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August 5, 2011

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Filing Center
Oregon Public Utility Commission
550 Capitol St NE Ste 215
Salem, OR 97301-2551

Re: UM 1017(3) – Opening Testimony on Behalf of the Oregon Exchange Carrier Association

Dear Sir/Madam:

Enclosed you will find the original and five copies of the Opening Testimony of Craig J. Phillips, the Opening Testimony of Gail Long and Certificate of Service.

The Opening Testimony of Craig J. Phillips has attachments that have been designated "confidential" pursuant to ORCP 36(C)(7) and the General Protective Order issued in this docket.

Thank you for your attention to this matter.

Sincerely,

RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Service List (via e-mail)
Clients (via e-mail)

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Investigation into Expansion of the Oregon Universal Service Fund to Include the Service Areas of Rural Telecommunications Carriers	UM 1017(3)

OPENING TESTIMONY OF

GAIL LONG

ON BEHALF OF

THE OREGON EXCHANGE CARRIER ASSOCIATION

August 5, 2011

OPENING TESTIMONY OF
GAIL LONG
ON BEHALF OF
THE OREGON EXCHANGE CARRIER ASSOCIATION

IDENTIFICATION OF WITNESS

Q. Please state your name and business address.

A. My name is Gail Long. My business address is PO Box 1566, Oregon City OR, 97045.

Q. By whom are you employed and what is your current position?

A. I am employed by TDS Telecommunications Corporation ("TDS") as the Manager-State Government Affairs for the states of California, Colorado, Idaho, Oregon and Washington. I have been in this position for over 15 years. Prior to joining TDS, I held positions in accounting and revenue requirements at Pacific Telecom for 9 years. Prior to my position at Pacific Telecom, I worked for cooperative telecommunications companies in Idaho and Oregon. I have a total of 26 years in the telecommunications industry.

I serve on the Board of Governors of the Oregon Exchange Carrier Association (OECA). It is the responsibility of OECA to oversee the operation of access pools in Oregon and to make the annual access charge rate filing on behalf of its members. I serve in a similar role for the Washington Exchange Carrier Association. I am the past-President of the Oregon Telecommunications Association and also the past-President of the Washington Independent Telecommunications Association.

Q. What are your primary responsibilities as Manager – State Government Affairs?

A. My primary job responsibilities are to work with industry, regulators and legislators to form and implement the policies, rules and regulatory structure under which we operate. This includes anything from providing direction on simple tariff filings to testifying on critical telecommunications issues before state Public Utilities Commissions and legislatures.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony in this proceeding is to provide 1) an overview of the OECA proposal, 2) explain why the Oregon Public Utility Commission (OPUC) should act now, 3) discuss customer benefits of OECA's proposal, 4) address how OECA's proposal comports with ORS 759.425, and 5) explain why United of the Northwest legacy properties should be retained in this proposal.

OVERVIEW OF THE OECA PROPOSAL

Q. Please explain the purpose of this filing.

A. The purpose of this filing is to continue the universal service and access reform work that began in UM1017(1) through the reduction of intrastate access rates to the interstate access rate levels. By doing so, it will continue the process to make subsidies explicit. In addition, this action will eliminate some of the arbitrage experienced by the OECA member companies today.

Q. How will the proposed OECA proposal work?

A. The OECA proposal takes into account the basic premises of UM1017(1) in that it uses a total company revenue requirement that is reduced by projected interstate revenues and revenue requirements, as appropriate. These revenues include Subscriber Line Charges (SLC), Interstate Common Line Support (ICLS), and Local Switching Support (LSS). Further reductions are made for revenue requirement associated with interstate Billing & Collection (B&C), interstate Switched Access, and interstate Special Access to determine the total Intrastate Revenue Requirement. That amount is then further reduced by projected revenue requirement associated with Intrastate B&C and Intrastate Special Access. The OECA proposal also deducts projected revenues from High Cost Loop Support and Safety Net Support. The OECA proposal then uses a benchmark which is the higher of the $21 Benchmark used in UM 1017(1) or Local Service Rates including Extended Area Service (EAS). The net amount becomes the net revenue requirement for consideration of the Oregon Universal Service Fund (OUSF). The net revenue requirement is then reduced by projected intrastate access revenues at interstate rates to come up with the amount to be supported from the OUSF. Mr. Craig Phillips will explain the proposal in detail in his testimony.

THE OPUC SHOULD ACT NOW

Q. In light of the on-going activity at the federal level on access reform, labeled as intercarrier compensation activity, why should the OPUC act on access reform at this time?

A. There are a number of reasons for the OPUC to adopt the OECA proposal now. While momentum seems to be growing at the federal level for comprehensive reform of intercarrier compensation and high cost universal service support funds, the recent past suggests action is not assured. For example, both the Missoula Plan proposed in 2005 and most recently the Martin

Plan in 2008 did not ultimately gain FCC approval. Therefore, proceeding with the OECA proposal will best ensure that the process begun by the Commission to maintain stable and sufficient support for rural areas of the state through the OUSF is completed before the support is further eroded. Action now by the Commission would not be inconsistent with the current proposals before the FCC.

Q. Are there other reasons the OPUC should act now?

A. Yes, the other reasons relate to the arbitrage opportunities that have been exploited by some carriers in order to minimize or eliminate the payment of intrastate access charges.

Q. Please explain.

A. As noted earlier in my testimony, the need for parity between interstate and intrastate access rates has been a point of industry discussion for many years. Intrastate pooled access rates at levels several times higher than interstate rates have resulted in some carriers engaging in call termination practices such as Phantom Traffic as well as improper Least Cost Routing (LCR) and other call terminating practices designed to avoid or minimize the payment of access charges.

Q. What is Phantom Traffic?

A. In UM1423 "Request for Investigation into the Issue of Phantom Traffic," OECA described phantom traffic as follows: "There are many variations to the definition of this term. As OTA and OECA use the term Phantom Traffic, it is telecommunications traffic that is disguised in such a way, whether done intentionally or unintentionally, such that the appropriate terminating compensation for the traffic cannot be billed and collected. A fuller description of

Phantom Traffic is that it is telecommunications traffic that cannot properly be billed because it is mislabeled, unlabeled or improperly routed with the result that the originating or transiting carrier is unknown or the proper jurisdictional nature of the traffic (i.e., interstate access, intrastate access or local traffic) cannot be identified. The traffic may be purposely mislabeled, insufficiently labeled because of imprecise rules or inadvertently mislabeled."

Q. How do Phantom Traffic practices impact OECA?

A. When carriers engage in practices such as disguising the actual “called from” number in a billing record or pass records that do not contain enough information to create a valid access record the OECA companies are either unable to bill or cannot determine the proper jurisdiction of those calls which causes declines in billable minutes of use (MOU) which ultimately causes increases in access rates.

Q. How has this impacted OECA?

A. Based on the 2011 OECA filing that became effective July 1, 2011, intrastate pooled MOU have declined more than 53% from 2004 actual to 2011 projected. In response, intrastate access rates have increased almost 94% since 2004. As the gap between interstate and intrastate rates continues to grow the incentive for some carriers to engage in arbitrage activities grows as well.

Q. Do Phantom Traffic problems only relate to intrastate calls?

A. No. They can relate to all jurisdictions. However, to the extent having higher access rates for intrastate calls causes a decline in intrastate MOU and therefore even higher rates this is not good for Oregon customers. The OECA companies cannot continue to maintain and invest in their serving areas if they can't stop the bleeding. This directly relates to the purpose of universal service on ensuring that customers have high quality telecommunications service at reasonable rates.

Q. In UM 1423, the Commission determined that Phantom Traffic was not a major problem in Oregon. Do you agree?

A. I understand the Commission's determination based on the data in UM 1423. However, we are now seeing very high volumes of calls where the calling number appears to have been "spoofed" and calls that appear to be access based calls that are not able to be billed. We did not have that information in UM 1423.

Q. You also mentioned issues relating to LCR practices, please explain.

A. This issue will also be addressed by the OPUC in a separate proceeding. However, in simple terms, LCR is used by long distance carriers to deliver traffic in the most cost efficient manner available. It's my understanding, that the LCR service providers use access rate information to determine how calls should be routed in order to minimize access costs. One common issue is that as calls make their way through the communications system, they sometimes end up in a loop which causes long delays in delivery. When these delays occur, the calling party may experience "dead air" for as long as 30 seconds or more which causes the caller to hang up. Other times, an incomplete circuit is established so that one party can hear, but the other one cannot and so terminates the call. Another type of occurrence is that the calling party hears ringing, sometimes more than ten rings, does not get an answer and so terminates the call. However, the called party has not heard any rings.

Q. How does this negatively impact Oregon customers?

A. There are examples where small businesses in rural areas claim they have lost business because they are not able to receive calls. For example, Lucas Trucking served by Monroe Telephone Company is a small business that depends on telecommunications to stay in business. The company receives its business orders over the phone and by fax. Lucas Trucking was told by several customers and potential customers that they tried calling and no one would answer or they tried to send in an order by fax and it would not go through. On the called party end, Lucas Trucking was open for business when the calls were made and nothing came through. The company's fax was working fine. However, the calls were just not getting to Monroe and its customer.

Q. Do you have any other examples?

A. Yes. As discussed in the OPUC LCR workshop held in June, Canby Telcom has a customer that has been very frustrated because incoming faxes were not reaching the dialed destination in Canby. The customer relies predominately on incoming faxes to conduct business and the failure to receive faxes was detrimental to its business. Canby Telcom conducted a series of tests and determined that 64% of the customer’s incoming faxes were failing to deliver. After much testing, it was determined that the calls were failing to deliver because of least cost routing. Once the problem was identified the customer contacted its long distance carrier and the problem was resolved.

CUSTOMER BENEFITS OF ACCESS REFORM

Q. How will Oregon customer's benefit from reductions in intrastate access rates?

A. As mentioned earlier, some customers are not receiving calls due to current LCR practices which are causing local businesses to lose some of their business. Residential customers are also complaining about the inability to receive calls from family or friends. To the extent the companies in Oregon are able to reduce intrastate access rates that should result in the elimination of some of the cost savings incentive for least cost routers that exist in the current environment. This should result in more reliable call delivery to customers.

Q. Are there other benefits to Oregon customers?

A. Yes. To the extent the OECA companies are able to depend on a more reliable revenue stream though the use of the OUSF and access reform, those companies will be in a better position to maintain and upgrade their existing networks while leaving basic service rates at rates comparable to customers located in the more urban parts of Oregon.

THE OECA PROPOSAL IS CONSISTENT WITH ORS 759.425

Q. Please explain how the OECA proposal is consistent with ORS 759.425.

A. ORS 759.425 has three separate requirements that affect the calculation of support from the OUSF. Those requirements are as follows:

(1) The OPUC "shall establish a benchmark for basic telephone service as necessary for the administration and distribution of the universal service fund."

(2) The OUSF "shall provide explicit support to an eligible telecommunications carrier that is equal to the difference between the cost of providing basic telephone service and the benchmark..."

(3) The OUSF support is to be reduced by "...any explicit compensation received by the carrier from federal sources specifically targeted to recovery of loop costs and less any explicit support received by the carrier from a federal universal service program."

The OECA proposal meets each of these requirements, as I have explained in my summary of the proposal earlier and as detailed in Mr. Phillips' testimony. The proposal uses a benchmark. The proposal takes into account federal sources targeted to recover loop costs and explicit federal universal service program. Since basic telephone service includes access to toll calling, if the access support paid by interexchange customers is reduced by access avoidance schemes, either local rates have to go up or support needs to come from the OUSF. That is what our proposal does. It reflects the fact that there is an increasing difference between the benchmark and the cost of providing local service as access revenues supporting the local network decrease.

Q. Please summarize how the OECA proposal meets the three requirements you have identified.

A. In addition to what I have just stated, the proposal meets the first requirement because, at a minimum, it uses the same benchmark of $21 used in earlier phases of this Docket. In fact, the OECA proposal does more by using a higher benchmark for some companies.

The proposal meets the second requirement by using the individual company costs of providing intrastate service compared to the benchmark.

The proposal meets the third requirement since deductions are made for the SLC, ICLS, High-Cost Fund support and Safety Net revenues.

Q. Is the OECA proposal consistent with the purpose of the OUSF?

A. Yes. The purpose of the OUSF as stated in ORS 759.425 is to "...ensure basic telephone service is available at a reasonable and affordable rate." The OECA proposal does that by reducing the incentive for arbitrage which has literally endangered the availability of basic telephone service for some customers due to the improper call termination practices of some interexchange carriers. The OECA proposal also meets this goal by lowering the reliance on dwindling access revenue to support the availability of local service.

UNITED OF THE NORTHWEST LEGACY PROPERTIES

Q. The legacy United of the Northwest is not part of OECA. Why is OECA supporting a position that the OECA proposal should apply to United?

A. The distinction the OPUC has made for OUSF purposes is between rural and non-rural companies. The OPUC has correctly categorized United as a rural company. The United properties in Oregon are still on a cost basis. Thus, they appear to fit within the proposal if it is adopted for rural carriers under the OUSF.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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OF OREGON

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Investigation into Expansion of the Oregon Universal Service Fund to Include the Service Areas of Rural Telecommunications Carriers	UM 1017(3)

OPENING TESTIMONY OF

CRAIG J. PHILLIPS

ON BEHALF OF

THE OREGON EXCHANGE CARRIER ASSOCIATION

August 5, 2011

OPENING TESTIMONY OF
CRAIG J. PHILLIPS
ON BEHALF OF
THE OREGON EXCHANGE CARRIER ASSOCIATION

Q. Please state your name and provide your business address for the record.

A. My name is Craig J. Phillips. My business address is 800 "C" Street, Vancouver, WA 98660.

Q. Please provide us with your present position.

A. I am the proprietor of Craig J. Phillips, CPA. In that role, I am the Administrator of the Oregon Exchange Carrier Association (OECA) access pooling arrangement as approved by the Oregon Public Utility Commission (OPUC). I am also the Administrator for the Washington Exchange Carrier Association (WECA) pooling arrangement as approved by the Washington Utilities and Transportation Commission.

Q. Please explain your involvement with OECA.

A. From January 1984 to April 1986 I was manager of the joint Oregon/Washington telecommunications industry audit group. This group consisted of employees of several of the large local exchange companies, whose duties were to review the projected revenue requirements and projected access minutes of OECA and WECA pool participants for consistency and reasonableness, propose adjustments if appropriate, and make recommendations to the OECA and WECA Boards. The approved revenue requirements and minutes were used as the basis for monthly settlements from the intrastate access pools.

Beginning in April 1986 I became Administrator for OECA, and as such became responsible for administering the intrastate access pools in Oregon. My staff and I administered the Oregon Carrier Access Fund (OCAF), the OECA Optional Pool and the OECA Billing & Collection and the OECA Special Access Pool. The Administrator is responsible for managing the pooling and distribution of intrastate access revenues, preparing the annual administrative budgets, monitoring pool results, preparing and filing access tariffs, preparing the corporate tax return and providing monthly and year-to-date reports to the OECA Board of Governors, various OECA committees and OPUC Staff. The Administrator also provides oversight for the OECA Rate Bureau, which provides an open forum for member companies and other interested parties to jointly discuss and consider proposals affecting rates and conditions for jointly provided Oregon intrastate telecommunications services. In addition, the OECA Administrator is responsible for oversight of the Oregon Data Distribution Center (DDC). The DDC receives intrastate intraLATA originating access records from participating companies and produces and distributes intrastate intraLATA terminating access records to participants. These records are used to bill terminating access to intraLATA carriers.

Beginning in May 1987 I became Administrator for WECA, and as such became responsible for administering the intrastate access pools in Washington. My staff and I administer the Washington USF Pool, the Washington Interim USF Pool and the

Washington CCL Pool. The Administrator is responsible for managing the pooling and distribution of intrastate access revenues, preparing the annual administrative budgets, monitoring pool results, preparing and filing access tariffs, preparing the corporate tax return and providing monthly and year-to-date reports to the WECA Board of Directors and various WECA committees. The Administrator also provides oversight for the WECA Rate Bureau, which provides an open forum for member companies and other interested parties to jointly discuss and consider proposals affecting rates and conditions for jointly provided Washington intrastate telecommunications services. In addition, the WECA Administrator is responsible for oversight of the Washington DDC. The DDC receives intrastate intraLATA originating access records from participating companies and produces and distributes intrastate intraLATA terminating access records to participants. These records are used to bill terminating access to intraLATA carriers.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. As a general matter, I will explain the details of the proposal being advanced by OECA. I will also explain the impact that this proposal may have on the Oregon Universal Service Fund (OUSF) and the OUSF surcharge. This testimony will provide the technical support behind the policy testimony offered by Ms. Long on behalf of OECA.

THE OECA PROPOSAL

Q. Please provide a brief explanation of the OECA proposal.

A. The OECA proposal is to build upon the existing OUSF with an expansion to allow intrastate access rates to be brought to the composite interstate access rate level for the rural companies, including the portions of the service areas of CenturyLink and Frontier in the State of Oregon that qualify as rural telephone company service areas under the Telecommunications Act of 1996.

The details of the proposal will be discussed in my testimony. My discussion will center on two exhibits. The first of these is a non-confidential exhibit (Exhibit OECA/201) which is an aggregation of the data from the rural ILECs in Oregon. This Exhibit shows the final effect on the size of the OUSF from this OECA proposal. The second exhibit is a confidential exhibit (Exhibit OECA/202) that has the detail for each company that would participate in this proposal.

Q. Please explain the details of the proposal.

A. Please turn to Exhibit OECA/201. You will see that the calculation of OUSF support begins with the total company projected revenue requirement.

Q. Why was a projected revenue requirement used?

A. We are trying to keep the proposal as close as possible to the existing OUSF and access mechanisms used in Oregon. The current access filings that are used in Oregon use a projected revenue requirement and projected demand units. This provides the closest match to the effect on the participating companies for the period of time that rates will be in effect. Projected data has been used in Oregon for a long time and has proven to be a very reliable procedure.

Q. Please proceed with your discussion of the proposal.

A. Line 1 is total company projected 2011 revenue requirement which is calculated on an Oregon basis. Because we are going to deduct the interstate revenue requirement which is calculated using the Federal Communications Commission (FCC) rules from this amount, adjustments must be made for differences between the Oregon and FCC basis. These are shown on line 2 and include adjustments for telephone plant under construction, cash working capital, customer deposits, interest on customer deposits, charitable deductions and unfunded other post-employment benefits. The adjusted total company revenue requirement amount on line 3 reflects total company revenue requirement after making these adjustments.

Q. What is the next step in the analysis?

A. The next step is to deduct the interstate revenue requirement. This includes the Common Line (CL), which in itself includes Interstate Common Line Support (ICLS) and the Subscriber Line Charge (SLC). The deduction also includes the interstate switched access revenue requirement, including Local Switching Support (LSS), the interstate special access revenue requirement and the interstate Billing and Collection (B&C) revenue requirement. This leaves us with an intrastate-only revenue requirement on line 5 of the exhibit.

Q. Is there any specific reason for deducting ICLS and SLC?

A. Yes. Under the terms of ORS 759.425, this type of support is specifically identified as being required to be subtracted from any revenue requirement that would be supported by the OUSF.

Q. Please proceed with your description of the proposal.

A. The next steps are to deduct the intrastate special access revenue requirement, listed on line 6, and the intrastate B&C revenue requirement, listed on line 7. Also included on line 7 is the interexchange revenue requirement as calculated by Frontier for its former Citizens (rural) properties and as calculated by United for its service area. This is a non-access element which is not a part of intrastate access or the local revenue requirement. With the addition of the average schedule company revenue requirements listed on line 8, this produces the net intrastate access and local revenue requirement listed on line 9.

Q. What do you mean by average schedule company?

A. There are three companies in Oregon that do not do individual cost studies. Instead, they rely on an average schedule analysis. An average schedule analysis uses the cost studies from other companies of a similar nature to determine the revenue requirement for these average cost companies.

Q. Do you have an exhibit which explains that calculation?

A. Yes. Please see Confidential Exhibit OECA/203. That Exhibit provides the detail for the average schedule calculation that is included on line 8 of Exhibit OECA/201.

Q. What are the components of the intrastate access and local revenue requirement on line 9?

A. These include the intrastate common line portion of the revenue requirement analysis, switched access revenue requirement, local revenue requirement and Extended Area Service (EAS) revenue requirement.

Q. What is the next step in the analysis?

A. We want to determine if a company's revenues from local and EAS rates plus high cost loop support exceeds its local and EAS revenue requirement. The local and EAS revenue requirement is on line 10. On line 11a, we have listed the federal high cost loop support. Line 11b sets out the federal safety net additive plus the federal safety valve amounts. On line 11c we then set out the benchmark or a higher number.

Q. Please explain what you mean by the benchmark.

A. In earlier phases in this docket, it was determined that a benchmark of $21.00 per line per month will be used to calculate OUSF support. We have kept that benchmark, but modified it slightly to take into account individual company EAS additives where the total of the local rate and EAS additives exceeds the benchmark. We believe this comports with requirements in ORS 759.425 to use a benchmark.

Q. How have you taken into account those EAS revenues?

A. If a company's local rate plus its average EAS rate per line exceeds the benchmark of $21.00 per month per line, we have used that higher number to calculate local and EAS support. Confidential Exhibit OECA/204 contains the details for the individual company entries on Confidential Exhibit OECA/202, which are then aggregated for Exhibit OECA/201.

Q. What happens next?

A. The items that I have described in 11a, 11b and 11c are totaled and listed on line 11. This number is subtracted from the Local and EAS revenue requirement on line 10. This produces a remaining local revenue and EAS requirement for line 12. If this amount is negative, or in other words, if computed support including local and EAS revenues at the benchmark or higher rate exceed the local and EAS revenue requirement, the excess amount will be deducted from the amount the company is eligible to recover for its intrastate CL and switched access revenue requirement.

Q. Why do you list the intrastate common line and switched access revenue requirement on line 13?

A. The intrastate common line and switched access revenue requirement is the amount that companies, other than United, currently recover through the existing OUS mechanism and the intrastate access rates included in the OECA access tariffs. United recovers this amount through the existing OUS mechanism and its own intrastate access rates. In this exhibit this amount is arrived at by deducting line 10 from line 9.

Q. What is the next step in the analysis?

On line 14 we reduce the amount a company is eligible to recover for its CL and switched access revenue requirement by the amount of any excess support shown on line 12. For this exhibit we refer to this amount as the state access ceiling. This is the maximum amount that a company will be eligible to receive from its intrastate access rates and OUSF support, unless the OUSF support that the company currently receives exceeds this threshold.

Q. Why would a company currently receive more OUSF support than its CL and switched access requirement?

A. The answer is that under current rules, a company's OUSF support is calculated on a per line basis and is not directly tied to the company's CL and switched access requirement. A company may receive more from the OUSF than its CL and switched access requirement. The first requirement related to this funding is that the CL revenue requirement must be reduced by the amount of OUSF support. Any remaining OUSF support which is available after the CL is reduced to zero is applied to other items. These items may include such reductions as reducing EAS rate additives or reducing switched access, special access or B&C rates.

Q. How are intrastate access revenues taken into account?

A. On line 15, intrastate revenues are calculated based on using each company's average interstate rate per minute times its intrastate access minutes.

Q. How did you calculate the amount shown on line 15?

A. Please see Confidential Exhibit OECA/205. Most of the OECA member companies are also members of the National Exchange Carrier Association (NECA). For those companies we used the composite interstate rate per minute from NECA report EC2060-L. For the non-NECA companies we used three months of actual data from the companies. The data was the amount of interstate switched access revenues for each month and the interstate switched access minutes for each month. These figures were used to calculate a composite interstate access rate.

Q. What is the next step in the analysis?

A. We then take into account current OUSF support. The amount is listed on line 16, and that amount is subtracted with the result amount being the additional OUSF support found on line 18.

Q. What is the purpose of line 17?

A. As I noted earlier in my testimony, there are some instances where a company's current OUSF support level exceeds its CL access requirement. Today this funding is available to reduce other rates. Under this proposal the current OUSF support would be used to reduce the company's switched access requirement, above the level recovered from intrastate access rates, to zero before applying any excess to other rate elements.

Q. How is the current OUSF funding calculated for purposes of this proposal?

A. It would be calculated in the same way that it is today. In essence, there would be a two step process. The existing OUSF requirement would be calculated based on the existing mechanism. The remaining support is calculated as I have just described.

Q. Are you proposing that the amount of OUSF support be received on a per-line amount as it is today?

A. No. Once the total annual OUSF support has been calculated, which would include the current OUSF support on lines 16 and 17 and the additional OUSF support on line 18.

The amount to be received by the company is then converted to a monthly amount simply by dividing the annual funding amount by twelve.

Q. What is the effect on the size of the OUSF under this proposal?

A. The additional annual OUSF funding, which can be seen on Exhibit OECA/201 is approximately 12.2 million dollars.

Q. What does this do to the OUSF surcharge?

A. Existing OUSF funding is in the neighborhood of 34.4 million dollars. The increase by an additional 12.2 million dollars would result in the existing OUSF surcharge of 6.55% rising to approximately 8.88%. The details of the calculation are on Exhibit OECA/206.

Q. Does the proposal contemplate annual filings?

A. Yes. The proposal is to follow the process that we now use for the annual OECA filing. I have set out a schedule on Exhibit OECA/207.

Q. Please explain that process.

A. In March of each year, OECA files projected calendar year revenue requirement and demand numbers. OPUC Staff reviews those numbers and proposes adjustments to the filed numbers. Final revenue requirement and demand numbers are arrived at in late May or early June. Adjustments are then made to the filing and rates take effect on July 1 of each year. We propose continuing to follow this process. As part of the filing process, companies would provide all information included in Confidential Exhibit OECA/202. The High Cost Loop Support and Safety Net and Safety valve amounts would be the annualized amounts from the 2nd quarter USAC Report HC01. However, there would be an adjustment filed in September to take effect October 1 of each year.

Q. What is the adjustment that would be filed?

A. Since NECA changes its interstate rates effective July 1 of each year, our March filing would be made using the existing interstate rates at that time, because the interstate rates to take effect on July 1 are not known in March. Because most companies bill for access using a billing cycle that ends around the twentieth of each month, the July data month would include some minutes billed at the old rate and some billed at the new rate. Therefore, we could not calculate the average rate for the new interstate rates until we received August data in early September. We can then use that August data to calculate the new average interstate rate for each company and the new composite intrastate rate for the companies that are pooling. The adjustment to reflect the new interstate rates would be filed to take effect on an LSN basis for October 1 of the year. The rates that are filed on October 1 would be adjusted the following July 1 if there is a need to change rates because of differing revenue requirements and projected demand. If there is no rate change on July 1, the rates would remain in effect until October 1. Revenue requirement and pool distribution adjustments would occur on July 1 of each year for those companies within the pool.

Q. You have referenced the pool. Is it your proposal that the pooling mechanism stay in place?

A. Yes. The pool would not be mandatory. For example, United of the Northwest could remain outside of the pool. Other carriers could exit the pool if they so desired. However, at the present time it appears that there is a benefit to the pooling process by smoothing out differences between companies in coming up with one rate that applies throughout the rural company service areas in Oregon. The pooling mechanism also provides the companies with a risk sharing arrangement that offers companies protection if their access minutes vary significantly from their projections.

Q. When you say one rate, what are you proposing as a rate design?

A. The weighted average effective or composite interstate rate would be calculated. This rate would be a single rate per minute and would be filed as the tariffed rate. It would be the same rate for originating and terminating access minutes.

Q. Doesn't this mean that for some companies the rate would not be the same as their individual interstate rate?

A. Yes. The effect is to calculate a single interstate rate for the pooling companies, which, in effect, reflects the composite interstate rate. This has the advantage of allowing interexchange carriers to know that no matter where a call goes in a rural company service area in Oregon, the same access rate applies. This should reduce incentives for arbitrage and reduce the incentives for carriers not to complete calls that we are seeing in the call terminating problems that have become very prevalent today.

Q. Does this end your direct testimony?

A. Yes.

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	TOTAL
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)	214,833,160
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:	
2a. Telephone Plant Under Construction	
2b. Cash Working Capital	
2c. Customer Deposits	
2d. Interest on Customer Deposits	
2e. Charitable Deductions	
2f. Unfunded Other Post Employment Benefits	
	(583,680)
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)	**214,249,480**
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), **Switched Access** (including LSS), **Special Access & B&C**)	(71,579,641)
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)	**142,669,839**
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ	(3,867,251)
7. DEDUCT INTRASTATE B&C AND IX REV REQ	(3,583,378)
8. ADD AVERAGE SCHEDULE COMPANIES	4,792,564
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)	**140,011,774**
10. LOCAL AND EAS REVENUE REQUIREMENT	**118,335,855**
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)	(19,138,832)
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE	(609,024)
11c. DEDUCT BENCHMARK OR HIGHER RATE	(56,948,925)
11. TOTAL LOCAL AND EAS SUPPORT	(76,696,781)
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)	41,639,074
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)	**21,675,919**
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)	**21,675,919**
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES	(2,483,812)
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING	(7,262,526)
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING	278,018
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)	**12,207,600**

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	ASOTIN	BEAVER CREEK	CANBY	CASCADE UTILITIES
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)				
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:				
2a. Telephone Plant Under Construction				
2b. Cash Working Capital				
2c. Customer Deposits				
2d. Interest on Customer Deposits				
2e. Charitable Deductions				
2f. Unfunded Other Post Employment Benefits				
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)				
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), **Switched Access** (including LSS), **Special Access & B&C**)				
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)				
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ				
7. DEDUCT INTRASTATE B&C AND IX REV REQ				
8. ADD AVERAGE SCHEDULE COMPANIES				
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)				
10. LOCAL AND EAS REVENUE REQUIREMENT				
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)				
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE				
11c. DEDUCT BENCHMARK OR HIGHER RATE				
11. TOTAL LOCAL AND EAS SUPPORT				
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)				
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)				
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)				
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES				
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING				
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING				
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)				

REDACTED

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	CENTURYTEL	CITIZENS	GVNW - 3,900,765 CLEAR CREEK	COLTON
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)				
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:				
2a. Telephone Plant Under Construction				
2b. Cash Working Capital				
2c. Customer Deposits				
2d. Interest on Customer Deposits				
2e. Charitable Deductions				
2f. Unfunded Other Post Employment Benefits				
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)				
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)				
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)				
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ				
7. DEDUCT INTRASTATE B&C AND IX REV REQ				
8. ADD AVERAGE SCHEDULE COMPANIES				
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)				
10. LOCAL AND EAS REVENUE REQUIREMENT				
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)				
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE				
11c. DEDUCT BENCHMARK OR HIGHER RATE				
11. TOTAL LOCAL AND EAS SUPPORT				
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)				
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)				
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)				
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES				
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING				
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING				
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)				

REDACTED

OECA
UM1017(3) OUS CALCULATION

Company Name: 8/04/11	EAGLE	GERVAIS	HELIX	HOME
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)				
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:				
2a. Telephone Plant Under Construction				
2b. Cash Working Capital				
2c. Customer Deposits				
2d. Interest on Customer Deposits				
2e. Charitable Deductions				
2f. Unfunded Other Post Employment Benefits				
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)				
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)				
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)				
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ				
7. DEDUCT INTRASTATE B&C AND IX REV REQ				
8. ADD AVERAGE SCHEDULE COMPANIES				
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)				
10. LOCAL AND EAS REVENUE REQUIREMENT				
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)				
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE				
11c. DEDUCT BENCHMARK OR HIGHER RATE				
11. TOTAL LOCAL AND EAS SUPPORT				
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)				
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)				
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)				
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES				
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING				
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING				
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)				

REDACTED

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	OTC-MTE	MOLALLA	MONITOR	MONROE
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)				
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:				
2a. Telephone Plant Under Construction				
2b. Cash Working Capital				
2c. Customer Deposits				
2d. Interest on Customer Deposits				
2e. Charitable Deductions				
2f. Unfunded Other Post Employment Benefits				
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)				
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)				
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)				
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ				
7. DEDUCT INTRASTATE B&C AND IX REV REQ				
8. ADD AVERAGE SCHEDULE COMPANIES				
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)				
10. LOCAL AND EAS REVENUE REQUIREMENT				
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)				
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE				
11c. DEDUCT BENCHMARK OR HIGHER RATE				
11. TOTAL LOCAL AND EAS SUPPORT				
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)				
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)				
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)				
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES				
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING				
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING				
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)				

REDACTED

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	NEHALEM	NORTH-STATE	OREGON TEL	OREGON-IDAHO
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)				
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:				
2a. Telephone Plant Under Construction				
2b. Cash Working Capital				
2c. Customer Deposits				
2d. Interest on Customer Deposits				
2e. Charitable Deductions				
2f. Unfunded Other Post Employment Benefits				
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)				
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)				
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)				
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ				
7. DEDUCT INTRASTATE B&C AND IX REV REQ				
8. ADD AVERAGE SCHEDULE COMPANIES				
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)				
10. LOCAL AND EAS REVENUE REQUIREMENT				
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)				
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE				
11c. DEDUCT BENCHMARK OR HIGHER RATE				
11. TOTAL LOCAL AND EAS SUPPORT				
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)				
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)				
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)				
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES				
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING				
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING				
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)				

REDACTED

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	PINE	PIONEER	RTI	SCIO	STAYTON	TRANS-CASCADES	SUB TOTAL
1 TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)							
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:							
2a. Telephone Plant Under Construction							
2b. Cash Working Capital							
2c. Customer Deposits							
2d. Interest on Customer Deposits							
2e. Charitable Deductions							
2f. Unfunded Other Post Employment Benefits							
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)							
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL(including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)							
5. TOTAL STATE REVENUE REQUIREMENT (includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)							
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ							
7. DEDUCT INTRASTATE B&C AND IX REV REQ							
8. ADD AVERAGE SCHEDULE COMPANIES							
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)							
10. LOCAL AND EAS REVENUE REQUIREMENT							
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)							
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE							
11c. DEDUCT BENCHMARK OR HIGHER RATE							
11. TOTAL LOCAL AND EAS SUPPORT							
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)							
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)							
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)							
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES							
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING							
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING							
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)							

REDACTED

OECA
UM1017(3) OUS CALCULATION
Company Name: 8/04/11

	MT ANGEL	PEOPLES	ST PAUL	POOL TOTAL	UNITED-NW
1. TOTAL COMPANY PROJECTED 2011 REVENUE REQUIREMENT (Part 36 revenue requirement as developed for the 2011 OECA tariff filing.)					
2. ADD OR DEDUCT INTERSTATE IMPACT OF ADJUSTMENTS, TYPICALLY:					
2a. Telephone Plant Under Construction					
2b. Cash Working Capital					
2c. Customer Deposits					
2d. Interest on Customer Deposits					
2e. Charitable Deductions					
2f. Unfunded Other Post Employment Benefits					
3. TOTAL COMPANY REVENUE REQUIREMENT (Line 1 plus or minus line 2)					
4. DEDUCT INTERSTATE REV REQ PER FCC RULES (CL (including ICLS and SLC), Switched Access (including LSS), Special Access & B&C)					
5. TOTAL STATE REVENUE REQUIREMENT (Includes CL, Switched Access, Special Access, B&C Local and EAS) (Line 3 Less line 4)					
6. DEDUCT INTRASTATE SPECIAL ACCESS REV REQ					
7. DEDUCT INTRASTATE B&C AND IX REV REQ					
8. ADD AVERAGE SCHEDULE COMPANIES					
9. INTRASTATE ACCESS & LOCAL REVENUE REQUIREMENT (Includes CL, Switched Access, Local and EAS) (Line 5 Less lines 6 and 7 plus line 8)					
10. LOCAL AND EAS REVENUE REQUIREMENT					
11a. DEDUCT HIGH COST LOOP SUPPORT (USF)					
11b. DEDUCT SAFETY NET ADDITIVE & SAFETY VALVE					
11c. DEDUCT BENCHMARK OR HIGHER RATE					
11. TOTAL LOCAL AND EAS SUPPORT					
12. REMAINING LOCAL AND EAS REV REQUIREMENT (Line 10 minus line 11)					
13. INTRASTATE CL & SWITCHED ACCESS REVENUE REQUIREMENT (Line 9 Less line 10)					
14. STATE ACCESS CEILING (Line 9 minus line 10, reduced by line 12, if negative only)					
15. DEDUCT INTRASTATE REVENUES @ INTERSTATE RATES					
16. DEDUCT CURRENT OUS FUNDING UP TO CEILING					
17. ADJUSTMENT FOR AMOUNT ABOVE CEILING					
18. ADDITIONAL OUS FUNDING (Line 14 Less lines 15 and 16 Plus line 17)					

REDACTED

UM1017(3)
AVERAGE SCHEDULE CALCULATION

	LINES	LOCAL & EAS REVENUE REQ	AVERAGE COST/LINE
ASOTIN			
BEAVER CREEK			
CLEAR CREEK			
COLTON			
EAGLE			
GERVAIS			
HELIX			
HOME			
OTC-MTE			
MOLALLA			
MONITOR			
MONROE			
NEHALEM			
NORTH-STATE			
OREGON TEL			
OREGON-IDAHO			
PINE			
RTI			
SCIO			
TRANS-CASCADES			
TOTAL			
MT ANGEL			
PEOPLES			
ST PAUL			

REDACTED

OECA
UM1017(3)
BENCHMARK OR HIGHER RATE

	ACCESS LINES	BENCHMARK REV @ $21	LOCAL & EAS REV/LINE	LOCAL & EAS REVENUES	BENCHMARK OR HIGHER
ASOTIN					
BEAVER CREEK					
CANBY					
CASCADE UTILITIES					
CENTURYTEL					
CITIZENS					
CLEAR CREEK					
COLTON					
EAGLE					
GERVAIS					
HELIX					
HOME					
OTC-MTE					
MOLALLA					
MONITOR					
MONROE					
NEHALEM					
NORTH-STATE					
OREGON TEL					
OREGON-IDAHO					
PINE					
PIONEER					
RTI					
SCIO					
STAYTON					
TRANS-CASCADES					
MT ANGEL					
PEOPLES					
ST PAUL					
UNITED-NW					

REDACTED

OECA
UM1017(3)
INTRASTATE REVENUES @ INTERSTATE RATES

	2010 INTRASTATE ACCESS MINUTES	INTERSTATE ACCESS RATE	INTRASTATE REVENUES @ INTERST RATES
ASOTIN			
BEAVER CREEK			
CANBY			
CASCADE UTILITIES			
CENTURYTEL			
CITIZENS			
CLEAR CREEK			
COLTON			
EAGLE			
GERVAIS			
HELIX			
HOME			
OTC-MTE			
MOLALLA			
MONITOR			
MONROE			
NEHALEM			
NORTH-STATE			
OREGON TEL			
OREGON-IDAHO			
PINE			
PIONEER			
RTI			
SCIO			
STAYTON			
TRANS-CASCADES			
MT ANGEL			
PEOPLES			
ST PAUL			
UNITED-NW			

REDACTED

OECA
UM1017 (3)
CALCULATION OF EFFECT ON OUS CONTRIBUTION RATE

1. CURRENT FORECASTED 2012 CONTRIBUTIONS	34,374,271
2. ADITIONAL FUNDING REQUIREMENT Um1017(3)	12,207,600
3. % INCREASE IN FUNDING REQUIREMENT (Line 2/Line 1)	35.51%
4. CURRENT FORECASTED 2012 CONRIBUTION RATE	6.55%
5. ADJUSTED 2012 CONTRIBUTION RATE	8.88%

OECA
ANNUAL FILING SCHEDULE
UM1017 PHASE 3

March 1

1. Companies provide projected calendar year revenue requirement data to OECA. (Revenue requirement data provided to OECA includes all information on UM1017(3) OUS Calculation schedule lines 1 through line 10.)

2. Companies provide annualized high cost loop support and safety net support using current year 2^{nd} quarter USAC Report HC01. (UM1017(3) OUS Calculation schedule lines 11a and 11b.)

3. Companies provide local and EAS revenues and access lines for the months of October, November and December of the previous calendar year. (UM1017(3) OUS Calculation schedule lines 11c.)

4. Companies provide projected calendar year intrastate access minutes.

5. Companies provide projected average calendar year access lines used for the calculation of UM1017 Phase 1 OUS support, and the OUS support per line (currently frozen).

6. **INITIAL FILING ONLY** – NECA companies provide page 6 of the January NECA Report EC2060-L (Average switched access rate per minute.)Non-NECA companies provide interstate switched access minutes and interstate switched access revenues for the months of October, November and December of the previous calendar year. **For subsequent years the interstate rate used for the March 1 filing will be taken from the prior October filing.**

March 15

For pooling companies, OECA files annual adjustment to interstate access rates and UM1017 Phase (3) OUS requirement, and provides the OUS Committee with an estimate of the new funding requirement to be effective July 1

March 15 – June 10(approx)

OPUC Staff reviews filed data and makes revisions as necessary.

June 20(approx)

OECA revises March 15 filing to reflect changes agreed to by OPUC and companies.

July 1

New rates and monthly OUSF settlements become effective. Pooling company revenue requirements and distribution ratios are adjusted to reflect the tariff filing.

Sept 10 (approx)

1. NECA companies provide page 6 of August NECA Report EC2060-L. (Average switched access rate per minute.) Non-NECA companies provide interstate switched access minutes and interstate switched revenues for the month of August.

2. OECA recalculates each company's intrastate access revenues at the new interstate rates, adjusts the OUS requirement, and files a new intrastate access rate.

October 1

A new intrastate access rate becomes effective. Monthly OUS settlements are adjusted to reflect the new rate. These rates remain in effect until July 1 of the following year.

CERTIFICATE OF SERVICE
UM 1017(3)

I certify that I have this day sent the attached Opening Testimony of Craig J. Phillips and Opening Testimony of Gail Long by electronic mail and Federal Express to the following:

FILING CENTER
PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL ST NE STE 215
SALEM, OR 97301-2551
puc.filingcenter@state.or.us

I further certify that I have this day sent the attached Opening Testimony of Craig J. Phillips and Opening Testimony of Gail Long by electronic mail to the following parties or attorneys of parties:

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