



Telecom Order CRTC 2025-223

PDF version

Gatineau, 2 September 2025

Public record: Tariff Notice 1256

Northwestel Inc. – Introduction of 1 Gbps Enterprise Performance Service in Type A communities

Summary

The Commission received an application from Northwestel Inc. (Northwestel) proposing to introduce a new speed tier to its Enterprise Performance Service in Type A communities.

The introduction of this new speed tier would allow customers in the Far North to benefit from significantly improved performance and would respond directly to the growing demand for higher speeds and unlimited monthly usage. Therefore, the Commission approves Northwestel's application.

A dissenting opinion by Commissioner Bram Abramson is attached to this order.

Application

1. On 25 June 2025, the Commission received an application from Northwestel Inc. (Northwestel) proposing changes to its General Tariff, Item 1736 – Terrestrial Enterprise Internet Services.
2. Specifically, Northwestel proposed to introduce a new 1 gigabit per second (Gbps) speed tier to its Enterprise Performance Service in Type A communities, which would have unlimited usage included. This speed tier would be offered on a month-to-month basis, as well as on one-, three-, and five-year contract periods. It would only be available in Type A communities where the appropriate facilities are available.
3. Northwestel proposed that this new speed tier be included in the Business Internet Services sub-basket for the purposes of its price cap indices. This change is consistent with both Telecom Decision 2015-79 and Telecom Regulatory Policy 2025-9, because this new speed tier is a terrestrial enterprise Internet service.
4. In support of the proposed changes, Northwestel provided a cost study demonstrating that the proposed rates for the new speed tier pass the price floor test. Furthermore, Northwestel submitted that the cost study methodology used in support of the

application is the same methodology that the Commission has previously set out in several decisions.¹

5. Northwestel requested an effective date of 10 July 2025.
6. The Commission did not receive any interventions regarding the application.

Commission's analysis

7. Based on the results of Northwestel's cost study, which was filed in confidence with the Commission pursuant to section 39 of the *Telecommunications Act* (the Act), the Commission considers that the proposed rates for the new speed tier pass the price floor test.
8. The introduction of this new speed tier would allow customers in the Far North to benefit from significantly improved performance and respond directly to the growing demand for higher speeds and unlimited monthly usage. By enabling access to faster services in the Far North, Northwestel's application also supports the Commission's goal of improving access to reliable, affordable, and high-quality telecommunications services for all Canadians, particularly those living in underserved rural, remote, and Indigenous communities.
9. The Commission is of the view that the proposed changes advance paragraph 7(b) of the Act² and considers that Northwestel's proposal is reasonable and complies with the regulatory policies.

Conclusion

10. In light of all of the above, the Commission approves, by majority decision, Northwestel's application.
11. Revised tariff pages are to be issued within 10 calendar days of the date of this order. Revised tariff pages can be submitted to the Commission without a description page or a request for approval; a tariff application is not required.

Secretary General

¹ See, for example, the Commission [letter](#) dated 27 November 1998, which was subsequently amended by Decision 2001-737; Telecom Decision 2005-27; and Telecom Regulatory Policy 2009-80.

² The cited policy objective is: 7(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.

Related documents

- *Northwestel Inc. – Modifications to Large Capacity Wavelength Service*, Telecom Order CRTC 2025-192, 1 August 2025
- *Northwestel Inc. – Tariff Notice 1241 – Addition of Speed Option for Special Assembly #4 Layer 3 IP/VPN Service*, Telecom Order CRTC 2025-159, 27 June 2025
- *Telecommunications in the Far North*, Telecom Regulatory Policy CRTC 2025-9, 16 January 2025
- *Northwestel Inc. - Basket structure and pricing constraints for terrestrial retail Internet services*, Telecom Decision CRTC 2015-79, 4 March 2015
- *Review of the price floor test and certain wholesale costing methodologies*, Telecom Regulatory Policy CRTC 2009-80, 19 February 2009
- *Review of price floor safeguards for retail tariffed services and related issues*, Telecom Decision CRTC 2005-27, 29 April 2005
- *Issues related to imputation test methodology - Rebanding decision follow-up*, Decision CRTC 2001-737, 29 November 2001

Dissenting opinion of Commissioner Bram Abramson

1. Like transportation or energy, telecommunications infrastructure is general-purpose technology. The broadband services it carries underpin core operations, safety, and market activities in industries ranging from mining, oil and gas, and tourism to construction and the public sector.
2. Telecommunications services are, in other words, an essential input for virtually all economic sectors. Inflated telecom prices inflate the costs of economic activity more broadly.

The mark-up is too high

3. The tariffs before the Commission in this proceeding make new broadband speed tiers available to businesses in the Far North. They would do so at rates supported by an extraordinary mark-up over and above the long-run incremental costs of providing the service.
4. My Telecommunications Committee colleagues have, by majority vote, approved these rates as just and reasonable.¹ Their reasons do not grapple with the monopoly rents² embedded in the mark-up they have accepted. Yet, with respect, such mark-ups strain any common-sense understanding of reasonability.
5. The comment that the proposal “complies with the regulatory policies”, in paragraph 9 of the majority opinion, comes close. I have elsewhere explained why reasons like “we’ve always done it this way” or “no contrary intervention was filed” are inadequate. They do not overcome the burden we must meet in ensuring telecommunications market power not harm economic reconciliation in the Far North.³ Consistent with that explanation, and with the general approach I have taken since Telecom Regulatory Policy 2025-9 failed to address this issue, I cannot approve these rates. They are too high. They are neither just nor reasonable. I therefore respectfully dissent.

¹ Acting on behalf of the Commission: *Telecommunications Committee*, By-Law No. 10, paragraph (e) (“[a]ny act or thing done by the Telecommunications Committee shall be deemed to be an act or thing done by the members”), pursuant to *Canadian Radio-television and Telecommunications Commission Act*, R.S.C. 1985, c. C-22 (CRTC Act), subsection 12(3)—as distinguished from a panel struck under subsection 6(2) of the CRTC Act: *Shoan v. Canada (Attorney General)*, 2016 FCA 261, para 6.

² In economics, “monopoly rents” refer to the returns that a firm with market power may earn above normal competitive profits, typically by restricting output or raising prices. The concept does not require that a market be served by a single carrier: it applies whenever market power enables supra-competitive returns.

³ Telecom Order 2025-192, dissenting opinion of Commissioner Bram Abramson.

The margin squeeze test is in the wrong place

6. In doing so, it is worth noting the unlikely place in which the Commission's prevailing regulatory models have left us.
7. We regulate the rates, terms, and conditions of retail telecom services under what Commissioner Claire Anderson and I have referred to as two systems.
8. The older system takes a blunt structural approach. Incumbent local exchange carriers (ILECs), like Northwestel Inc. (Northwestel), are presumed to have market power. Their rates, terms, and conditions are regulated either in baskets (whose overall rates may be capped), or outside of them. Forbearance and withdrawal of services—the two sometimes used interchangeably, unfortunately—remove markets from structural regulation, sometimes replacing it with tailored rules.
9. The newer system takes a market power approach. Markets are carved out of the structural presumption and analyzed for the presence of market power. If present, the Commission considers the minimum viable form of regulation necessary to discipline that market power. Often the focus is on regulating rates in an upstream wholesale market for bottleneck inputs, lowering entry barriers so as to encourage forborne downstream retail competition.⁴
10. Because the market power approach focuses on fostering retail competition through mandated wholesale supply, one might expect vigilance around margin squeezing. Yet, strangely, it is only under the older structural presumption that margin squeezing is attended to:
 - ILECs like Northwestel must, in respect of tariffed retail services, file imputation tests with enough margin to prevent anti-competitive pricing—even when most retail markets still subject to the structural presumption are static markets with little entry, little dynamism, and little hope of inbound competition.
 - But in sweeping away retail regulation in favour of mandated wholesale supply, we not only eliminated the imputation test for services regulated under the market approach (like broadband and mobile). We also failed to consider the policy underlying that test: whether margin squeeze testing should continue, and if so how, in markets with nimbler pricing strategies.
11. Whether to require firms with market power to price at levels that recover costs, and if so in markets with which characteristics, is a nice question. All the more so in telecommunications, where policy has repeatedly stressed competitive choice as a source of market pressure and user empowerment. Yet the current frameworks do not engage with that question. Instead, we have inherited the worst of both worlds. We

⁴ Telecom Order 2025-159, dissenting opinion of Commissioner Bram Abramson, paragraphs 7–8.

test for margin squeezing's close cousin, predatory pricing. But only in markets rarely susceptible to new entry in the first place.

12. The path to a more coherent framework runs through resolving these inconsistencies. Doing so is eminently achievable—as long as we begin. Ceasing to approve high mark-ups that levy monopoly rents on captive economic markets would be an early marker along that path.