

April 5, 2004

VIA E-MAIL & US MAIL

Carol J. Washburn
Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, WA 98504-7250

Re: WECA, et al. v. LocalDial
WUTC Docket No. UT-031472

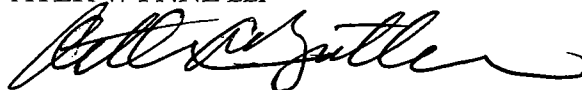
Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 16 copies of *revised* pages 26 (with completed citation in footnote 17) and 27 (with updated footnote numbering) to the Direct Testimony of William Page Montgomery submitted on behalf of LocalDial on February 27, 2004. Copies of these documents have also been sent to the parties on the attached Certificate of Service via the method(s) indicated therein.

If you have any questions, please feel free to contact me.

Sincerely,

ATER WYNNE LLP



Arthur A. Butler

Enclosures

243930_1

cc: Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that I have this 5th day of April, 2004, served the true and correct original, along with the correct number of copies, of the foregoing document upon the WUTC, via the method(s) noted below, properly addressed as follows:

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I hereby certify that I have this 26th day of April, 2004, served a true and correct copy of the foregoing document upon parties of record, via the method(s) noted below, properly addressed as follows:

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I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 5th day of April, 2004, at Seattle, Washington.



1 members' network in the same manner as in the above example but the
2 reciprocal monetary compensation is capped based upon FCC guidelines
3 with respect to disproportionately high volumes of outbound calls to the
4 ISP.

5 6. A bill-and-keep arrangement: the call has the same routing as above but
6 there is no monetary intercarrier compensation.

7 Of course the last three of these reciprocal compensation arrangements are
8 governed currently by FCC rules.¹⁷ Moreover, the reciprocal compensation issues are
9 subject to an *unresolved* subsequent remand by a federal court to the FCC of the FCC's
10 last reciprocal compensation ruling.¹⁸

11 **Q. CAN YOU SUMMARIZE THE STATUS OF CURRENT FCC REVIEWS**
12 **OF THESE VARIOUS TYPES OF PRICING PLANS THAT YOU JUST**
13 **DESCRIBED?**

14 A. Yes. In 2001, the FCC imposed a transitional pricing arrangement for intercarrier
15 reciprocal compensation for local calls. The routing of these calls among incumbents and
16 competitive carriers is identical to the routing of calls by WECA members to LocalDial's
17 local access numbers. A phased reduction in reciprocal compensation payments remains

¹⁷ Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, CC Docket Nos. 96-98 and 99-68, Order On Remand and Report And Order, (First Remand Order) (FCC 01-131) 16 FCC Rcd 9151 (2001).

¹⁸ *WorldCom v. FCC*, 288 F.3rd 429 (2002) (U.S. Court of Appeals, DC Circuit).

1 in effect until further FCC action; the current reduced rate is \$0.0007 per minute.¹⁹ As
2 presently structured, the long term default compensation arrangement enunciated by the
3 FCC is a bill-and-keep arrangement. This pricing arrangement may be impacted by any
4 FCC decision with respect to the *Unified Intercarrier Compensation* NPRM,²⁰ although
5 three years have passed without action since that Notice was released. The default
6 arrangement for bill-and-keep of these calls is also subject to the Appeals Court remand
7 of the last FCC Order on Remand. These existing actions may be affected by the FCC's
8 February 12, 2004 NPRM²¹ on pricing of VoIP calls and/or by action on the pending but
9 unresolved petitions of several parties for FCC declaratory rulings regarding VoIP access
10 pricing. It would be fair to say that these issues are "unsettled," but in the meantime the
11 existing rules regarding reciprocal compensation pricing, and regarding the definition of
12 enhanced services, remain in full force and effect.

13 **Q. ASIDE FROM THE FACT THAT THE "ROUTING" OF LOCALDIAL**
14 **CUSTOMERS' CALLS DOES NOT DETERMINE HOW THOSE CALLS**
15 **ARE PRICED, IS THERE ANY OTHER EVIDENCE THAT WECA**
16 **MEMBERS' INTRASTATE SWITCHED-ACCESS TARIFFS DO NOT**
17 **APPLY?**

18 **A.** Yes. I have noted that LocalDial is not, in fact, the "customer" of WECA members and
19 cannot be forced to pay tariff charges as if it were a customer. But WECA members'

¹⁹ First Remand Order, ¶ 8.

²⁰ See Footnote 4 above.

²¹ See Footnote 7 above.