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June 29, 2007

Via Electronic Submission

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TWA-325
Washington, DC 20554

RE: Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, CC Docket 96-128

Dear Ms. Dortch:

Pursuant to the Commission Report and Order, CC Docket 96-128 released October 3, 2003, AT&T Inc. ("AT&T"), on behalf of AT&T Corp, submits the attached AT&T Long Distance Payphone Per Call Compensation Audit Report which was completed by the Engel Consulting Group.

As required in Section 64.1320(e) of the Order, AT&T provides the name, address, and phone number for the person responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation.

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A copy of AT&T's 2007 System Audit Report and Section 64.1320(e) Statement has been provided to the National Payphone Clearinghouse ("NPC") to be posted on their secure website in order to comply with the Commission's requirement to provide a copy to each payphone service provider for which AT&T completes calls.

If you have any questions, please contact the undersigned at 202-457-3039.

Sincerely,

A handwritten signature in cursive script, appearing to read "Toni R. Acton".

Toni R. Acton
Director

Engel

Independent Accountant's Report

We have examined management's assertions, included in the accompanying "Management's Assertions on AT&T's Payphone Compensation Processes," that AT&T, as represented by AT&T Corp. (the "Company" or "AT&T"), remains in compliance with the call tracking system audit criteria pursuant to section 64.1310(a)(1) of the Final Rules of the FCC's Report and Order of October 3, 2003 (CC Docket No. 96-128) in the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 which provides that Completing Carriers perform an independent third-party audit of the AT&T call tracking system that supports the payphone compensation payments. The order requires each switch-based reseller ("SBR") to establish its own call tracking system and to have a third party attest that the system accurately tracks calls to completion. Further, we have examined management's assertions that AT&T remains in compliance with the following requirements in accordance with FCC 03-235/CC Docket No. 96-128, and FCC 04-251/CC Docket No. 96-128:

- FCC 03-235/CC Docket No. 96-128 provides that Completing Carriers are responsible for payment of PCC, must provide the PSPs with a quarterly sworn statement by the CFO of PCC accuracy, and must provide to PSPs quarterly reports of 8YY and Access Code calls completed by the Carrier.
- FCC 04-251/CC Docket No. 96-128 clarifies that Completing Carriers are responsible for retaining records for payment of PCC for 27 months and are only responsible for providing to PSPs on quarterly reports those 8YY numbers and Access Codes for calls completed by the Carrier

AT&T Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about AT&T's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about AT&T'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 AT&T's compliance with specified requirements.

In our opinion, management's assertions that AT&T complied with the aforementioned requirements are fairly stated in all material respects.



Engel Consulting Group
June 29, 2007



**AT&T Long Distance Payphone
Per Call Compensation
2007 FCC Audit Report**

June 29, 2007



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1.0 Introduction

AT&T Corp. (the “Company” or “AT&T”), engaged the services of the Engel Consulting Group to perform the annual audit of its Payphone Per Call Compensation (PCC) processes and procedures and attest to its continued compliance with the FCC criteria to establish a call tracking system to compensate Payphone Service Providers (PSPs) for originating toll free and access code calls. This examination is in accordance with the provisions set forth in Appendix C – Final Rules of FCC 03-235/CC Docket No. 96-128 dated October 3, 2003, which obligates Completing Carriers to engage an independent third-party auditor to verify on an annual basis that no material changes have occurred concerning the Completing Carrier’s compliance with the prior year’s System Audit Report and the FCC audit criteria.

AT&T has asserted that no changes have been made to the Payphone Per Call Compensation process since the June 30, 2006 audit; therefore, the primary goal of this review was to ensure that the PCC process continues to operate as designed and that AT&T remains in compliance with the criteria specified in §64.1310 and §64.1320 of FCC 03-235/CC Docket No. 96-128.

2.0 Executive Summary

To fulfill the requirements specified in §64.1310 and §64.1320 of FCC 03-235/CC Docket No. 96-128, the Engel Consulting Group was engaged by AT&T to audit the processes and procedures for payment of PCC to PSPs for toll free and access code calls where AT&T is the Completing Carrier. AT&T Management has asserted that no material changes have occurred since the June 30, 2006 audit and that their payphone compensation processes remain in compliance with the aforementioned criteria.

While there have been no material changes to the compensation processes themselves, AT&T identified two new offerings where toll free and access code calls could be made from payphones and PCC might be applicable. One of the offerings follows the same toll free call flow as AT&T Toll Free calls and is subject to the same criteria for compensation as other 8YY calls originating from a payphone. Similarly, the other offering follows the AT&T Calling Card flow for payphone calls that originate from payphones. Both offerings follow the already established call flows and business rules for compensation where applicable for those types of payphone calls. Samples of records for these new calls which originated from a payphone were traced through the process to validate that the PCC rules were followed.

To validate that the PCC process continues to operate properly, the Audit Team traced a sample of payphone calls through the system by independently processing call detail records, creating a compensable file, and comparing the results with the compensable file created by AT&T. In addition, the Audit team conducted reviews and examined samples, where appropriate, of the processes and procedures for handling the quarterly CFO statements of accuracy, payphone disputes, and change management to ensure continued compliance with the FCC criteria.

Based upon the data and procedures examined and tested during the audit process, the audit team concludes that AT&T has satisfied the requirements specified in the aforementioned FCC Orders. AT&T’s assertions of compliance with the FCC criteria specified in §64.1320 of the Final Rules are fairly stated and the audit team attests that the AT&T call tracking system remains in compliance with the stated criteria as of June 29, 2007.



3.0 Background

The FCC in its Order in Docket No. 96-128 dated October 3, 2003, In the Matter of *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, adopted new rules placing liability for compensating PSPs on the Completing Carriers for calls originating from payphones and completing on their networks. To ensure that the PSPs are fairly compensated, the Order also imposed new audit, certification, and reporting requirements requiring each Completing Carrier to establish its own call tracking system and engaging a third party to attest that the system accurately tracks calls to completion.

On June 24, 2004 PricewaterhouseCoopers issued an attestation examination report that provided an opinion regarding AT&T's compliance with the FCC criteria. This report served as the baseline for the annual audits required by the FCC per Appendix C – Final Rules FCC 03-235/CC Docket No. 96-128, where the Completing Carrier is obligated to engage an independent third-party auditor to:

- 1) *Verify that no material changes have occurred concerning the Completing Carrier's compliance with the criteria of the prior year's System Audit Report; or*
- 2) *If a material change has occurred concerning the Completing Carrier's compliance with the prior year's System Audit Report, verify that the material changes do not affect compliance with the audit criteria*

The Audit as of June 30, 2005 was completed on October 21, 2005 and filed on November 1, 2005 after AT&T had petitioned for an extension to implement the modifications to its reporting systems to include dialed numbers and/or access codes for certain classes of coinless calls. On June 30, 2006, Engel Consulting issued the 2006 System Audit Report and letter of attestation that AT&T remained in compliance with the FCC criteria and Final Rules as of June 30, 2006. The 2007 Audit and attestation of compliance letter will need to be filed with the FCC by June 30, 2007.

4.0 Audit Approach and Test Plan

For the 2007 audit, AT&T Management provided the assertions of compliance with the FCC call tracking system criteria outlined in the Final Rules of FCC 03-245/CC 96-128 which had previously been documented with System Audit Reports for each of the prior years ending June 30, 2006. In addition, AT&T Management disclosed that no material changes had been made to the PCC processes and procedures since the last audit which concluded on June 30, 2006.

Based upon the AT&T assertion that no material changes had been implemented to the payphone compensation process, an audit plan was designed to ensure AT&T's continued compliance with the FCC requirements by:

1. Examining the PCC processes and procedures
2. Conducting an End-to-End process test including tracing call detail records
3. Sampling two new call offerings originated from payphones
4. Affirming, to the best of the Audit Team's ability, that no material changes have been implemented since the prior audit.



The techniques used in the process and procedure examination included reviews of the process narrative and call flow documentation, interviews of subject matter experts, reviews of sample logs, and a detailed inspection of Call Detail Records (CDRs) and the application of AT&T business rules.

The End-to-End process test was conducted in order to ensure that the AT&T per call compensation processes and procedures continued to correctly identify those calls originating from payphones subject to PCC. The Audit Team took into consideration that the AT&T PCC processes had been audited for three prior years without any deficiencies and that AT&T had disclosed no changes to its processes, and therefore selected a small sample of PSPs for validation.

Compensation data was extracted from the NPC files for five PSPs and a total of fifty unique ANIs from the 4Q2006 processing period. All corresponding CDRs, both compensable and non-compensable, were then extracted from the front end of the AT&T PCC systems and traced through the process. The Audit Team independently processed the CDRs, using the AT&T business rules, to create a compensable call file. The last step in the test was to compare the Engel PCC file to the corresponding AT&T file which had been sent to the NPC in order to determine if the results matched. Differences, if any, would then be investigated and analyzed.

5.0 Validation Test Results

5.1 Payphone Call Tracking

Assertion 1: AT&T has procedures in place to accurately track payphone calls to completion

Process and Procedures Examination

The Audit team reviewed the updated narrative and call flow diagrams for the PCC processes and participated in a detailed walk-through of the 8YY and Calling Card flows to observe the inclusion of the two new AT&T call offerings. In addition, the Audit team met with the Prepaid Card Subject Matter Expert who explained the convergence of the external and internal platforms into a single platform for Prepaid Card processing.

End-to-End Testing Results

Per the AT&T documentation, a payphone call is identified by an Originating Line Information (OLI) value of 27, 29 or 70. All compensable calls in the end-to-end test had the appropriate OLI values.

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.2 Dispute Resolution Contact

Assertion 2: AT&T has assigned a specific person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls

Process and Procedures Examination

The Audit Team received confirmation from Dan Q. Le at AT&T that he continues in his responsibility for PSP compensation and disputes.



End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.3 Data Monitoring Procedures

Assertion 3: AT&T has effective data monitoring procedures in place

Process and Procedures Examination

Control reports continue to be utilized on a monthly and quarterly basis to validate the reasonableness of the data volumes. All compensation volumes are reviewed monthly by the management team responsible for the per call compensation process and any deviations from the expected outlook are investigated. Sample control reports broken down by product type and compensation period were inspected and found to be readily available to the management team.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.4 SDLC & Change Control Procedures

Assertion 4: AT&T adheres to established protocols to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking ability

Process and Procedures Examination

The Audit Team reviewed the enhanced AT&T System Development Life Cycle (SDLC) process entitled EXPRESS One which took the best practices from the OneProcess from classic AT&T (which was part of the 2006 Audit) and the Express process from legacy SBC. The Catalyst process has incorporated the tenets of EXPRESS One into its SDLC, so the basic provisions are used by all of the applications and systems involved in PCC processing. A walk-through of the EXPRESS One process including the Catalyst process map was conducted by the AT&T Subject Matter Experts and followed up with documentation and flow charts. EXPRESS One, like its predecessors, mandates the completion of specific activities and deliverables including testing, quality gate complete, and user approvals/signoffs. In addition, internal reviews are conducted by the EXPRESS One process support group to monitor compliance with the process requirements.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.5 Compensable File Creation

Assertion 5: AT&T creates a compensable payphone call file by matching call detail records against payphone identifiers

Process and Procedures Examination

AT&T continues to identify payphone calls by the Originating Line Information (OLI) digits of 27, 29, or 70 as documented in the Process Narrative and Call Flows. The business rules for determining compensable calls remain the same and are outlined in the process documentation.

End-to-End Testing Results

As stated under Assertion 1 in section 5.1, all CDRs Engel deemed to be compensable contained an Originating Line Information (OLI) value of 27, 29 or 70. While other OLI values were observed, they did not appear on any compensable CDRs which was the expected outcome.

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.6 Reporting Procedures

Assertion 6: AT&T has procedures in place that incorporate payphone call data into required reports

Process and Procedures Examination

On a quarterly basis, AT&T sends to the National Payphone Clearinghouse (NPC) a Superfile, an SBR Report file, and a True Zero file for processing the PSP payments as well as generating the quarterly reports. The 2007 SAS70 report for the period 4/1/06 through 3/31/07 conducted by an independent auditor on the NPC control processes was reviewed. No exceptions were noted by the auditor in the NPC control procedures.

The Audit team also inspected the data submission summary report for the 1st Quarter 2007 production data received from the NPC in addition to the volume confirmation returned by AT&T

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.7 Dispute Procedures & Controls

Assertion 7: AT&T has implemented procedures and controls needed to resolve disputes

Process and Procedures Examination

The Audit team received confirmation from Dan Le that there have been no changes to the dispute process. All disputes continue to be recorded and logs are maintained electronically. Samples of the disputes were reviewed and all correspondence was tracked and logged appropriately.



End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.8 Compensation Critical Controls & Procedures

Assertion 8: AT&T has implemented critical controls and procedures to identify payphone compensation errors

Process and Procedures Examination

Procedures remain in place within the key operations groups responsible for processing payphone records and interfacing with the NPC to ensure that any errors are quickly identified and resolved. Current copies of the Outlook/Invoice Review report were inspected along with several control reports on compensation volumes by month and by quarter broken down by product type.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.9 Compensable Call Business Rules

Assertion 9: AT&T has implemented business rules to identify compensable payphone calls

Process and Procedures Examination

The process narrative and call flows for PCC were reviewed and detailed walk-throughs were conducted for the 8YY and Prepaid card processes. Confirmation of the business rules used to identify compensable calls was received through interviews with the Process Owners and PCC management team.

End-to-End Testing Results

The end-to-end test sample consisted of tracing calls originated from 50 payphone ANIs spread evenly across five PSPs through the compensation process. A compensable call file was created using the AT&T business rules and was then compared with the records from the compensable file sent to the NPC. All compensable records were marked as answered with a terminating number of 8YY or were access code dialed. In all cases the originating ANI was correctly populated in the CDR forwarded to the NPC for compensation purposes.

As stated in the end-to-end testing results in section 5.1 above, all compensable CDRs contained an appropriate Originating Line Information value of 27, 29 or 70.

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.10 Compensation on Behalf of SBRs

Assertion 11: AT&T Management asserts that the Company has "agreed to compensate" Payphone Service Providers on behalf of a small number of completing carriers for which AT&T delivers payphone calls. AT&T has notified PSPs of each completing carrier for which it makes payment via a posting on the National Payphone Clearinghouse (NPC) website

Process and Procedures Examination

The Payphone Product Manager confirmed that the process for giving small Switch-Based Resellers the option of choosing to either handle the PCC themselves or to contract with AT&T to handle it on their behalf remains the same. A sample of the notification letter of a new SBR and the selected option which would later appear on the NPC website was reviewed.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.11 CFO Accuracy Statement

Assertion 12: AT&T asserts that, at the conclusion of each quarter, in compliance with the rules of the Federal Communications Commission, its chief financial officer has submitted to the NPC to be posted on the NPC webpage for retrieval by each payphone service provider a sworn statement for that quarter relating to payphone commissions, and stated that such statement is accurate and is based on 100% of all completed calls that originated from that payphone service provider's payphones in the relevant period. (FCC 03-235 64.1310.3)

Process and Procedures Examination

The Audit Team reviewed the CFO certification letters for the 1Q2006, 2Q2006, 3Q2006, 4Q2006 and 1Q2007 reporting periods. In addition, confirmation that the letters were posted on the NPC website was received for each of the quarters.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

5.12 End-to-End Testing Results

A sample of 50 ANIs from five randomly-selected PSPs from the 4Q2006 processing cycle was selected for the end-to end test which was designed to trace call detail records from the beginning of the process at the call recording to the end of the process or creation of the quarterly reports. The audit team independently processed call detail records for all 50 ANIs and created a compensable call file which was then compared with the file from the NPC and the quarterly reports. In all cases the Engel compensation file matched the

AT&T/NPC files which indicated that the AT&T business rules were applied consistently with the stated assertions. Detailed examination of the individual CDRs revealed:

1. All compensable CDRs contained an Originating Line Information value of 27, 29 or 70 as stated in the assertions. While OLI values of 7 and 62 were also observed in the corresponding AMA data, these values did not appear on any compensable records which was as expected.
2. All call completion indicators per the AT&T/NPC files matched those determined by Engel.
3. All compensable records were marked as answered with a terminating number of 8YY or were access code dialed.
4. The dialed number for network remote access, operator services and access code calls was correctly reported on the quarterly reports.
5. In all cases the originating ANI was correctly populated in the CDR forwarded to the NPC for compensation purposes.

5.13 Assessment of Process & System Changes

Process and Procedures Examination

The individual subject matter experts (SMEs) were questioned regarding whether there were any material changes that may have been applied to the processes and systems under their control since the last PCC audit in 2006. All responded that there have been no material changes to the per call compensation process during that time interval. These statements were then supported via follow up email confirmation.

End-to-End Testing Results

Not applicable

Assertion Examination Conclusion

The inspected information supports the assertion. No deficiencies or exceptions were noted.

6.0 Audit Conclusions and Findings

Based on the results of the examination of the AT&T PCC processes and procedures, the end-to-end validation of the overall call tracking system, and the AT&T assertion that no material changes have been made to the PCC processes and procedures since the 2006 audit as of June 30, 2006, the audit team concludes that AT&T and the call tracking system for PCC remains in compliance with the FCC criteria specified in §64.1320 of the Final Rules of FCC 03-235/CC Docket No. 96-128. The audit team further attests that AT&T's assertions of compliance with the aforementioned requirements and criteria are fairly stated in all material respects.

6.1 Contact Information

Please direct any questions regarding this audit to AT&T Payphone Product Management:

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7.0 Appendices

Appendix

Document

A AT&T Management's Assertions on AT&T Payphone Compensation Processes

APPENDIX A



Management's Assertions on Modifications to AT&T's Payphone Compensation Processes June 21, 2007

Management of AT&T Corp. (the "Company" or "AT&T") asserts the following:

On June 25, 2004 and October 31, 2005 PricewaterhouseCoopers issued an attestation examination report that provided an opinion regarding Management's Assertions on AT&T's Payphone Compensation Processes. AT&T provided a description of key payphone compensation process and system controls in Management's Assertions on AT&T's Payphone Compensation Processes.

In accordance with the disclosure requirement in the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 dated September, 30, 2003, Paragraph 42, AT&T has not modified, as of July 1st, 2007 its payphone compensation processes and systems as previously described in Management's Assertions on AT&T's Payphone Compensation Processes.

Below are AT&T Management Assertions covering the subjects documented by AT&T on, June 25th, 2004 as required as part of initial Payphone Telephone Reclassification Provisions of the Telecommunication Act of 1999, FCC Order 03-235 (Docket No. 96-128), which AT&T continues to support as of July 1, 2007:

1. AT&T has procedures in place to accurately track payphone calls to Completion. As it relates to this assertion, "procedures" will be defined according to the following:

- AT&T has controls in place to ensure that Call Detail Records (CDRs) generated by switches owned or leased by AT&T are interfaced completely to the downstream payphone call tracking systems.
- AT&T has controls in place to identify and eliminate duplicate CDRs from payphone call tracking systems.
- Payphone calls are identified based on the Originating Line Indicator (OLI)/Information Digits values in the CDRs generated by switches owned or leased by AT&T. Current applicable OLIs are '27', '29', and '70'.
- AT&T accurately assigns call completion indicators for payphone CDRs based on hardware or software answer types.

2. AT&T has assigned a specific person or persons responsibility for tracking, compensating, and resolving disputes concerning payphone completed calls. As it relates to this assertion, "assigned" will be defined according to the following:

- The responsibility for tracking, compensating, and resolving disputes concerning payphone calls has been granted and included in the job description for specific employees.

APPENDIX A

3. AT&T has effective data monitoring procedures in place. As it relates to this assertion, "effective data monitoring procedures" will be defined according to the following:

- AT&T has documented procedures for monitoring data interfaced from switches owned or leased by AT&T to its call collection system, its usage processing system, and its payphone call tracking system.
- AT&T identifies and takes corrective actions for data irregularities and errors in the payphone process.

4. AT&T adheres to established protocols to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking ability. As it relates to this assertion, "established protocols" will be defined according to the following:

- AT&T has established a documented system development lifecycle (SDLC) to manage software and network changes.
- AT&T's SDLC includes testing of software and network changes to determine if they adversely affect its payphone call tracking ability.
- AT&T monitors adherence to the SDLC.
- AT&T restricts access to payphone call tracking systems to authorized personnel.

5. AT&T creates a compensable payphone call file by matching call detail records against payphone identifiers. . As it relates to this assertion, "payphone identifiers" will be defined according to the following:

- Payphone calls are identified based on the Originating Line Indicator/Information Digits values in the CDRs generated by switches owned or leased by AT&T. Current applicable OLIs are '27', '29', and '70'.
- Payphone calls are considered compensable based on the business rules criteria defined in Assertion #9.

6. AT&T has procedures in place that incorporate payphone call data into required reports. . As it relates to this assertion, "procedures" will be defined according to the following:

- AT&T has procedures to create the following reports accurately and completely from the compensable payphone call file referenced in Assertion #5:

A. National Payphone Clearing House SuperFile - The SuperFile submission has replaced three of the four client data files submitted prior to 07/01/2004 to the NPC by AT&T. This file includes the payphone information needed to comply with the FCC's Payphone Orders as a Completing Carrier and an Intermediate Carrier. The information in this file includes:

1. Completing Carrier Traffic Compensation
2. Completing Carrier Toll-Free/Access-Code Reporting
3. Intermediate Carrier Toll-Free/Access-Code Reporting (IC-TFAC) files.

B. Paycomp True Zero Accum File – This file follows formatting standards set by the NPC, and includes the following information:

- I. The toll-free/access-code numbers dialed from each payphone that has collect and calling card call types.
- II. The volume of calls for each toll-free/access-code number completed by the Completing Carrier for each of the PSP's payphones by call type.

APPENDIX A

C. Switched Based Reseller Report – As an Intermediate Carrier, AT&T provides the NPC with the names, addresses and telephone numbers of the Switch Based Reseller Customers which belong to the Wholesale AT&T Network Connection Toll Free Platform.

- AT&T has established procedures to submit the above reports to the NPC on a timely basis.

7. AT&T has implemented procedures and controls needed to resolve disputes. Prior to June 15, 2004, as per Management's Assertions on AT&T's Payphone Compensation Processes (June 25, 2004), AT&T maintained Payphone Call Detail Records (CDRs) for 18 months that could be utilized for dispute investigations. Currently, AT&T maintains Payphone CDRs for 27 months that can be utilized for dispute investigations. As it relates to this assertion, "procedures and controls" will be defined according to the following:

- AT&T has documented its process to investigate and resolve disputes with Payphone Service Providers and has posted the process on the NPC's website.
- AT&T logs disputes and follows the published process.
- AT&T maintains payphone CDRs in a data warehouse for 27 months that can be utilized for dispute investigations.
- Archived payphone CDRs can be readily accessed by AT&T payphone dispute Personnel to perform dispute analysis.

8. AT&T has implemented critical controls and procedures to identify payphone compensation errors. As it relates to this assertion, "critical procedures and controls" will be defined according to the following:

- AT&T develops an annual payphone compensation budget by month based on key company and industry trends (e.g., payphone call counts, number of payphones in the industry).
- AT&T analyzes the quarterly payphone compensation invoice at a 'compensation type' level (e.g., per-call, surrogate) to identify any deviations from historical trends and current budget.
- AT&T documents and retains trending data related to payphone compensation to use in the budgeting and outlook process.
- AT&T reviews and analyzes the information contained in the Traffic Analysis Report received from the NPC to validate the complete receipt of call records sent to the NPC.

9. AT&T has implemented business rules to identify compensable payphone calls. As it relates to this assertion, "business rules" will be defined according to the following:

- Payphone calls are identified based on the Originating Line Indicator/Information Digits values in the CDRs generated by switches owned or leased by AT&T. Current applicable OLIs are '27', '29', and '70'.
- AT&T has controls in place to identify and eliminate duplicate CDRs from payphone call tracking systems.
- Potential compensable payphone calls are identified based on applying the following business rules to the payphone call file:
 - CDRs must be toll-free or access code dialed calls.
 - CDRs must be completed calls based on answer indicator generated by the switch.
- The originating ANI for each call is included in the compensation to the NPC.
- AT&T has engaged the NPC to determine the identities of the PSPs to which AT&T owes compensation. In addition, the NPC performs the following actions:

APPENDIX A

- The NPC matches the PSP claims to the LEC reports to validate ownership of the ANI.
- In the event that ownership cannot be validated from the information provided, the NPC notifies the PSP of the dispute and work with the PSP to resolve the ownership disputes.
- The NPC calculates compensation for non-flex ANI payphones based on regulated surrogate rates.

10. AT&T has agreed to compensate Payphone Service Providers on behalf of a small number of completing carriers for which AT&T delivers payphone calls. AT&T has notified PSPs of each completing carrier for which it makes payment via a posting on the National Payphone Clearinghouse (NPC) website. As it relates to this assertion, "agreed to compensate" will be defined according to the following:

- AT&T delivers calls to many completing carriers (i.e. AT&T is the Intermediary Carrier). AT&T, on behalf of a small number of completing carriers, makes payment to PSPs for the payphone calls that are delivered to the completing carriers.
- AT&T pays for 100% of the payphone call volume that is delivered to the small number of completing carriers based on the following business rules:
 - CDRs must be toll-free or access code dialed calls

11. AT&T asserts that, at the conclusion of each quarter, in compliance with the rules of the Federal Communications Commission, its chief financial officer has submitted to the NPC to be posted on the NPC webpage for retrieval by each payphone service provider a sworn statement for that quarter relating to payphone commissions, and stated that such statement is accurate and is based on 100% of all completed calls that originated from that payphone service provider's payphones in the relevant period.
