

**U.S. South Communications, Inc.**

**Report of Management on Compliance  
With the Federal Communications  
Commission's Third Payphone Order**

**July 1, 2004**



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## Report of Independent Accountants

We have examined management's assertion, included in the accompanying "Report of Management on Compliance with the Federal Communications Commission's ("FCC") Third Payphone Order", that as of November 23, 2004, U.S. South Communications, Inc. (the "Company") has designed and developed systems and procedures that were operational on July 1, 2004 to meet the payphone call tracking system requirements set forth in Appendix C of the FCC's Report and Order 03-235<sup>1</sup> (the "Order"). Management is responsible for Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company'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 the Company'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 the Company's compliance with specified requirements.

In our opinion, management's assertion that U.S. South Communications, Inc. complied with the aforementioned requirements as of November 23, 2004 is fairly stated, in all material respects.

This report is intended solely for the information and use of U.S. South Communications, Inc. and all other parties specified in the Order and is not intended to be and should not be used by anyone other than these specified parties.

*Holland Shipes Vann, P.C.*

November 23, 2004

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<sup>1</sup> Refers to the Federal Communications Commission Report and Order CC Docket No. 96-128 *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996* Report and Order, released October 3, 2003.



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## **Report of Management on Compliance With the Federal Communications Commission's Third Payphone Order<sup>1</sup>**

Management of U.S. South Communications, Inc. ("U.S. South") is responsible for complying with the requirements set forth in FCC 03-235, released October 3, 2003 and effective July 1, 2004 (the "Third Payphone Order") as the date of this report.

Management has performed an evaluation of U.S. South's compliance with the requirements of the Third Payphone Order as of the date of this report. Based on this evaluation, we assert that U.S. South has complied with the requirements of the Third Payphone Order.

U.S. South complied with the requirements in the following manner:

1. U.S. South has developed a system to identify and track coinless access code or subscriber toll-free payphone calls to completion.
2. U.S. South has designated persons or has contracted with a third-party entity responsible for tracking, compensating, and resolving disputes concerning completed payphone calls.
3. U.S. South has developed data monitoring procedures to track completed payphone records from call origination through the payphone compensation process.
4. U.S. South has established internal protocols to ensure any software, personnel or network changes do not adversely affect U.S. South's ability to track payphone call records.
5. U.S. South has in place processes to create a quarterly compensable payphone call file. This process matches detail call records against payphone identifiers to identify and select compensable payphone records. The first quarterly compensable payphone call file was produced for the quarter ended September 30, 2004.
6. U.S. South has developed procedures to provide a compensable payphone call file to Atlantax Systems, Inc.<sup>2</sup> ("Atlantax") for purposes of creating required reports.

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<sup>1</sup> The "Third Payphone Order" refers to *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128 Report and Order, FCC 03-2235, released October 3, 2003 by the Federal Communications Commission ("FCC"). The requirements of the Third Payphone Order are set forth in Appendix C of the above-referenced Report and Order.

<sup>2</sup> U.S. South Communications, Inc. entered into an agreement with Atlantax Systems, Inc. to handle compensation to and dispute resolution from the various payphone service providers ("PSPs") on behalf of the Company.

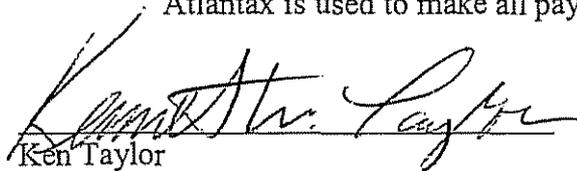
7. U.S. South has developed and implemented procedures and controls internally or through Atlantax to identify, respond to, and resolve disputes. Contact information for dispute resolution:

Atlantax Systems, Inc.  
4360 Chamblee Dunwoody Rd., Suite 550  
Atlanta, GA 30341  
(770) 458-1050

Primary contact: Linda Hughes (ext. 144), Manager of Data Processing  
Secondary contact: George Gavaghan (ext. 141), Lead Programmer  
Escalation contact: Jill Gabriel (ext. 104), Chief Financial Officer

8. U.S. South has developed and implemented controls around the payphone tracking process to ensure the number of payphone records that fall-out of the process are insubstantial.
9. U.S. South has developed a process and business rules that accurately identify:
- a. Payphone originated calls, based on ANI Infodigits 8, 27 or 70.
  - b. Completed payphone calls that are compensable to the PSPs, based on whether the calls were made to a toll free number, which are eligible for Dial Around Compensation. U.S. South identifies completed calls on the Time Division Multiplexing (TDM) network by call detail record Answer Supervision-Time Point 6 Qualifier (TP6Q) field. When the TP6Q indicator is greater than 0, the call was answered.
  - c. Payphone calls that are incomplete or otherwise non-compensable if on the TDM network the Answer Supervision TP6Q = 0, indicating the call was not answered or not completed.
  - d. The PSPs to which U.S. South owes compensation. U.S. South delivers those compensable calls to Atlantax to be matched to the database of ANIs submitted by the PSPs each quarter for payment. Atlantax is used to make all payments to PSPs.

By:



Ken Taylor  
Chief Financial Officer  
U.S. South Communications, Inc.