

**BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

WASHINGTON EXCHANGE CARRIER
ASSOCIATION, et al.,

Complainants,

v.

LOCALDIAL CORPORATION,

Respondent.

Docket No. UT-031472

**DIRECT TESTIMONY OF
CRAIG PHILLIPS
ON BEHALF OF THE
WASHINGTON EXCHANGE CARRIER ASSOCIATION**

FEBRUARY 27, 2004

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Craig Phillips. I am the Administrator for the Washington Exchange Carrier Association or WECA. My business address is 800 "C" Street, Vancouver, WA 98660.

Q. WHAT IS YOUR FUNCTION AS ADMINISTRATOR OF THE WECA POOL?

A. As Administrator, I am responsible for managing the pooling and distribution of intrastate carrier common line and universal service fund access revenues. These revenues are billed by the local exchange companies operating within Washington State to the interexchange carriers and are remitted to WECA for distribution to its members pursuant to the Washington Carrier Access Plan or WCAP, a copy of which is attached to Mr. Smith's testimony as Exhibit No._____(RAS-2).

Part of my responsibility is to track minute growth or decline as reported by the member companies and others that report to WECA. I also track revenues to make sure that they are reported correctly and distributed to pool participants companies correctly. I prepare monthly reports for the WECA Board of Directors and prepare the annual report that goes to the WECA members.

1 In addition, I prepare all tariff filings related to changes in WECA pool rates, and
2 calculate individual company and total pool revenue objectives and distribution
3 ratios. I also am responsible for filing reports with the Washington Utilities and
4 Transportation Commission on behalf of WECA.

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6 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE WECA POOLS.**

7 A. There are three pools, the Traditional USF pool, the Interim USF pool and the
8 CCL pool. I will describe these pools in the order I just listed.

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10 Participation in the Traditional USF pool is limited to those local exchange
11 companies who were participants in the WECA USF pool prior to September 1,
12 2002, the effective date of the WCAP. The Traditional USF rate is frozen at
13 \$.00152, except as it may be modified by the withdrawal of a participating local
14 exchange company or LEC. The distributions from the Traditional USF are based
15 upon distribution ratios calculated using the actual distributions received by
16 participating LECs for the 1999 pool year. Distribution ratios are adjusted to
17 reflect the exit of any participating LEC who leaves the Traditional USF pool.

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19 All LECs operating within the state of Washington are supposed to assess the
20 Traditional USF rate at \$.00152 per access minute on all intrastate originating and
21 terminating access minutes and remit the resulting revenues to WECA.

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1 The second pool is the Interim USF pool. All Washington LECs are eligible to
2 participate in the Interim USF pool. The distributions from the Interim USF pool
3 are based upon distribution ratios calculated using the actual distributions received
4 by participating LECs for the prior pool year. Distribution ratios will be adjusted
5 to reflect the entry of a new participant, or the exit of any participating LEC from
6 the Interim USF pool.

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8 The Interim USF rate is applied to the terminating rated intrastate access minutes
9 of pool participants. The resulting revenues are remitted to WECA and
10 distributed to Interim USF pool participants monthly.

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12 The third pool is the CCL Pool. All Washington LECs are eligible to participate
13 in the CCL Pool. The distributions from the CCL Pool are based upon
14 distribution ratios calculated using the actual distributions received by
15 participating LECs for the prior pool year. Distribution ratios will be adjusted to
16 reflect the entry of a new participant, or the exit of any participating LEC from the
17 CCL Pool.

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19 The CCL Pool rate is applied to the originating rated intrastate access minutes of
20 pool participants. The resulting revenues are remitted to WECA and distributed
21 to CCL Pool participants monthly.

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Q. PLEASE EXPLAIN THE WECA REVENUE OBJECTIVE.

A. The Revenue Objective for each WECA member grows out of the Commission’s approval of the WCAP.

The Revenue Objective is the amount that each individual company would receive from the pool, through recovery of access rates, if total pool access minutes remain constant from year to year. The access rates themselves will not change, except for the reasons listed in Exhibit No._____(RAS-2). If there is a decline in total pool minutes, the Revenue Objectives of each pool participant will not be achieved in that year.

Q. PLEASE EXPLAIN THE USE OF DISTRIBUTION RATIOS.

A. The distribution ratio within a WECA pool for an individual company is that individual company’s Revenue Objective expressed as a percent of the sum of the Revenue Objectives of all WECA members. These distribution ratios are applied against actual pooled revenues to calculate the amount that each company receives from each of the pools during the course of the year.