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March 6, 2007

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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COMMISSION
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Re: Undocketed
MCI Network Services, Inc. and Affiliates (now owned by Verizon)
Audit of Regulatory Assessment Fees

Dear Ms. Bayo:

Enclosed for filing in the above matter are an original and 15 copies of Verizon's Response to Audit Report. Also enclosed are an original and 15 copies of a Request for Confidential Classification and Motion for Protective Order. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 770-284-5498.

Sincerely,

CMP Dulaney L. O'Roark III

COM Dulaney L. O'Roark III

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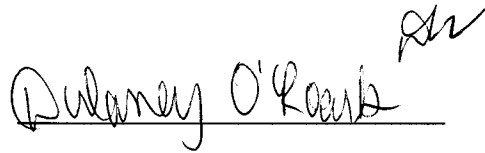
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing were hand-delivered on March 6, 2007 to:

Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Denise Vandiver
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: MCI Network Services, Inc. and)	Undocketed
Affiliates (now owned by Verizon);)	Filed March 6, 2007
Audit of Regulatory Assessment Fees)	
_____)	

REDACTED

VERIZON'S RESPONSE TO AUDIT REPORT

MCI Communications Services, Inc. d/b/a Verizon Business Services and MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services (collectively "Verizon Business") submit this response to the audit report dated January 9, 2007 that was prepared by Staff auditors with the Division of Regulatory Compliance & Consumer Assistance ("staff auditors").

A. Introduction

The Commission should reject Audit Finding Nos. 1 and 5, which Verizon Business disputes. Neither of these findings points to an error in the Regulatory Access Fee report filed by Verizon Business. Rather, staff auditors found that they could not verify whether the information reported by Verizon Business was accurate. This finding is based on unrealistic assumptions about the information the auditors chose to use in attempting to corroborate the RAF reports.

B. Audit Finding No. 1: Reconciliation to General Ledger

REDACTED – ALL OF SECTION B IS PROPRIETARY AND CONFIDENTIAL

C. Audit Finding No. 5: Amounts Paid to Other Companies

The RAF report includes an entry for “Amounts paid to other Telecommunications Companies,” which includes payments for access and UNE charges. These charges typically are submitted in industry standard electronic data files that Verizon Business enters into its systems for processing. These electronic data files usually contain voluminous data that are not formatted in a way that can simply be printed and reviewed. Instead, Verizon Business determines what specific data it needs for the purpose at hand and obtains it by submitting to its systems a query that specifies the desired data fields.

Staff auditors requested Verizon Business to provide source documentation for its RAF entry for amounts paid to other carriers. In response, Verizon Business provided a computer-generated spreadsheet summarizing all such charges it paid for the period in question. Staff auditors then requested supporting detail for several specified amounts in the summary. Verizon Business responded by providing, among other things, a computer-generated summary of 357 electronic data files. Staff auditors acknowledged that the intrastate amounts provided in that summary matched amounts provided in the initial summary that was provided by Verizon Business. But now staff auditors say that they will not be satisfied that the breakdown between intrastate and interstate charges is accurate “without an actual vendor’s invoice, summary of an invoice or access to the files.”

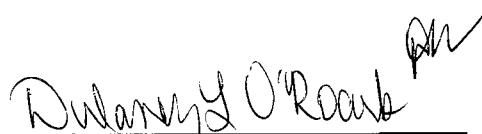
Staff auditors’ conclusion is unfounded. As has been explained to the auditors, for most of the access and UNE charges Verizon Business is requested to pay, carriers submit electronic data files rather than paper invoices. Verizon Business has provided

staff auditors with computer-generated summaries of requested electronic data files. These summaries provided staff auditors with all of the information they needed to conduct their audit, and it is unclear what additional information they now believe they need. Staff auditors suggest that obtaining access to Verizon Business's computer terminals would assist them with their audit, but this view appears to be based on the assumption that if they accessed Verizon Business's systems, they would be able to view electronic invoices. This assumption is wrong. The electronic data files are formatted so that they are unintelligible without a request for a summary or a query specifying what data the user wishes to view. Staff auditors requested summaries of the 357 electronic data files, and Verizon Business provided them. Staff auditors did not request any additional queries or specify any additional information they sought to obtain. In short, staff auditors' claim that Verizon Business failed to provide sufficient information to enable them to validate the entry for "Amounts paid to other Telecommunications Companies" is without merit.

For the foregoing reasons, Verizon Business respectfully submits that Audit Finding Nos. 1 and 5 are invalid and should be rejected.

Respectfully submitted on March 6, 2007.

By:



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