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November 19, 2003

**BY HAND DELIVERY**

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Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

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COMMISSION CLERK  
FPSC

Re: Docket No. 030867-TL, 030868-TL, 030869-TL and 030961-TL

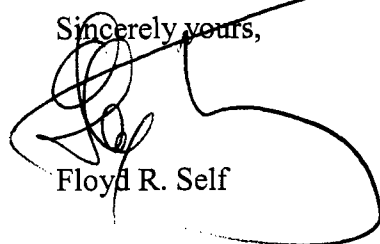
Dear Ms. Bayó:

Enclosed for filing on behalf of MCI WorldCom Communications, Inc. are an original and fifteen copies of Joseph Dunbar's Direct Testimony in the above referenced dockets.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,



Floyd R. Self

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cc: Parties of Record

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served on the following parties by U. S. Mail this 19<sup>th</sup> day of November, 2003.

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\_\_\_\_\_  
Floyd R. Self

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by Verizon Florida Inc. to reform )  
Intrastate network access and basic local ) Docket No. 030867-TL  
Telecommunications rates in accordance with )  
Section 364.164, Florida Statutes )  
\_\_\_\_\_ )

In re: Petition by Sprint-Florida, Incorporated to )  
Reduce intrastate switched network access rates to ) Docket No. 030868-TL  
Interstate parity in revenue-neutral manner )  
Pursuant to Section 364.164(1), Florida Statutes )  
\_\_\_\_\_ )

In re: Petition for implementation of Section )  
364.164, Florida Statutes, by rebalancing rates in a ) Docket No. 030869-TL  
revenue-neutral manner through decreases in )  
intrastate switched access charges with offsetting )  
rate adjustments for basic services, by BellSouth )  
Telecommunications, Inc. )  
\_\_\_\_\_ )

In re: Flow-through of LEC Switched Access )  
Reductions by IXCs, Pursuant to Section ) Docket No. 030961-TI  
364.163.(2), Florida Statutes )  
\_\_\_\_\_ )

**DIRECT TESTIMONY**

**OF**

**JOSEPH DUNBAR**

**ON BEHALF OF**

**MCI WORLDCOM COMMUNICATIONS, INC.**

**NOVEMBER 19, 2003**

DOCUMENT NUMBER DATE

11689 NOV 19 8

FPSC-COMMISSION CLERK

1 **Q. Please state your name and address.**

2 A My name is Joseph Dunbar. My business address is Two International  
3 Drive Rye Brook, NY 10573.

4 **Q. By whom are you employed and what are your duties?**

5 A. I am employed by MCI. My title is Senior Manager, Regulatory  
6 Compliance and Reporting. In this position my team and I work with  
7 MCI's business units to keep them abreast of various state regulations that  
8 may affect their operations and to work with those units to insure  
9 compliance with such state regulations. In addition we are responsible for  
10 collecting and assimilating information from MCI's business units and then  
11 filing that information with Public Service Commissions across the country.  
12 Such reporting may be on a regularly scheduled basis, such as annual  
13 financial reports or monthly service quality reports or may be on an ad hoc  
14 basis for specific issues like flow through compliance.

15 **Q. Please describe your background and experience.**

16 A. I have been employed by MCI since 1984. Since joining MCI I have held a  
17 variety of positions within the State Regulatory and Public Policy  
18 Organization. In addition to my current position I have managed the  
19 intrastate tariff function and have at various times represented the company  
20 before Public Service Commissions on a variety of public policy issues.

21 **Q. Have you ever testified before this Commission?**

1 A. No, I have never testified on behalf of MCI before this Commission, but I  
2 have testified before other public service commissions, such as New York,  
3 Connecticut, Rhode Island, Pennsylvania, Virginia, and Georgia.

4 **Q. What is the purpose of your testimony?**

5 A. The primary purpose of my testimony is to respond to the additional issues  
6 the Commission established regarding IXC flow-through as listed in the  
7 Nov. 10, 2003, procedural Order in this docket.

8 **Q. Are you familiar with the access reduction petitions filed by the ILECs?**

9 A. Yes, generally. Verizon, Sprint and BellSouth have asked the Commission  
10 to allow them to reduce their intrastate access charges and rebalance retail  
11 service rates on a revenue neutral basis to recognize those revenue  
12 reductions. Their petitions were filed as permitted by statutory changes that  
13 became effective upon enactment of law.

14 **Q. Has MCI filed testimony addressing the issues regarding the ILEC  
15 petitions filed in these dockets?**

16 A. Yes, MCI and AT&T are co-sponsoring Dr. John W. Mayo, who has  
17 already prefiled testimony in these dockets.

18 **Q. If the Commission approves the petitions filed by the ILECs, will that  
19 have an affect on MCI?**

20 A. Yes. The ILECs filed their petitions pursuant to Section 364.164, Florida  
21 Statutes. The Legislature also amended Section 364.163, Florida Statutes,  
22 to require intrastate interexchange companies (IXCs), like MCI, to return  
23 the benefits of any access reductions to both residential and business

1 customers. If the Commission approves the ILECs' petitions, thereby  
2 reducing access charges, IXCs, such as MCI, will then be required to flow-  
3 through the benefits of those reductions to its residential and business  
4 customers. Also, if the Commission approves the ILECs' petitions,  
5 Section 364.163 also provides that IXCs may determine specifically how to  
6 accomplish the flow through.

7 **Q. And MCI would implement that flow-through?**

8 A. Yes. That is the statutory requirement and we will comply. Initially, MCI  
9 expects to change its tariffed rates for some business and residential  
10 customers, but MCI has not finalized its plans. Customers may see other  
11 benefits as well, such as new programs, and innovative offerings as a result  
12 of the access charge reductions.

13 **Q. Does the manner by which benefits are flowed-through have any affect**  
14 **on approval of the ILEC petitions?**

15 A. No. The Commission is required to evaluate the ILEC petitions based on  
16 the four criteria set forth in the statute. The manner by which IXCs flow-  
17 through the benefits to their customers is not related to whether the  
18 Commission should approve the ILEC petitions. There are no flow-through  
19 issues unless the petitions are approved, so except for approval triggering  
20 the flow-through, I don't believe there is a relation.

21 **Q. Will approval of the ILEC petitions have an effect on long distance**  
22 **services?**

1 A. Yes. The long distance market place is already highly competitive and I  
2 think it will become more so. Carriers now compete on prices, new  
3 features, services, and other innovative offerings. Consumers have choices  
4 in the long distance market and the flow-through of these reductions will  
5 stimulate the development of more promotions, features and innovations.  
6 Consumers have choices in the long distance market and can make changes  
7 fairly quickly if not satisfied. If a consumer is not happy with a service for  
8 whatever reason there are other choices available.

9 **Q. If the petitions are approved, will MCI be expanding or changing the**  
10 **services offered to consumers?**

11 A. Yes. However, MCI's specific plans are not yet finalized, in part because it  
12 must know what specifically is or is not approved and in part because it is  
13 premature to predict what specifically is happening in the competitive  
14 market at the time the flow-through is to be accomplished and whether  
15 MCI's plans are an appropriate competitive response

16 MCI has been a leader in the long distance market with innovative  
17 services. For example, Friends and Family, 1-800-collect, 10-10-NXX, The  
18 Neighborhood and similar offerings were MCI innovations and some were  
19 copied by its competitors in the market. One reason that these innovative  
20 offerings have been available is that access cost reductions have allowed  
21 MCI to reprice and repackage services for consumers.

1 **Q. If the ILEC access rate reductions are approved, should the IXCs be**  
2 **required to flow-through the benefits of the reductions, simultaneously**  
3 **with the approved ILEC access rate reductions?**

4 A. Yes. MCI would support the IXCs filing concurrently with the ILEC access  
5 reduction if we are given at least 60 days to implement the rates changes.  
6 For instance, if LEC access rates were to change on March 1, 2004, MCI  
7 would be prepared to implement changes on March 1, 2004 as long as the  
8 specific changes the LECs were going to implement were known by  
9 December 31, 2003.

10 **Q. For each access rate reduction that an IXC receives, how long should**  
11 **the associated revenue reduction last?**

12 A. The marketplace should and will decide this issue. IXCs are in a dynamic  
13 market and trying to fit this flow-through effort into a “static box” does not  
14 make sense and doing so could cause significant harm to a company trying  
15 to compete.

16 **Q. How should the IXC flow-through of the benefits from the ILEC access**  
17 **rate reductions be allocated between residential and business**  
18 **customers?**

19 A. Consistent with the statute, MCI believes that each IXC should determine  
20 the best way to accomplish its flow through obligation to both its residential  
21 and business customers. MCI has traditionally split the savings on a pro rata  
22 share between its residential/consumer markets switched access base and  
23 business markets switched access customer base. This results in a split of



1 approximately [REDACTED] residential and [REDACTED] business.  
2 Then, within those customer bases, MCI has allocated the flow through  
3 savings in a manner that reflects the competitive market for that base of  
4 customers.

5 **Q. What amount of access savings does MCI expect to see if the ILEC**  
6 **access rate reductions are approved?**

7 A. MCI expects that the first year access savings will amount to approximately  
8 [REDACTED] dollars. MCI determined this amount by  
9 looking at the specific changes proposed by BellSouth (Typical Network  
10 Methodology), Verizon, and Sprint, and then calculated a composite rate  
11 per minute change in intrastate switched access. MCI then looked at  
12 forecasted minutes for 2004 and multiplied those minutes by the change in  
13 switched access.

14 **Q. Will all residential and business customers experience a reduction in**  
15 **their long distance bills? If not, which residential and business**  
16 **customers will and will not experience a reduction in their long distance**  
17 **bills?**

18 A. MCI believes all consumers in Florida will benefit from these access  
19 reductions either directly or indirectly. First, if the ILEC petitions are  
20 approved, pricing changes will occur, making people look at their bills to  
21 make sure that they have the right long distance plan for their needs.

22 Second, all MCI stand-alone, presubscribed, residential long  
23 distance customers paying MCI's in-state access recovery fee will receive a

1 benefit, because MCI will reduce its in-state connection fee over the next  
2 three years, eliminating it by July 1, 2006. At a minimum MCI will reduce  
3 it by one third each year. MCI will be passing other benefits to some of its  
4 residential customers, but has not determined specifically how it will do so  
5 at this time. MCI is also contemplating offering new products if the ILEC  
6 petitions are approved.

7 Third, depending on the service and plan, some business customers  
8 will see benefits, though not all will because of the nature of the plans.

9 **Q. Does MCI support the access reduction petitions?**

10 A. Generally, yes. I would refer to the testimony of Dr. John W. Mayo for  
11 specific responses. MCI endorses the reductions and believe they will bring  
12 benefits to all consumers.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.