



# Connect America

Communications, Inc.

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November 15, 2006

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

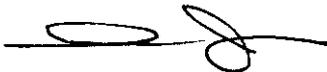
In response to the Federal Communications Commission's Report and Order in CC Docket No. 96-128, specifically the statement requested in Section 64.1320(e), Connect America Communications, Inc. provides the following information.

The Completing Carrier is Connect America Communications, Inc.. The entity responsible for handling the Completing Carrier's payphone compensation and resolving disputes with payphone service providers over compensation is:

Billing Concepts, Inc.  
7411 John Smith Drive  
Suite 200  
San Antonio, Texas 78229  
(210) 949-7109

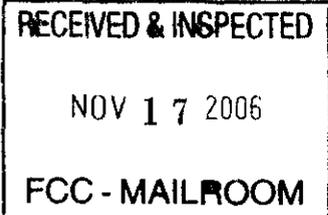
This statement shall be updated within 60 days of any changes of such persons.

Sincerely,



Anton J. Bily  
President

13333 Blanco Road, Suite 304 San Antonio, Texas 78216-2138  
(210) 492-8200 Fax (210) 492-7940



**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

**Independent Accountants' Report**

To the Board of Directors  
Connect America Communications, Inc.  
San Antonio, Texas

We have examined Connect America Communications, Inc.'s compliance with Section 64.131(a)(1) of the Federal Communications Commission's Report and Order in CC Docket No. 96-128, adopted September 30, 2003 (the "Order") as detailed in Attachment A, including its policies and procedures required to be in place under the Order effective July 1, 2005 for the period from July 1, 2005 through June 30, 2006. Management is responsible for Connect America Communications, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on Connect America 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 Connect America 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 Connect America Communications, Inc.'s compliance with specified requirements.

In our opinion, Connect America Communications, Inc. complied, in all material respects, with the aforementioned requirements for the period from July 1, 2005 through June 30, 2006.

*Padgett, Stratemann & Co.*

Certified Public Accountants  
September 15, 2006

Attachment

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Phone (210) 828-6281 • (800) 879-4966 • Fax (210) 826-8606

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**Report of Management on Compliance with Applicable Requirements  
of Section 64.1310(a)(1) of the FCC's Rules and Regulations**

Management of Connect America Communications, Inc. ("Connect America" or the "Company") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2006, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to Connect America's Payphone Call Tracking Systems.

Connect America is acknowledged as the "Completing Carrier" in the following call scenarios:

➤ Operator Service Calls (Completed by Connect America)

All assertions for Connect America are from the point Connect America has visibility to the call tracking data.

Connect America uses Billing Concepts, Inc. ("BCI") for payphone compensation settlement. Connect America has obtained and relied upon third-party assurance from BCI to verify that controls and procedures relating to these assertions have been established and maintained by BCI. An independent assessment of the effectiveness of such controls has been performed by an independent accounting firm.

Connect America represents the following assertions where it is identified as the Completing Carrier:

**FCC Compliance Factor (1) – Connect America's ("Completing Carrier") procedures accurately track calls to completion.**

- Connect America's definition of the "per-call rate" of \$.494 is in compliance with FCC rules.
- Connect America's definition of a "Compensable Call" (payphone-originated call that completes over Connect America's network in which Connect America identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- Connect America's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- Connect America's systems are able to generate the following reports on a quarterly basis:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by Connect America.

**Report of Management on Compliance with Applicable Requirements  
of Section 64.1310(a)(1) of the FCC's Rules and Regulations**

- c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Connect America's payphone compensation.
  - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Connect America categorized according to toll-free and access code numbers.
- Connect America's data storage requirement (18 months) is in compliance with FCC rules.
  - Connect America's procedures for identifying PSPs are complete and accurate.
  - Connect America's procedures for validating payphone ANIs are complete and accurate.

**FCC Compliance Factor (2) – Connect America (“Completing Carrier”) has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.**

- Connect America has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- Connect America has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Connect America has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets.
- Connect America has designated personnel who are responsible for developing compensation-tracking reports.
- Connect America has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC Compliance Factor (3) – Connect America (“Completing Carrier”) has effective data monitoring procedures.**

- Connect America has the ability to prepare quarterly reports on payphone call counts, PSP identities, and numbers dialed.
- Connect America performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Connect America has the ability to produce trend reports of excluded calls.
- Connect America performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- Connect America has the ability to investigate and resolve PSP disputes.

**Report of Management on Compliance with Applicable Requirements  
of Section 64.1310(a)(1) of the FCC's Rules and Regulations**

**FCC Compliance Factor (4) – Connect America (“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.**

- Connect America has security controls in place to control access to and monitor call-tracking data.
- Connect America has security controls in place to control access to and monitor the payment disbursement system.
- Connect America has a department that is responsible for making software changes that affect payphone compensation.
- Connect America has established protocols to implement and test software changes affecting payphone compensation.
- Connect America has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

**FCC Compliance Factor (5) – Connect America (“Completing Carrier”) creates a compensable payphone call file by matching call detail records against payphone identifiers.**

- Connect America utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Connect America uses payphone specific identifiers (info digits or ANI lists) to identify a compensable payphone call record.
- Connect America applies validation and control procedures to compile the Compensable Call File.

**FCC Compliance Factor (6) – Connect America (“Completing Carrier”) has procedures to incorporate call data into required reports and making payments to PSPs.**

- Connect America's systems are able to generate the following reports on a quarterly basis:
  - a) A list of the toll free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by Connect America.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Connect America's payphone compensation.
  - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Connect America categorized according to toll-free and access code numbers.
- Connect America possess a valid list of payphone owners identified by ANI.

**Report of Management on Compliance with Applicable Requirements  
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**FCC Compliance Factor (7) – Connect America (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.**

- Connect America maintains required call tracking data for at least 18 months.
- Connect America has the ability to investigate and resolve PSP disputes.
- Connect America has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC Compliance Factor (8) – Critical controls and procedures have been tested by Connect America (“Completing Carrier”) to verify that errors are insubstantial.**

- Connect America has procedures to identify payphone-originated calls.
- Connect America has procedures to capture dial-around calls.
- Connect America has procedures to exclude incomplete calls from the Compensable Call File.
- Connect America has procedures to accurately populate call record data in the Compensable Call File.
- Connect America has procedures to exclude commissioned calls from the Compensable Call File.

**FCC Compliance Factor (9) – Connect America (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.**

- Connect America has business rules that identify calls originated from payphones.
- Connect America has business rules that identify compensable payphone calls.
- Connect America has business rules that exclude incomplete calls.
- Connect America has business rules to determine the identities of the payphone service providers to which Connect America owes compensation.

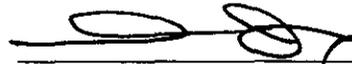
***Connect America's – Required Disclosures per 64.1320(d)***

- Connect America's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29, or 70. In addition, originating ANI is also used to identify payphone-originated calls.

**Report of Management on Compliance with Applicable Requirements  
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- Connect America's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29, or 70 (or with a payphone-identified originating ANI) and call duration greater than 0. Calls originating from payphones where Connect America has a separate compensation agreement in place are excluded from the Compensable Call File.
- Connect America's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29, or 70 (or that are not from a payphone-identified originating ANI), 2) calls with a duration of 0, or 3) calls that originate from payphones where Connect America has a separate compensation agreement in place.
- Connect America's criteria used to determine the identity of the PSPs to which Connect America owes compensation is established by BCI, Connect America's clearinghouse for settlements.
- The type of information that Connect America needs from the PSPs in order to compensate the PSPs is determined by BCI.

Dated: October 17, 2006



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Anton J. Bily  
President/Treasurer  
Connect America Communications, Inc.