



Telecom Decision CRTC 2008-3

Ottawa, 23 January 2008

Northwestel Inc. – Disposition of the balance in the 2006 revenue deferral account

Reference: 8695-N1-200719065

In this Decision, the Commission approves Northwestel Inc.'s proposal to dispose of the balance in its 2006 revenue deferral account by having the amount owing deducted from the December 2007 data month subsidy payment to be received from the Central Fund Administrator.

Introduction

1. The Commission received an application by Northwestel Inc. (Northwestel), dated 7 November 2007, to dispose of the balance in its 2006 revenue deferral account by deducting the amount owing from the December 2007 data month subsidy payment to be received from the Central Fund Administrator (CFA).¹ Northwestel noted that the \$62,000 in the revenue deferral account arose from a variance between the 2006 approved revenue forecast and the 2006 actual revenues for toll, settlement, and carrier access tariff. In support of its proposal, the company provided audited financial statements for 2006.
2. The Commission received no comments with respect to the application. The record of the proceeding closed on 7 December 2007. The public record of this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Commission's analysis and determinations

3. Northwestel filed its application in compliance with the directives in Telecom Decision 2007-5 in which the Commission, among other things, found that the company's revenue deferral account and the annual proceeding to clear the funds accumulated in that account would no longer be required starting in 2007. The company was directed to file its financial statements for 2006 to support its application for clearing the revenue deferral account for that year.
4. The Commission considers that the company's proposal to deduct the \$62,000 in its 2006 revenue deferral account from the December 2007 data month subsidy payment received from the CFA is appropriate, as it would dispose of the balance in the revenue deferral account in a simple, effective, and timely manner.

¹ In Decision 2000-746, 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's 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 difference 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 in any year would be disposed of in conjunction with the determination of any supplemental funding requirement for the following year.

5. Accordingly, the Commission **approves** Northwestel's proposal to deduct the \$62,000 in its 2006 revenue deferral account from the December 2007 data month subsidy payment received from the CFA. The Commission directs the CFA to reduce Northwestel's December 2007 data month subsidy payment by \$62,000.

Secretary General

Related documents

- *Price cap regulation for Northwestel Inc.*, Telecom Decision CRTC 2007-5, 2 February 2007
- *Long-distance competition and improved service for Northwestel customers*, Decision CRTC 2000-746, 30 November 2000

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