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Northwestel rival calls foul

SSI Micro says it's being unfairly priced out of market and cannot compete with rising data plans

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SOMBA K'E/YELLOWKNIFE

The second-largest consumer home Internet provider in the NWT will shortly be filing a new appeal with the Canadian Radio-television and Telecommunications Commission to re-examine Northwestel's wholesale pricing structure amid questions of unfair competition.

This comes on the heels of Northwestel's announcement last

week that it would be increasing increasing data usage limits across all of its consumer Internet rate packages by approximately 40 per cent, without additional charges to the consumer.

The move has Dean Proctor scratching his head.

The SSI Micro chief development officer said their competitor is offering consumer broadband for less than his company can purchase at wholesale rates.

"The only thing that could explain (this), is that Northwestel is setting its pricing for competitors. to drive us out of the market," Proctor told the Yellowknifer.

Proctor said SSI Micro will be filing an application with the commission to re-examine and force Northwestel to drop the wholesale rates it charges to competitors.

"It's very clear that the backbone rates they're charging us are far too high if they can justify significantly lower retail rates," Proctor said.

The heart of the problem is that Northwestel owns and maintains the physical line that connects the North to the south through High Level, Alta.

Any Northern reseller has to purchase a share of that bandwidth and repackage it. Proctor describes this as a clear monopoly of the service, which he alleges Northwestel is using to drive competitors out of the marketplace.

Part of Proctor's concern is that in the long run the consumer will lose if this is allowed to



SSI Micro is challenging Northwestel's ability to offer retail internet for what it describes as less than wholesale rates. The company will once again ask the CRTC to examine Northwestel's wholesale rate structure. - Josh Long/NNSL photo

happen.

"If they can offer that data usage and make money from it, that's great for consumers," Proctor said.

"What's bad for consumers is that Northwestel is running up... enough barriers for us and other competitors that they are going to run competitors out of business.

"If one believes that competition is good for consumers in terms of making rates stay competitive (with) lower rates, better service, better technology - all the things that come with a competitive market - that's now being threatened."

SSI Micro provides no-contract, wireless consumer wireless Internet packages in Yellowknife and elsewhere in the NWT, although over the past two years it has been forced out of 10 service areas because of what Proctor describes as unfair wholesale pricing.

Proctor said SSI Micro cannot compete with Northwestel, especially at the new data usage limits.

"We would love to be able to increase our useage (caps) but we can't because of the charges they (Northwestel) are imposing upon us."

"We'd be better off buying their (retail) service and reselling it to our customers," Proctor said.

"We'd be losing less money."

This isn't the first time SSI Micro has asked the commission to intervene on the wholesale rates Northwestel charges to competitors.

SSI Micro has enjoyed what Proctor described as victories in the past thanks to commission decisions that resulted in cheaper wholesale prices for SSI Micro, which allowed the company to increase its data packages for consumers.

But Proctor said since then Northwestel has been successful to a degree in appealing the decision, meaning wholesale rates have increased since last December.

Northwestel denied it is selling retail Internet service for less than wholesale cost.

"Northwestel is not selling services below cost, and has filed detailed information with the CRTC on our Internet packages," stated Northwestel communications manager Kerron Williams in an email.

"There is no justification to revisit wholesale rates as those services have been reviewed and approved by the commission with standard industry-accepted costing principles." Proctor said SSI Micro's plan is to file the appeal as soon as possible.



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