



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: May 5, 2003
TO: Division of Competitive Markets and Enforcement (Kennedy)
FROM: Division of Auditing and Safety (Vandiver) *W*
RE: Response from: MCI WorldCom Network Services, Inc.;
Audit Purpose: Compliance with refund flow through orders;
Audit Control No.: 02-149-4-2; **Docket No.** 001411

Attached is the response from MCI WorldCom Network Services, Inc. to the audit disclosures contained in the final Compliance with refund flow through orders audit report distributed on March 21, 2003.

DV/jcp
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of Commission Clerk and Administrative Services (2)
Competitive Markets and Enforcement (Harvey)
Office of General Counsel
Office of Public Counsel

DOCUMENT NUMBER-DATE

04078 MAY-6 8

FS-SC-COMMISSION CLERK



Donna Canzano McNulty
Senior Attorney
Law and Public Policy

May 1, 2003

BY FACSIMILE

Denise Vandiver
Florida Public Service Commission
Division of Auditing and Safety
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Undocketed: Audit Control No. 02-149-4-2, Compliance with refund flow through orders (MCI WorldCom Network Services, Inc. and TTI National, Inc.)

Dear Ms. Vandiver,

This letter is in response to the final report in the above-referenced audit. It is my understanding that technical staff asked your division to run a compliance audit of MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., and TTI National, Inc.'s (collectively "MCI") with the Commission Refund Orders (Orders PSC-00-2139-PAA-TI, issued November 8, 2000, PSC-01-0760-PAA-TI, issued March 26, 2001, and PSC-01-0993-PAA-TI, issued April 20, 2001).

MCI refunded more to its customers than required by the Commission. In fact, MCI refunded \$1,756,568 to its customers, which is \$273,912 more than the \$1,482,656 ordered by the Commission. After a thorough, extensive audit, staff did not make a contrary finding.

Therefore, MCI believes it has satisfied the requirements of the Commission Refund Orders and considers this matter closed.

If you have any questions, please contact me at your earliest convenience.

Sincerely,

Donna Canzano McNulty
Donna Canzano McNulty

cc: Ray Kennedy

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1203 Governors Square Blvd, Ste 201
Tallahassee, FL 32301
850-219-1008
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State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 21, 2003
TO: Division of Competitive Markets and Enforcement (Kennedy)
FROM: Division of Auditing and Safety (Vandiver) *W*
RE: **Undocketed; Company Name:** MCI WorldCom Network Services, Inc.; **Audit Purpose:** Compliance with refund flow through orders; **Audit Control No.** 02-149-4-2

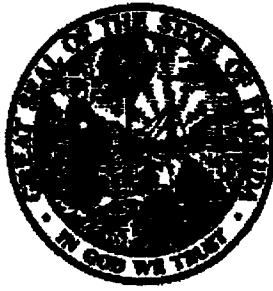
Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to me for distribution. There are confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Mr. Joe Dunbar
MCI WorldCom Network Services, Inc.
Five International Drive
Rye Brook, New York 10573-1095

Ms. Donna McNulty
MCI WorldCom
1203 Governors Square Blvd., Suite 201
Tallahassee, FL 32301-2960



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*

Miami District Office

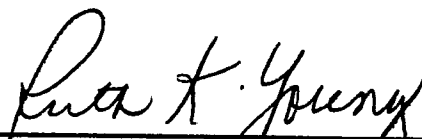
MCI WORLDCOM NETWORK SERVICES, INC.

COMPLIANCE WITH REFUND FLOW THROUGH ORDERS


PERIOD ENDED MARCH 1, 2002

AUDIT CONTROL NO. 02-149-4-2

UNDOCKETED



Ruth K. Young, Audit Manager



Iliana Piedra, Audit Staff



Kathy L. Weleh, Miami District Supervisor

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**DIVISION OF AUDITING AND SAFETY
AUDITOR'S REPORT**

March 18, 2003

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have applied the procedures described later in this report to audit the accompanying schedules submitted by MCI WorldCom to support its compliance with orders to refund certain sums to customers.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use. There is confidential material within this report and is filed separately.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Confirmed - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

Verified - The item was tested for accuracy and compared to substantiating documentation.

General: Reviewed the company's methodology for calculating the refund amount. Determined which products were subject to the refund. Obtained a list of all customers involved in each month involved. Selected a sample of customer bills on a judgmental basis for the month prior to the reductions and for random months during the reduced tariff. Compared the total number of minutes of use and dollar amounts on sampled customer bills with the amounts used to calculate the refund to make sure correct amounts were used in the calculation. Recalculated calls on customers bills to determine if the company was following its tariff prior to the refund and during the refund. Customer lists were recounted to determine if the correct number of customers were reported to the Commission and that no new customers were added as indicated in the orders.

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PAGES 3 THROUGH 21

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COMPANY REPORTS FILED WITH THE COMMISSION

WorldCom First Quarterly Refund / Rate Reduction Status Report

(Pursuant to Order No. PSC-00-2139-PAA-TI)

Submitted: March 6, 2001

REFUNDS

Company/Product	Amount To Be Refunded Per Order	Number Of Customers Affected	Amount Refunded Through 2/2/01	Amount Remaining To Be Refunded	Amounts Unclaimed or Less Than \$1 Through 2/2/01	Date Completed
TTI National	\$ 128,000	4,040	\$ 84,846.68	\$ 43,153.32	\$ 324.70	3/9/01 (Est.)
MCI VNET/Vision	46,250	2,193	46,240.46	0.00	--	2/2/01
MCI Toll Free**	432,716	672	432,716.86	0.00	--	2/2/01

** The Order required a refund of \$300,000 to \$350,000, subject to true-up.
The amount of \$432,716 reflects the final, trued-up amount.

RATE REDUCTION

Company/Product	Amount To Be Flowed Through	Number of Customers Affected	Amount Flowed Through	Amount Remaining To Be Flowed Through	Estimated Completion Date
WorldCom/WorldOne	\$ 1,482,656	1,300	\$ 35,785	\$ 1,446,871	2/02/02

WorldCom Second Quarterly Refund / Rate Reduction Status Report

(Pursuant to Order Nos. PSC-00-2139-PAA-TI, PSC-01-0760-PAA-TI and PSC-01-0993-PAA-TI)

Submitted: June 12, 2001

REFUNDS

Company/Product	Amount To Be Refunded Per Order	Number Of Customers Affected	Amount Refunded Through 6/1/01	Amount Remaining To Be Refunded	Amounts Unclaimed or Less Than \$1 Through 6/1/01	Date Completed
TTI National	\$ 128,000	4,040	\$ 128,000	\$ 0.00	\$ 324.70	3/9/01
MCI VNET/Vision	46,250	2,193	46,240.46	0.00	--	2/2/01
MCI Toll Free**	432,716	672	432,716.86	0.00	--	2/2/01

** The amount to be refunded is the true-up amount approved by Order No. PSC-01-0760-PAA-TI.

RATE REDUCTION

Company/Product	Amount To Be Flowed Through	Number of Customers Affected	Amount Flowed Through As of 6/1/01	Amount Remaining To Be Flowed Through	Estimated Completion Date
WorldCom/WorldOne	---	1,167	117,413 *	---	2/02/02
Intelenet	---	983	66,884 **	---	2/02/02
Easy Answer	---	1,089	21,355 **	---	2/02/02
Total	1,482,656	3,239	205,651	1,277,005	2/02/02

* The WorldCom/WorldOne flow-throughs include billing cycles from December 10, 2000 to May 31, 2001.

** The Intelenet and Easy Answer flow-throughs include only billing cycles from May 10, 2001 to May 31, 2001. The Commission did not approve the application of flow-through amounts to these products until April 20, 2001.

WorldCom Third Quarterly Refund / Rate Reduction Status Report

(Pursuant to Order Nos. PSC-00-2139-PAA-TI, PSC-01-0760-PAA-TI and PSC-01-0993-PAA-TI)

Submitted: September 13, 2001

REFUNDS

Company/Product	Amount To Be Refunded Per Order	Number Of Customers Affected	Amount Refunded Through 6/1/01	Amount Remaining To Be Refunded	Amounts Unclaimed or Less Than \$1 Through 6/1/01	Date Completed
TTI National	\$ 128,000	4,040	\$ 128,000	\$ 0.00	\$ 324.70	3/9/01
MCI VNET/Vision	46,250	2,193	46,240.46	0.00	--	2/2/01
MCI Toll Free**	432,716	672	432,716.86	0.00	--	2/2/01

** The amount to be refunded is the true-up amount approved by Order No. PSC-01-0760-PAA-TI.

RATE REDUCTION

Company/Product	Amount To Be Flowed Through	Number of Customers Affected	Amount Flowed Through As of 9/1/01	Amount Remaining To Be Flowed Through	Estimated Completion Date
WorldCom/WorldOne	--	811	271,214 *	30,013	2/02/02
Intelenet	--	1,565	361,773 **	521,142	2/02/02
Easy Answer	--	906	100,173 **	198,341	2/02/02
Total	1,482,656	3,282	733,161	749,495	2/02/02

* The WorldCom/WorldOne flow-throughs include billing cycles from December 10, 2000 to August 31, 2001.

** The Intelenet and Easy Answer flow-throughs include only billing cycles from May 10, 2001 to August 31, 2001. The Commission did not approve the application of flow-through amounts to these products until April 20, 2001.

WorldCom Fourth Quarterly Refund / Rate Reduction Status Report

(Pursuant to Order Nos. PSC-00-2139-PAA-TI, PSC-01-0760-PAA-TI and PSC-01-0993-PAA-TI)

Submitted: December 18, 2001

REFUNDS

Company/Product	Amount To Be Refunded Per Order	Number Of Customers Affected	Amount Refunded Through 6/1/01	Amount Remaining To Be Refunded	Amounts Unclaimed or Less Than \$1 Through 6/1/01	Date Completed
TTI National	\$ 128,000	4,040	\$ 128,000	\$ 0.00	\$ 324.70	3/9/01
MCI VNET/Vision	46,250	2,193	46,240.46	0.00	--	2/2/01
MCI Toll Free**	432,716	672	432,716.86	0.00	--	2/2/01

** The amount to be refunded is the true-up amount approved by Order No. PSC-01-0760-PAA-TI.

RATE REDUCTION

Company/Product	Amount To Be Flowed Through	Number of Customers Affected	Amount Flowed Through As of 12/1/01	Amount Remaining To Be Flowed Through	Estimated Completion Date
WorldCom/WorldOne	--	811	425,676 *	--	2/02/02
Intelenet	--	1,565	646,043 **	--	2/02/02
Easy Answer	--	906	166,364 **	--	2/02/02
Total	1,482,656	3,282	1,238,083	244,573	2/02/02

* The WorldCom/WorldOne flow-throughs include billing cycles from December 10, 2000 to November 30, 2001.

** The Intelenet and Easy Answer flow-throughs include only billing cycles from May 10, 2001 to November 30, 2001. The Commission did not approve the application of flow-through amounts to these products until April 20, 2001.

WorldCom FINAL Refund / Rate Reduction Status Report

(Pursuant to Order Nos. PSC-00-2139-PAA-TI, PSC-01-0760-PAA-TI and PSC-01-0993-PAA-TI)

Submitted: March 15, 2002

REFUNDS

Company/Product	Amount To Be Refunded Per Order	Number Of Customers Affected	Amount Refunded Through 6/1/01	Amount Remaining To Be Refunded	Amounts Unclaimed or Less Than \$1 Through 6/1/01	Date Completed
TTI National	\$ 128,000	4,040	\$ 128,000	\$ 0.00	\$ 324.70	3/9/01
MCI VNET/Vision	46,250	2,193	46,240.46	0.00	--	2/2/01
MCI Toll Free**	432,716	672	432,716.86	0.00	--	2/2/01

** The amount to be refunded is the true-up amount approved by Order No. PSC-01-0760-PAA-TI.

RATE REDUCTION

Company/Product	Amount To Be Flowed Through	Number of Customers Affected	Amount Flowed Through As of 3/1/02	Excess Amount Flowed Through	Date Completed
WorldCom/WorldOne	---	811	580,659	--	2/28/02
Intelenet	---	1,565	911,099	--	2/28/02
Easy Answer	--	906	227,931	--	2/28/02
Total	1,482,656	3,282	1,719,688	237,032	2/28/02