



14450 Burnhaven Drive  
Burnsville, MN 55306

April 7, 2017

Ms. Patricia Van Gerpen  
Executive Secretary  
South Dakota Public Utilities Commission  
Capital Building – 1<sup>st</sup> Floor  
500 East Capital Avenue  
Pierre, SD 57501-5070

RE: Lifeline Biennial Audit – Report of Independent Accountants on Applying  
Agreed – Upon Procedures

Dear Ms. Van Gerpen,

Pursuant to the *General Standard Procedures for Biennial Independent Audits Required Under the Lifeline Reform Order*<sup>1</sup>, Frontier Communications Corporation hereby provides you with a copy of the attached Report of Independent Accountants on Applying Agreed-Upon Procedures.

If you have any questions, please contact Christine Burke at 585-777-6719 or by email at [Christine.burke@ftr.com](mailto:Christine.burke@ftr.com)

Respectfully Submitted,

A handwritten signature in blue ink that reads "Michelle Schlie".

Michelle Schlie  
Sr. Analyst, Regulatory Compliance and Reporting

Enclosures  
cc: Scott Bohler, Frontier

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<sup>1</sup> See *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, Public Notice, 29 FCC Rcd 3568 (rel. Apr. 2.2014) DA 14-450



March 31, 2017

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*Via Electronic Mail and UPS*

**Re: Lifeline Biennial Audit – Report of Independent Accountants on Applying Agreed-Upon Procedures**

Pursuant to the General Standard Procedures for Biennial Independent Audits,<sup>1</sup> Frontier Communications submits the attached Report of Independent Accountants on Applying Agreed-Upon Procedures for the 2015 Biennial Lifeline Audit. Please contact the undersigned with any questions.

Respectfully submitted,

A handwritten signature in cursive script that reads "Christine Burke".

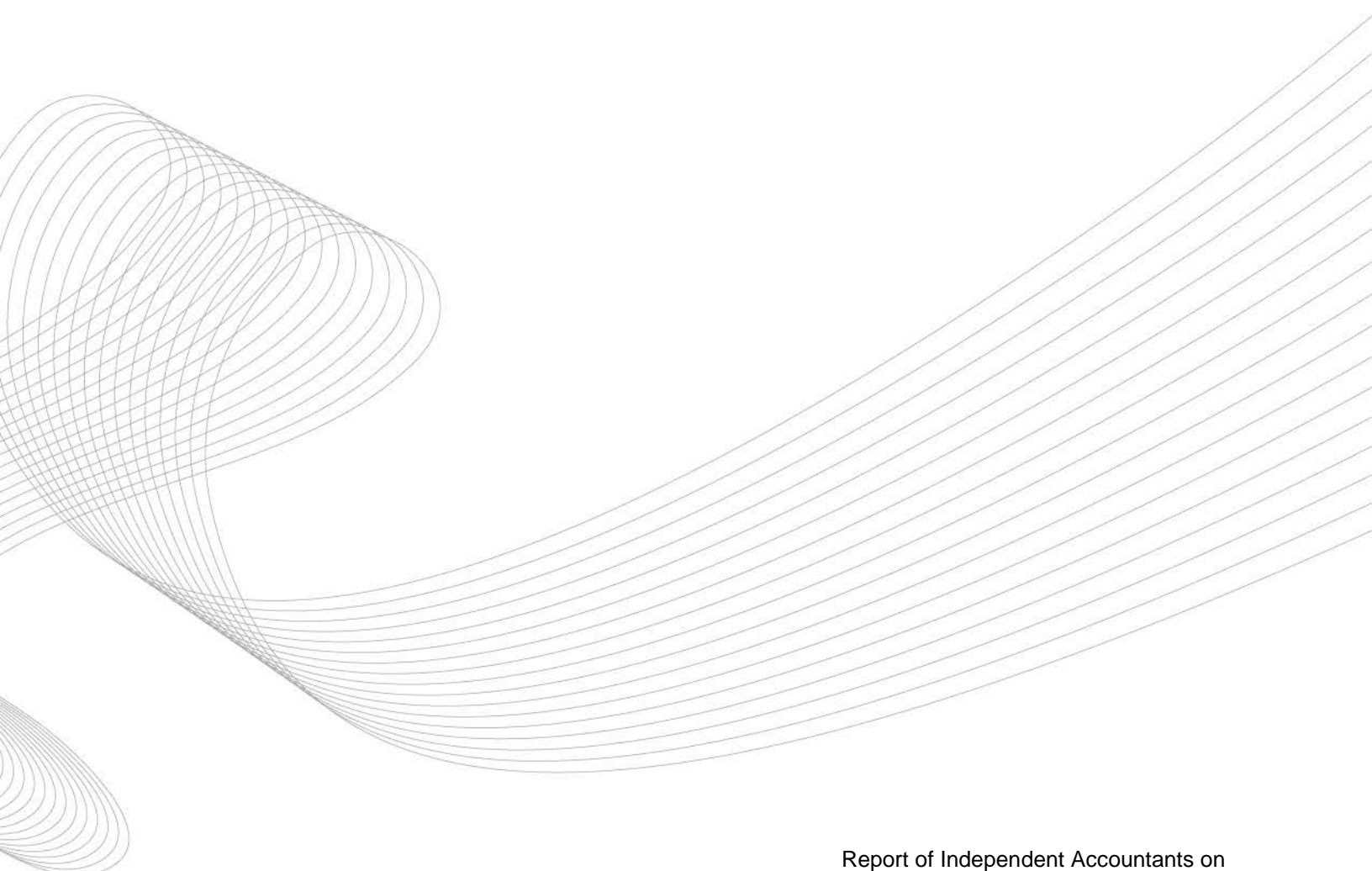
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Attachment

cc: Karen Majcher, Vice President High Cost & Low Income Division, USAC  
Sara Yocum, Moss Adams

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<sup>1</sup> See *Wireline Competition Bureau Announces Release Of Final Lifeline Biennial Audit Plan*, Public Notice, 29 FCC Rcd 3568 (rel. Apr. 2, 2014), Attachment 3 ¶¶ 5, 9.



Report of Independent Accountants on  
Applying Agreed-Upon Procedures

**Frontier Communications Corporation**

December 31, 2015

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

**REPORT OF INDEPENDENT ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES**

To the Managements of Frontier Communications Corporation, the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau, solely to assist you in evaluating Frontier Communications Corporation's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2015. Frontier Communications Corporation's management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.

Frontier Communications Corporation's responses to results of the procedures are included in Attachment A; however, we have not performed any procedures related to these responses.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Frontier Communications Corporation's compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely to report on the findings of the procedures enumerated in Appendix A and is not suitable for any other purposes. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

*Moss Adams LLP*

Stockton, California  
March 31, 2017

Attachment A enumerates the agreed-upon procedures for Frontier Communications Corporation, the associated results, and any management responses obtained in relation to the exceptions identified.

**Objective 1: Carrier Obligation to Offer Lifeline**

***Procedure 1***

Moss Adams LLP inquired of management on January 11, 2017 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

Moss Adams LLP examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

***Procedure 2***

Moss Adams LLP inspected 10 examples of carrier marketing materials describing the Lifeline service (i.e. print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6, and 7 of Appendix A of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted the carrier marketing materials inspected included the following:

- i. The service is a Lifeline service, which is a government assistance program;
- ii. The service is non-transferable;
- iii. Only eligible subscribers may enroll;
- iv. Only one Lifeline discount is allowed per household; and
- v. The ETC's name or any brand names used to market the service.

No exceptions noted.

***Procedure 3***

Moss Adams LLP reviewed the carrier's responses to the background questionnaire regarding the carrier's policies, inquired of management on January 11, 2017 and obtained the carrier's policies and procedures for (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that she/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs.

Moss Adams LLP verified the policies are designed to (1) allow subscribers to make notifications of the subscriber's intent to cancel service and prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service as required by 47 C.F.R. § 54.410(d)(3)(ii) and (iv), and (2) prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel.

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Frontier Communications Corporation

Moss Adams LLP noted no discrepancies between the carrier's responses to the background questionnaire, carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

Moss Adams LLP identified two customer care numbers provided in response to Item 8 of Appendix A, as well as any customer care numbers identified in marketing materials provided in response to Item 6 of Appendix A, or on the websites provided in response to Item 7 of Appendix A.

Moss Adams LLP called each of the two customer care numbers and noted that each telephone number was operational, used an interactive voice response system, and that it was possible to reach a live customer care operator.

No exceptions noted.

***Procedure 4***

Moss Adams LLP inspected applicable policies and procedures regarding de-enrollment from the program when the ETC de-enrolls subscribers based on lack of eligibility, duplicate support, non-usage, and failure to recertify.

Moss Adams LLP inspected policies and procedures for de-enrollment where the ETC had information indicating that a Lifeline subscriber no longer met the criteria to be considered a qualifying low-income consumer under 47 C.F.R. § 54.409, as provided in response to Item 4 of Appendix A as well as de-enrollment letters provided in response to Item 11 of Appendix A.

Moss Adams LLP noted the policies and procedures included, but were not limited to: (1) notifying subscriber of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) terminating of service within 30 days for failure to demonstrate eligibility. No instances of non-compliance with 47 C.F.R. § 54.405(e)(1) of the Commission's rules were noted.

Moss Adams LLP inspected the carrier's policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

Moss Adams LLP noted the policies and procedures stated that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by 47 C.F.R. § 54.405(e)(2) of the Commission's rules.

Moss Adams LLP noted the ETC assesses or collects a monthly fee from its subscribers. As such, Moss Adams LLP did not inspect the carrier's policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days) as 47 C.F.R. § 54.405(e)(3) and/or 54.407(c)(2) do not apply.

Moss Adams LLP reviewed the carrier's policies and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as well as recertification requests provided in response to Item 19 of Appendix A.

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Frontier Communications Corporation

Moss Adams LLP examined the carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules per 47 C.F.R. § 54.405(e)(4).

Moss Adams LLP inspected the sampled notice of impending de-enrollment letters (or templates in lieu of individual requests) and verified that the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

Moss Adams LLP noted no instances where de-enrollment letters did not include an explanation that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

Moss Adams LLP reviewed the de-enrollment letters (or templates in lieu of individual requests), other forms of communications, and the carrier's responses to the background questionnaire and verified that the de-enrollment letters were sent by a method separate from the subscriber's bill.

Moss Adams LLP noted no instances where the de-enrollment letters were not sent by a method separate from the subscriber's bill.

No exceptions noted.

**Objective II: Consumer Qualification for Lifeline**

***Procedure 1***

Moss Adams LLP inquired of management on January 11, 2017 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for limiting Lifeline support to a single subscription per household.

Moss Adams LLP examined the carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. § 54.409(c) (Appendix F) of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

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***Procedure 2***

Moss Adams LLP inquired of management on January 11, 2017 and reviewed procedures the carrier had in place to ensure it accurately completed the FCC Form 497. The policies and procedures included the following:

- The position title of the person responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497. Verify the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
- That a corporate officer signature is required for the FCC Form 497;
- That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form; and
- Provides the billing system name used to generate completion of the form.

Moss Adams LLP noted the carrier had policies and procedures in place to ensure it accurately completed the FCC Form 497.

No exceptions noted.

***Procedure 3***

Moss Adams LLP obtained the Subscriber List in response to Item 1 of Appendix A and obtained the carrier's FCC Form 497(s) for each study area in Florida, Iowa and Ohio for June 2015.

Moss Adams LLP examined the number of subscribers claimed on the Form 497(s) for each study area in Florida, Iowa, and Ohio and compared the number of subscribers reported on the Form 497 to the number of subscribers contained on the Subscriber List for each study area.

Moss Adams LLP noted the number of subscribers reported on the Form 497 agreed to the number of subscribers contained in the Subscriber List.

Note exceptions noted.

***Procedure 4***

Moss Adams LLP used computer-assisted audit techniques to examine the Subscriber List, provided in response to Item 1 of Appendix A, for duplicate addresses with different subscribers.

Moss Adams LLP noted duplicate addresses with different subscribers existed.

***Procedure 5***

Moss Adams LLP randomly selected 9 subscribers (total of all duplicates) from the list of duplicates and requested copies of the one-per-household certification form for each of the selected subscribers to verify the selected subscriber certified to only receiving one Lifeline-supported service in his/her household.

Moss Adams LLP verified that the one-per-household documentation included the following requirements:

- a. An explanation of the Commission's one-per-household rule;
- b. A check box that an applicant can mark to indicate that he or she lives at an address occupied by multiple households;



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- c. A space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant's household and share in the household's expenses or benefit from the applicant's income, pursuant to the definition we adopt here today; and
- d. The penalty for a consumer's failure to make the required one-per-household certification (i.e., de-enrollment).

Moss Adams LLP noted no instances where the one-per-household documentation did not include the required information.

Moss Adams LLP noted the selected subscribers certified to only receiving one Lifeline supported service in the household using the one-per-household worksheet.

Moss Adams LLP noted no instances where the ETC did not provide the requested one-per-household worksheets in violation of the documentation retention requirements per 47 C.F.R. § 54.417(a).

No exceptions noted.

**Objective III: Subscriber Eligibility Determination and Certification**

***Procedure 1***

Moss Adams LLP inquired of management on January 11, 2017 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for ensuring that its Lifeline subscribers are eligible to receive Lifeline services.

Moss Adams LLP examined the carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. § 54.410 of the Lifeline Biennial Audit Plan.

Moss Adams LLP inspected the ETC's policies and procedures and noted evidence of policies that the ETC does not retain copies of subscribers' proof of income-or program based-eligibility.

Moss Adams LLP inspected the ETC's policies and noted evidence of policies and procedures that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to the consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

***Procedure 2***

Moss Adams LLP examined the ETC's policies and procedures for training employees and agents for ensuring that the ETC's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

Agreed-Upon Procedures Report – Attachment A  
Frontier Communications Corporation

Moss Adams LLP reviewed documentation and conducted a verbal interview with the ETC to ensure employees and agents are trained for subscriber eligibility for Lifeline services including completion of necessary forms.

Moss Adams LLP noted that for states the ETC operates in that participates in NLAD, the ETC has designated the Manager – Regulatory Affairs as the NLAD Administrator. The Manager – Regulatory Affairs is responsible for training and approving necessary employees for access to NLAD. Per training, customers may not be subscribed unless the ETC has (1) confirmed that the consumer is a qualifying low-income consumer, and (2) completed the eligibility determination and application form and completed any other necessary enrollment steps. After the subscriber’s application and proof of eligibility have been received and verified, and they have been processed through NLAD with no failures, the subscriber becomes eligible for inclusion in the monthly Form 497.

Moss Adams LLP noted that for states the ETC operates in that opt-out of NLAD there is a state Lifeline administrator or other state agency that is responsible for the initial determination of a subscriber’s eligibility, that the training materials include instructions that Frontier must not seek reimbursement for providing Lifeline service to a subscriber, based on that subscriber’s income eligibility unless the carrier has received from the state Lifeline administrator or other state agency: (i) Notice that the prospective subscriber meets the income-eligibility criteria and (ii) a copy of the subscriber’s certification that complies with the requirements. The subscribers are not eligible for inclusion in the monthly Form 497 until required information is received.

Moss Adams LLP noted employees who work with Lifeline processes are trained when they join the group and once per year thereafter on Lifeline compliance. In addition to yearly training employees are given the USAC and NLAD Policies and Procedures as guidance. The ETC keeps extensive training logs as evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of the ETC’s employees.

No exceptions noted.

***Procedure 3***

Moss Adams LLP randomly selected 100 subscribers from the subscriber list provided in response to Item 1 of Appendix A, and inspected the subscriber’s certification and recertification forms to verify they contained the information required per 47 C.F.R. § 54.410.

Moss Adams LLP examined the subscriber certification and recertification forms for the 100 subscribers noting the following:

The ETC did not provide the subscriber certification forms, subscriber recertification forms, and/or the data source the ETC reviewed to confirm the subscriber’s eligibility in violation of the documentation retention requirements per 47 C.F.R. § 54.417(a) for 3 of the 100 subscribers sampled.

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*Beneficiary Response:*

*Frontier has implemented significant improvements to its retention and retrieval procedures over the last two years, but was unable to produce the required documentation for the three subscribers in question in the timeframe provided.*

The subscriber certification and/or recertification forms did not contain all the elements required per 47 C.F.R. § 54.410 for 5 of the 100 customers.

*Beneficiary Response:*

*For the five subscribers in question, the application forms did not have the required elements because the application used by the subscriber was an out of date application. Frontier regularly updates its Lifeline applications to avoid further findings of this nature. As of 2015, the effective date of the application was added to the bottom of each form. In January 2017, the effective date of the current version of the application was added to Frontier's Lifeline process documentation with instructions not to accept applications with older effective dates. When changes are made to the current effective date of applications, notices are sent to the Offline representatives indicating that a change to the acceptable version of the application has occurred.*

The ETC did not require that the subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to 47 C.F.R. § 54.405(e)(4) in 1 instance.

*Beneficiary Response:*

*In this one instance, the second page of the subscriber application was inadvertently not scanned into retention.*

Moss Adams LLP compared the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria per 47 C.F.R. § 54.409, as well as any additional state eligibility criteria identified in Item 4 of Appendix A (Requested items).

Moss Adams LLP noted no instances where the ETC's subscriber eligibility criteria on the certification and recertification forms did not agree to the federal eligibility criteria per 47 C.F.R. § 54.409.

Moss Adams LLP verified the subscriber completed all required elements as identified in Objective III, Procedure 3a. of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted the subscriber did not complete all required elements on the certification and recertification forms in 6 of 100 subscribers sampled, as the form did not include the elements.

Agreed-Upon Procedures Report – Attachment A  
Frontier Communications Corporation

*Beneficiary Response:*

*In these six instances, the application forms did not have the required elements because the application used by the subscriber was an out of date application. Frontier regularly updates its applications. As of 2015, the effective date of the application was added to the bottom of each form. In January 2017, the effective date of the current version of the application was added to Frontier's Lifeline process documentation with instructions not to accept applications with older effective dates. When changes are made to the current effective date of applications, notices are sent to the Offline representatives indicating that a change to the acceptable version of the application has occurred.*

Moss Adams LLP examined the subscriber's certification, or recertification form, verified forms are dated prior to the end of the selected Form 497 month, and if the form provided was the initial certification form verified the form was dated prior to or on the same day as the Lifeline start date per the subscriber listing.

Moss Adams LLP noted the certification and recertification forms were dated prior to the end of the selected Form 497 month, and prior to, or on the same day as the Lifeline start date per the subscriber listing if it was the initial certification form for all subscribers sampled.

Moss Adams LLP noted the ETC did not provide tribal lifeline in any of the states sampled and therefore subscribers did not certify to residing on Tribal lands.

Moss Adams LLP reviewed the list of the data source or documentation reviewed by the ETC to confirm the subscriber's eligibility and verified the recorded data sources were eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

Moss Adams LLP noted the data source reviewed to confirm the subscriber's eligibility was an eligible data source per 47 C.F.R. § 54.410 for 97 of 100 subscribers sampled.

Moss Adams LLP noted 3 instances where the ETC did not provide the data source or documentation the ETC reviewed to confirm the subscriber's eligibility in violation of document retention rules under 47 C.F.R. § 54.417(a).

*Beneficiary Response:*

*As noted above, Frontier has implemented significant improvements to its retention and retrieval procedures over the last two years, but was unable to produce the required documentation in the timeframe for the three subscribers in question provided.*

**Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers**

***Procedure 1***

Moss Adams LLP inquired of management on January 11, 2017 and obtained the carrier's policies and procedures in response to Item 4, 12 and 13 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for ensuring that the carrier has made and submitted the annual certifications required.

Moss Adams LLP examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. § 54.416 and 47 C.F.R. § 54.522 of the Lifeline Biennial Audit Plan.

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

***Procedure 2***

Moss Adams LLP examined the ETC's FCC Form 555 that was filed in January 2016 and verified an officer of the ETC certified that they understood the Commission's Lifeline rules and requirements and that the carrier: had policies and procedures in place to ensure that its Lifeline subscribers were eligible to receive Lifeline services; is in compliance with all federal Lifeline certification procedures; and in instances where the ETC confirmed consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

Moss Adams LLP noted no instances where certifications were not made.

No exceptions noted.

***Procedure 3***

Moss Adams LLP examined the ETC's organizational chart provided in response to Item 5 of Appendix A and verified the certifying officer on the FCC Form 555 was an officer per the organizational chart or other publicly available document.

Moss Adams LLP noted the individual who certified the FCC form 555 was designated as an officer per the organizational chart to sign the FCC Form 555.

No exceptions noted.

***Procedure 4***

Moss Adams LLP verified that the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February Form 497, provided by the carrier in response to Item 15 of Appendix A, after all study areas were totaled.

Moss Adams LLP noted no discrepancies between the subscriber count per the FCC Form 555, column A and the subscriber count per the February FCC Form(s) 497 for 2015.

No exceptions noted.

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**Procedure 5**

Moss Adams LLP randomly selected one of the three states or territories where the ETC received the largest amount of Lifeline support and two additional states or territories where the ETC is responsible for the annual recertification process.

Moss Adams LLP reviewed the ETC’s recertification results of the individual subscribers reported on the FCC Form 555 filed in January 2016 for those three randomly selected states, as provided in Item 9 of Appendix A, and verified that the data reported on the FCC Form 555 for those states agreed with the detailed recertification results.

Moss Adams LLP noted multiple discrepancies between the FCC Form 555 for those states and the detailed recertification results. Specifically, Moss Adams LLP noted 1 instance where the number of subscribers de-enrolled prior to recertification attempt by either the ETC, a state administrator, access to an eligibility database, or by USAC as reported on the Form 555 column D in January 2016 did not agree to the detailed recertification results. And, Moss Adams LLP noted 2 instances where the number of subscribers whose eligibility was reviewed by the state administrator, ETC access to eligibility database, or by USAC as reported on the Form 555 column K in January 2016 did not agree to the recertification results file.

**Beneficiary Response**

*The discrepancies noted above relate to issues with data passed back to Frontier from USAC, but had no financial impact on the Lifeline program. Specifically, Frontier prepared the recertification input file for USAC based on the February 497 filing. The total number of subscribers on this list was used to populate Column A of the Form 555. This input file indicated which customers had subscribed in January or February and which had de-enrolled prior to submission of the file. The return file from USAC was used to determine the number populated to Column E and Column K of the Form 555. The number of subscribers on the return file from USAC should be equal to the input file less the subscribers who were marked as “Y” for subscribed in January or February or “Y” for de-enrolled prior to recertification. The number of subscribers received on the return file, however, was not equal to the input file less the subscribers marked as “Y” for subscribed in January or February or “Y” for de-enrolled prior to recertification.*

*On the 555, Column A – B – C – D = E. Column A must equal the 497. Column E and Column K must equal the number of subscribers who were sent recertification letters. If the number of subscribers returned in the recertification file from USAC does not equal the February 497 customers less those who subscribed in January or February less those who de-enrolled prior to recertification, then the number populated in column D and therefore K will not match the detail list that Frontier provided to the auditor in Appendix A.*

A	B	C	D	E = (A – B – C – D)
Number of subscribers claimed on February FCC Form 497 of current Form 555 calendar year  <i>(February data month)</i>	Number of lines claimed on February FCC Form 497 of current Form 555 calendar year provided to wireline resellers	Number of subscribers claimed on the February FCC Form 497 that were <u>initially</u> enrolled in the current Form 555 calendar year  <i>(These subscribers did not have Lifeline service prior to January 1 of the current 555 calendar year.)</i>	Number of subscribers de-enrolled <u>prior</u> to recertification attempt by either the ETC, a state administrator, access to an eligibility database, or by USAC	Number of subscribers ETC is responsible for recertifying for current Form 555 calendar year

*Column A which represents the subscribers claimed in the February 497 is correct. Column L which represents the subscribers which were de-enrolled is correct.*

***Procedure 6***

Moss Adams LLP noted the non-usage rule does not apply to the ETC, and therefore, did not randomly select three months during the audit period, one of the three states or territories where the ETC received the largest amount of Lifeline support, and two additional states or territories where the ETC receives Lifeline support, and did not review the ETC's detailed non-usage results of the individual subscribers reported on the FCC Form 555 for those three randomly selected months with the three selected states, as provided in Item 10 of Appendix A (Non-Usage Sample).

***Procedure 7***

Moss Adams LLP reviewed the carrier's annual ETC certification, as provided in Item 13 of Appendix A, and verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

Moss Adams LLP noted no discrepancies between the information reported, certifications made, and those required by the Commission's Lifeline rules.

No exceptions noted.

***Procedure 8***

Moss Adams LLP reviewed the supporting schedules related to the carrier's annual ETC certification, as provided in Items 16 and 17 of Appendix A, and verified that the data reported on the annual ETC certifications agreed with supporting schedules.

Moss Adams LLP noted no discrepancies between the annual ETC certification and the supporting schedules.

No exceptions noted.

***Procedure 9***

Moss Adams LLP inquired of management on January 11, 2017 and obtained the carrier's policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4 of Appendix A.

Moss Adams LLP examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the record keeping rules set forth in 47 C.F.R. § 54.417(a).

Moss Adams LLP noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.