

CT Communications, Inc.
1000 Progress Place, NE
Post Office Box 227
Concord, NC 28026-0227
704-722-2500

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JUL - 1 2004

Federal Communications Commission
Office of Secretary

July 1, 2004



Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

RE: Pay Telephone Compensation - CC Docket No. 96-128
CTC Long Distance Services, LLC System Audit Report

Dear Ms. Dortch:

In accordance with requirements found in Section 64.1320(d), CTC Long Distance Services, LLC ("CTC LD") has undergone a system audit of its payphone tracking system by an independent third party auditor using methods approved by AICPA. A copy of the System Audit Report, including CTC LD's representation demonstrating its compliance, is enclosed. The name and contact information for the individual at CTC LD responsible for handling payphone compensation and disputes over payphone compensation is as follows:

Tracey Knepper
CTC Long Distance Services, LLC
P.O. Box 227
Concord, NC 28026-0227
704.722.2912

In accordance with Section 64.1320(b), CTC LD is providing a copy of the System Audit Report to the applicable payphone service providers and facilities-based long distance carriers. If there are any questions, I can be reached at 704.722.2336.

Sincerely,

A handwritten signature in cursive script that reads "Jerry L. Weikle".

Jerry L. Weikle
Director - External Affairs

Attachment

cc: APCC Services
Ameritech Payphone Services
DNS
MetTel Clearing Services
NPC
Qwest
Sprint
TCG Payphones/AT&T Public Market

BellSouth Public Communications
Alltel Payphone
ETS
Nevada Bell
Pacific Bell
SNET Payphone Services
Southwestern Bell
Verizon Public Communications

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DIXON HUGHES PLLC

Certified Public Accountants and Advisors

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
CTC Long Distance Services, L.L.C.
Concord, North Carolina

We have examined the assertions of the management of CTC Long Distance Services, L.L.C., included in the accompanying letter, that the pay telephone compensation procedures of CTC Long Distance Services, L.L.C., (CTC LD) comply with Federal Communications Commission (FCC) Docket No. 96-128 as of June 30, 2004. Management is responsible for complying with rules adopted by the FCC. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertions of CTC LD pay telephone compensation compliance and performing other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertions regarding CTC LD compliance with FCC pay telephone compensation procedures, based on FCC Docket No. 96-128, as of June 30, 2004 are fairly stated, in all material respects.

Dixon Hughes PLLC

June 30, 2004

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CT Communications, Inc.
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*Long
Distance
Services*

June 11, 2004

Dixon-Hughes PLLC
Neal Dorman
1829 Eastchester Dr.
High Point, NC 27265

RE: CTC Long Distance Services, LLC System Audit Report
Pay Telephone Compensation – CC Docket No. 96-128

Dear Mr. Dorman:

In accordance with the requirements found in Section 64.1320(d) of the Commission's Rules, CTC Long Distance Services, LLC ("CTC LD") makes the following assertions regarding its compliance with the payphone service provider ("PSP") compensation procedures:

1. CTC LD's procedures accurately track calls to completion.
2. CTC LD has a person responsible for tracking, compensating and resolving disputes concerning payphone-completed calls:
 - a. Tracey Knepper, CTC LD, PO Box 227, Concord, NC 28026-0227, (704) 722-2912, tknepper@emp.ctc.net
 - b. CTC LD does not use a Clearinghouse to process payphone compensation.
3. CTC LD has effective data monitoring procedures:
 - a. CTC LD maintains a datawarehouse containing detailed call records, which can be utilized for payphone compensation.
 - i. Data is retained for 13 months in the Datawarehouse, after which the data is stored via tape that can be accessed as needed.
 - b. Reports are generated monthly and reviewed for accuracy.
4. CTC LD adheres to established protocols to ensure that any software, personnel or other network changes do not adversely affect its payphone call tracking ability.
5. CTC LD has created a compensable payphone file by matching call detail records against payphone identifiers.

6. CTC LD has procedures to incorporate call data into required reports. Tracked items include, but are not limited to:
 - a. Payphone number
 - b. Toll-Free or access code numbers
 - c. Carrier Code (CIC) of completing Carrier
 - d. Usage period of call
 - e. Payphone identifier
7. CTC LD has implemented procedures and controls needed to resolve disputes.
8. The independent third party auditor can test all critical controls and procedures to verify that errors are insubstantial.
9. CTC LD has adequate and effective business rules for implementing and paying payphone compensation including rules used to:
 - a. Identify calls originated from payphones:
 - i. The PSP or Clearinghouses, who own the payphone, provide Payphone numbers.
 - ii. CTC LD is in the process of modifying its system reporting to include info digit information. This reporting will be used to analyze payphone calls made July 1, 2004 and after.
 - b. Identify compensable payphone calls:
 - i. Call records with a call duration greater than zero minutes are selected that contain an originating payphone number and that terminate to CTC LD long distance calling card, prepaid calling card, toll-free or access code numbers.
 - c. Identify incomplete or otherwise noncompensable calls:
 - i. Calls with a call duration of zero minutes are incomplete calls and are therefore noncompensable.
 - ii. Dial around 101-xxxx calls are unable to be made from payphones.

Dixon-Hughes, PLLC

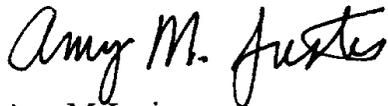
June 11, 2004

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- d. Determine the identities of the PSP to which CTC LD owes compensation:
 - i. CTC LD reviews the notarized affidavits submitted each quarter attesting that a PSP is eligible for compensation and prepares its compensation accordingly.
 - ii. CTC LD needs the following information from the PSP in order to compensate them:
 1. Payphone numbers used by the PSP
 2. Current address and contact number for PSP
 3. Email address to whom quarterly data should be sent.

In summary, CTC LD has in place the appropriate procedures and tracking to abide by the FCC's Rules found in Section 64.1320.

Sincerely,



Amy M. Justis
VP of Administrative Operations