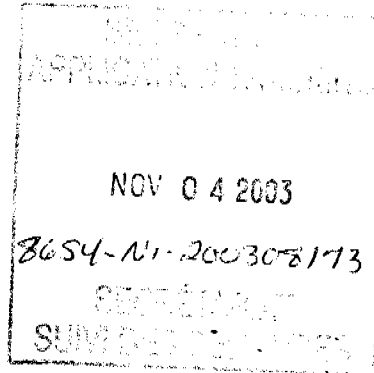




Northwestel Inc.  
P.O. Box 2727  
Whitehorse, YT  
Y1A 4Y4

4 November, 2003

Ms. Shirley Soehn  
Executive Director – Telecommunications,  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2



Dear Ms. Soehn:

**Subject: Phase III Manual Updates**

Northwestel submits the attached amended Phase III Manual Pages as approved in Telecom Order CRTC 2003-427 dated October 23, 2003.

Yours truly,

Dallas Yeulett  
Manager, Regulatory Affairs

Attachments

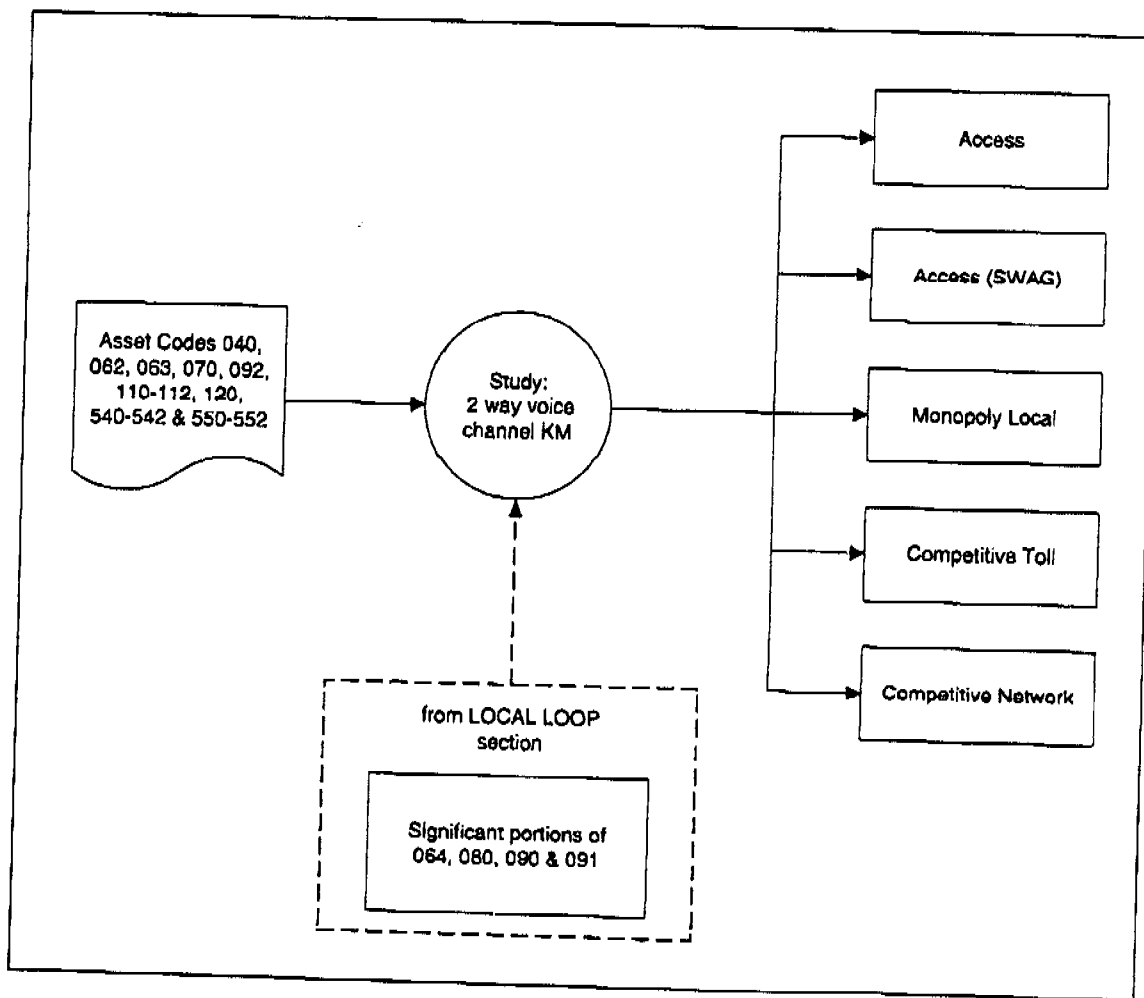
**TRANSMISSION:** Asset Codes 063, 040, 062, 070, 092, 100-112, 120, 540-542 (also included are significant portions of 064, 080, 090 and 091, if any).

**General Approach:**

The investment in these asset codes is related to use of transmission facilities and allocated to various Phase III categories on the basis of site by site actual usage, as measured in terms of equivalent 2-way voice channel kilometres.

Note: Two high capacity digital transmission routes, where more than 85% of the network is used for dedicated Competitive Network (CN) Services, is specifically assigned to the CN Broad Service Category. The transmission investment associated with these two routes, as well as the circuit kilometres on these routes are extracted from the general circuit kilometre study and assigned directly to the CN Category.

**Allocation:**



## 9. OTHER PLANT - WORK EQUIPMENT VEHICLES

### Overview

The asset code used to record the investment in the OTHER PLANT - WORK EQUIPMENT VEHICLES category is not specific enough to permit direct assignment to the Phase III categories. A study is necessary to identify the investment in vehicles by function/usc.

The study procedures (where applicable), and assignment procedures, is outlined in this section of the manual.

### Other Plant - Work Equipment Vehicles Asset Code

Asset Code	Title	Content Definition
730	Vehicles	Cost of all types of light vehicles such as lineman's trucks, cable splicer's trucks, radio and microwave maintenance trucks, general purpose vehicles. Heavy trucks and trailers such as; transport and gang trucks and all heavy trailers such as pole, cable and general utility trailers. Includes: accessories such as tires, hydraulic equipment, winches; provided with the unit. Also includes snow machines and snow machine trucks.

### Allocation Summary:

Asset Code	Access	Access (SWAG)	Monopoly Local	Comp. Toll	Comp. Network	Comp. Network IS	CTMD	CTO	Other	Common
730	X	X	X	X	X	X	X	X	X	X

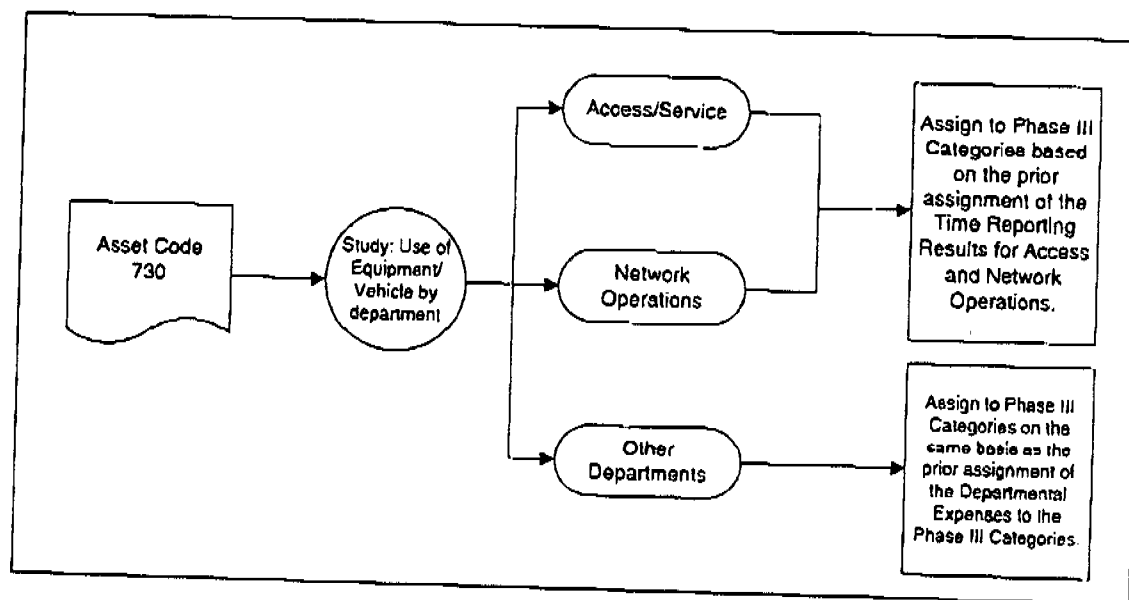
## WORK EQUIPMENT VEHICLES: Asset Code 730

### General Approach

This asset code contains investment related to vehicles.

The investment in work equipment vehicles is identified at an asset level, and is assigned to the Phase III categories based on a study which determines the usage of the equipment by department and/or by cost centre.

### Allocation:



### Equipment Assignment Study Procedures:

The purpose of this study is to determine the use of each piece of vehicle and/or equipment and assign related investment to an organizational sub-unit and subsequently to a Phase III Broad Service Category.

A list of company equipment and their assigned use, is obtained from the "Vehicle Maintenance Report" which is generated in the Financial System (JDE) - Fixed Asset Sub-ledger. The system is updated monthly to reflect retirements, additions, or vehicle transfers. The report contains the capital cost of each vehicle/unit as well as the associated maintenance expenses.

#### Assigned Equipment/Vehicles

Each vehicle or piece of equipment is assigned to a single organizational cost centre. The related investment is then subsequently assigned to the Broad Service Categories based on the assignment of the departmental operating expenses to these Broad Service

**Northwestel Cost Inquiry Phase III Manual****Plant Investment**

**Categories.** In the case of equipment and vehicles assigned to the Access/Service group and the Network Operations group, the assignment is based on the results of the time reporting studies that are done in order to assign the related operating expenses (see F - Operating Expenses: Accounts 26 and 48), except that all labour hours are included in the study, including capital hours. The labour hours by activity are either assigned directly to a Phase III Broad Service Category (BSC), or to a Main Plant Function and then subsequently assigned to the Phase III BSC's based on the prior assignment of that Main Plant Function. Therefore the vehicle and equipment investment is assigned to the Phase III BSC's based on the prior aggregate results of this Time Reporting Study.

**Responsibility:**

The results of this study are updated on an annual basis, by the Accounting Department in cooperation with the Network Operations Department.

**Source Documents:**

Vehicle Investment & Maintenance Report (year-end).

Network Operations Time Reporting Results (year-end).

Northwestel Cost Inquiry Phase III ManualOperating Revenues

NON-TELEPHONE INSTALLATION				
3001	305	Instal/Construction Charges	4441	CTMD
3001	309	Telephone Installation	4451	CTMD
3001	309	Data Installation	4452	CTMD
3001	309	Miscellaneous Installation	4453	CTMD
		NRI Accrual	4454	
21480	40	PIC/CARE	4461	A/CT

DIRECTORY ADVERTISING				
	N/A	Telephone / Dir. Ads Yellow	4502	O
3001	402	Telephone / Dir. Ads White	4521	O
	N/A	Telephone / Dir. Tariff Sales	4531	O
	N/A	Miscellaneous Advertising	4532	O
	N/A	Directory Database Sales	4533	O

## OTHER SERVICES

## DATA SERVICES

DATAPAC				
3003	1106	Data Services	4543	A, CN
3003	1104	Data Services	4543	A
3003	1104	Datapac Usage	4544	CN
3003	1106	Datapac Usage	4544	CN
3003	1104	DataPac NRI	4545	CN
3003	1106	DataPac NRI	4545	CN
3003	1108	Data Settlement	4546	CN
3003	1108	Datapac Settlement Telus Usage	4547	CN

## MISCELLANEOUS SERVICES

		Connections	4591	CN
		Donations of Service	4599	Study

Northwestel Cost Inquiry Phase III ManualOperating Revenues

## MISCELLANEOUS PRIVATE NETWORK

## ALASCOM SUPER GROUP REVENUE

N/A	Alascom Super Group Lease	4652	CN
N/A	Alascom Circuit Rental	4654	CN

## OTHER PRIVATE NETWORK REVENUE

3010	731	Frame Relay Network (Ardicom)	4701	CN
	N/A	Other Frame Relay	4702	CN
	N/A	IP Gateway Service	4703	CN - IS
	N/A	ADSL	4704	CN - IS
3003	1119/20	Other Revenue	4705	CN
		Other Revenue	4705	CN-IS
		IT Services	4706	CN - IS

## SYMPATICO SERVICES

3001	1602	Sympatico Software	4721	CN - IS
3001	1602	Sympatico COGS - Software	4722	CN - IS
3001	1602	Sympatico User Fees	4723	CN - IS

## LATE PAYMENT INTEREST

		Late Payment Int; Telephone	4782	Study
--	--	-----------------------------	------	-------

## OTHER INCOME

		Other Income	4791	CN
--	--	--------------	------	----

## SUPPLEMENTAL FUNDING

		Supplemental Funding	4796	SF
--	--	----------------------	------	----

## BSD SALES AND SERVICE REVENUE

## BSD REVENUE

## EQUIPMENT SALES

N/A	Telephone Multi Line Equipment	4811	CTMD
-----	--------------------------------	------	------

**Northwestel Cost Inquiry Phase III Manual**

**Other Income**

**Allocation Summary**

Account	Access	Assess (SWAG)	Monopoly Local	Competitive Toll	Competitive Network	Competitive Terminal Other	Competitive Terminal Multi-line and Data	Other	Common	ISA	Plant Under Construction
5000.8102											X
5000.8106										X	
5000.8122	X	X	X	X	X	X	X	X	X		
5000.8123	X	X	X	X	X	X	X	X	X	X	X
5000.8138	X	X	X	X	X	X	X	X	X	X	X
5000.8141	X	X	X	X	X	X	X	X	X		X
5000.8152									X		
5000.8153									X		
5000.8154									X		
5000.8156	X	X	X	X	X			X	X		
5000.8157										X	



**GENERAL ADMINISTRATION: Account 16****General Approach:**

This account contains expense related to general administration.

**Information Systems:**

Total expense for Information Systems is charged to this account and is specifically identified in the General Ledger, by cost centres. Expenses related to the Data Centre Operations are assigned based on the prior assignment of investment in Personal Computers. Expenses related to Application Development and Management are assigned based on the prior assignment of investment in General & Admin Software and OCS Computers Mainframe. Expenses relating to processing of customers bills and the associated postage are identifiable and assigned 50% to MONOPOLY LOCAL and 50% COMPETITIVE TOLL broad service categories. Residual expenses are assigned based on the prior assignment of investment in General & Admin Software and OCS Computers Mainframe.

**Miscellaneous Expenses:**

Expenses related to HR Recruitment, General Relocation Costs, Process Development, and Administration Services are allocated to the PHASE III CATEGORIES based on prior assignment of salary and wages.

**Intercarrier Relations**

The total expenses for Intercarrier Relations are identified by cost centre in the general ledger. These expenses are almost entirely associated with the activities of the staff; therefore assignment to the Broad Service Categories is based on a study of the activities of the Intercarrier Relations staff.

**Study Procedures:**

The purpose of this study is to allocate the total Intercarrier Relations' expenses based on a time study. The expenses associated with this cost centre are allocated to the Phase III Categories based on the prorata share of time spent by the employees on each Broad Service Category. Study Results are obtained through interviews with the employees and where applicable using time reporting.

**Responsibility:**

This study is conducted annually by the Intercarrier Relations department with support from Finance.

**Vice-President Salaries**

Executive Salaries for the Vice Presidents of Network, Customer Services, and Corporate, are assigned based on prior allocation of their respective departments.

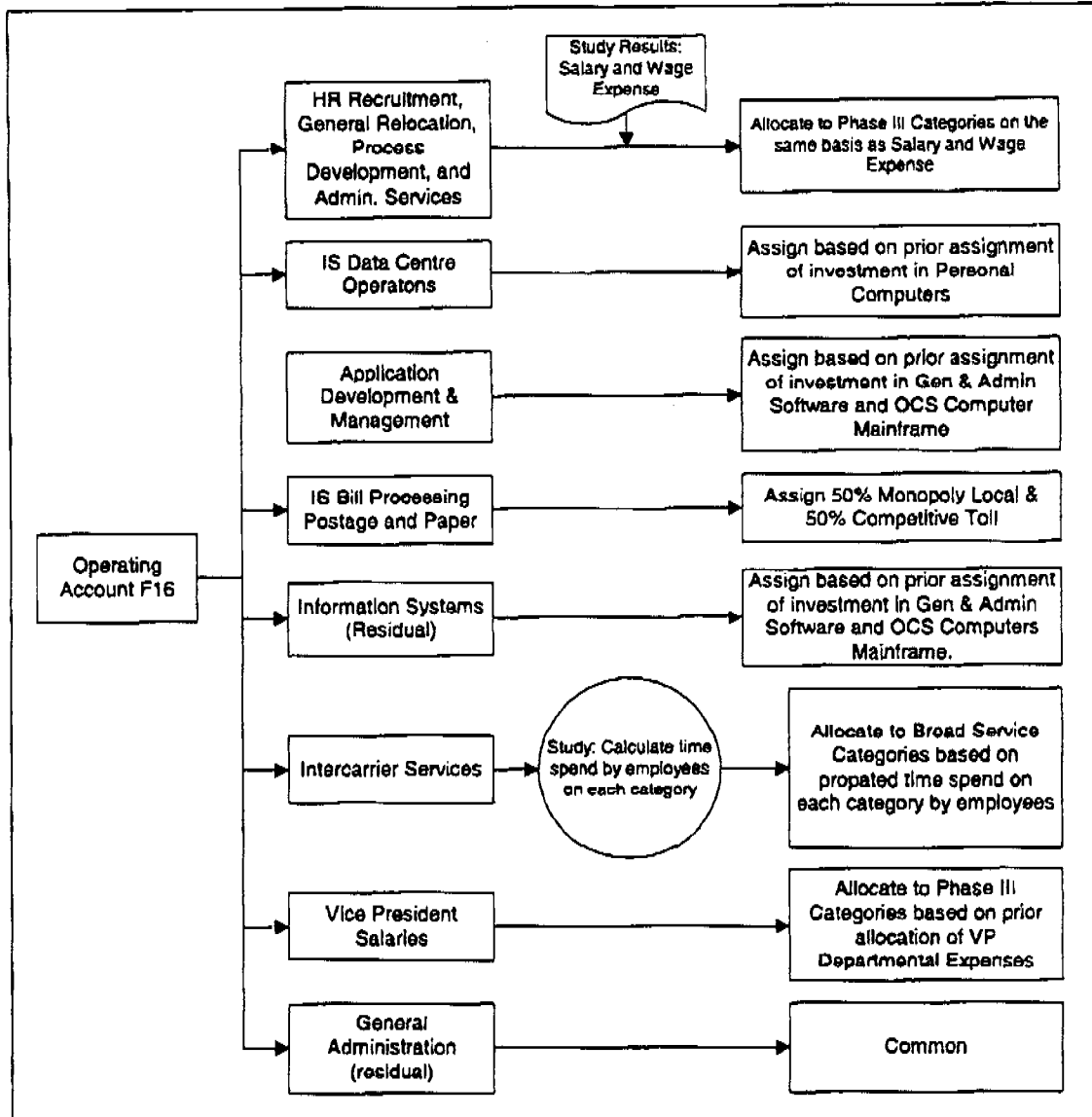
**Northwestel Cost Inquiry Phase III Manual**

**Operating Expense**

**General Administration:**

Other costs recorded in this account are common to all segments of the business and are allocated direct to the COMMON category.

**Allocation**



**Responsibility:**

This study is conducted annually, by the Accounting Department, after completing the allocation procedures for all other operating accounts.

---

**Northwestel Cost Inquiry Phase III Manual**

**Operating Expense**

---

**Source Documents:**

G/L Report of Operating Expense (Sorted by Account/Cost Code)

Interview Results/Phase III Time Tracking Report

**CENTRAL SUPPORT GROUP: Account 21****General Approach:**

Expenses in this account are for the centralized functions of dispatch, repair answer, testing & assignment, and network control.

**Circuit Rentals**

The expense related to circuits rented from other Telco's is identified in the General Ledger by specific object codes and is allocated to the Broad Service Categories based on a study of the use of the rented circuits.

**Loop Payouts**

The total expense related to loop payouts is identified in the General Ledger by specific object code and allocated direct to the ACCESS category.

**Radio Licenses**

The expense related to Radio Licenses is identified in the General Ledger by a specific object code and is allocated to the Broad Service Categories based on the prior assignment of Transmission Investment (B4).

**Hardware Support Expenses**

Hardware Support Expenses are identified in the General Ledger by specific object code and is allocated to the Broad Service Categories based on the average of the prior assignment of Switching Systems (B3), Transmission Plant (B4) and Other Plant - Satellite Earth Stations (B12).

**Central Dispatch, POTS Testing & Assignment**

Central Dispatch and POTS Testing & Assignment Expenses are identified in the General Ledger by specific cost centres, and are allocated to the Broad Service Categories based on the prior assignment of the Operating Expense Account 26.

**Facilities Design & Control**

Facilities Design & Control expenses are identified in the General Ledger by a specific cost centre, and are allocated to the BSC's based on a study of circuit orders processed by the Facilities Design Group.

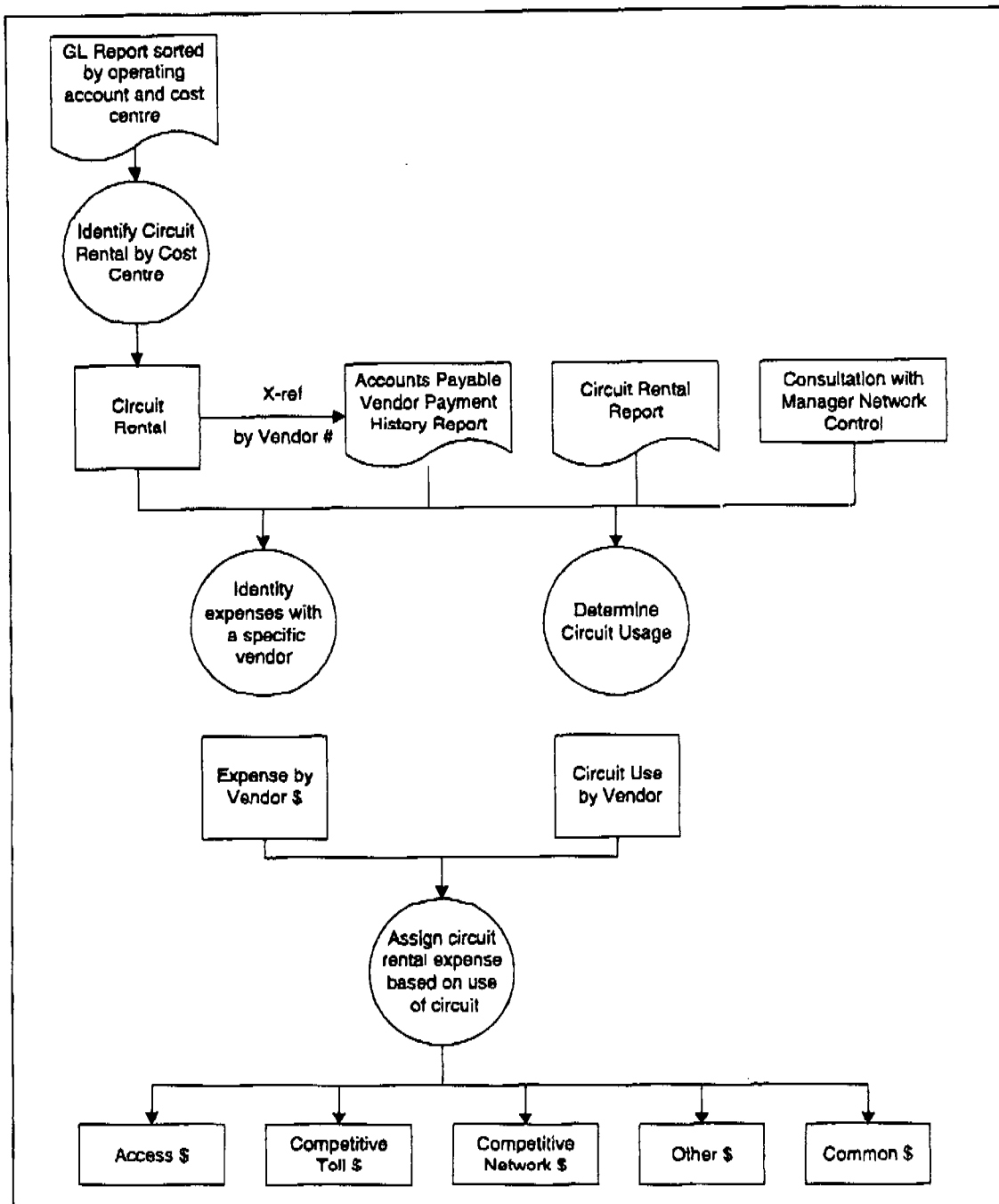
**Network Surveillance**

Network Control and Surveillance Expenses and are identified in the General Ledger by a specific cost centre, and are allocated to the Broad Service Categories based on the prior assignment of the summery of Operating Expense Account 48.

Central Support Administration, Network Maintenance & Admin & Residual Expenses

Expenses related to the administration of the Central Support Group, identified in the General Ledger by a specific cost centre, are allocated to the BSC's based on F21 Operating Hours Time Reporting.

**Study: Use of Rental Circuits**



**Northwestel Cost Inquiry Phase III Manual****Operating Expense****TECHNICAL FORCES TIME CODE MAPPING - Cont'd**

Activity Class	Job Code	Description	Phase III Assignment
<b>ARDICOM/ FRAME RELAY</b>			
	5A	Frame Relay Trunks	CN
	5B	Frame Relay Distribution	CN
	5C	Passport 50, 160	CN
	5D	Frame Relay Access Device	CN
	5E	Satellite Modems	CN
	5F	Router (ACL)	CN
	6A	Coaxial Modem (ACL)	CN
	6B	Pairgain Campus Star	CN
	6C	Network Configuration	CN
	6D	Network Surveillance (OMS)	CN
	6E	Magellan Data Provider (MDF)	CN
	6F	Nexus Billing System	CN
	7A	Low Speed Modem/Black Box	CN
	7B	Engineering Assistance	CN
<b>BUILDING</b>	All	General Building Work	B6

**Payphone Direct Costs**

The expenses related to providing payphone service are identified in the General Ledger by specific cost centre, and are allocated 85% to MONOPOLY LOCAL and 15% to COMPETITIVE TOLL Broad Service Categories.

**Tower Maintenance**

The expenses related with providing tower maintenance and repairs are identified in the General Ledger by specific cost centre, and are allocated based on the prior investment in Asset Code 880, Towers.

**Study Procedures:***CTI, and Billing and Interchange Activities*

The purpose of this study is to determine the number of staff and the proportionate share of expenses related to the Central Ticket Investigation function and the Settlement and Interchange function. Through consultation with the Manager, Revenue Accounting, the number of employees in the department supporting these functions are determined and a proportionate share of the expenses are allocated to the COMPETITIVE TOLL category based on the ratio of staff supporting these functions to total staff for the Revenue Accounting group.

*Accounts Processed*

The purpose of this study is to determine the ratio of accounts processed by type of account to establish a basis of allocation for the total expense related to the accounts receivable function and the expenses related to credit card fees.

A special computer listing of subscriber master file records provides a count of customer records totalled by service type. Customer accounts which exhibit similar characteristics in terms of their content are grouped into account types and assigned to the Phase III Categories as follows:

<u>Type of Account</u>	<u>Phase III Classification</u>
Telephone	Split 50/50 between MONOPOLY LOCAL/ COMPETITIVE TOLL
Private Wire Service	COMPETITIVE NETWORK
Directory Advertising	OTHER
T-Bills/R-Bills	OTHER
Sales Bills	COMPETITIVE TERMINAL MULTI LINE & DATA

**Responsibility:**

This study is conducted annually, by the revenue accounting department.

**Source Documents:**

Subscriber Master File Listing - customer accounts by service

Balance Sheet Items

Northwestel Cost Inquiry Phase III Manual

TABLE I  
PRESENTATION OF BALANCE SHEET ITEMS  
(Yearly Average)

	Access (A)	Access SWAG (A SWAG)	Metropoly Local (ML)	Metropoly TDI (MT)	Cooperative Network (CN)	Cooperative Terminal MD (CTMD)	Cooperative Terminal Other (CTO)	Debt (D)	Common (C)	Plant Under Construction (PUC)	Investment Subsidiaries & Affiliates (ISA)	Total
1. Gross Plant Investment	X	X	X	X	X	X	X	X	X			X
2. Accumulated Depreciation	X	X	X	X	X	X	X	X	X			X
3. Net Plant (Line 1 minus Line 2)	X	X	X	X	X	X	X	X	X			X
4. Deferred Taxes	X	X	X	X	X	X	X	X	X			X
5. Sub-Total (Line 3 minus Line 4)	X	X	X	X	X	X	X	X	X	X		X
6. Plant Under Construction										X		X
7. Subsidiaries and Affiliates											X	X
8. Material and Supplies	X	X	X	X	X	X	X	X	X			X
9. Accounts Receivable (Net)	X	X	X	X	X	X	X	X	X			X
10. Deferred Mortgage Payments	X	X	X	X	X	X	X	X	X			X
11. Capital Accrual	X	X	X	X	X	X	X	X	X			X
12. Deferred Income Taxes Debit	X	X	X	X	X	X	X	X	X			X
13. Provision for Future Losses												
14. Working Capital (balance)	X	X	X	X	X	X	X	X	X			X
15. Average Net Investment (Lines 6 to 11)	X	X	X	X	X	X	X	X	X	X	X	X

Introduction

I-II

Date of Issue: November 03