



NEWS RELEASE

Neither modern nor holistic

SSi intervention to the CRTC's holistic review of communications needs for the North and response to Northwestel's revised "modernization" plan

YELLOWKNIFE, February 6, 2013. Following detailed public hearings and numerous stakeholder interventions, the Canadian Radio-television and Telecommunications Commission ("CRTC") determined that the regulatory framework for Northwestel had not produced the expected benefits of choice, reliability, and innovation for northern customers.

To address this, the CRTC required Northwestel to develop a plan to modernize its aging network, and more recently launched a public process - Telecom Notice of Consultation 2012-669 - to conduct a holistic review of the regulatory framework for the North, Northwestel's telecommunications services and the proposed modernization plan. Today, the SSi Group of Companies ("SSi") filed its intervention to the Commission as part of that process, including its response to the Northwestel modernization plan.

SSi believes the CRTC has made a very positive step by initiating the review process. A truly holistic approach is needed to solve the challenges to deliver sustainably affordable and quality broadband access in the North, and to meet the communications needs of Northerners going forward.

Unfortunately, Northwestel's proposed modernization plan is neither modern nor holistic. It appears to be no more than a facade for a non-exceptional capital expenditure program, which serves primarily to maintain the status quo and entrench in perpetuity Northwestel as a northern monopoly. As proposed, it would work to the detriment of new competition, new investment, consumer choice and innovation.

Based on the information available, SSi concludes that the plan:

- Does not propose how to achieve sustainably affordable backbone connectivity – which is the major limitation to improving the quality, cost and diversity of communications services available to Northerners;



- Displays a lack of commitment to new investment and is highly dependent on other parties to lead and finance vaguely defined future projects.
- Does not address how to meet the CRTC's broadband service objective of 5 Mbps for all Canadians, because upgrades to high speed Internet are dependent on the availability of affordable backbone facilities.
- Does not develop a holistic and sustainable path for key investments to modernize Northern telecommunications. Instead it emphasizes deployment of additional access infrastructure that overbuilds existing facilities put in place or announced by competitors.
- Creates the illusion that Northwestel is proposing to do more than it must, although many described "initiatives" like "Enhanced Calling Features" and "Local Number Portability" are tied to replacing aging switching equipment, which should be replaced anyway in the normal course of business.

SSi believes that there is a need to develop long-term solutions for affordable backbone connectivity in the North, and that within a dynamically competitive local telecoms sector.

"If we are to avoid a Canadian information society of 'haves' and 'have-nots', then we must take the communications needs of Northerners very seriously. I'm talking about health care, economic development, education and security", states SSi president and CEO Jeff Philipp. "This is only possible with affordable technologies, modern networks and fair competition. I believe that a truly holistic approach must be developed with this in mind."

SSi's Chief Development Officer, Dean Proctor, further elaborates, "We are proposing a "utility backbone" regulatory approach be implemented to ensure open and fair access to the transport facilities connecting the North with the rest of the world." He continued: "We are also calling for reform of the contribution subsidy system in the North. Broadband must be recognized as the essential service that it is, and be eligible for contribution subsidies. Those subsidies must be portable - we need to empower consumers - allow them to apply subsidies to the carrier that earns their business with the most suitable and attractive services".

SSi's detailed response to Northwestel's Modernization Plan, filed today with the CRTC, is available on the SSi website at www.ssimicro.com.

The CRTC's Notice 2012-669 and a full record of the holistic review proceeding is available at:

<https://services.crtc.gc.ca/pub/instances-proceedings/Default-Default.aspx?S=O&PA=T&PT=A&PST=A&Lang=eng>



About SSi: Headquartered in Yellowknife, Northwest Territories, the SSi Group of Companies provides broadband service across Canada's North. SSi understands first-hand the challenges faced in providing effective and affordable communications services to remote and outlying areas, and in providing a competitive alternative to the incumbent operator in small and remote markets.

SSi has deployed advanced satellite and local broadband wireless facilities that deliver services throughout Nunavut under the "QINIQ" brand, and in over thirty communities of the Northwest Territories, an area spanning over three million square kilometers. The network uses state-of-the-art full mesh connectivity and supports broadband Internet, voice and videoconferencing technologies.

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