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June 5, 2006

Ms. Diane Rhéaume
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Ms. Rhéaume:

**Subject: Proceeding to Review of Regulatory Framework for Northwestel Inc. –
Public Notice CRTC 2006-1**

1. TELUS Communications Company (“TELUS” or the “Company”) submits that Northwestel has not complied with the Commission’s directive outlined in its letter of May 24, 2006. In that letter, the Commission directed Northwestel to provide a full response to interrogatory NWTel(TELUS)10Apr06-5.
2. In its letter dated May 10, 2006, TELUS requested further a further response from Northwestel to interrogatory NWTel(TELUS)10Apr06-5. In this interrogatory, TELUS requested that Northwestel confirm that its proposed rates for primary exchange business services cover all Phase II costs plus a 25% mark-up associated with this service. In its incomplete response, Northwestel has stated merely that it “confirms that its rates are compensatory and include an appropriate mark-up.”
3. Given that Northwestel’s response did not confirm that its rates for primary exchange business services cover all Phase II costs plus a 25% mark-up, TELUS asked that the Commission direct Northwestel to provide a full and adequate response to NWTel(TELUS)10Apr06 -5.
4. After a consideration of TELUS’ request and Northwestel’s response to the request, the Commission agreed with TELUS’ position and on May 24, 2006 directed Northwestel as follows:

“Northwestel is to confirm whether or not the proposed rates for primary exchange business service cover all Phase II costs plus a 25% mark-up associated with this service.”

5. In a letter dated May 26, 2006, Northwestel provided a revised response to NWTel(TELUS)10Apr06-5. In its revised response, Northwestel stated the following.

“Northwestel’s submits that the proposed business access rates include a mark-up, however it is less than 25%. This proposal strikes a necessary balance between the objectives of bringing rates closer to cost plus an appropriate mark-up while minimizing rate shock on customers. Northwestel’s \$5.00 rate increase results in a 10% increase to rates which equates to the maximum annual increase allowable under the price caps framework, and will place Northwestel’s access rates at the higher range of those approved in the South. The Company also notes that it is not proposing a subsidy for the provision of business access. “

6. Northwestel has ignored the Commission’s directive and has again not responded to TELUS’ question.
7. Northwestel’s revised response does not confirm that its rates for primary exchange business services cover all Phase II costs plus a 25% mark-up. Northwestel simply states that the proposed business access rates include some level of mark-up that is less than 25%. Further, Northwestel has not confirmed that its business access rates cover any costs (whether Phase II or otherwise) plus a mark-up (whether 25% or otherwise).
8. Northwestel need only to answer “yes” or “no” to be fully responsive to TELUS’ original question: “Please confirm that its proposed rates for primary exchange business services cover all Phase II costs plus a 25% mark-up associated with this service.”
9. Therefore, TELUS requests that the Commission order Northwestel to comply with the Commission’s May 24, 2006 directive by providing a full response to interrogatory NWTel(TELUS)10Apr06-5.

Yours truly,

{original signed by Willie Grieve}

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DKM/sa

c.c.: Parties to PN 2006-1