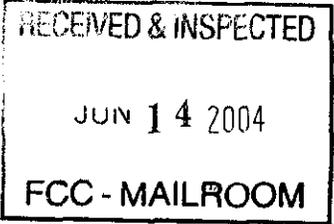


June 11, 2004

DOCKET FILE COPY ORIGINAL



Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

cc Docket # 96-128

Re: Payphone Compensation System Audit
FCC Mandated Submission of Auditor's Report of Finding

Dear Madam Secretary:

Enclosed is the report of findings of our audit firm Phillips & Associates, CPA's with respect to the payphone compensation system and procedures of NTS Communications, Inc. This report is filed with you pursuant to Sec. 64.1320 of part 64-Code of Federal Regulations. The following information is also submitted pursuant to that section.

Completing Carrier Name: NTS Communications, Inc.

The following officers are responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation.

Contact Officer: Jerry E. Hoover
Executive Vice President and Chief Financial Officer
Phone: 806.788.2981
Fax: 806.797.9807
Email: jerryh@ntscom.com

General Counsel: Daniel Wheeler
Phone: 806.788.2915
Fax: 806.797.9807
Email: danw@ntscom.com

Please process and record this submission. Thank you for your time and attention in this matter.

Sincerely yours,

A handwritten signature in black ink that reads "Jerry E. Hoover".

Jerry E. Hoover
Executive Vice President
and Chief Financial Officer

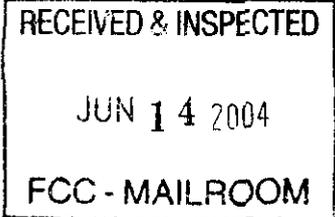
Lubbock, TX 79414

1.800.658.2150

fax: 806.788.3386

www.ntscom.com





Independent Accountant's Report

To the Board of Directors and Management
NTS Communications, Inc.

We have examined NTS Communications, Inc.'s compliance with the Federal Communications Commission's (FCC) requirements for call tracking and compensating Payphone Service Providers (PSP) accurately and timely during the period of September 1, 2003 through January 15, 2004. Management is responsible for NTS Communications, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on NTS Communications, Inc.'s compliance 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 about NTS Communications, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on NTS Communications, Inc.'s compliance with specified requirements.

In our opinion, NTS Communications, Inc. complied, in all material respects, with the aforementioned requirements for the period September 1, 2003 through January 15, 2004.

Phillips & Associates, CPA's

Phillips & Associates, CPA's
March 22, 2004