for the requested exchanges. In addition, the communities which Iristel may be interested in serving may differ from those that other competitors may wish to serve (e.g. SSI opposed Iristel's proposal that the larger communities be upgraded first). Further, data provided by Northwestel during the course of this proceeding shows that the vast majority of the port-outs¹⁷ in the North since 2012 have occurred in only the three largest communities in Northwestel's operating territory. As such, it is not clear that northern consumers would actually benefit from requiring that 12 additional switches be further upgraded and made LNP-capable.

35. Directing Northwestel to upgrade 12 additional switches may result in the modification of other aspects of its Plan to compensate for the additional investment those upgrades would necessitate. Further, Iristel may negotiate with Northwestel to have LNP enabled in the communities in question (including compensating Northwestel for costs associated with advancing the upgrade/replacement of the switch, as directed by the Commission in Telecom Regulatory Policy 2011-771). Finally, LNP is not a prerequisite to offering a competitive local service.

36. In light of the above, the Commission **denies** Iristel's request to have it mandate that 12 additional switches be made LNP-capable in communities beyond those included in Northwestel's 2014 Modernization Plan.

Policy Direction

37. The Policy Direction states that the Commission, in exercising its powers and performing its duties under the Act, shall implement the policy objectives set out in section 7 of the Act, in accordance with the Policy Direction.

¹⁵ The "remaining switches" referred to are those other than Fort Nelson, Inuvik, Iqaluit, Whitehorse, and Yellowknife, which at the time would be ready to support LNP with only minor software upgrades.

¹⁶ See paragraph 60 of Telecom Regulatory Policy 2011-771.

¹⁷ Porting-out refers to the reassignment of an existing telephone number from one service provider to another.

38. This decision will support the orderly development of competition in Canada's North by providing competitors with information that facilitates their short- and long-term service deployment plans, which will lead to greater choice for customers. It also mitigates risks related to the completion of the current Northwestel Modernization Plan that will enhance its telecommunications infrastructure to ensure that northern customers receive telecommunications services comparable to those available in southern Canada.
39. Accordingly, the Commission considers that its determinations in this decision would be consistent with the Policy Direction, are efficient and proportionate to their purpose and rely on market forces to the maximum extent feasible as the means of achieving the policy objectives, and advance the policy objectives set out in paragraphs 7(a), (b), (c), (f), and (h) of the Act.¹⁸

Secretary General

Related documents

- *Northwestel Inc. – Regulatory Framework, Modernization Plan, and related matters*, Telecom Regulatory Policy CRTC 2013-711, 18 December 2013
- *Northwestel Inc. – Wholesale Connect Service*, Telecom Order CRTC 2013-93, 25 February 2013
- *Northwestel Inc. – Review of regulatory framework*, Telecom Regulatory Policy CRTC 2011-771, 14 December 2011
- *Processes and implementation time frames for making an exchange ready for number portability*, Telecom Decision CRTC 2007-122, 4 December 2007

¹⁸ The cited policy objectives are 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; (b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; (c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; (f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; and (h) to respond to the economic and social requirements of users of telecommunications services.

Appendix 1

Additional 12 communities to be upgraded by Northwestel so as to be LNP-capable, as requested by Iristel

Iristel requested that the following communities, in which it plans to provide service, be added to the list of communities in Northwestel's operating territory whose switches must be upgraded so as to be LNP-capable (population in parentheses):

- Dease Lake, British Columbia (303)
- Tuktoyaktuk, Northwest Territories (929)
- Norman Wells, Northwest Territories (847)
- Fort Simpson, Northwest Territories (1,267)
- Fort McPherson, Northwest Territories (788)
- Fort Providence, Northwest Territories (773)
- Pangnirtung, Nunavut (1,514)
- Pond Inlet, Nunavut (1,507)
- Kugluktuk, Nunavut (1,458)
- Cape Dorset, Nunavut (1,452)
- Gjoa Haven, Nunavut (1,152)
- Clyde River, Nunavut (949)