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22 December 2005

Mr. Leonard Katz  
Executive Director – Telecommunications,  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2

SECRETARIAT  
IM / TELECOM

DEC 22 2005  
8654-NI-2005/0489  
GI / TELECOM  
SECRETARIAT

Dear Mr. Katz:

**Subject: Phase III Manual Updates**

Please find the revised Phase III Manual pages outlining the proposed changes for 2005.  
Please remove the previous pages sent in August 2005 and replace with these.

See Attachment 1 for an overview of the proposed changes.

Yours truly,

A handwritten signature in cursive script, appearing to read 'Dallas Yeulet'.

Dallas Yeulet  
Manager Regulatory Affairs

**SYSTEM STUDY SCHEDULE****MAIN PLANT INVESTMENT**

ASSET CODE	STUDY	DEPARTMENT RESPONSIBLE	FREQUENCY
<b><u>SUBSCRIBER EQUIPMENT</u></b>			
557& 560-562	BASE STATIONS BY SERVICE	PLANNING & ENGINEERING	WHEN DEEMED NECESSARY
<b><u>LOCAL LOOP</u></b>			
080	CABLE PLANT ASSIGNMENT - DUCT SYSTEMS	PLANNING & ENGINEERING	ONE TIME STUDY - RESULTS CONFIRMED ANNUALLY
121	CABLE ASSIGNMENT-FIBRE OPTICS	PLANNING & ENGINEERING	ANNUALLY
<b><u>SWITCHING SYSTEMS</u></b>			
170-172	NON-TRAFFIC SENSITIVE EQUIPMENT	PLANNING & ENGINEERING	AS REQUIRED
	MONOPOLY LOCAL & COMPETITIVE TOLL TRAFFIC	PLANNING & ENGINEERING	ANNUALLY
176 & 301	MAIN DISTRIBUTION FRAME (MDF)	PLANNING & ENGINEERING	ONE TIME STUDY
182/189	TERMINATIONS TOLL SWITCHING	NETWORK TRAFFIC	ANNUALLY

**MAIN PLANT INVESTMENT**

ASSET CODE	STUDY	DEPARTMENT RESPONSIBLE	FREQUENCY
<u>TRANSMISSION PLANT</u>			
062-065, 067-068, 070, 092, 120, 540-542, 550-552	2 WAY VOICE CHANNELS TERMINATION	NETWORK CONTROL	BIENNIALY
<u>CENTRAL OFFICE CIRCUIT TERMINATIONS</u>			
230, 231, 232, 290, 300, 501, 504	CIRCUIT ASSIGNMENT	NETWORK CONTROL	BIENNIALY

**OTHER PLANT INVESTMENT**

ASSET CODE	STUDY	DEPARTMENT RESPONSIBLE	FREQUENCY
<u>STRUCTURES</u>			
830, 831, 840, 850, 860, 870, 900, 901, 920	ASSIGNMENT OF STRUCTURES	PLANNING & ENGINEERING	AS DEEMED NECESSARY
<u>POWER</u>			
630, 632, 640, 650, 660, 670	USE OF POWER	PLANNING & ENGINEERING	BI-ANNUALLY (OR AS DEEMED NECESSARY)

***Main Plant Functions***

Investment in the Main Plant Function categories is assigned to the Phase III categories on the basis of studies related to individual asset codes (or groups of asset codes).

The Main Plant Function categories are as follows:

MAIN PLANT FUNCTION CATEGORY	ASSET CODES	MANUAL SECTION
SUBSCRIBER EQUIPMENT	450-453, 456, 457, 460-464, 470-472, 480, 490-496, 500, 502, 503, 556-558, 560-562	B1
LOCAL LOOP	050 (Portion), 060, 061, 066, 080 (Portion), 090, 091, 121	B2
SWITCHING SYSTEMS	160, 161, 169, 170-177, 179, 180-184, 189, 190, 301, 520	B3
TRANSMISSION PLANT	030, 040, 062-065, 067, 068, 070, 092, 100, 111, 112, 120, 540-542, 550- 555	B4
CENTRAL OFFICE CIRCUIT TERMINATIONS	230, 231, 232, 260, 270, 290, 300, 360, 370, 501, 504	B5

## Allocation Summary

MAIN PLANT FUNCTION CATEGORY	OTHER PLANT FUNCTION CATEGORY	ACCESS	ACCESS (SWAG)	MONOPOLY LOCAL	COMPETITIVE TOLL	COMPETITIVE NETWORK	COMPETITIVE NETWORK INTERNET SERVICES	COMPETITIVE TERMINAL MULTILINE & DATA	COMPETITIVE TERMINAL OTHER	OTHER	COMMON
SUBSCRIBER EQUIPMENT		X	X	X	X	X	X	X	X	X	X
LOCAL LOOP		X					X				
SWITCHING SYSTEMS		X	X	X	X	X	X				
TRANSMISSION PLANT		X	X	X	X	X					
CENTRAL OFFICE CIRCUIT TERMINATIONS		X	X	X	X	X	X				
	STRUCTURES	X	X	X	X	X	X	X	X	X	X
	POWER	X	X	X	X	X	X			X	X
	OTHER EQUIPMENT	X	X	X	X	X	X	X	X	X	X
	WORK EQUIPMENT VEHICLES & WORK EQUIPMENT LIGHT	X	X	X	X	X	X	X	X	X	X
	SATELLITE EARTH STATIONS	X	X	X	X	X					

**Main Plant Functions**

Investment in the main Plant Function categories is assigned to the Phase III Categories on the basis of studies related to individual asset codes (or groups of asset codes).

The Main Plant Function categories are as follows:

<b>Main Plant Function Category</b>	<b>Asset Code</b>	<b>Manual Section</b>
Subscriber Equipment	450-453, 456, 457, 460-464, 470-472, 480, 490-496, 500, 502, 503, 556-558, 560-562	B1
Local Loop	050 (Portion), 060, 061, 066, 080 (Portion), 090, 091, 121	B2
Switching Systems	160, 161, 169, 170-177, 179, 180-184, 189, 190, 301, 520	B3
Transmission Plant	030, 040, 062-065, 067, 068, 070, 092, 100, 111, 112, 120, 540-542, 550-555	B4
Central Office Circuit Terminations	230, 231, 232, 260, 270, 290, 300, 360, 370, 501, 504	B5

Allocation Summary

MAIN PLANT FUNCTION CATEGORY	OTHER PLANT FUNCTION CATEGORY	ACCESS	ACCESS (S/WAG)	RECURRING LOCAL	COMPETITIVE FULL	COMPETITIVE NETWORK	COMPETITIVE NETWORK ENTERPRISE SERVICES	COMPETITIVE TERMINAL MULTIPLE & DMVA	COMPETITIVE TERMINAL OTHER	OTHER	COMMON
Subscriber Equipment		X	X	X	X	X	X	X	X	X	X
Local Loop		X					X				
Switching Systems		X	X	X	X	X	X				
Transmission Plant		X	X	X	X	X					
Central Office Circuit Terminations		X	X	X	X	X	X				
	Structures	X	X	X	X	X	X	X	X	X	X
	Power	X	X	X	X	X	X			X	X
	Other Equipment	X	X	X	X	X	X	X	X	X	X
	Work Equipment Vehicles & Work Equipment Light	X	X	X	X	X	X	X	X	X	X
	Satellite Earth Stations	X	X	X	X	X					

500-502	Data Sets	Cost of interface equipment and associated equipment and hardware required at subscriber locations to convert digital data signals to analogue signals or vice versa for connection to a conventional analogue facility at voice, group, or supergroup frequencies.
503	Customer Internet Equipment	Cost of providing ADSL modems to provision ADSL internet to customers.
556	Mobile Radio	This asset code includes all equipment installed in subscribers' premises and vehicles used to provide mobile radio services (RuralTel services).
558	OCS Mobile Radio Equip	This asset code includes all equipment installed in subscribers' premises or vehicles used to provide OCS mobile radio service.
557 & 560-562	Mobile Radio-Base	Cost of providing and installing mobile radio base station equipment necessary for operation of mobile radio system. Includes: radio base station and control equipment; antenna cabling; miscellaneous materials; and hardware.



**Study Procedures:**

The purpose of this study is to allocate investment to the Phase III categories based upon usage of the administrative computers.

Northwestel uses a special program that tracks the usage of CPU time on the mainframe by individual user. The individual users are combined into organizational subunits and CPU usage by group is calculated. A prorata usage record is developed by department group and allocated to the Phase III categories on the same basis as prior aggregate assignments to related departmental Operating Expenses.

**Assignment by Organizational Subunits**

<b>Organizational Sub-unit</b>	<b>Operating Expense Account</b>
General Accounting	Account 10
Training & Safety	Account 12
Marketing & Sales	Account 13
General Administration	Account 16
Engineering	Account 20
Central Support Group	Account 21
Access/Service	Account 26
Stores	Account 28
Network Operations	Account 48
Maintenance - Power	Account 55
Buildings & Roads Maintenance	Account 83
Customer Service	Account 90
Traffic Office	Account 91
Revenue Accounting	Account 92
Residual	Same basis as prior allocation of asset codes 150 - 154

**Responsibility:**

The results of this study are updated on a biennially basis by Information Systems Group.

**Source Documents:**

VAX CPU Usage Reports (monthly)

The Mediation Software is used for polling and formatting usage records. This application is used almost exclusively for processing Message Toll records and is therefore assigned directly to the Monopoly Toll Category.

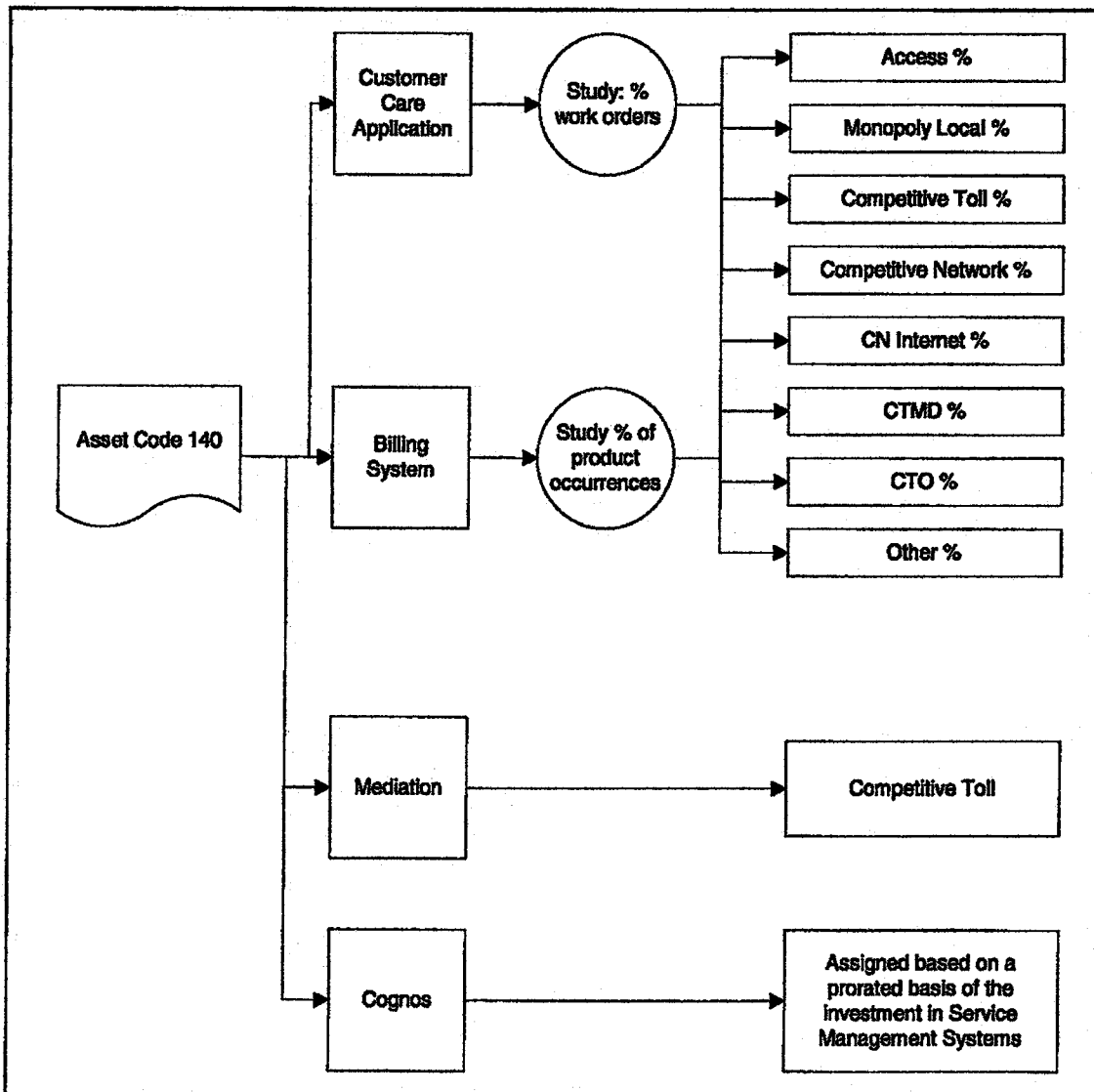
Cognos is a management tool used to query data out of the above systems. Investment in Cognos is assigned on a prorated basis of the investment in Service Management Systems.

Asset code 141, Network Management System Software is allocated 100% to the COMMON category due to the fact that the investment is immaterial at this time. When investment is material an assignment methodology will be developed.

**Responsibility:**

The studies are conducted biennially by IS Speciality Systems.

**Allocation:**



## Allocation Summary

Asset Code	Access	Access (SWAG)	Monopoly Local	Competitive Toll	Competitive Network	Competitive Network IS
230-232	X	X	X	X	X	X
290					Total	
300	X	X	X	X	X	X
501	X					
504	X					

X = Proportionate use of Central Office Facilities

Tariff	Item #	Description	Revenue Code	Phase III Category
		REVENUE		
		SETTLEMENT TOLL REVENUE		
		TELUS SETTLEMENT REVENUE		
3000	Sec III	Telus - MTS Settlement	4011	CT
3000	Sec III	Telus - 1-800 Settlement	4012	CT
3000	Sec III	Telus - ITTS Settlement	4014	CT
3000	Sec III	Telus - Overseas Settlement	4015	CT
3000	Sec III	Telus - Transit TCan to AK Settlement	4016	CT
3000	Sec III	Telus - Message Relay Service	4017	CT
3000	Sec III	Telus - Operator Surcharges	4018	CT
3000	Sec III	Telus - LDDA Charges	4019	CT
		Telus - Data Processing	4020	CT
		Telus MTS Expense	4025	CT
		Telus Toll Free Expense	4026	CT
		BCTEL SETTLEMENT REVENUE		
3000	Sec III	BC Tel - MTS Settlement	4031	CT
3000	Sec III	BCTel - Overseas Settlement	4035	CT
		BELL SETTLEMENT REVENUE		
3000	Sec III	Bell MTS Settlement	4041	CT
		Bell 1-800 Settlement	4042	CT
		Bell ITTS Settlement	4043	CT
		Bell West MTS Expense	4044	CT
		Bell MTS Expense	4046	CT
		Bell Op. Surcharge Expense	4047	CT
		Bell ITTS Expense	4048	CT
		Bell - Other Expense	4049	CT
		APLDS SETTLEMENT REVENUE		
3000	Sec III	APLDS Toll Free Settlement	4052	CT
3000	Sec III	APLDS Calling Card Surcharge	4053	CT

**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.

**Wage Related Expenses**

Wage and salary related expenses include costs for recruitment, relocation, and employee related administration costs. As these costs are all associated to employees, they are allocated to the Broad Service Categories based upon the salary and wages study.

**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.

**ACCESS: Account 26****General Approach:****Rental of Poleline Attachments**

Expense related to rental of poleline attachments is identified in the General Ledger by a specific object code. A significant portion of the investment in Pole Line Structure is specifically related to the provision of network access and therefore, the total expense for pole line rentals is allocated to the ACCESS category.

**Access Activities**

Expenses in this account are for the technical forces who are responsible for the installation & repair of basic service, cable maintenance, outside plant construction, and the provision and maintenance of inside wire and subscriber equipment.

The technical forces time reporting system provides a breakdown of person hours into the various types of work (activities) performed. The expenses in this account are allocated to the Broad Service Categories based upon this breakdown of labour for the Access/Service technical forces (See Technical Forces Time Reporting Activity Code Mapping).

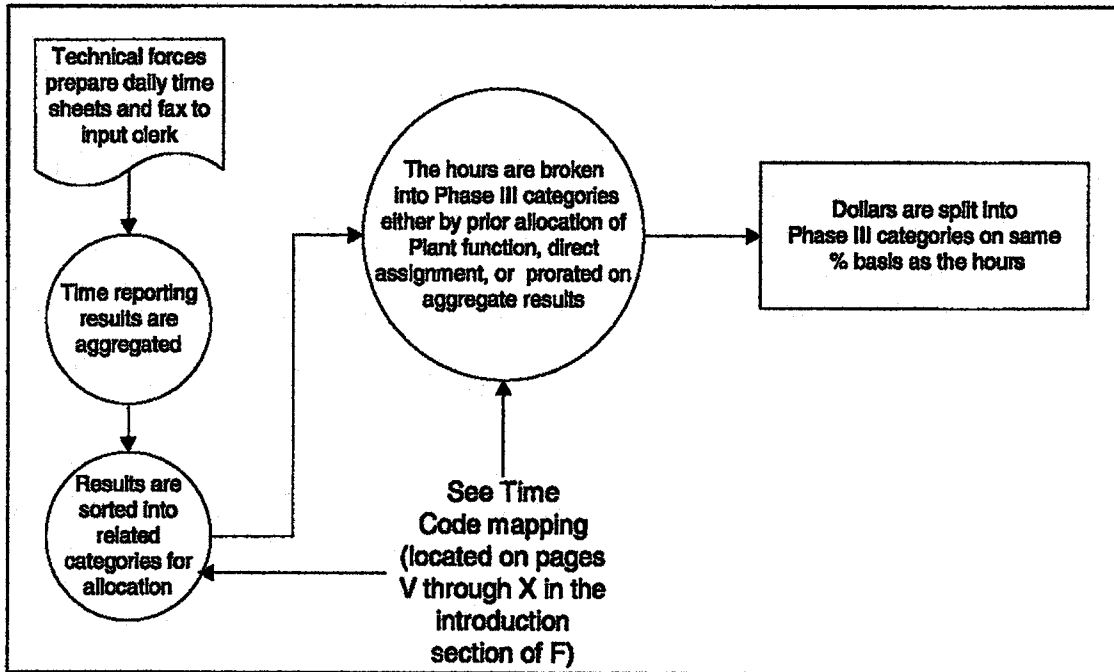
**Technical Forces Time Code Mapping**

Job class codes for technical forces are allocated to the phase III categories based on their activity, (refer to pages V through X in the introduction section of F).

**Note:**

Until time reporting codes that are unique to Internet Services are implemented, maintenance expenses for Internet Services will be assigned to the **COMPETITIVE NETWORK - INTERNET SERVICES (CN - IS)** sub-category based on a Northwestel maintenance factor of 4% of Internet Services assigned capital.

## Study of Time Reporting Results



### Study Procedures:

The purpose of this study is obtaining the Access/Service technical forces breakdown of labour into specific categories, which facilitate the assignment of labour hours into Phase III Broad Service Categories.

The yearend aggregate results for time reporting are obtained from the operations manager.

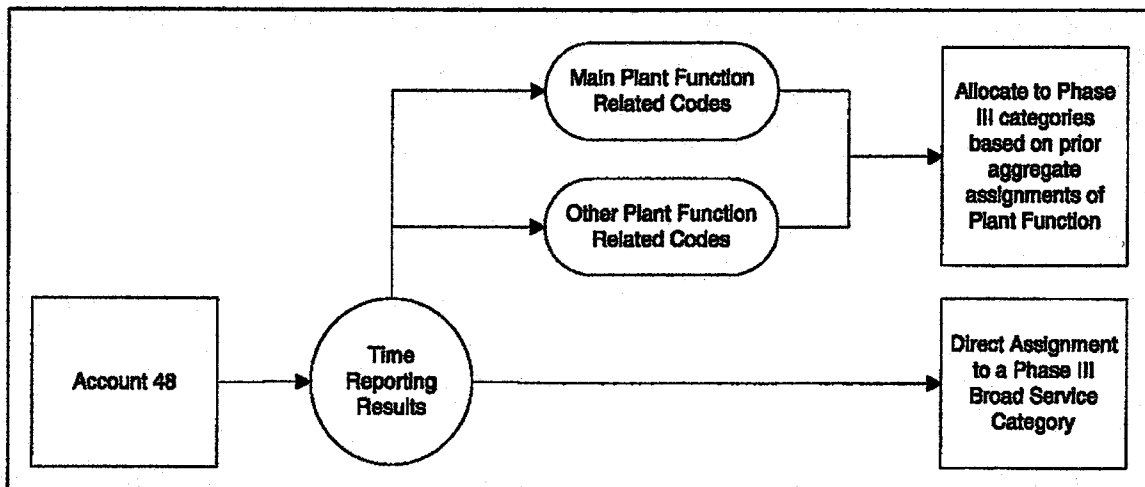
**NETWORK OPERATIONS: Account 48****General Approach:****Network Operations Activities**

Expenses in this account are for the technical forces who are responsible for the provision and maintenance of network facilities, including microwave and radio facilities, central office facilities, and switching facilities.

The technical forces time reporting system provides a breakdown of person hours into the various types of work (activities) performed. The expenses in this account are allocated to the Broad Service Categories based upon this breakdown of labour for the Network Operations technical forces (See Technical Forces Time Reporting Activity Code Mapping).

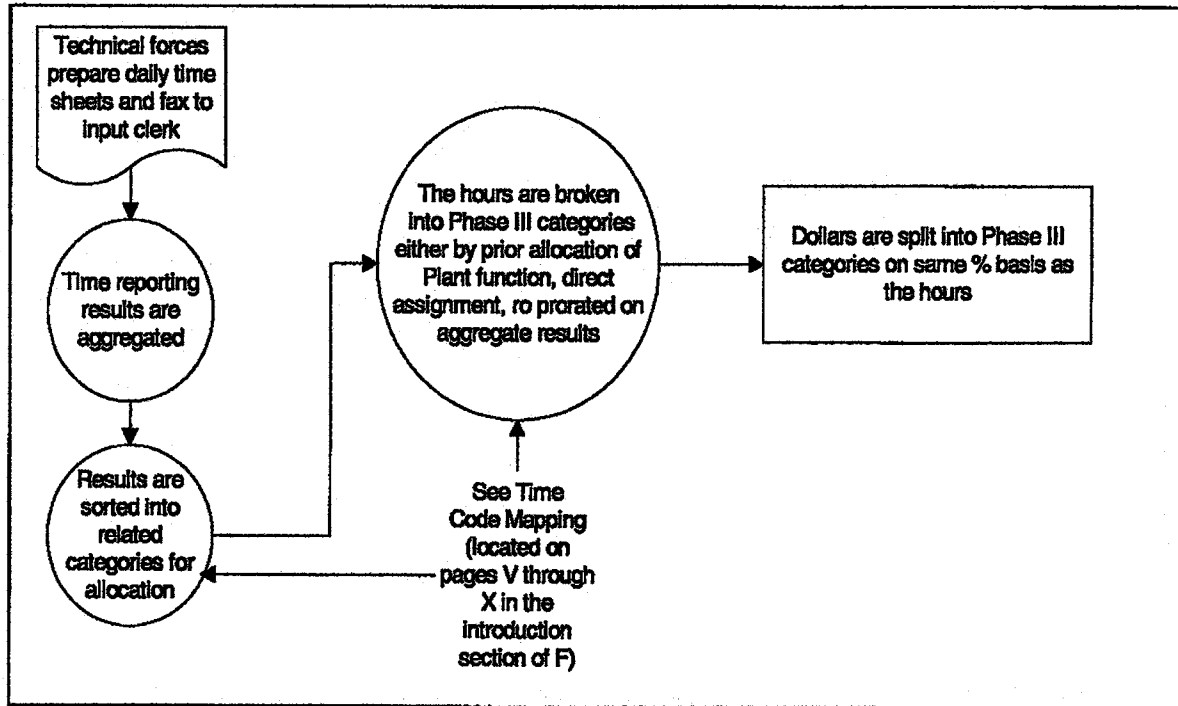
**Technical Forces Time Code Mapping**

Job class codes for technical forces are allocated to the phase III categories based on their activity, (refer to pages V though X in the introduction section of F).

**Allocation**



## Study of Time Reporting Results



### Study Procedures:

The purpose of this study is to obtain the Network Operations technical forces breakdown of labour into specific categories which facilitate the assignment of labour hours into Phase III Broad Service Categories.

The yearend aggregate results for time reporting are obtained from the operations manager.