



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

05 July 2005

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

Dear Mr. Katz:

Re: Northwestel Inc. Tariff Notice No. 824

Attached for the Commission's approval is a revision to Northwestel's Public Telephone Service Tariff (CRTC 3001). The Company proposes to add a new category for semi-public pay telephone service.

The Company respectfully requests the Commission allow for the addition of a semi-public pay telephone service, similar to offerings available in southern Canada, that would allow new and existing customers, who may not otherwise qualify for a pay telephone, to receive a pay telephone. The customer would be required to guarantee minimum daily average revenues per pay telephone.

To reduce the burden on customers, the Company is also proposing to reimburse those customers that have public pay telephones generating average daily revenues above the minimum daily average revenue up to the maximum of the guarantee paid by the customer (\$85 per month).

As highlighted in Attachment 1, Northwestel's operating territory has significantly higher penetration of pay telephones than in southern Canada. The attachment also highlights that Northwestel's revenue per pay telephone is also substantially lower than those in southern Canada.

Northwestel would like to continue to provide pay telephone service, and to provision service in new areas, however, the Company maintains that currently the pay telephone portfolio is not profitable. A summary of Northwestel's costing of the pay telephone portfolio is contained in Attachment 2.

This proposed service offering is an attempt to balance customer demand and align with the Company's intent to bring rates for services closer to compensatory levels and reduce the Company's reliance on Supplementary Funding. This proposal will generate additional revenues and reduce costs to provision pay telephone service. Northwestel has not provided a detailed net revenue impact due to the small level of revenue expected from this service. (Please see Attachment 2). This proposal is also consistent with the Commission's objectives stated in Decision 2000-746, paragraph 53: "The Commission agrees with the objective of maximizing all revenue sources before depending on supplemental funding".

Pursuant to Section 39 of the Telecommunications Act, the Company files the pay telephone penetration, revenue and costing information in Attachments 1 and 2, in confidence with the Commission, release of this information would assist existing and potential competitors in developing more effective business and marketing plans and would cause specific direct harm to the Company.

The Company respectfully requests an effective date of July 29, 2005, with approval by July 22, 2005, to allow the Company enough time to implement the appropriate billing changes.

Yours truly,

Dallas Yeulett  
Manager, Regulatory Affairs

**2004 Residential Line, Pay Telephone and Revenue Information**

	<b>Canada*</b>		<b>NWTeI</b>	
<b>Total Canadian Residential Lines</b>	12,886,000		37,328	
<b>Total Pay Telephones</b>	153,000		1,321	(#)
<b>Pay Telephones per Res. Lines</b>	0.0119		0.0354	(#)
<b>Annual Revenue per PP</b>	\$1,500		\$721	(#)

\* Information for Southern Canada taken from the CRTC: Status of Competition in Canadian Telecommunications Markets, November 2004

## Payphone Service Income Statement

	Payphone Access	
<b>Operating Revenue</b>	<b>\$ 299,347</b>	(#)
<b>Costs</b>		
<b>Fulfill Orders</b>	<b>\$ (284,137)</b>	(#) Installation of payphones and associated line equipment, taken from network time reporting.
<b>Maintain Service</b>	<b>\$ (772,373)</b>	(#) Maintenance of payphones and associate switching facilities, taken from network time reporting.
<b>Bill for Services</b>	<b>\$ (509,050)</b>	(#) Collection of payphone revenues, taken from network time reporting.
<b>Depreciation</b>	<b>\$ (795,895)</b>	(#) Depreciation of payphone and associated switching and line assets.
Total Operating and Depreciation Costs	<b>\$ (2,361,454)</b>	(#)
EBIT	<b>\$ (2,062,107)</b>	(#)
% of Revenue	-688.9%	(#)
Interest Expense	<b>\$ (269,175)</b>	(#) A share of interest expense based on total costs.
Net Income before Tax	<b>\$ (2,331,282)</b>	(#)
% of Revenue	-778.8%	(#)
Income Tax	<b>\$ 957,595</b>	(#) A pro-rated share of total income tax based on net income before tax and actual income tax paid.
Net Income	<b>\$ (1,373,688)</b>	(#)
% of Revenue	-458.9%	(#)

A summary income statement for pay telephone access phone services based on major direct costs.  
Please note that the cost and revenue identified do not include Toll, however in Attachment 1 the revenue per pay telephone includes toll.

### Net Revenue

Northwestel expects that the net revenue impact from the introduction of semi-public pay telephone service to be approximately \$25K (#)



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

05 July 2005

Mr. Leonard Katz  
Executive Director  
Canadian Radio-television and  
Telecommunications Commission  
OTTAWA, ON  
K1A 0N2

Dear Mr. Katz:

**Re: Northwestel Inc. Tariff Notice 824**

In compliance with the provisions of the *Telecommunications Act* and Section 29 of the *CRTC Telecommunications Rules of Procedure*, Northwestel Inc. applies herewith for approval of the following tariff amendments:

<u>Tariff</u>	<u>Proposed Effective Date</u>	<u>Description</u>
CRTC 3001	29 July 2005	1 <sup>st</sup> Revised Page 87
CRTC 3001	29 July 2005	2 <sup>nd</sup> Revised Page 88

Enclosed herewith are copies of the proposed revised tariff pages and a letter of explanation for the changes requested.

Yours truly,

Dallas C. Yeulett  
Manager, Regulatory Affairs

Attachments



## PUBLIC TELEPHONE SERVICE

(N)

## Item

## 505 SEMI-PUBLIC PAY TELEPHONE SERVICE

1. Semi-public pay telephone service is a message-rate service furnished at the Company's discretion at locations of the following types:
  - (a) Where there is a combination of use by the public and the customer, including locations at which the primary use is by the public for outgoing service but the furnishing of public telephone service is not warranted, in the Company's opinion.
  - (b) Where there is collective use of the service by guests, members, business clients or similar occupants of the premises and business flat-rate or business message-rate service is unsuitable or prohibited by this Tariff.
2. Semi-public pay telephone service includes a touch-tone coin telephone, except in locations where touch-tone facilities are not available. The service is furnished as main telephone service. It is not furnished as foreign exchange service.
3. The customer-agent is to sign a contract which guarantees a daily amount of \$2.80 combined local and message toll revenue for each main telephone.
4. The customer will be billed \$85.00 per month per telephone under the above contract.
5. On a quarterly basis, the combined total of main telephone receipts for originating local calls and message toll calls (excluding applicable taxes) over and above the \$2.80 per day for the collection period will be applied against the corresponding total amount of guarantee, up to the total of the original guarantee.
6. All Semi-public pay telephone service furnished to the same customer-agent and installed on the same premises is considered collectively in determining the amount of local and message toll receipts to be credited against the amount of the guarantee.
7. Main telephones are provided in either black or standard colours as determined by the Company. They are equipped with coin-collecting devices and are connected only with individual lines.
8. A rate, as specified in Item 501.4(A), applies for each originating local call.
9. Service charges are those for business service and apply as stated in General Tariff CRTC 3001, Item 302.



*The following pages have been intentionally left blank and are reserved for future use:*

5<sup>th</sup> Revised Page 89  
2<sup>nd</sup> Revised Page 90  
2<sup>nd</sup> Revised Page 91  
Original Page 92  
Original Page 93