

**Report of Independent Auditor  
To the Management of Excell Services  
Lubbock, Texas 79412**

*In the matter of* )  
 )  
*Conformance to the Pay Telephone* ) September 2005  
*Reclassification & Compensation Provisions of* )  
*The Telecommunications Act of 1996* )  
*FCC 03-235* )

**Letter of Attestation**

We have examined management's assertion, that it believes that, as of September 30, 2005, Excell Services's controls over its review methods, procedures and systems deployed for compliance with FCC Dial-Around Compensation (DAC) requirements, are effective in providing reasonable assurance that FCC reporting requirements are properly followed, summarized and reported to Payphone Service Providers (PSP's). This assertion is included in the accompanying report by management titled, "Report of Management on Measurement and Reporting". Excell Services's management is responsible for maintaining effective controls over its measurement and reporting function. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in general accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and GAO GAGAS, and, accordingly, included obtaining an understanding of the controls over review methods, procedures and systems deployed by management for compliance with FCC requirements, testing, and evaluating the design and operating effectiveness of those controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, errors or fraud may occur and not be detected. Also, projections of any evaluation of controls over the measurement and reporting function to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion, that it believes that, as of September 30, 2005, Excell Services's controls over its measurement and reporting function as it relates to review methods, procedures and systems deployed by management for compliance with FCC requirements are

effective in providing reasonable assurance that FCC requirements are properly recorded, summarized and reported, is fairly stated, in all material respects, based on the criteria specified in management's report.

This report is intended for compliance purposes, and, as such, the information contained herein and its use is solely at the discretion of Excell Services's management.

By: \_\_\_\_\_, Principal

I. Nicholas Phelan

September 30, 2005

Princeton Associates  
Phoenix, Arizona, USA

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

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## I. INTRODUCTION

It is common industry knowledge that, since the implementation of the Telecommunications Act of 1996, there have been ongoing discussions among carriers (“Inter Exchange Carriers” and “Completing Carriers”) and payphone service providers (PSPs) as to how best to ensure PSPs are fairly compensated for all completed coinless calls originating from their payphones.

On September 30, 2003, the Federal Communications Commission (FCC) released its Report and Order in CC Docket No. 96128 (FCC 03-235) titled *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*. In this latest ruling, the FCC adopted new payphone compensation rules.

These rules place responsibility on the completing carrier to establish a call-tracking system and to compensate PSPs for coinless payphone-originated calls that are completed by that carrier. Carriers are required to establish call tracking systems, have an independent third-party auditor attest that the system accurately tracks payphone calls to completion, and pay PSPs directly, based on the carrier’s own call tracking data. The FCC rules also define new reporting requirements for intermediate carriers, although no attestation is required.

The requirements set forth by the FCC take effect the first day of the first full quarter after the new rules became effective. These rules became effective July 1, 2004.

### Excell Services

About Excell Services (formerly OSC) from its web site:  
OSC ([www.osc.com](http://www.osc.com)), a Platinum Equity company, is America's largest independent provider of operator services, directory assistance, and inbound customer service to the telecommunications industry. OSC provides Trust in Every CallSM. The Company's service offerings are designed to enable its clients to focus internal resources on their core competencies while helping them to increase revenues, improve service quality and reduce costs. Excell Services's corporate offices are located in Lubbock Texas. It has a call center in San Antonio and in Lubbock, and switch locations in Dallas, TX.

Operator Service Company, Inc. was formed in June, 1987.

## **II. BACKGROUND**

Prior to the new rules becoming effective, carriers were required to follow the rules as set forth in the FCC's previously issued Second Order on Reconsideration (CC Docket No. 96-128). For many carriers, current network and billing system processes and procedures implemented to comply with the Second Order of Reconsideration may already support compliance with portions of the FCC's latest ruling. However, when the new rules became effective, carriers were required to implement a more detailed level of data gathering, analysis, storage, and reporting, as well as monitor compliance with the new rules.

Each completing carrier is required to file a report from the independent auditor regarding the completing carrier's compliance with the FCC's rules by the effective date of such rules. Consistent with standards established by the American Institute of Certified Public Accounts (AICPA) for attestation engagements, the System Audit Report shall consist of (1) the completing carrier's representation concerning its compliance and (2) the independent auditor's opinion concerning the completing carrier's representation of compliance.

This report must be filed with the FCC Commission's Secretary in CC Docket No. 96-128 and with each PSP for which the completing carrier completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

### III. EXCELL SERVICES MANAGEMENT SUMMARY – COMPLIANCE ATTESTATION

The management of Excell Services, Inc. is responsible for establishing and maintaining adequate systems and processes for its payphone call tracking system, and for ensuring Excell Services's compliance with the applicable requirements of Section 64.1310(a)(l) 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*.

Excell Services 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 September 30, 2005, Excell Services complies with all applicable requirements of CC Docket No. 96-128.

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

Excell Services is acknowledged as the "Completing Carrier" in the following payphone call scenarios:

- Call Type 1 (Completed by Excell Services) - Received via IXC's
- Call Type 2 (Completed by Excell Services) - Received via PSP contract
- Call Type 3 (Completed by Excell Services) - Received via LEC Feature Group B

All assertions for Excell Services are from the point Excell Services has visibility to the call tracking data.

Although Excell Services has a corporate affiliation with Billing Concepts Inc. of San Antonio, TX ("BCI"), at this time, Excell Services has elected to process and pay all payphone compensation directly through its own accounts payable systems.

Excell Services represents the following assertions, where Excell Services is identified as the Completing Carrier:

#### **FCC compliance § 64.1320(c) Subsection (1) – *Whether the Completing Carrier's procedures accurately track calls to completion***

- Excell Services's<sup>3</sup> definition of the "per-call rate" of \$0.24 is in compliance with the July 2004 FCC rules.
- Excell Services's<sup>3</sup> definition of the "per-call rate" of \$0.494 is in compliance with current (as of September 27, 2004) FCC rules.
- Excell Services's definition of a "Compensable Call" (payphone-originated call that completes over Excell Services's network in which Excell Services identifies itself as the Completing Carrier) is in compliance with the FCC rules,
- Excell Services's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules,

- Excell Services's systems, or its contracted partner systems, are able to generate the following reports, on a monthly, quarterly, or on-demand, basis:
  - A list of the toll free and access numbers dialed, and completed, from each PSP's payphones, with the ANI for each payphone.
  - The volume of calls for each toll free, and access, number that was completed by Excell Services.
  - The names, addresses, and phone numbers of the persons responsible for handling Excell Services's payphone compensation.
  - The CIC code, or Trunk routing group, of all facilities based LD carriers that routed calls to Excell Services categorized according to toll-free and access code numbers.
- Excell Services's data storage requirement is in compliance with FCC rules.
- Excell Services's procedures for identifying PSPs are complete and accurate.
- Excell Services's procedures for validating payphone ANIs are complete and accurate.

**FCC compliance § 64.1320(c) subsection (2) – *Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.***

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

**FCC compliance § 64.1320(c) subsection (3) – *Whether the Completing Carrier has effective data monitoring procedures.***

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

**FCC compliance § 64.1320(c) subsection (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*

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

**FCC compliance § 64.1320(c) subsection (5)** - *Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.*

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

**FCC compliance § 64.1320(c) subsection (6)** - *Whether the Completing Carrier has procedures to incorporate call data into required reports.*

- Excell Services's SQL systems, or its contracted partner systems, are able to generate the following reports on a quarterly basis:
  - A list of the toll free and access numbers dialed and completed from each PSP's payphones, along with the ANI for each payphone.
  - The volume of calls for each toll free and access number that was completed by Excell Services's switches.
  - The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Excell Services's switches categorized according to toll-free and access code numbers
- Excell Services possess a PSP-provided list of payphone owners identified by ANI.
- A system listing the names, addresses, and phone numbers of the person(s) responsible for handling payphone compensation.

**FCC compliance § 64.1320(c) subsection (7)** - *Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.*

- Excell Services maintains most customer data records from the date of its inception, and all other data (intermediate records) for at least 3 years as required.
- Excell Services has the ability to investigate and resolve PSP disputes.
- Excell Services has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC compliance § 64.1320(c) subsection (8)** - *Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.*

- Excell Services has procedures to identify payphone-originated calls.
- Excell Services has procedures to capture dial-around calls.
- Excell Services has procedures to exclude incomplete calls from the compensable call file.
- Excell Services has procedures to accurately populate call record data in the compensable call file.
- Excell Services has procedures to exclude commissioned calls from the compensable call file.

**FCC compliance § 64.1320(c) subsection (9)** - *Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:*

- (i) identify calls which 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 Completing Carrier owes compensation.*

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

#### IV. REQUIRED DISCLOSURES

##### Excell Services's required disclosures per FCC 64.1320(d)

- Excell Services's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70.
- Excell Services's criteria for identifying compensable payphone calls include (but are not limited to) all calls with info-digits 27, 29 or 70 (or with a payphone-identified originating ANI) and completed call duration greater than 20 seconds. Compensable calls to Excell Services go through Excell Services operator services. Calls originating from payphones where Excell Services has a separate compensation agreement in place are excluded from the Compensable Call File.
- Excell Services's criteria for identifying incomplete or otherwise non-compensable calls include (but are not limited to):
  - 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 call duration of less than 20 or
  - 3) calls that originate from payphones where Excell Services has a separate compensation agreement in place.
- Excell Services's criteria used to determine the identities of the PSPs to which Excell Services owes compensation is established by a comprehensive database of PSP ownership identified by ANI or contract.
- The type of information that Excell Services needs from the PSPs in order to compensate the PSPs is extrapolated from the Excell Services switch records, collected, and implemented into the Excell Services payphone compensation (accounting) processes.

Excell Services

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## V. FOOTNOTES

1. **§ Relationship between GAGAS and Other AICPA**

**1.09** GAGAS may be used in conjunction with professional standards issued by other authoritative bodies. For example, the American Institute of Certified Public Accountants (AICPA) has issued professional standards that apply in financial audits and attestation engagements performed by certified public accountants (CPA). GAGAS incorporate the AICPA's field work and reporting standards and the related statements on auditing standards for financial audits unless specifically excluded, as discussed in chapters 4 and 5. GAGAS incorporate the AICPA's general standard on criteria, and the field work and reporting standards and the related statements on the standards for attestation engagements, unless specifically excluded, as discussed in chapter 6. To meet the needs of users of government audits and attestation engagements, GAGAS also prescribe requirements in addition to those provided by the AICPA for these types of work.

2. **§ 64.1320 Payphone Call Tracking System Audits.**

(a) As a precondition to tendering payment pursuant to section 64.1310(a), all Completing Carriers must undergo a system audit of their section 64.1310(a)(1) tracking system by an independent third party auditor whose responsibility shall be, using audit methods approved by the American Institute for Certified Public Accountants, to determine whether the call tracking system accurately tracks payphone calls to completion.

3. **§ Scope of the use of "Excell Services" in this document**

Excell Services utilizes several subcontractors and outside vendors to support its operations. For example, Excell Services contracts with several IT vendors and consultants to help it in its IT operations, including its ability to produce useful management reporting. Excell Services has subscriptions to its hardware vendors, switches, computer systems, etc, to provide upgrades, utilities and other support. Many of the reports noted in this attestation document are produced by vendor systems as a routine hardware utility, by consultants who have provided SQL and other IT support to Excell Services. When this report references "Excell Services", it means Excell Services, its hardware and software vendors, its outside IT support and its contracted partners..

## APPENDIX A

### Definitions as Required by this Report

Dial Around Compensable Rate:

The amount paid to the payphone operator by the completing carrier for a completed DAC call. The rate is currently included in the accounting programs at Excell Services. These software systems make allowances for future changes in the compensation rate as might be agreed upon, or, mandated by the FCC.

Compensable Call:

A compensable call is a completed payphone originated call.

Completed Call:

A call is considered complete when the local exchange carrier connecting the call to the called party provides answer supervision or operator confirmation back to our switch indicating the call is connected or completed.

Clearinghouse

Third party entity that performs some of the functions required to compensate payphone owners

UTC:

Universal Coordinated Time (formerly known as Greenwich Mean Time)

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