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March 22, 2007

City Clerk Ron Leonhardt  
Common Council of the City of Milwaukee  
City Hall – Room 2005  
200 E. Wells St.  
Milwaukee, WI 53202

Dear Mr. Leonhardt:

AT&T Wisconsin received a copy of the March 21<sup>st</sup> letter from the City Comptroller' Office late yesterday afternoon which questioned the financial reporting and auditing requirements set forth in the agreement between the City of Milwaukee and AT&T. Upon receipt of the letter late yesterday afternoon, I contacted Michael Daun, Deputy Comptroller for the City of Milwaukee. I was able to confirm the following information for Mr. Daun during our initial discussion:

- As a regulated telecommunications utility, Wisconsin Bell, Inc., d/b/a AT&T Wisconsin, is subjected to the Uniform System of Accounts prescribed by the Federal Communication Commission and the Public Service Commission of Wisconsin. Accounting transactions and financial results are routinely audited by an independent accounting firm as the federal and state regulatory commissions require segregation of revenues/expenses for regulated accounting purposes.
- The IPTV revenue is captured in unique accounts within the Wisconsin Bell general ledger process. Pre-ledger accounting systems will care for the revenue allocations of bundled services, i.e. IPTV revenue will be tagged and accounted for separate from voice revenue, long-distance revenue, high speed internet revenue and other revenue that is received from a U-verse customer.
- The City of Milwaukee fee remittance will be based upon the definition in the agreement.
- I committed to meet with the City Comptroller's office prior to the April 17<sup>th</sup> Common Council meeting to discuss questions regarding the fee remittance process.
- Once the agreement is approved by the City of Milwaukee, I will meet with the City Comptroller's office to review any financial reporting requests.

Please let me know if additional information is required at this time.

Respectfully submitted,

Scott Jansen  
Regional Vice President – External Affairs  
AT&T Wisconsin

Cc: Deputy Comptroller Michael J. Daun  
Alderman Willie L. Hines, Jr.  
Alderman Michael Murphy