



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 23, 2004
TO: Mike Barrett, Competitive Markets and Enforcement
FROM: Denise N. Vandiver, Chief, Bureau of Auditing *D*
Division of Regulatory Compliance and Consumer Assistance
RE: **Docket No.** 031125-TP ; **Company Names:** BellSouth, Telecommunications, Inc. (Audit Control No. 04-098-4-1) & IDS Long Distance Inc. (Audit Control No. 04-098-4-2); **Audit Purpose:** IDS Complaint of overbilling against BellSouth Telecommunications, Inc.

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

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Ms. Nancy H. Sims, Director- Regulatory Relations
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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING*

Miami District Office

IDS TELCOM, LLC AND
BELLSOUTH TELECOMMUNICATIONS, INC.
RECONCILE SETTLEMENT Q ACCOUNT

SETTLEMENT AGREEMENT DATED MARCH 25, 2002

DOCKET NO. 031125-TP

AUS CONTROL 04-098-4-1
AND 04-098-4-2


Kathy L. Welch, Audit Manager


Ruth Young
Professional Accountant Specialist

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

July 8, 2004

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have applied the procedures described later in this report to audit the settlement Q account 205 Q97 4557 of BellSouth Telecommunications, Inc. (BellSouth) and IDS Telcom, LLC (IDS) and to verify the dollars associated with the counterclaim of BellSouth regarding the DUF Re-rate and the Market Rate disputes.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use. Confidential documents were obtained during this audit.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Confirmed - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

Verified - The item was tested for accuracy and compared to the substantiating documentation.

AUDIT PROCEDURES:

Obtained detail of settlement Q account from both BellSouth and IDS. Verified payments with cancelled checks. Obtained documentation for BellSouth's balances. Verified open disputes to dispute forms and credits to bills.

Obtained the dispute forms for the counter-complaint and traced to supporting documentation. Verified data to bills on a random basis and traced rates for DUF Re-rate to order.

Obtained calculations of interest refunded as part of the settlement.

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