Cincinnati Bell℠

221 E. Fourth St.
P.O. Box 2301
Cincinnati, Ohio 45201-2301

March 26, 2008

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street SW
Washington, D. C. 20554

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

Dear Ms. Dortch:

Attached is a copy of the annual System Audit Report for Cincinnati Bell Any Distance Inc. ("CBAD") as required by Section 64.1320 of the Commission's rules.

Pursuant to Section 64.1320(e) of the Commission's rules, also attached is a copy of CBAD's statement regarding contact information for the person(s) responsible for handling CBAD's payphone compensation and for resolving disputes with payphone service providers over compensation.

A copy of CBAD's annual System Audit Report and Section 64.1320(e) Statement have been provided to the National Payphone Clearinghouse for posting on its website (www.npc.cc) which will serve as notice to payphone service providers as provided under Section 64.1320(b).

Questions regarding this filing may be directed to me at the above address or by telephone at (513) 397-6671.

Sincerely,

Patricia L. Rupich

Patricia L. Rupich
Senior Regulatory Analyst

cc: National Payphone Clearinghouse

Attachments

Third Annual Audit of
Cincinnati Bell Any Distance, Inc.
Payphone Compensation

December 2007

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Third Annual Audit of Cincinnati Bell Any Distance Payphone Compensation December 2007

Report on Controls Placed in Operation and Tests of Operating Effectiveness

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Section 1

Independent Auditor's Report

To the management of Cincinnati Bell Any Distance:

In the third annual audit, we have re-examined the controls and processes related to the Cincinnati Bell Any Distance (CBAD) call tracking system for payphone calls. Our examination included procedures to obtain reasonable assurance about whether the controls and processes included in our audit were suitably designed to achieve the control objectives namely that (1) the CBAD call tracking system accurately tracks payphone calls to completion, (2) that CBAD satisfactorily complied with and applied these controls, and (3) that all compensable calls are accounted for. Such controls and processes that were in place for 2nd quarter, 2007 were reviewed. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the application of these controls presents fairly, in all material respects, the relevant aspects of CBAD's controls and processes that were in operation as of 2nd quarter, 2007. Also, in our opinion, the controls and processes, as described in the initial audit, continue to provide reasonable assurance to achieve the control objectives namely that CBAD:

1) has procedures in place to accurately track payphone calls to completion;
2) has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;
3) has established data monitoring procedures;
4) 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) has created a compensable payphone call file by matching call detail records against payphone identifiers;
6) has implemented procedures to incorporate payphone call data into required reports;
7) has implemented procedures and controls needed to resolve disputes;
8) has implemented critical controls and procedures to identify payphone compensation errors;
9) has implemented business rules for implementing and paying payphone compensation; and
10) has made material changes that do not effect compliance with the payphone compensation process.

In addition to the procedures we considered necessary to render our opinion, we applied tests to specific controls, which are presented in section 3 of this report, to obtain evidence about their effectiveness in meeting the related control objectives during the period of June 2007. The specific controls and the nature, timing, extent, and results of the tests are listed in Section 3. This information has been provided to management of CBAD to be used to satisfy the requirements of the FCC order in CC Docket No. 96-128 *Pay Telephone Reclassification and Compensation* that CBAD must establish its own call tracking system and have a third party attest that the system accurately tracks payphone calls to completion. In our opinion, the controls and processes that were tested were operating with sufficient effectiveness to provide reasonable assurance that the control objectives were achieved.

The description of controls and processes is as of December 2007 and information about tests of the operating effectiveness of specific controls covers the period from March, 2007 to December, 2007. The projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the controls, processes or system, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions. This is the third of the annual audits conducted of CBAD's call tracking system for payphone calls.

This report is intended solely for use by the management of CBAD.

Section 2

Cincinnati Bell Any Distance Description of Controls and Overview of Operations

CBAD Headquarters offices are located in Cincinnati, Ohio. CBAD primarily provides long distance telephone services in the Cincinnati area and also provides long distance telephone services to all states except for Alaska and Hawaii.

The audit encompasses usage as it relates to Payphone Service Provider direct dialed 1+, originating 8XX and CBAD calling card traffic terminating on CBAD's network.

CBAD has personnel responsible for tracking, compensating, and resolving disputes. Operations are under the direction of the Director Systems Development and Support in Information Technology. The Senior Application Analyst reporting to the Director Systems Development and Support is assigned to oversee the Payphone Compensation process. Staff personnel have been identified as responsible for the handling of disputes.

CBAD continues to adhere to established protocols to ensure any changes to software in place to accomplish the payphone compensation process are accurate and complete. CBAD contracts with EUR Systems, Inc. for all programming changes. Business requirements are developed by CBAD and forwarded to the vendor. EUR Systems, Inc. analyzes the request and creates a project requirements document that includes all programs to be changed in order to meet CBAD's business requirements. CBAD then approves the document. Within the APTIS Product provided by EUR Systems, detailed testing is required before releasing the program changes to CBAD. CBAD then tests all changes internally and when all testing has been completed, authorizes the new program to be implemented. This process ensures that any changes to processing are appropriately authorized, approved and implemented.

Controls and procedures have been established and tested to verify that compensable calls are properly captured.

In the FCC Pay Telephone order released October 3, 2003 the FCC noted that in order to track a payphone call to completion, an entity must identify whether a call originates from a payphone (via information digits), where it originates and terminates (via ANI information), and whether it is completed and therefore compensable (via answer supervision).

CBAD has contracted with the National Payphone Clearinghouse (NPC) to perform the actual compensation of the payphone providers. As a client of the NPC, CBAD will create quarterly files in accordance with the NPC's written specifications.

Using call detail records from its switch, CBAD assigns as payphone calls all calls in which the Info Digits Field has a value of "27", "29" or "70". If the Info Digit field is not populated, CBAD's program uses the previous quarter's Automatic Number Identification (ANI) list of payphone numbers provided by the National Payphone Clearinghouse (NPC). If the originating number in the record matches a number on the NPC list, the program populates the payphone indicator. All 8XX or calling card calls identified as payphone-originated calls with a call duration of greater than 0 are considered compensable calls.

NPC Superfile Analysis Reports: Quarterly the NPC provides reports to CBAD as the submitting carrier. The reports include an End of Quarter IXC Dump File Submission Analysis report and an End of Quarter Client Dump PSP File.

CBAD Analysis Reports: A series of quarterly reports developed by CBAD are used to verify internally the information contained on the NPC quarterly reports. These reports allow CBAD to balance back to each individual type of call identified by the NPC, such as unique ANI counts, unique Toll-Free/Access Code counts, Carrier Call Type counts, Rate Status counts and other counts provided on the NPC reports.

CBAD Monthly Variance Report: CBAD creates a monthly report to track variances in the month-to-month payphone volumes. The report allows for the tracking of the differences between call volumes for each month as well as the differences in the minutes.

The list of control considerations presented above represents a comprehensive set of controls but is not all encompassing of CBAD controls.

Section 3

Information Provided by the Auditor

CBAD has implemented procedures to track payphone calls to completion, monitor data and resolve disputes. CBAD has developed effective business rules for payphone compensation.

CBAD provided the payphone recordings for June 10 - 23, 2007, the Rating Program (RPG) File of messages, the AS/400 Holding Daily Accumulation File, and the NPC Output file for 2nd Quarter, 2007. Auditor verified that all PSP originated messages were successfully processed and passed to the NPC for compensation.

Switch Records: CBAD provided a file of the switch records. The file contained all records recorded by the CBAD switch. Auditor identified all records that qualified as PSP records.

PSP RPG Records: CBAD provided files containing the PSP RPG records. Auditor verified that all switch records identified as PSP were accurately included in the RPG file.

AS/400 Holding File Records: In the daily RPG program process, a copy of the PSP internal billing record is reformatted and placed on the AS/400 Holding File. These records are formatted in accordance with the NPC Superfile specifications. Auditor verified that the accumulative holding file contained all fourteen days PSP records.

NPC Output Records: The RPG program produces a quarterly NPC Output file. Access queries were performed to compare the RPG file with the NPC Output file. Auditor determined that all appropriate PSP compensable messages were contained on the NPC Output File.

Reports: Auditor verified the usage counts to the quarterly CBAD reports and to the NPC provided 2nd quarter, 2007 reports. Information on internal reports matched to the usage and the NPC reports.

CBAD controls provide reasonable assurance that CBAD's procedures accurately track payphone calls to completion and that the process accounts for all compensable calls.

CBAD has procedures and assigned personnel to resolve payphone compensation disputes. There had been no disputes.

Auditor tested all critical controls and procedures to verify that errors are insubstantial. There were no relevant exceptions.

McCartney & Company, P.C.

McCARTNEY & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
FEBRUARY 14, 2008

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Brian A. Ross
Chief Financial Officer

February 14, 2008

Mr. Jeffery A. Irwin, President
McCartney & Company, P.C.
2121 University Park Drive, Suite 150
Okemos, MI 48864

Dear Mr. Irwin:

In connection with your engagement for the third annual audit to report on Cincinnati Bell Any Distance Inc.'s (CBAD) controls and processes for tracking payphone calls to completion and that all compensable calls are accounted for, CBAD recognizes that obtaining representations from us is an important part of the audit process. CBAD is aware that (1) its representations enable you to form an opinion on whether the information and descriptions provided by CBAD present fairly, in all material respects, the relevant aspects of CBAD's controls and processes in place and effective as of December 2007 and (2) whether these controls and processes are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if those controls were complied with satisfactorily.

Accordingly, CBAD makes the following representations, which are true to the best of its knowledge and belief. CBAD provides access code calls (1010XXX) and carries IntraLATA, Intrastate and Interstate traffic. The audit encompasses usage as it relates to Payphone Service Provider (PSP) direct dialed 1+, originating 8XX and CBAD calling card traffic terminating on CBAD's network. CBAD's procedures accurately track payphone calls to completion and this process accounts for all compensable calls. Specifically, CBAD represents that it:

1) has procedures in place to accurately track payphone calls to completion;
2) has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;
3) has established data monitoring procedures;
4) 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) has created a compensable payphone call file by matching call detail records against payphone identifiers;
6) has implemented procedures to incorporate payphone call data into required reports;
7) has implemented procedures and controls needed to resolve disputes;
8) has implemented critical controls and procedures to identify payphone compensation errors;
9) has implemented business rules for implementing and paying payphone compensation; and
10) has made material changes that do not affect compliance with the payphone compensation process.

Additionally, CBAD represents that there have been no payphone compensation disputes.

As required by 47 C.F.R. Section 64.1320(d), CBAD herein describes its criteria for:

1. *Identifying calls originated from payphones.* Using call detail records from its switch, CBAD assigns as payphone calls all calls in which the Info Digits Field has a value of "27", "29" or "70". If the Info Digit field is not populated, CBAD's program uses the previous quarter's Automatic Number Identification (ANI) list of payphone numbers provided by the National Payphone Clearinghouse (NPC). If the originating number in the record matches a number on the NPC list, the program populates the payphone indicator.
2. *Identifying compensable payphone calls.* All 8XX or calling card calls identified as payphone-originated calls with call duration of greater than 0 are considered compensable calls.
3. *Identifying incomplete or otherwise noncompensable calls.* The following calls are considered non-compensable: (1) calls that are not identified as payphone originated calls; (2) direct dialed 1+ payphone-originated calls; and (3) 8XX or calling card payphone-originated calls with call duration of 0.
4. *Determining the identities of the PSPs to which CBAD owes compensation.* CBAD contracts with the NPC to identify valid payphone ANIs based upon information provided to the NPC by PSPs and local exchange carriers.

Furthermore, as required by 47 C.F.R. Section 64.1320(d), CBAD attests to the fact that it uses the NPC to identify valid PSP ANIs, and to process and distribute all of CBAD's quarterly payphone compensation payments. The information that CBAD requires of PSPs in order to compensate them is specified by the NPC and is available via the NPC's website (www.npc.cc).

In accordance with the requirements of 47 C.F.R. Section 64.1320(f), CBAD attests that although it has made material changes to its internal message process, these changes do not affect CBAD's compliance with the compensation process.

Our process produces accurate and compensable call data to ensure proper compensation to PSPs. We believe that the description of controls and other information gathered by McCartney & Company, P.C. presents fairly, in all material respects, those aspects of CBAD's controls that may be relevant to CBAD's internal controls and processes. CBAD has responded fully to all inquiries made by you during your examination.

The information gathered by McCartney & Company, P.C. includes all of the controls that we believe are relevant to the services described in your audit report and are appropriate based on the services provided. CBAD is not aware of any illegal acts, fraud, or uncorrected errors attributable to management or employees of CBAD who are significantly involved in processes to identify calls originating from payphones, identify compensable payphone calls, and provide call detail to the NPC.

CBAD understands that your examination was conducted in accordance with standards as defined and described by the American Institute of Certified Public Accountants; and was, therefore, designed primarily for the purpose of expressing an opinion on the suitability of CBAD's controls and processes to accurately track payphone calls to completion and that these controls and processes account for all payphone compensable calls. We further understand that your procedures were limited to those that you considered necessary for this purpose.

Very truly yours,

Brian A. Ross
Chief Financial Officer

SECTION 64.1320(e) STATEMENT

Cincinnati Bell Any Distance ("CBAD") is a Completing Carrier for toll-free payphone-originated calls. CBAD has contracted with the National Payphone Clearinghouse ("NPC") to pay compensation to payphone service providers ("PSPs") on behalf of CBAD.

A PSP that has a dispute regarding payphone ownership (i.e., ANI disputes) should contact the NPC at:

National Payphone Clearinghouse
209 West Seventh Street, Room 121-800
Cincinnati, Ohio 45202
Phone: 513-397-6260
24 Hour Fax: 513-721-2646
E-mail: npc@cinbell.com

or

Submit a claim directly with the NPC by following the instructions on the NPC's website at www.npc.cc. Claim forms and instructions can be found on the NPC's website by clicking on "Payphone Service Providers" and then "PSP Processing Forms."

If the dispute cannot be resolved by the NPC (i.e., issues unrelated to payphone ownership) the PSP should contact CBAD. If the PSP has filed a claim with the NPC it should provide CBAD a copy of the original claim filed with the NPC and the NPC's response. The CBAD contact for these disputes is:

Sandy Bowling
Cincinnati Bell Any Distance
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Phone: 513-397-6385
Fax: 513-397-2543
E-mail: sandy.bowling@cinbell.com

03/26/2008