

September 22, 2005

**Ex Parte**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

**Re: Applications for Consent to Transfer Control of Filed by Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-75**

Dear Ms. Dortch:

We write in response to the September 13, 2005, *ex parte* submission of the Alliance for Competition in Telecommunications (“ACTel”), which included a survey conducted by the Center for Survey Results and Analysis and sponsored by ACTel. ACTel claims that the survey demonstrates that “business customers largely believe that if the proposed mergers are consummated, they will see higher rates, less innovation, and poorer customer service.” ACTel *ex parte* at 1. In fact, the survey shows nothing of the kind – the survey did not even ask enterprise customers about whether they favor the proposed combination of Verizon and MCI, and its results actually tend to *disprove* the claim that most enterprise customers view the transactions with significant concern.

The ACTel survey was limited to current customers of AT&T or MCI.<sup>1</sup> The survey asked those customers two sets of substantive questions.<sup>2</sup> First, MCI customers were asked whether “MCI can offer you better rates,” more innovation, and a better response to telecommunications needs “than Verizon”; AT&T customers were asked the same question about SBC. *See* Survey at 13-14. The survey did not report the results for MCI customers but for the customers of both companies; about half said yes; the other half said “no” or “don’t know.” *See id.* (The survey features only results for those with an opinion, thereby inflating the apparent percentage of respondents that answered “yes.”) That some number of respondents answered the questions in the affirmative is not surprising – the only customers surveyed were those that had *already* chosen MCI or AT&T as a provider. This is not much different from

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<sup>1</sup> This limitation undermines the statistical validity of the survey. Only 49 respondents were MCI customers (only 21 were customers of MCI but not AT&T) and the survey does not report results for those customers or provide any comparison of responses by the various sets of customers.

<sup>2</sup> Two other sets of questions were non-substantive. Customers were asked whether they were aware of the transactions. The possibility that the individual responsible for communications purchases at a Fortune 1000 company would be *unaware* of the proposed combinations seems remote indeed. And customers were asked whether “the increased competition” in telecommunications had benefited their company. Survey at 13. Again, it is hard to imagine that any customer would fail to approve of increased competition.

asking owners of Toyota Siennas whether they prefer the vehicle they chose to the Honda Odyssey – presumably most of them do, or they wouldn't have bought the vehicle. But, in any event, to claim that this result says *anything* about what customers believe would happen “if the mergers go through” (Survey at 7) is false. Customers were *not* asked whether they believed that MCI alone could offer superior price/innovation/customer service to a proposed *combination* of Verizon and MCI. The question does not address the anticipated effect of the combination at all.

Second, MCI and AT&T customers were asked “how concerned” they were “that your rates” would increase, that service quality would decline, or that “there will be less competition” in the industry. *See* Survey at 15-16. Again, this question is phrased in such a way as to elicit an affirmative response – rather than asking an open-ended or neutral question about respondents’ attitudes, the questions assume that the respondents have some degree of concern. ACTel claims that the survey shows that a majority of respondents expressed concern about increasing rates, declining quality, or reductions in competition. *See* Survey at 9-10. But that obscures the results to the point of misrepresentation. In fact, only 11% of respondents said they were “very concerned” about rate increases; 55% said they were “not concerned” or just “a little concerned.” *Id.* at 15. This result is remarkable *not* because it demonstrates that customers are concerned that rates will increase – one would think that customers are always at least a “little concerned” that rates will increase – but for the documented absence of serious concern among enterprise customers that the proposed transactions will contribute to market power. Likewise, only 18% were “very concerned” about declining service quality (56% were not concerned or only a “little concerned”), and only 21% were “very concerned” that there would be “less competition” (50% were not concerned or only a “little concerned”). *Id.* at 15-16.

Even with the inherent bias in this survey, a majority of customers indicated little or no concern that the transaction would impact them negatively on price or service quality, and, even on the question of competition, half of those questioned had little or no concern. The survey thus provides no support for the proposition that enterprise customers believe that the proposed combination would be against the public interest.

Sincerely,



Dee May  
Verizon



Curtis Groves  
MCI

cc: Julie Veach  
William Dever  
Ian Dillner  
Gail Cohen  
Tom Navin  
Don Stockdale  
Gary Remondino