

**BEFORE THE WASHINGTON UTILITIES  
AND TRANSPORTATION COMMISSION**

WASHINGTON EXCHANGE CARRIER  
ASSOCIATION, et al.,

Complainants,

v.

MARATHON COMMUNICATIONS, INC.,

Respondent.

Docket No. UT-041244

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

**October 8, 2004**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**  
2 **ADDRESS.**

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

6

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

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

15

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

21

22 In addition, I prepare all tariff filings related to changes in WECA pool rates, and  
23 calculate individual company and total pool revenue objectives and distribution

1 ratios. I also am responsible for filing reports with the Washington Utilities and  
2 Transportation Commission on behalf of WECA.

3

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

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

7

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

16

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

20

21 The second pool is the Interim USF pool. All Washington LECs are eligible to  
22 participate in the Interim USF pool. The distributions from the Interim USF pool  
23 are based upon distribution ratios calculated using the actual distributions received

1 by participating LECs for the prior pool year. Distribution ratios will be adjusted  
2 to reflect the entry of a new participant, or the exit of any participating LEC from  
3 the Interim USF pool.

4

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

8

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

15

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

19

20 **Q. PLEASE EXPLAIN THE WECA REVENUE OBJECTIVE.**

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

23

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

7

8 **Q. PLEASE EXPLAIN THE USE OF DISTRIBUTION RATIOS.**

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

14

15 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.

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