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Claude Doucet  
Secretary General  
Canadian Radio-television and Telecommunications Commission  
Gatineau, QC  
K1A 0N2

June 22, 2023

**Re: Telecom Notice of Consultation CRTC 2023-56 - Review of the wholesale high-speed access service framework – second intervention**

Mr. Doucet,

1. National Capital FreeNet Inc., operating as NCF, is pleased to provide this intervention in support of the Commission's preliminary views that:
  - the provision of aggregated wholesale High-Speed Access (HSA) services should be mandated;
  - access to fibre-to-the-premises (FTTP) facilities should be provided over these services; and
  - the provision of FTTP facilities over aggregated wholesale HSA services should be mandated, initially on a temporary and expedited basis.
2. As a small not-for-profit internet provider committed to affordability and digital equity and operating as a wholesale-based competitor, we agree with the Commission's findings that its wholesale HSA service framework "has not met its objective of facilitating vibrant and sustainable competition in the retail Internet service market"<sup>1</sup> and that "incremental changes to the [framework] are not going to address the underlying concerns."<sup>2</sup> We believe the 2023 Policy Direction<sup>3</sup> provides clear guidance to address the shortfall in meeting the objectives.

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<sup>1</sup> <https://crtc.gc.ca/eng/archive/2023/2023-56.htm> para 25

<sup>2</sup> *Ibid.*

<sup>3</sup> <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2023-23/page-1.html>

3. NCF also supports the reduction to existing aggregated wholesale HSA service rates. We have felt firsthand how high wholesale rates have limited our competitiveness, ability to invest and innovate in new services, and contributed to a loss of subscribers.
4. It has been instructive to participate in a process the Commission has identified as multistage and agile. We share its hope that the process will evolve in light of submissions and market changes. That said, as a small organization with limited staff capacity, it has sometimes been difficult to stay on top on all elements of the process, particularly the many procedural requests for delays. The size of the regulatory affairs teams of large incumbents reflects some of the asymmetries in the market, and we appreciate the Commission's commitment to avoiding undue delays.
5. NCF has kept our comments in this intervention limited to and our experience as a small wholesale-based competitor. We wish to appear at the hearing as we believe we provide a unique perspective on these issues. Supporting comments have been provided within this intervention by some NCF members, who we invited to either submit comments directly to the Commission or to contribute context and perspective to NCF's intervention.

#### **About NCF: 30 years and counting**

6. NCF is a not-for-profit Internet Service Provider (ISP), based in Ottawa. Founded in 1992 we were the first ISP in the region and have connected more than 100,000 members. We believe that everyone has a right to affordable and high-quality internet that they understand how to use, while feeling safe online. We currently serve around 4800 members with our internet and community services.
7. NCF is committed to advancing digital equity, ensuring everyone has the information technology capacity for full participation in society, democracy, and the economy. Digital equity is necessary for civic and cultural participation, employment, lifelong learning, and access to essential services.<sup>4</sup>
8. Digital equity also includes the recognition that the digital divide mirrors and exacerbates other social inequities, disproportionately affecting marginalized groups, including those living on low incomes, Indigenous peoples and people of colour, seniors, and people with disabilities. The Notice of Consultation noted that the importance of internet service grew during the lockdowns of COVID-19. Similarly, when school, work, and most government and health services all moved online during the pandemic, it laid bare longstanding digital inequities and highlighted who was left out.

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<sup>4</sup> <https://www.digitalinclusion.org/definitions/>

9. NCF services include selling residential and commercial DSL and cable internet, our award-winning HelpDesk of staff and volunteers, free locally hosted email, basic web hosting and dial-up internet connectivity, and helping people improve their digital skills.
10. Our digital skills support has included offering workshops and online resources that taught seniors basic internet and computer skills, promoting online safety and privacy, helping those on low incomes apply online for government subsidies through the Ontario Electricity Support Program and the Canada Learning Bond, as well as the day-to-day informal support we provide NCF members facing phishing attacks, viruses, and helping them navigate their digital lives. We consider this work a meaningful form of social investment that can also be quite innovative.
11. Unlike commercial providers, whether incumbents or wholesale-based competitors, NCF does not have a profit motive when setting retail prices. Instead, we keep our prices as low as possible while staying sustainable, rather than as high as the market will bear. Because of its commitment to transparency, NCF also doesn't offer short-term introductory prices which increase later, bind subscribers into contracts with penalties for early cancellation, or have an ever-changing menu of offers that mean different people may pay different rates for the same services. We believe these practices work against those from marginalized communities.
12. In 2017 NCF established our Community Access Fund, offering a 6Mbps speed plan with unlimited usage to Ottawa Community Housing (OCH) tenants for \$25/month. In 2018, NCF founded Digital Access Day to bring attention to the relationship between digital access, digital skills, and internet affordability, and then in 2020, we co-founded Digital Equity Ottawa to bring the same focus to neighbourhoods facing higher degrees of inequity in general and particularly during the pandemic.
13. To celebrate NCF's 30<sup>th</sup> anniversary last year, we compiled 30 video interviews with digital equity advocates and champions talking about what we can expect of the internet, technology and for digital equity between 2022 and 2052.<sup>5</sup> It was mostly an inspiring exercise, although several of the participants weren't hopeful about the future of affordable internet. As Prof. Michael Geist said in his video, "we've literally spent two decades talking about the necessity of ensuring universal access to affordable broadband, and it still hasn't happened."<sup>6</sup>

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<sup>5</sup> <https://www.ncf.ca/en/2022-time-capsule/digital-equity-perspectives/>

<sup>6</sup> [https://www.youtube.com/watch?time\\_continue=2&v=8v-4rXAcahc&embeds\\_referring\\_euri=https%3A%2F%2Fwww.ncf.ca%2F&source\\_ve\\_path=Mjg2NjY&feature=emb\\_log](https://www.youtube.com/watch?time_continue=2&v=8v-4rXAcahc&embeds_referring_euri=https%3A%2F%2Fwww.ncf.ca%2F&source_ve_path=Mjg2NjY&feature=emb_log)  
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## **Mandating affordable aggregated wholesale HSA services**

14. NCF first started selling DSL internet services in 2005 and had slow but steady net growth. By September 2016, as the CRTC 2016-279 decision was released with its plan to implement disaggregated wholesale HSA services including FTTP, NCF had 3045 DSL subscribers. Of NCF's 3045 DSL subscribers in 2016, only 3.4 percent (or 103 subscribers) were on 50/10Mbps speed lines.
15. NCF had long-considered starting to offer cable internet services in addition to DSL, but in 2016, we shelved these plans in anticipation of disaggregation: as a small organization with limited capacity, why invest in an aggregated cable internet service that could be replaced by disaggregated services, including FTTP, within a year or two.
16. This was particularly the case as NCF was not sure how we would navigate the transition to disaggregation. We expected we would likely have to pay a premium to a larger wholesale-based competitor that could provide a kind of proxy aggregated access through their own disaggregated access. We would lose any existing economies of scale and it would be that much harder to offer truly affordable services, but we would still exist. Our fear was that the end of aggregation would mean the end of NCF offering internet services.
17. By June 2019, with no progress on disaggregated wholesale HSA services of any kind, NCF peaked at 3336 DSL subscribers. This included more than 300 subscribers to our 6/1Mbps Community Access Fund plan for Ottawa Community Housing tenants.
18. It had long been our plan to expand our Community Access Fund plan's eligibility while offering faster speeds at a lower price. When the Commission dropped the final aggregated wholesale HSA rates in CRTC 2019-288, we were ready to make this change. Unfortunately, the ensuing two-year process about these rates, culminating in the aggregated wholesale HSA rate reversal of CRTC 2021-181, made that impossible. It also entrenched that disaggregation was the only path forward.
19. As part of NCF's work founding Digital Equity Ottawa during the pandemic, we planned to pilot a community wireless network leveraging Ottawa Community Housing infrastructure.<sup>7</sup> We continue to believe in this work, and note that in many other countries, community networks can offer affordable internet services that can substitute for fixed broadband connections. That said, a major part of our interest in building a community network reflected our concerns that we would no longer be able to fulfill our mission of affordability within a wholesale HSA system that reversed wholesale rates almost as an afterthought as it pushed the industry towards disaggregation.

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<sup>7</sup> [https://www.ncf.ca/en/documents/77/Digital\\_Equity\\_Part\\_3-Community\\_Mesh\\_Study\\_Final\\_2021.pdf](https://www.ncf.ca/en/documents/77/Digital_Equity_Part_3-Community_Mesh_Study_Final_2021.pdf)

20. Now, in June 2023, NCF has fallen to 2557 DSL and cable subscribers, a loss of more than 20 percent, despite not raising our prices since February 2021 and adding higher speed cable internet services in June 2021. We maintain around 300 subscribers on our Community Access Fund plan.
21. Of these 2557 current subscribers, only 21.7 percent (or 554 subscribers) are on speeds that meet the 50/10Mbps universal service objective and yet 74.7 percent of these subscribers are on lines that could offer speeds of 50/10Mbps or above. This reflects the Commission's finding that the majority of subscribers to wholesale-based competitors services adopt speeds below the 50/10Mbps universal service objective.
22. We believe this lower speed adoption despite higher speed availability is related to affordability. And while this bolsters the case that wholesale-based competitors are offering some of the most affordable rates available, we don't believe affordability should come at the cost of people choosing slower connections.
23. As one NCF member wrote: "I depend on NCF for my lower cost internet. I work in non-profit and co-op housing and my salary is below the private sector. I've been working from home 4 days per week. Also my son has been studying at La Cité Collegiale and most of his program until this year has been online. Internet service is absolutely essential to my job and his studies. Our combined household income is around \$50,000 per year gross. While the cost of everything has been increasing dramatically, our income has not. So I am very concerned about keeping the cost of internet down."
24. Another wrote: "we are an active and deeply grateful subscriber to NCF services in the national capital region of Ottawa. As a small business owner, we understand and fully enjoy the challenges of a fair and open competitive market for our services. For this reason, we prefer to use and benefit from the quality of internet service as provided by NCF. In addition, we would like to add a perspective from Canadians who live and work in rural and remote regions. Many of our clients and we ourselves often work from locations where internet access is limited and very expensive...It is small, nimble, and creative businesses like NCF that are and will continue making a difference to urban, rural, and remote customers in the years to come."
25. Another wrote: "I have been a member of NCF for over 30 years now. Being a disabled person on a fixed income (ODSP), I am very grateful FreeNet exists as it made it possible for me to afford being online. When COVID hit, I had no problem being involved in my community via video chat because NCF made QUALITY highspeed internet affordable for me....How [else] are we supposed to contribute to society at large if we are constantly prevented from having the basic necessary tools!"
26. We believe affordability has only been made worse by years of regulatory uncertainty related to disaggregation, FTTP access, and wholesale HSA rates. For these reasons, we support the Commission's preliminary view to mandate the provision of wholesale

aggregated HSA services as well as a reduction in aggregated wholesale HSA service rates.

### **Mandating aggregated wholesale FTTP access**

27. Reflecting back on NCF's subscriber growth from 2005 to 2019, we note that deals on bundled services, ubiquitous marketing and aggressive sales techniques all existed before 2019 and yet NCF continued to grow. As such, we attribute the subscriber losses since 2019 to the growing spread of FTTP services. This growth paralleled the degradation of Bell's FTTN services, limiting what we could offer even further. This change is reflected across the industry and has only sped up.
28. As mentioned in our first intervention, a past NCF member contacted us about getting service in August 2020. At the time, their address validated for a 15/1Mbps connection. By the time they decided to proceed with the order in October 2020, their address only validated for 6/1Mbps service. We have also had a number of past NCF subscribers, including an NCF staff person, tell us they would like to subscribe to our internet services, FTTN or FTTP, but they can't because they are limited to Bell's FTTP service or Rogers Co-axial and Fibre service.
29. And it's just getting harder. Since April of this year, despite being told that any copper-based lines that have wholesale GAS service on it should be excluded from Bell's fibre migration program, more than 30 NCF members have either had their existing lines migrated to FTTP infrastructure or were given notice that a FTTP migration is coming. This has caused a service outage of many days for some of these members and is often hard to resolve with Bell's Order Desk as a note on the line states "customer has made changes to their Bell line that makes this DSL service incompatible, please contact your customer." None of our members have told us they have requested these FTTP migrations.
30. As a result, within the last month NCF has had to start bearing the cost of reconnection and monthly dry line fees for more than 10 subscribers whose copper wet line services were removed by Bell and replaced by FTTP infrastructure. As part of the review of wholesale HSA rates, we don't believe dry line fees should be charged in such cases.
31. One of the letters to an NCF member announcing the FTTP migration was framed as a sales pitch, beginning "Great news! We are in the process of replacing our network in your area, and you now have access to pure fibre Internet." It goes on to say, "We encourage you to transfer your services to our newer network." Another member cancelled their NCF service after receiving a similar letter from Bell. We continue to await a response from Bell about addressing these issues.
32. As a social enterprise, NCF is structured like many commercial wholesale-based competitors, even though we are not-for-profit. We believe we share many of the same

regulatory concerns and business challenges. And the remarkable pace of large incumbent carriers acquiring wholesale-based competitors EBOX, Start.ca, Distributel, Altima, Oxio, VMedia and more within the last two years makes clear that NCF, though small, has not been alone in facing the challenges of competing with FTTP services.

33. As such, we again offer support for the Commission's preliminary view that access to FTTP facilities should be provided over aggregated services, as soon as possible.

34. Finally, NCF asks the Commission to consider in this process the potential contributions of non-commercial internet providers when determining ways to reduce barriers to entry and competition for new, small and regional players, as well as how support and measure vibrant competition, and valuing social investments and innovations alongside technological ones. This could include not-for-profits like NCF, co-operatives, community networks, and networks owned and managed by municipalities and Indigenous communities.

Thank you,

A handwritten signature in blue ink, appearing to read 'SR', is positioned below the 'Thank you,' text.

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