Claro

PRT
Puerto Rico Telephone

September 27, 2012

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12TH Street, SW
Washington, DC 20554

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

Dear Ms. Dortch:

Attached please find the independent Auditors Report by RSM ROC & Company, as of August 20, 2012, for Puerto Rico Telephone Company, Inc. as required by the Commission's Order dated October 3, 2003 in CC Docket No. 96-128.

Should you have any question regarding this information, do not hesitate to contact us at (787) 792-9399.

Sincerely,

Carlos D. Ruiz Mantilla
Regulatory Compliance Manager

Attachment

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RSM ROC & Company
Certified Public Accountants & Consultants

Puerto Rico Telephone Company, Inc.

Report of Management on Compliance with Applicable Requirements
of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications
Commission's Rules and Regulations
August 20, 2012

RSM ROC & Company

Certified Public Accountants & Consultants

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To: The Board of Directors
Puerto Rico Telephone Company, Inc.

INDEPENDENT ACCOUNTANTS' REPORT

We have examined management's assertion, included in the accompanying Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations, that Puerto Rico Telephone Company, Inc. (the Company) complied as of June 30, 2012 with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c), and 64.1320(d) of the Federal Communication Commission's (FCC) Rules and Regulations and related requirements contained in CC Docket No. 96-128. Company's Management is responsible for the assertion and for compliance with the requirements stated above. Our responsibility is to express an opinion 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 supporting 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 the Company complied with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c), and 64.1320(d) of FCC's Rules and Regulations and related requirements contained in CC Docket No. 96-128 as of June 30, 2012, is fairly sated, in all material respects.

This report is intended solely for the information and use of the Company, the FCC, the applicable Facilities-Based Long Distance Carriers, and Payphone Service Providers and is not intended to be and should not be used by anyone other than these specified parties.

San Juan, Puerto Rico
August 20, 2012.

RSM ROC & Company

Stamp No. E41368 was affixed to
the original of this report.

RSM ROC & Company is an independent member firm
of RSM International, an affiliation of independent
accounting and consulting firms.

PUERTO RICO TELEPHONE COMPANY, INC.

REPORT OF MANAGEMENT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF 47 C.F.R. SECTIONS 64.1310 AND 64.1320 OF THE FEDERAL COMMUNICATIONS COMMISSION'S RULES AND REGULATIONS

The management of Puerto Rico Telephone Company, Inc. (the Company) is responsible for establishing and maintaining the internal controls over its pay telephone call tracking system necessary for compliance with 47 C.F.R. Section 64.1310(a)(1), C.F.R. Section 64.1320(c), and C.F.R. Section 64.1320(d) of the Federal Communications Commission's (FCC) Rules and Regulations and related requirements contained in CC Docket No. 96-128, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.*

Management has evaluated the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) that requires each completing carrier to establish a call tracking system that accurately tracks coinless access code or subscriber toll-free payphone calls to completion, using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 30, 2012, the Company complies with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), 64.1320(c), and 64.1320(d), in all material respects, as described below. The Company had no material changes since July 1, 2011, concerning the call tracking system that must be disclosed in accordance with Section 64.1320(f) of the FCC's Rules and Regulations. Any other changes do not affect the Company's compliance with Section 64.1320(a)(1).

The Company's compensation environment consists of local exchange, intraLATA[1] and interLATA toll services. The assertions associated with the Company's environment are described below.

I. The Company acts as the Completing Carrier[2] in the following call scenarios:

- Prepaid calling card intraLATA and interLATA calls
- 8XX Toll-Free calls
- Operator Services intraLATA and interLATA calls

The Company uses BSG Clearing Solutions, LLC ("BSG"), formerly known as Billing Concepts, Inc. to perform payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BSG's performance. In support of these assertions, the Company relies upon a contractual agreement between the Company and BSG ("BSG Contract"), which requires BSG's compliance with CC Docket No. 96-128. In addition, BSG has provided the Company an independent third-party audit report dated March 31, 2012 and updated by BSG through June 30, 2012, stating that effective controls and procedures relating to these assertions have been established and will be maintained by BSG. The Company has not conducted an independent evaluation and makes these assertions based solely on the BSG Contract and the third-party audit report of BSG's operations.

[1] Local Access and Transport Area

[2] As defined in 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, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coin-less access code or subscriber toll-free payphone call or a local exchange carrier that completes a local, coinless access code or subscriber toll-free payphone call.

PUERTO RICO TELEPHONE COMPANY, INC.

REPORT OF MANAGEMENT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF 47 C.F.R. SECTIONS 64.1310 AND 64.1320 OF THE FEDERAL COMMUNICATIONS COMMISSION'S RULES AND REGULATIONS

The Company's assertions are made starting with the initial point in call record processing at which the Company has visibility to the call tracking data. The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as described in 47 C.F.R. Section 64.1320(c):

A. The Company's procedures accurately track calls to completion, as follows:

1. The Company's systems track completed calls, which are calls answered by a third party.

2. The Company's systems are able to generate the following reports on a quarterly basis and the third-party audit report of BSG states that BSG's systems are able to generate the reports and report data for which BSG is responsible, as follows:

   a. A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP) payphones along with the Automatic Number Identification (ANI) digits for each payphone.

   b. The volume of calls for each toll-free and access number that was completed by the Company.

   c. The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.

   d. The Carrier Identification Code (CIC) of all facilities-based long distance carriers that routed calls to the Company, categorized according to toll-free and access code numbers.

3. The Company stores for 27 months all of the data required for the reports described in paragraph 2 above, and the time and date of every call identified in its quarterly reports to PSPs and the third-party audit report of BSG states that BSG also stores this data for 27 months.

4. The Company's procedures for identifying PSPs are complete and accurate, and the third-party audit report of BSG's processes states that BSG procedures for identifying PSPs are also complete and accurate.

5. The Company's procedures for validating payphone ANIs are complete and accurate, subject to provision of the relevant information by BSG, the completeness and accuracy of which the third-party audit report of BSG's processes verified.

6. The Company's definition of a "Compensable Call" is in compliance with FCC rules.

B. The Company has identified persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls, as follows:

1. The Company has identified personnel responsible for drafting and maintaining the business requirements associated with call tracking, payphone compensation and resolving disputes concerning payphone-completed calls.

2. The Company has identified personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of BSG states that BSG has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.

3. The Company has identified personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets and the third-party audit report of BSG states that BSG has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.

4. The Company has identified personnel who are responsible for developing compensation-tracking reports, and the third-party audit report of BSG states that BSG has designated personnel who are responsible for developing compensation-tracking reports under their control.

5. The Company has identified personnel who are responsible for payphone compensation dispute resolution, and the third-party audit report of BSG states that BSG has designated personnel who are responsible for the payphone compensation dispute resolution under their control.

6. The Company has identified personnel responsible for managing coordination with the payphone clearinghouse services provider or BSG.

C. The Company has effective data monitoring procedures, as follows:

1. The Company has the ability to prepare quarterly reports on payphone call counts, PSP identities and numbers dialed and completed, and the third-party audit report of BSG states that BSG has the ability to prepare the quarterly reports on payphone call counts, PSP identities and numbers dialed and completed under their control.

2. The Company performs data monitoring procedures on call record volumes entering the payphone compensation systems.

3. The Company performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.

4. The Company has the ability to investigate and resolve PSP disputes.

D. The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability, as follows:

1. The Company has security controls in place to control access to and monitor call-tracking data, and the third-party audit report of BSG states that BSG also maintains such controls.

2. The Company has security controls in place to control access to and monitor the payment disbursement system, and the third-party audit report of BSG states that BSG also maintains such controls.

3. The Company has a department that is responsible for making software changes that affect payphone compensation, and the third-party audit report of BSG states that BSG also maintains such a department.

4. The Company has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of BSG states that BSG also maintains such protocols.

5. The Company and BSG have application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

E. The Company creates a compensable payphone call file by matching call detail records against payphone identifiers, as follows:

1. The Company utilizes switch data and database look-ups to populate the date, originating ANI and dialed number, and to aggregate the data into a Compensable Call File.

2. A compensable call for the Company is one originating at a payphone and completed by the Company.

3. The Company uses payphone-specific identifiers (ANI lists) to identify a compensable payphone call record, and the third-party audit report of BSG states that BSG also maintains such identifiers.

4. The Company applies validation and control procedures to compile the Compensable Call File.

5. The Company uses the appropriate FCC default "per-call rate" to compensate PSPs, and the third-party audit report of BSG processes states that BSG calculates payphone compensation based on this rate.

F. The Company has procedures to incorporate call data into required reports, as follows:

1. The Company's systems are able to generate, and the third-party audit report of BSG states that BSG's systems are able to generate for the systems under their control, 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 the Company.

   c. The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Company's payphone compensation.

   d. The CIC of all facilities-based Long Distance Carriers that routed calls to the Company, categorized according to toll-free and access code numbers.

2. The Company possesses a valid list of payphone owners identified by ANI, and the third-party audit report of BSG states that BSG possesses a valid list of payphone owners identified by ANI.

G. The Company has implemented procedures and controls needed to resolve payphone compensation disputes, as follows:

1. The Company has the ability to investigate and resolve PSP disputes.
2. The Company has designated personnel who are responsible for payphone compensation dispute resolution.
3. The Company has filed a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. This statement is updated within 60 days of any changes of such persons. The statement was filed with the FCC Secretary and made available to facilities-based Long Distance Carriers and PSPs.
4. The Company's data storage requirements are in compliance with the FCC rules.

H. The Company has contracted an independent third-party auditor to test, among others, critical controls and procedures to verify that errors are immaterial, as follows:

1. The Company has procedures to identify payphone-originated calls, and the third-party audit report of BSG states that BSG also has such procedures.
2. The Company has procedures to capture dial-around calls.
3. The Company has procedures to exclude incomplete calls from the Compensable Call File.
4. The Company has procedures to accurately populate call record data in the Compensable Call File.

I. The Company 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 the Company owes compensation, as follows:

1. The Company has business rules that identify calls originating from payphones, and the third-party audit report of BSG states that BSG also has such business rules.
2. The Company has business rules that identify compensable payphone calls.
3. The Company has business rules that identify incomplete or otherwise non-compensable calls.
4. The Company has business rules to determine the identities of the PSPs to which the Company owes compensation.

PUERTO RICO TELEPHONE COMPANY, INC.

REPORT OF MANAGEMENT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF 47 C.F.R. SECTIONS 64.1310 AND 64.1320 OF THE FEDERAL COMMUNICATIONS COMMISSION'S RULES AND REGULATIONS

Required Disclosures per 64.1320(d)

The Company represents the following facts regarding its role as the Completing Carrier. These facts are in fulfillment of the obligations of the Company as specified at 47 C.F.R. Section 64.1320(d):

1. The Company's criteria for identifying calls originating from payphones are by using a payphone ANI list.

2. The Company's criteria for identifying compensable payphone calls include: (1) calls identified from payphone ANI list, (2) call duration greater than zero, (3) call completion indicator, and (4) calls with a valid call structure and module codes. The Company does not have written compensation agreements with payphone owners.

3. The Company's criteria for identifying incomplete or otherwise non-compensable calls include: (1) calls that are not on the payphone ANI list, (2) calls with a duration of zero, (3) calls without a completion indicator, and (4) calls with an invalid call structure and module codes.

4. The Company's criteria used to determine the identities of the PSPs to which the Company owes compensation are established during the Sales Order Process. During the Sales Order Process, all orders relating to payphones require information consisting of PSP name, address, and ANI location to determine the identities of the PSPs.

5. The Company uses the clearinghouse BSG to perform payphone compensation settlement.

6. The type of information that the Company needs in order to compensate the PSPs is the correct identification information consisting of PSP name, address, ANI and ANI location.

PUERTO RICO TELEPHONE COMPANY, INC.

Ana M. Betancourt
Chief Operating Officer
August 20, 2012.

8/20/12

RSM ROC & Company is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.