



Telecom Decision CRTC 2006-32

Ottawa, 24 May 2006

Northwestel Inc. – Disposition of 2005 revenue deferral account balance

Reference: 8695-N1-200603599

*In this Decision, the Commission **approves** Northwestel Inc.'s proposal to remit to the Central Fund Administrator, as a one-time payment, the 2005 revenues accrued in its deferral account.*

1. In *Long-distance competition and improved service for Northwestel customers*, Decision CRTC 2000-746, 30 November 2000, the Commission stated that, due to the substantial reduction in toll rates and the introduction of toll competition in 2001, there would be uncertainty with respect to Northwestel Inc.'s (Northwestel) long distance market share and revenues. The Commission further stated that this could result in large deviations between the actual and forecast toll, settlement, and Carrier Access Tariff (CAT) revenues, and consequently could affect the required amount of any supplemental funding. The Commission, therefore, directed that Northwestel accumulate the differences between forecast and actual toll, settlement, and CAT revenues in a deferral account. The Commission determined that any amount accumulated in the revenue deferral account would be disposed of in the following year in conjunction with the determination of any supplemental funding requirement.
2. In *Northwestel Inc. - Initial annual review of supplemental funding*, Telecom Decision CRTC 2003-39, 20 June 2003, the Commission determined that a separate process for the disposition of the amount in Northwestel's revenue deferral account would be implemented.
3. In *Northwestel Inc. - Supplemental funding requirements for 2004 and 2005*, Telecom Decision CRTC 2005-54, 15 September 2005, the Commission directed Northwestel to file an application for the disposal of the 2005 balance in the revenue deferral account by 31 March 2006.
4. The Commission received an application by Northwestel, dated 31 March 2006, to dispose of the balance in its revenue deferral account. Northwestel indicated that the 2005 revenues from toll, settlement, and CAT were \$1,384,000 greater than the company had forecast and that, as directed by the Commission, they were accrued in the revenue deferral account. Northwestel proposed to clear the revenue deferral account by remitting this amount as a one-time payment to the Central Fund Administrator (CFA) on or before 30 June 2006. In support of its proposal, the company provided audited financial statements for 2005.
5. The Commission received no comments with respect to the application.

Commission's analysis and determination

6. The Commission notes that Northwestel has proposed to remit the deferred revenues accrued in the deferral account as a one-time payment to the CFA. The Commission considers that the company's proposal is appropriate, as it would dispose of the shortfall in the revenue deferral account in a simple, effective, and timely manner. Accordingly, the Commission **approves** Northwestel's proposal to remit the \$1,384,000 in the deferral account as a one-time payment to the CFA and directs the company to remit this amount within 10 days of the date of this Decision.

Secretary General

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