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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman

WILLIAM A. MUNDELL
Commissioner

MARC SPITZER
Commissioner

MIKE GLEASON
Commissioner

KRISTIN K. MAYES
Commissioner

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF QWEST
CORPORATION'S FILING AMENDED
RENEWED PRICE REGULATION PLAN)

Docket No: T-01051B-03-0454

IN THE MATTER OF THE INVESTIGATION
OF THE COST OF TELECOMMUNICATIONS
ACCESS)

Docket No. T-00000D-00-0672

NOTICE OF FILING SUMMARY OF TESTIMONY

Attached is a Summary of the testimony of Don Price on behalf of MCI, Inc.

RESPECTFULLY SUBMITTED this 28th day of October, 2005.

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of the foregoing filed this 28th day
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10 **COPY** of the foregoing hand-delivered
this 28th day of October, 2005, to:

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14 Chairman Jeff Hatch-Miller
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Summary of Testimonies Presented by Don Price on behalf of MCI, Inc.

In my supplemental direct testimony filed September 26, 2005, I expressed MCI's position on the Settlement Agreement negotiated by the parties. I noted that the Settlement Agreement constitutes a compromise of the positions taken by the various parties in the proceeding. I expressed MCI's support for that portion of the Agreement providing for an immediate and permanent reduction to Qwest's intrastate switched access rates by \$12 million on an industry-wide basis. And on behalf of MCI, I urged the Commission to approve the Settlement Agreement as a fair and reasonable compromise among all the signatories.

My initial direct testimony was filed November 18, 2004. In that testimony, I argued that changes in technology, markets, and regulation necessitate a complete reexamination of state retail regulation. I discussed the many technological developments that have transformed the way traditionally regulated services are provided, including computerized switching and fiber optical transmission. Those changes, in combination with advances in microelectronics, have facilitated the rapid growth of wireless communications and the onset of the age of broadband communications that are now moving into wireless broadband capabilities such as Wi-Fi and Wi-Max.

My testimony also describes the dramatic market changes that have occurred over the past decade or so. In the not too distant past, markets were separated by traditional industry and market "silos" and providers did not compete in each others' markets – such as long-distance, cable television, wireless, and "local" telephone services. It is abundantly obvious that such "silos" no longer exist and that many providers are actively competing in each others' traditional markets.

These dramatic changes require a complete rethinking of traditional retail regulation, particularly the use of traditional, top-down ratemaking principles, because application of those principles or tools in today's climate has created regulatory "underbrush" that interferes with the technical and market dynamics that otherwise are at work. Traditional regulation stands in the way of allowing consumers to pick the winners and losers in the marketplace, because regulators substitute their judgments for the actions of consumers. The relief MCI requested was that the Commission take immediate action to rectify the uneconomic, anticompetitive and discriminatory rates for intrastate switched access because existing rate levels distort retail service markets and unjustly penalize both consumers and traditional long distance service providers such as MCI.

My surrebuttal testimony filed on January 12, 2005 focused on the implications of the technological and market changes described in my direct testimony on traditional regulatory tools and methods. I explained why the Commission's focus should shift to analysis of wholesale problem areas so as to encourage consumer choice without the interference caused by forcing traditional regulatory tools in a climate for which they are ill suited.