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June 24, 2002

Ex Parte

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

Re: CC Docket No. 96-98

Dear Ms.Dortch:

On June 21,2002, Jerry Hendrix, Parkey Jordan, Shelley Walls, Glenn Reynolds and the undersigned, all representing BellSouth, met with Michelle Carey, Jeremy Miller, Julie Veach and Greg Cooke from the Competition Policy Division of the Wireline Competition Bureau in connection with the above referenced proceeding. During this meeting, BellSouth explained its process for conducting audits to verify a carrier's compliance with the local usage requirements from the Commission's *Supplemental Order Clarification* in CC Docket No.96-98 released on June 2, 2000. BellSouth used the attached material in the meeting.

In accordance with Section 1.1206 of the Commission's rules, I am filing two copies of this notice and request that you associate this notice with the record in the above referenced proceeding. Please call me if you have any questions.

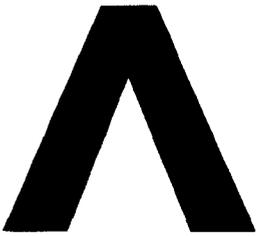
Sincerely,


W.W Jordan

Attachment

CC: Michelle Carey
Jeremy Miller
Julie Veach
Greg Cooke

BellSouth Interconnection Services



EELS Audits

June 21, 2002

**>wholesale solutions>>
>>>connect >>and create somethingSM**

June 21, 2002



Audits are not conducted routinely ...

- No audits have been conducted in the past although BellSouth has had the right to audit for more than 2 years
- There are approximately 15 audits in process at this time
- There are no specific plans to audit specific carriers or a specific number of carriers
- Audits are only conducted when a concern is raised by pre-specified criteria

When is an audit initiated?

- Purpose: Ensure, as allowed by the FCC's orders, compliance with the agreements and the FCC's orders
- Process
 - Developed a uniform evaluation process
 - Regular reviews looking for specific "flags" that trigger concern
 - Review interconnection agreement
 - Engage auditor
 - Notify carrier and FCC
 - Pre-audit meeting with auditor and representatives from both carriers
 - Begin audit

Flags that trigger concern ...

- Past problems with self-reported jurisdictionalization of traffic
- Unusually low percent local terminating traffic on a statewide basis (higher weighting given to lower percentage)
 - $\leq 25\%$
 - $\leq 50\%$
 - $\leq 75\%$
- Carrier statements that indicate that safe harbors are not being met
- Claims to offer only or primarily data services
- Claims to offer only or primarily long distance services

The auditor ...

- BellSouth has hired and paid for an independent auditor, as required by the FCC's orders
- ACA was hired because:
 - Its staff is composed of telecommunications professionals with a background in the industry
 - Its principals understand the FCC's Orders on this subject
 - BellSouth was not required to provide any education to the audit teams
 - If another firm had been hired which required education on the subject, BellSouth could have been accused of biasing the auditors
 - Its proposal minimized the costs and time involved in the audits
 - **There was no prior relationship between BellSouth and ACA**

BellSouth has fully complied with the FCC's Orders in exercising its right to audit by:

- ***Conducting audits only when it has a concern that the safe harbors are not being met***
- ***Hiring an independent auditor***