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November 9, 2005

VIA CERTIFIED MAIL

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20544

Re: CC Docket No. 96-128 Pay Telephone Reclassification and Compensation Provisions
of the Telecommunications Act of 1996 - Annual Audit

Dear Ms. Dortch:

Please find attached PAETEC Communications, Inc's (PAETEC), Annual Audit Report as requested in the Report and Order adopted on September 30, 2003, CC Docket No. 96-128.

PAETEC has also submitted a copy of this report to the National Pay Phone Clearing House, who will in turn will remit a copy to all of our facilities-based long distance carriers and payphone service providers, as identified in §64.1320(b).

Any questions that you might have in regard to the submission of this audit should be directed to:

JT Ambrosi
Vice President, Carrier and Government Relations
PAETEC Communications, Inc.
One PAETEC Plaza
600 Willowbrook Office Park
Fairport, NY 14450
(585) 340-2528 Office
(585) 770-2498 Fax
jt.ambrosi@paetec.com

Sincerely,

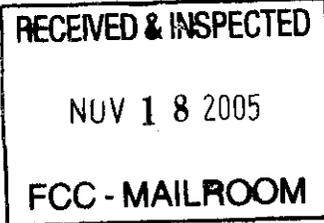
Amy D. Bellerose
Regulatory Analyst

Enclosure

Cc: National Pay Phone Clearing House

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SAGAMORE PUBLICATIONS
P.O. BOX 948
Saratoga Springs, N.Y 12866
Tel 518-583-1000
Fax 518-584-5053
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**2005 AUDIT FOR PAETEC COMMUNICATIONS CONCERNING PROCESS COMPLIANCE FOR
FCC REQUIRED PAYPHONE CALL BILLING**

The FCC released a payphone compensation report and order on October 3, 2003. The FCC is directing the implementation of new payphone compensation rules requiring all Completing Carriers and Switched Based Resellers (SBR) to compensate Payphone Service Providers (PSP's) for coinless (Dial Around Calls) such as 800 numbers and Calling Card calls. The effective date is July 1, 2004.

This 2005 audit report of process compliance readiness on the part of PAETEC Communications consists of five sections labeled I through V.

- I. FCC PAYPHONE ORDER SUMMARY
 - II. ATTESTATION REQUIREMENTS
 - III. ATTESTATION (AUDIT) REPORT
 - IV. ATTESTATION AUDIT REPORT SUMMARY
 - V. ATTESTATION PROVIDERS SAMPLE TEST ATTACHMENTS
-
- I. FCC FINAL RULES SUMMARY

This order places the liability on the facilities-based long distance carrier to compensate PSPs for payphone-originated calls that are completed on the facilities-based long distance carrier's platform. This facilities-based long-distance carrier is the switch-based reseller (SBR) or IXC that completed the call on a switch that it owns or leases. (In those instances where the payphone-originated call is local, the rules apply to the LEC that completes the payphone call on a switch that it owns or leases. For the purpose of this order any carrier that completes a payphone call is an SBR. Obligation for switchless long distance resellers are not altered by this order.) To satisfy its liability to the PSP the SBR must establish a tracking system, third party attestation, and pay a PSP based on the SBR call tracking data.

II. ATTESTATION REQUIREMENTS

An attestation by Third Party Auditor, using audit methods approved by the American Institute for Certified Public Accountants.

- A** By the effective date of these rules, must file attestation report with the Commission's Secretary and with each PSP.
- B** Verify tracking system accurately tracks payphone calls to completion.
- C** Attestation must verify;
- 1 The Completing Carrier's procedures accurately track calls to completion.
 - 2 If the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
 - 3 Whether the Completing Carrier has effective data monitoring procedures.
 - 4 Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.
 - 5 Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.
 - 6 Whether the Completing Carrier has procedures to incorporate call data into required reports.
 - 7 Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.
 - 8 Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.
 - 9 Whether the Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:
Identify calls originated from payphones
Identify compensable payphone calls
Identify incomplete or otherwise noncompensable calls
Determine the identities of the PSPs to which the Completing Carrier owes compensation.
- D. The Completing Carrier must disclose;**
- 1 Its criteria for identifying calls originating from payphones.
 - 2 Its criteria for identifying compensable payphone calls.
 - 3 Its criteria for identifying incomplete or otherwise noncompensable calls.
 - 4 Its criteria used to determine the identities of the PSPs to which compensation is owed.
 - 5 Information that the Completing Carrier needs from the PSPs to compensate them.

III. ATTESTATION (AUDIT) REPORT FINDINGS

- A PAETEC must file attestation report with the Commission's Secretary and with each PSP.**
- B. Sagamore (The Auditor) has Verified that a tracking system accurately tracks payphone calls to completion.**
- C. Sagamore has verified the following:**
- 1 The Completing Carrier's procedures accurately track calls to completion.
 - 2 The Completing Carrier has a manager responsible for tracking, compensating and resolving disputes concerning payphone-completed calls.
 - 3 The Completing Carrier has effective data monitoring procedures.
 - 4 The Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.
 - 5 The Completing Carrier does create a compensable payphone call file by matching call detail records against payphone identifiers.
 - 6 The Completing Carrier has procedures to incorporate call data into required reports.
 - 7 The Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.
 - 8 The independent third-party auditor did test all critical controls and procedures to verify that errors are insubstantial.
 - 9 The Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:
 - Identify calls originated from payphones
 - Identify compensable payphone calls
 - Identify incomplete or otherwise non-compensable calls
 - Determine the identities of the PSPs to which the Completing Carrier owes compensation via use of the NPC.
- D. The Completing Carrier did disclose;**
- 1 Its criteria for identifying calls originating from payphones.
 - 2 Its criteria for identifying compensable payphone calls.
 - 3 Its criteria for identifying incomplete or otherwise non-compensable calls.
 - 4 Its criteria used to determine the identities of the PSPs to which compensation is owed via the NPC.
 - 5 Information that the Completing Carrier needs from the PSPs to compensate them obtained thru the NPC.

IV. ATTESTATION (AUDIT) REPORT SUMMARY

Sagamore Publications, a telephone-consulting firm, performed an audit during November of 2005, to insure that a process for compliance to this FCC order was in place at PAETEC Communications. The following are the results of that audit.

1. Sagamore researched the ability of PAETEC Communications to comply with the FCC directives concerning the PAYPHONE order.

2. Sagamore confirmed that PAETEC Communications is in compliance with a process to:

A. Identify calls originated from payphones

B. Identify compensable payphone calls

C. Identify incomplete or otherwise non-compensable calls

D. Determine the identity of the PSPs to which PAETEC owes compensation.

3. Sagamore determined compliance via dialogue with PAETEC managers, technicians, off site testing from Payphones, and a review of Payphone billing data resulting from these test calls and actual Payphone calls with correlation of that data by the use of an Oracle processing program in the SUN Computer station which is used to prepare the Payphone Billing report prepared for the National Payphone Council (NPC). It is the NPC which identifies the actual Payphone Service Providers (PSPs) who are due compensation for the Payphone Calls completed by PAYTEC Communications.

4. SUMMARY OF AUDIT:

A. PAETEC Communications uses a Lucent 5ESS as their Central Office Switch. The 5ESS is a widely used switch by LEC's, IXCs and CLEC's for both local and Interexchange Carrier service. The switch has industry standard features including the features required to collect Electronic Message Records (EMR) for all calls originated by customers served from the switch for local service and for customers who access the switch via incoming trunks from other Carriers. The billing collection features capture all required data to meet the PAYPHONE billing process required by the FCC. When additions to the 5ESS are required for either Hardware or software generics, a Method of Procedure (MOP) is in place to insure that the current billing data collection sequence is maintained.

B. Billing data collection is compiled by the 5ESS Administrative Module and downloaded more that once a day with copies of these records placed in back up storage and sent to SUN work stations equipped with an Oracle software program. It is the Oracle program, which massages this data for the billing functions PAYTEC needs to accommodate its own customers, Carrier Access Billing and the reports to be sent to the NPC for use in determining the PSP settlements required by FCC PAYPHONE order.

C. Test calls were made from both traditional coin supervisory and non-supervisory payphone locations in Saratoga Springs to 800 and DDD numbers, which PAETEC completes to. The 800 calls were made form both types of Payphones without using coins and the DDD numbers were made from the same phones using Calling Cards. Ten test calls were made without the knowledge of PAETEC. After these calls were made, PAETEC Communications was contacted and given the date and approximate time of the calls. PAETEC was asked to produce a record of these calls.

D. Call records for these test calls were produced by PAETEC Communications and given to Sagamore. These records contained all required call data in a standard format to enable Sagamore to verify that the process for tracking payphone call data was in place.

E. Test calls were made in the first week of November 2005. After these calls, a site visit was not made since Sagamore had already completed one in 2004 and no major additions had been made to the switch. During the 2004 visit Sagamore did view the switch, the SUN work stations and examined reports from the Oracle software program to verify that PAYPHONE Call records could be sent to the NPC with all required data needed to identify the PSPs, by their 10 digit telephone number and the 800 and calling card calls made from these phone, with the date, time of day and duration of call. Sagamore verified that Oracle does contain adequate programming to produce these records from the 5ESS EMR records. Sagamore reviewed records form both the test calls we had made and a sample of actual PAYPHONE Calls completed by PAETEC .

Audit Results: Sagamore found as a result of our 2005 audit that a process is in place at PAETEC Communications to meet the FCC PAYPHONE Billing requirements.

Samples of the test calls and research of the PAETEC 5ESS switch can be found in the Attachments to this Process Audit.

This report is intended for internal use by PAETEC Communications and review by the FCC and NPC. Questions concerning this Process Audit of PAETEC Communications can be directed to William Darcy, Sagamore Publications, Box 948, Saratoga Springs, N.Y. 12866, or by telephone on 518.583.1000 or e mail to spedx2000@aol.com.

END OF PROCESS AUDIT REPORT (attachments follow)

**V. ATTACHMENTS TO THE PROCESS AUDIT BY
SAGAMORE
FOR PAETEC COMMUNICATIONS IN THE MATTER
OF COMPLIANCE OF PSP BILLING AS DIRECTED BY
THE FCC**

ATTACHMENT 1

SAMPLE OF TEST CALLS DELIVERED

**PART A TESTS FROM SARATOGA COIN SUPERVISORY TYPE II 27 CODE (OLI 470)
PAYPHONES: Calls originated from 518-584-8815**

TEST CALLS BETWEEN 1PM AND 1:10PM NOV 2,2005

- 1a. Test call made from payphone to 877.772.3832 on May 23, 2004 completed.
- 1b. Test call made from payphone to 877.772.3832 on May 23, 2004 incomplete.

- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 completed.
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 completed.

- 3. DDD: 585.340.2801 (calling card 800-555-5505 card 585-340-2500.1111)

**PART B TESTS FROM SARATOGA COCOT TYPE II 70 CODE
(OLI 470) PAYPHONES: Calls originated from 518-581-7718**

TEST CALLS BETWEEN 1:10 PM AND 1:20PM NOV 2,2005

- 1a. Test call made from payphone to 877.772.3832 on May 23, 2004 completed.
- 1b. Test call made from payphone to 877.772.3832 on May 23, 2004 incomplete.

- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 completed.
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 incomplete.

- 3. DDD: 585.340.2801 (calling card 800-555-5505 card 585-340-2500.1111)

**ATTACHMENTS TO THE PROCESS AUDIT BY SAGAMORE
FOR PAETEC COMMUNICATIONS IN TH MATTER OF
COMPLIANCE OF PSP BILLING AS DIRECTED BY THE FCC**

ATTACHMENT 2

**TEST CALL RESULTS
DATA FROM PAETEC 5ESS SWITCH**

Below are the raw AMA records recorded from the Paetec 5ess Switch: These records in BAF AMA format contain, among other things, Call Date/Time, Duration (in MMMMSS), Orig Num, Dialed Num, Info Digits (indicating coin origin). These records contain the data from each test call made on November 2, 2005. All info need for 800 settlements was captured.

COCOT Payphone Calls:

007C0000AA40625C710C008C0000009C032C0602004C51102C00000C0200000C0C0C0C0000C518C5817718C0C008
77C3402600C1312017C00000089C00009C51102C1311545C000000161C010C90113CFF8C1C960C22010C0000444
81750030C104C101130335C104C202080159C306C070C071C001C0C00016C000C

007C0000AA40625C710C008C0000009C032C0602004C51102C00000C0200000C0C0C0C0000C518C5817718C0C008
77C3402600C1312309C000000076C00009C51102C1312295C00000089C010C90113CFF8C1C960C22010C0000654
70750010C104C101130093C104C202280221C306C070C071C001C0C00016C000C

00970000AA40625C710C008C0000002C032C0602004C51102C00000C0200000C0C0C0C0000C518C5817718C0C008
77C7723832C1411484C000000053C00009C51102C1411388C000000148C010C90112CFF8C1C720C001C051858000
00CFFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000092102510010C104C101120026C104C203510471C
306C070C071C001C0C00016C000C

00A40000AA50625C710C008C0000002C032C0602004C51102C00000C0200000C1C0C0C0000C518C5817718C0C008
77C7723832C1412134C000000000C00009C51102C1412134C000000027C0000C90112CFF8C1C0101431C720C001C0
5185800000CFFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000010422350010C025C51102C1412161C104
C101120041C104C203510502C306C070C071C001C0C00016C000C

00970000AA40625C710C008C0000002C032C0602004C51102C00000C0200000C0C0C0C0000C518C5817718C0C008
00C5555505C1413387C000000561C00009C51102C1413365C000000583C010C90114CFF8C1C720C001C051858000
00CFFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000116652440020C104C101140519C104C206080004C
306C070C071C001C0C00016C000C

Coin Supervisory Payphone calls:

007C0000AA40625C710C008C0000009C032C0602004C51102C00000C0200000C0C0C0C0000C518C5848815C0C008
77C3402600C1304294C000000078C00009C51102C1304279C000000092C010C90113CFF8C1C960C22010C0000492
10910010C104C101130078C104C202280210C306C027C071C001C0C00016C000C

007C0000AA40625C710C008C0000009C032C0602004C51102C00000C0200000C0C0C0C0000C518C5848815C0C008
77C3402600C1304585C000000087C00009C51102C1304570C000000102C010C90113CFF8C1C960C22010C0000714
91020030C104C101130392C104C202280101C306C027C071C001C0C00016C000C

00970000AA40625C710C008C0000002C032C0602004C51102C00000C0200000C0C0C0C0000C518C5848815C0C008
77C7723832C1403546C000000063C00009C51102C1403521C000000087C010C90112CFF8C1C720C001C051858000
00CFFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000095441830030C104C101120125C104C203510498C
306C027C071C001C0C00016C000C

00970000AA40625C710C008C0000002C032C0602004C51102C00000C0200000C0C0C0C000C518C5848815C0C008
77C7723832C1404404C000000015C00009C51102C1404365C000000054C010C90112CFF8C1C720C001C051858000
00CFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000095550480010C104C101120001C104C203510325C
306C027C071C001C0C00016C000C

00970000AA40625C710C008C0000002C032C0602004C51102C00000C0200000C0C0C0C000C518C5848815C0C008
00C5555505C1406414C000001021C00009C51102C1406391C000001044C010C90114CFF8C1C720C001C051858000
00CFFFFFFFFFFFFFFFFFFFFFFFF3090000C960C22010C000072391910010C104C101140007C104C206080015C
306C027C071C001C0C00016C000C

CABS records that are collected specifically for payphone compensation purposes:

COCOT Payphone Calls:

CHG,113,051102,5185817718,8773402600,131201,70,00000008,GC-800
CHG,113,051102,5185817718,8773402600,131230,70,00000007,GC-800
ROC,112,051102,5185817718,8777723832,141148,70,00000005,SPR-800
ROC,112,051102,5185817718,8777723832,141213,70,00000000,SPR-800
ROC,114,051102,5185817718,8005555505,141338,70,00000056,MCI-800

Coin Supervisory Payphone calls:

CHG,113,051102,5185848815,8773402600,130429,27,00000007,GC-800
CHG,113,051102,5185848815,8773402600,130458,27,00000008,GC-800
ROC,112,051102,5185848815,8777723832,140354,27,00000006,SPR-800
ROC,112,051102,5185848815,8777723832,140440,27,00000001,SPR-800
ROC,114,051102,5185848815,8005555505,140641,27,00000102,MCI-800

END OF TEST CALL RESULTS

ATTACHMENT 3

PAETEC PAYPHONE AUDIT QUESTIONNAIRE

October 20,2005

1. English name of PAETEC Fairpoint 5ESS Switch.

ANSWER: HQ is in Fairport / Switch is actually in Henrietta (or is it Brighton?). Casual name is "PAETEC Rochester Switch."

2. CLLI Code address of PAETEC Fairport 5ESS Switch.

ANSWER: ROCHNY01DS0

3. Current Generic Number of PAETEC Fairport 5ESS Switch

ANSWER: 5E16.02 BWM05-0006

4. Are the EMR (Billing Records) compiled by the same Lucent Switch.

(Check one) YES ___XXX___ NO _____

5. Are your EMR records processed in (by PAETEC) or sent out?

In House ___XXX___ Sent out _____

6. If EMR is sent out (question 5) what is name and address of billing company?

ANSWER: NA

7. Is the required NCC data processed in house or sent out?

ANSWER: In House

8. What program is used to process the NCC Data for:

A. PAYPHONE 800 Calls – Various Oracle stored procedures and a custom C++ program to produce the actual output.

B. PAYPHONE Feature Group A Calls – Not Applicable.

C. PAYPHONE Feature Group B Calls – Not Applicable.

9. What Program stores NCC data to send quarterly reports?

ANSWER: Data is stored in Oracle.

10. Are uncompleted (Busy & Ring no Ans.) calls included in the NCC report?

(Check one) YES _____ NO ___XXX___

11. Is your EMR data compiled daily and stored?

(Check one) YES ___XXX__ NO _____

12. How long is your processed EMR data kept on File at your HQ?

ANSWER: Within Oracle calls are kept for 3 months, on DVD ROM calls are archived for 7 years.

13. How long is your NCC data kept on file at your HQ?

ANSWER: I maintain all extracts that I have produced for NPC. Prior to my tenure I am not certain (I have 2003Q2 thru 2004Q1). Data in Oracle for NPC is kept for 7 years.

14. If required, can you produce at your HQ, EMR records of calls made within the previous week?

(Check one) (YES XXX) NO

15. If required, can you produce at your HQ, NCC records of calls made within the previous week?

(Check one) YES (NO *XXX) – the NPC feed is an aggregate of calls over a span of time. Payphone calls are typically processed monthly and the NPC feed is produced on a quarterly basis. *It would take some manual effort to run a partial NPC report but it could theoretically be done.

16. If the answer to question 14 or 15 is NO, please state how long in advance test calls would have to be made for an auditor to view EMR and NCC records for particular calls made prior to an on site visit.

ANSWER: Calls are typically available the next day for billing purposes. For creating the NPC feed, it is usually done a month at a time (or a quarter at a time). I would have to investigate the level of effort to produce a partial months worth of call and make sure that it did not adversely affect the regular quarterly processing, which would follow such an extract.

17. Please select an audit on site visit date form the two listed below:

(CHECK ONE) Nov 03, 2005 (Nov 10, 2005)

18. Can this questionnaire be returned by Nov01, 2005 in e-mail?

(Check one) (Yes. XXX) No

19. If any dates in questions 17 or 18 are not acceptable, please call 518-583-1000 to negotiate another date.

20. Is PAETEC aware that this questionnaire must be returned by Nov 10 and an audit visit made (if needed) by the end of Nov 2005 to allow for a December 05 Audit Report to be issued?
(Check One) (YES - XXX) NO

IF YOU HAVE ANY QUESTIONS ABOUT THIS QUESTIONNAIRE, PLEASE CONTACT **BILL DARCY**
ON 518-583-1000.
RETURN THE COMPLETED QUESTIONNAIRE AS AN ATTACHMENT BY E-MAIL TO
SPEDX2000@AOL.COM.
BE SURE TO TYPE **QUESTIONNAIRE RETURN** IN THE E MAIL TITLE.

End Of Attachments

PATEC

PAYPHONE AUDIT

2005

**SAGAMORE PUBLICATIOJNS
P.O. BOX 948
SARATOGA SPRINGS N.Y. 12831
518-593-1000
SPEDX2000@AOL.COM**