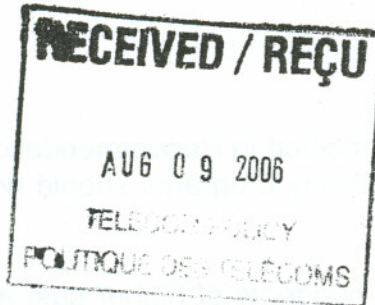




Northwestel

Northwestel Inc.
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Paul Flaherty,
President & CEO
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August 2, 2006

Leonard St. Aubin
Acting Director General
Telecommunications Policy Branch
Industry Canada
300 Slater Street, 16th floor
Ottawa, Ontario
K1A 0C8

Dear Mr. St. Aubin:

Re: *Canada Gazette*, Part I – June 17, 2006

Order under Section 8 of the Telecommunications Act – Policy Direction to the Canadian Radio-television and Telecommunications Commission

I am pleased to provide comments on the proposed policy direction to the CRTC, as published in the *Canada Gazette*.

I would like to congratulate the Minister of Industry for his prompt action in issuing this policy direction as an important first step toward reforming the telecommunications regulatory regime. Our company strongly supports this action and the future legislative changes, which we assume the government will introduce to ensure that reform is formal and binding.

Currently, our regulatory regime puts Canadian businesses at a competitive disadvantage, it denies important benefits to consumers and it dampens Canada's overall economic competitiveness.

A market-oriented approach to regulation, as proposed in the policy direction, will result in competitive pricing, better value for customers, more innovation and investment – all of which can only benefit companies in the North. Regulatory change in line with the policy direction will help to increase the degree of competition and remove mechanisms, which keep prices artificially high and create regulatory delay and uncertainty.

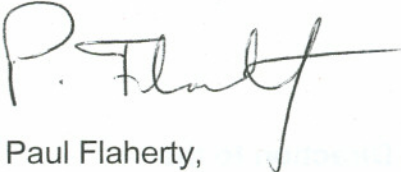
In our view, competition yields the greatest benefit to customers and regulatory reform, starting with this policy direction, will strengthen the competitive dynamic.

We reiterate our concerns, reflected in Recommendation 8-10 of the Telecom Policy Review Panel's Final Report, that subsidy programs should not promote the duplication of existing or planned network facilities.

In addition, we suggest that residents of higher cost areas, including the North, should not be burdened with rates for telecommunications services significantly higher than those incurred by residents of Canada's major metropolitan centres.

That said, I am pleased to fully endorse the proposed policy direction as drafted and to indicate that our company supports key reforms to regulation of this industry. We look forward to the Minister's tabling of the necessary legislative changes at his earliest opportunity this year.

Yours truly,

A handwritten signature in black ink, appearing to read "P. Flaherty", with a long horizontal stroke extending to the right.

Paul Flaherty,
President and CEO
Northwestel Inc.