



# PUBLIC NOTICE

**Federal Communications Commission**  
**445 12<sup>th</sup> St., S.W.**  
**Washington, D.C. 20554**

**News Media Information 202 / 418-0500**  
**Internet: <http://www.fcc.gov>**  
**TTY: 1-888-835-5322**

**DA 14-1368**

**Released: September 19, 2014**

## **ERRATUM**

### **WIRELINE COMPETITION BUREAU ANNOUNCES RELEASE OF FINAL LIFELINE BIENNIAL AUDIT PLAN**

**WC Docket No. 11-42**

On April 2, 2014, the Wireline Competition Bureau released a Public Notice, DA 14-450, in the above-captioned proceeding. This Erratum replaces the Attachment 3 of that Public Notice. See new Attachment 3 attached.

**– FCC –**

**ATTACHMENT 3**

**BIENNIAL AUDIT PLAN**

**UNIVERSAL SERVICE FUND – LIFELINE PROGRAM**

**GENERAL STANDARD PROCEDURES**

**FOR**

**BIENNIAL INDEPENDENT AUDITS**

**REQUIRED UNDER THE LIFELINE REFORM ORDER**

**FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31**

**GENERAL STANDARD PROCEDURES  
FOR  
BIENNIAL INDEPENDENT AUDITS  
REQUIRED UNDER THE LIFELINE REFORM ORDER  
FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31**

**TABLE OF CONTENTS**

|                                 | <b>Page</b> |
|---------------------------------|-------------|
| <b>I. INTRODUCTION</b>          | 4           |
| <b>II. ENGAGEMENT PLAN</b>      | 5           |
| <i>Engagement Period</i>        | 5           |
| <i>Conditions of Engagement</i> | 5           |
| <i>Engagement Process</i>       | 6           |
| <i>Timetables</i>               | 7           |
| <i>Attestation Report</i>       | 7           |
| <i>Audit Planning</i>           | 9           |
| <i>Representation Letters</i>   | 9           |
| <i>Sampling</i>                 | 12          |

### **III. FIELDWORK TESTING PROCEDURES**

|                |  |    |
|----------------|--|----|
| Objective I:   | Carrier Obligation to Offer Lifeline   | 13 |
| Objective II:  | Consumer Qualification for Lifeline  | 16 |
| Objective III: | Subscriber Eligibility Determination and Certification                         | 18 |
| Objective IV:  | Annual Certifications and Recordkeeping by Eligible Telecommunication Carriers | 21 |

#### **APPENDIX A**

|                     |    |
|---------------------|----|
| Requested Documents | 23 |
|---------------------|----|

#### **APPENDIX B**

|                          |    |
|--------------------------|----|
| Background Questionnaire | 27 |
|--------------------------|----|

#### **APPENDIX C**

|                                |    |
|--------------------------------|----|
| Internal Control Questionnaire | 31 |
|--------------------------------|----|

#### **APPENDIX D**

|  |    |
|--|----|
| Requested Documents: FCC Form 555 & One-per-household sample | 36 |
|--|----|

#### **APPENDIX E**

|  |    |
|--|----|
| Requested Documents: Subscriber Sample | 37 |
|--|----|

#### **APPENDIX F**

|                         |    |
|-------------------------|----|
| Compliance Requirements | 38 |
|-------------------------|----|

## I. INTRODUCTION

1. The Wireline Competition Bureau (Bureau), in conjunction with the Office of Managing Director (OMD), sets forth the standard procedures for the Lifeline program biennial audits (audits).<sup>1</sup>

2. As described in the Federal Communications Commission's (Commission's or FCC's) *Lifeline Reform Order*, the audits must be performed once every two years, unless otherwise directed by the Commission or Bureau.<sup>2</sup> Every eligible telecommunications carrier (ETC or carrier) providing Lifeline services and receiving \$5 million or more from the low-income program in the aggregate annually, as determined on a holding company basis taking into account all operating companies and affiliates, is subject to the biennial audit requirement.<sup>3</sup> Each ETC that meets the requisite universal service fund (USF) support threshold for Lifeline support is required to hire an independent audit firm to assess the ETC's overall compliance with the Lifeline program's rules and requirements.<sup>4</sup> The independent audit firms conducting the audits must be licensed certified public accounting (CPA) firms.<sup>5</sup> These audits shall be conducted consistent with Generally Accepted Government Auditing Standards (GAGAS)<sup>6</sup> and follow the audit guidelines described below.<sup>7</sup>

3. *Agreed-Upon Procedures Attestation Audit.* In the *Lifeline Reform Order*, the Commission directed the Bureau and OMD to set forth standards for ETCs that are engaging auditors to perform agreed-upon procedures (AUP) attestations.<sup>8</sup> To that end, all hired auditors shall follow the standard procedures contained in this Biennial Audit Plan regarding ETCs' compliance with key Lifeline program requirements. If an auditor subsequently identifies an area of ambiguity regarding Commission requirements, the issue should be reported to the Universal Service Administrative Company (USAC), and if the ambiguity with Commission requirements continues (e.g., USAC indicates the issue will require Commission guidance), the audit firm shall submit to the Commission any requests for rule interpretations necessary to complete the audit.<sup>9</sup> In all instances where an auditor contacts USAC for guidance regarding Commission requirements, USAC will notify all outside auditors so that the issue in

---

<sup>1</sup> See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 et al., Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6782, para. 291 (2012) (*Lifeline Reform Order*). The term "audit" as used in the document refers to an agreed-upon procedures attestation engagement.

<sup>2</sup> *Id.* If there are no material findings in a carrier's first independent audit report, the Wireline Competition Bureau may, in its discretion, relieve the carrier of its obligation to perform an independent audit in the next biennial audit cycle. See *id.* at 6783-84, para. 295.

<sup>3</sup> *Id.* at 6782, para. 291. An affiliate is determined in accordance with section 3 of the Communications Act of 1934, as amended (Act), which defines an affiliate as "a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person." 47 U.S.C. § 153(2); see also 47 C.F.R. § 76.1200.

<sup>4</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6782, para. 291.

<sup>5</sup> See *id.*

<sup>6</sup> GOVERNMENT ACCOUNTABILITY OFFICE, GOVERNMENT AUDITING STANDARDS, December 2011, <http://www.gao.gov/assets/590/587281.pdf> (GAGAS Standards).

<sup>7</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6782, para. 291.

<sup>8</sup> See *id.* at 6783, para. 293.

<sup>9</sup> See *id.*

question will not be treated as a negative finding until guidance has been provided by USAC or the Bureau.<sup>10</sup>

4. *Focus of Audit.* The Biennial Audit Plan is focused on an ETC's corporate-wide compliance rather than an ETC's performance on a specific day in a particular study area.<sup>11</sup> In other words, the audits will focus on a company's overall compliance with the Lifeline rules and assess whether the company has internal controls necessary to comply with the Lifeline rules.<sup>12</sup> For instance, when an ETC has an automated system to verify initial and ongoing eligibility, the audit should focus on whether the methods and procedures of such automated systems are appropriately structured to ensure compliance with Lifeline program rules and requirements.<sup>13</sup> The Biennial Audit Plan also calls for sample testing in limited instances, to ensure that such policies, procedures and methods are being appropriately implemented as described below.

5. *Submission of Attestation Report.* Within 60 days after completion of the field work (i.e., presenting the audit results to the ETC) as described in the Fieldwork Testing Procedures section, but prior to finalization of the report, the third-party auditor shall submit a draft of the Attestation Report to the Commission and USAC. Comments to the draft report may be provided by the ETC to the audit firm prior to submission of the final reports to the Commission and USAC.<sup>14</sup> The Commission directs the audited ETCs to provide the final Attestation Reports to the Commission, USAC, and relevant state and Tribal governments within 30 days of issuance of the final report, which must be submitted no later than one year from release of the final Biennial Audit Plan, and biennially thereafter, unless otherwise directed by the Bureau. The Commission and USAC will be deemed authorized users of the reports.<sup>15</sup> The final reports will not be considered confidential.<sup>16</sup> The draft report and all work papers and communications between the auditors and the ETCs exchanged during the audits that are not included in the final audit reports can be maintained as confidential.<sup>17</sup>

## II. ENGAGEMENT PLAN

6. *Engagement Period.* The AUP engagement shall cover 12 months of Lifeline service being offered by the ETC. The biennial audit scope may include all Low Income support disbursed from the USF by the Administrator, USAC, as detailed below.

7. *Conditions of Engagement.* Audits shall be performed in accordance with GAGAS issued by the Comptroller General of the United States (*as amended*) as an Agreed-Upon Procedures

---

<sup>10</sup> See *id.* at 6783-84, para. 294.

<sup>11</sup> See *id.* at 6782-83, para. 292.

<sup>12</sup> See *id.* In the event there are revisions to the Lifeline program rules, future biennial audits will be subject to any new or revised Lifeline program rules upon the effective date of such rule revisions.

<sup>13</sup> See *id.*

<sup>14</sup> *Id.* at 6783, para. 294. The ETC should submit any comments to the draft report within 30 days after the auditor submits the draft report to USAC and the Commission.

<sup>15</sup> See *id.*

<sup>16</sup> The Commission has already determined that the attestation reports will not be considered confidential. See *id.*

<sup>17</sup> An ETC may request confidential treatment when submitting its draft audit report to the Commission. Whether a draft report is, in fact, protected from disclosure will depend on the Commission's analysis if and when access to such information is sought.

Attestation Engagement. The audit test period will be from January 1 through December 31 (hereinafter, the audit period).<sup>18</sup> The audit firm leading the AUP engagement shall be a licensed CPA firm. All members of the team performing the engagement shall be familiar with the GAGAS standards established for an Agreed-Upon Procedures Attestation Engagement, have a sufficient general understanding of the relevant Commission's Lifeline program rules and requirements, as reflected in Compliance Requirements section included in Appendix F,<sup>19</sup> and the requirements for and objectives of the AUP engagement. The team performing the engagement shall also be independent as defined by the GAGAS. The audit firm shall disclose in its engagement letter to the carrier how the audit team will comply with the GAGAS independence requirements.<sup>20</sup>

8. In addition, to the extent that the auditor determines that procedures included in this Biennial Audit Plan are unclear with respect to any Commission rules and requirements, the audit firm shall contact USAC, and submit to the Commission any requests for rule interpretations necessary to complete the audit. If the audit firm identifies or becomes aware of any situation that indicates waste, fraud, or abuse of the Lifeline program or of any other USF program while performing the audit, the audit firm has an obligation to immediately notify the Commission and USAC, as required by GAGAS paragraphs 5.58 and 5.59.<sup>21</sup>

9. For all references in this document to send information to USAC, please send to Karen Majcher, USAC Vice President, High Cost & Low Income Division at LifelineBiennial@usac.org. For all references in this document to send information to the Bureau and/or Commission, please send to Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, SW, Room 5-A452, Washington, DC 20554; e-mail: Charles.Tyler@fcc.gov; and to Thomas Buckley, Office of the Managing Director, 445 12th Street, SW, Room 1-A636, Washington, DC 20554; e-mail: Thomas.Buckley@fcc.gov. Any changes to contact information will be published in a public notice.

10. The auditor's use of internal auditors/employees provided by the ETC shall be limited to the provision of general assistance and the preparation of schedules and gathering of data for use in the engagement. Under no circumstances shall the internal auditors of the ETC subject to the engagement perform any of the procedures contained in this document.

11. *Engagement Process.* The general standard procedures contained herein are intended to identify areas of audit work coverage and uniformity of audit work among each audit firm performing the engagement. The standards identified throughout this document are not legal interpretations of any rules or requirements. To the extent that these standards or procedures conflict with any Commission rules and requirements, the audit firm should contact USAC to seek guidance as stated in the Conditions of Engagement section.

12. Upon engagement by an ETC, the audit firm shall plan the engagement by using the procedures as listed in the Audit Planning section below. The section requires the audit firm to gain an

---

<sup>18</sup> See *supra* n. 6.

<sup>19</sup> See *infra* Compliance Requirements section.

<sup>20</sup> See GAGAS at 27-29 (defining independence standards).

<sup>21</sup> See *id.* at paras. 5.58 and 5.59. Pursuant to GAGAS requirements for AUP engagements, auditors are required to communicate "significant deficiencies, material weaknesses, instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that comes to the auditors' attention during an agreed-upon procedures engagement." *Id.* at para. 5.58.

understanding of the applicable rules that will be used to test compliance, which are listed in Appendix F. USAC will conduct training for auditors performing the AUP engagements to ensure that the audits are performed in accordance with the Biennial Audit Plan. The audit firm will perform the planning procedures to help in gaining an understanding of how the ETC complies with applicable requirements. The Audit Planning section of this Biennial Audit Plan includes a list of items the ETC shall provide to the auditor to begin fieldwork testing. The auditor, however, can request additional documentation from the ETC during the course of the audit in response to information collected in Appendices B and C.

13. The specific audit objectives and procedures for compliance testing for applicable rules are provided in the Fieldwork Testing Procedures section. The audit firm is expected to complete and report on all applicable procedures except where noted. Certain procedures pertain to ETCs offering Lifeline universal service support to subscribers on Tribal lands. If the ETC does not receive any Tribal support, those procedures should be omitted.

14. Upon completion of the Fieldwork Testing Procedures, the audit firm will draft an Attestation Report in the format detailed in the Attestation Report section. The reporting section describes the process for issuing draft and final reports.

15. *Timetables.* In order to complete the engagement in a timely manner, the following time schedule for completion of certain tasks is provided:

a. Within 60 days after completion of the fieldwork as described in the Fieldwork Testing Procedures section, but prior to finalization of the report, the independent auditor shall submit a draft of the Attestation Report to the ETC, Commission and USAC. ETCs have the option of submitting comments in response to the findings noted in the draft report within 30 days after submission of the draft report.

b. Comments to the draft Attestation Report may be provided by the Commission or USAC to the audit firm prior to submission of the final report.

c. The audited entity shall provide the Attestation Report to the Commission, USAC and relevant state and Tribal governments within 30 days of issuance of the final report. The Commission and USAC shall be deemed authorized users of such reports.

d. The final Attestation Report shall be filed with the Commission and USAC no later than one year after release of this Biennial Audit Plan, and biennially hereafter unless otherwise specified by the Bureau.

16. *Attestation Report.* Consistent with the GAGAS standards for AUP engagements, the audit firm must present the results of performing the procedures in the form of findings, as appropriate and detailed within the Fieldwork Testing Procedures section, resulting from application of the procedures. The presentation of findings related to each of the specified procedures shall include sufficient detail and specificity that a reader may draw a reasonable conclusion as to whether the respective objective has or has not been met. The audit firm must avoid vague or ambiguous language in reporting the findings and shall describe in the draft and final reports all instances of noncompliance with applicable Commission rules or its related implementing orders that were noted by the audit firm in the course of the engagement, or that were disclosed by the ETC during the engagement and not covered by the performance of these procedures. Where samples are used to test data, the report shall identify the size of the sample, and results from testing the procedures. The draft and final reports shall list the procedures with the results of the test-work performed, and any related findings, the ETC's responses to the findings, and if applicable, the audit firm's reply comments. Upon request by the Commission or USAC, the auditor shall provide its work papers. If there are no findings, the audit firm must indicate such by stating, "No Exceptions Noted." The auditor's report must also contain the following elements:



- a. A title that includes the word independent;
- b. Identification of the specified parties in the engagement;
- c. Identification of the subject matter (or the written assertion related thereto) and the character of the engagement;
- d. Identification of the FCC, USAC, and the ETC as the responsible parties;
- e. A statement that the procedures performed were those contained in this document or as directed by the Bureau, as specified in Conditions of the Engagement section.
- f. A statement that the AUP attestation engagement was conducted in accordance with attestation standards established by the Government Accountability Office.
- g. A statement that the sufficiency of the procedures is solely the responsibility of the specified parties and a disclaimer of responsibility for the sufficiency of those procedures.
- h. A list of the procedures performed, the results of the testwork performed, and any related findings, the ETC's responses to the findings, and if applicable, the audit firm's reply comments.
- i. A statement that the audit firm was not engaged to and did not conduct an examination of the subject matter, the objective of which would be the expression of an opinion, a disclaimer of opinion on the subject matter, and a statement that if the practitioner had performed additional procedures, other matters might have come to his or her attention that would have been reported.
- j. A statement that this report becomes a matter of public record when the audit firms file the final report with the FCC.
- k. A description of any limitations imposed on the audit firm by the carrier or any other affiliate, or other circumstances that might affect the audit firm's findings.

17. The report must **NOT** include any subscriber phone numbers, names, addresses, birthdates, social security numbers, tribal identification numbers, or any other personally identifiable information or individually identifiable customer proprietary network information.<sup>22</sup>

---

<sup>22</sup> See 18 U.S.C. § 1028(d)(7) (definition of means of identification); 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information). ETCs and auditors are required to have sufficient safeguards in place to maintain the proprietary or personal nature of subscriber information subject to the audit. See *id.*; see also 18 U.S.C. § 1028(d)(7).

18. *Audit Planning.* To initiate the audit, the audit firm shall use the following documents to plan the audit engagement: (1) The Requested Documents (Appendix A); (2) Background Questionnaire (Appendix B); and (3) Internal Control Questionnaire (Appendix C). These documents should be provided to the ETC with the audit announcement.

19. Upon receipt and review of completed questionnaires and submission of the Requested Documents, the audit firm will then provide Requested Documentation FCC Form 555 & One-Per-Household Worksheet Sample (Appendix D) and Requested Documentation: Subscriber Sample (Appendix E) to the ETC so that the ETC can provide the additional documentation necessary to complete the procedures. As part of engagement, the audit firm shall:

- a. Inspect the completed Background Questionnaire and note in the Attestation Report any areas that are not in compliance with the FCC Lifeline rules set forth in Appendix F.
- b. Inspect the completed Internal Control Questionnaire and note in the Attestation Report any questions that were vague, not answered, or answered other than “Yes” and any comments provided by the ETC.

20. *Representation Letters.* The audit firms shall obtain two types of representation (assertion) letters. The first type of representation letter shall address all items of an operational nature (Operational Representation Letter). The second type of representation letter shall address applicable Commission rules and requirements as detailed below (Compliance Representation Letter). The following paragraphs detail the contents of each type of representation letter.

21. The Operational Representation Letter shall be signed by the Chief Operating Officer, or the equivalent, of the audited entity and shall include the following:

- a. The audited entity has made available all records in its control, as a participant in the Lifeline program under the federal USF, necessary to successfully execute the Lifeline agreed-upon procedures attestation engagement.
- b. Carrier is responsible for complying, and has complied, with requirements relating to 47 C.F.R. Part 54 Subparts B and E of the Commission rules governing the administration of the USF for the Lifeline Program.
- c. Pursuant to Commission’s Lifeline rules, the audited entity has only received reimbursement for each qualifying low-income consumer served, and that the reimbursement amount equals the federal support amount, including amounts described in 47 C.F.R. § 54.403(a) and (c).
- d. The audited entity has no knowledge of any fraud or suspected fraud by management/employees of the ETC related to the administration of the Lifeline Program.
- e. The audited entity has responded fully to all inquiries submitted by the auditor in the agreed-upon procedures attestation engagement.
- f. The audited entity has reviewed the draft Attestation Report findings and management letter comments, where applicable, and concur that all non-compliance identified therein are included in the reports or management letters.

- g. The audited entity has no knowledge of any events subsequent to the period of the subject matter being reported on that would have a material effect on the subject matter, or more specifically, the report opinions provided by the auditor, except as has been disclosed.
- h. There have been no notices of action from state or federal regulatory agencies, including the Federal Communications Commission or state public utilities commission that would affect the subject matter, or, more specifically, the report observations provided by the audit firm.

22. The Compliance Representation Letter shall be signed by the Chief Operating Officer, or the equivalent, of the audited entity and shall include the following:

**Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Part 54 of the Federal Communications Commission's Rules, Regulations and Related Orders**

Management of (name of telecommunications carrier) is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission (FCC) rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.417 as well as related FCC Orders.

Management has performed an evaluation of the carrier's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.417, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the Universal Service Fund (USF) during the period January 1, 20XX through December 31, 20XX (audit period).

**The Carrier makes the following assertions with respect to the provision of Lifeline service during the audit period:**

A. Carrier Obligation to Offer Lifeline – the (name of Telecommunications Carrier) asserts that it:

- 1. is an eligible telecommunications carrier (ETC) (47 C.F.R. §§ 54.201(a); *Definition of eligible telecommunications carriers, generally*, which discusses carrier eligibility) and provides the services required for eligibility (54.101(a): *Services designated for support*, and (b): *Requirement to offer all designated services*; which describe the services that an eligible carrier must offer to receive federal universal service support)
- 2. makes available Lifeline service, as defined in 54.401, to qualifying low-income consumers (47 C.F.R. § 54.405(a): *Carrier obligation to offer lifeline*, which discusses carriers' obligations to offer, publicize, notify and allow lifeline services)
- 3. publicizes the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service. (47 C.F.R. § 54.405(b): *Carrier obligation to offer lifeline*.) (47 C.F.R. § 54.201(d)(2): *Definition of eligible telecommunications carriers, generally*, which requires the advertising of the availability of services)
- 4. indicates on all materials describing the service, using easily understood language, that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. For the purposes of this section, the term "materials describing the service" includes all print, audio, video, and web materials used to describe or enroll in the Lifeline service offering, including application and certification forms. (47 C.F.R. § 54.405 (c): *Carrier obligation to offer lifeline*.)

5. discloses the name of the eligible telecommunications carrier on all materials describing the service. (47 C.F.R. § 54.405(d): *Carrier obligation to offer lifeline.*)
- B. Consumer Qualification for Lifeline – the (name of Telecommunications Carrier) asserts that it:
1. maintains policies and procedures that are effectively implemented to review and certify consumer eligibility for Lifeline. (47 C.F.R. § 54.409: *Consumer Qualification for Lifeline*, which discusses the certification and verification requirements) This includes that an officer of the carrier:
    - a. asserts that the carrier has implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services. (47 C.F.R. § 54.410: *Subscriber eligibility determination and certification*, which also requires compliance with state certification procedures to document consumer eligibility)
- C. Submission of Lifeline Worksheet (Form FCC 497) – the (name of Telecommunications Carrier) asserts that it:
1. submitted properly completed FCC Forms 497 for each month, representing discounts actually provided to subscribers, and has the required supporting documentation for the number of subscribers, rates and other information provided on the Form (47 C.F.R. § 54.407: *Reimbursement for offering Lifeline*, which discusses carrier reimbursement for providing Low Income Program support and requires the carrier to keep accurate records in the form directed by USAC and provide the records to USAC)
- D. General Recordkeeping and Annual Certification Requirements – the (name of Telecommunications Carrier) asserts that:
1. it maintains records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in § 54.410(d) and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier. (47 C.F.R. § 54.417(a))
  2. if it provides Lifeline discounted wholesale services to a reseller, it must obtain a certification from that reseller that it is complying with all Commission requirements governing the Lifeline and Tribal Link Up program. (47 C.F.R. § 54.417(b))
  3. complied with the annual certifications by eligible telecommunication carriers. (47 C.F.R. §§ 54.416, 54.522)

Dated [Date], 20XX

\_\_\_\_\_  
Name: Official or Owner of Carrier

and, if applicable

\_\_\_\_\_  
CFO or Senior Official responsible for  
Accounting or USF Compliance

23. *Sampling.* Certain procedures may require testing on a sample basis. To test compliance with certain key risk areas, the auditor will randomly select one month during the audit period and three states or territories where the ETC is designated. In selecting the three states or territories, the auditor shall randomly select one of the three states or territories where the ETC received the largest amount of Lifeline support during the audit period and two additional states or territories randomly selected by the auditor. The auditor shall request the ETC to submit to the auditor a subscriber list consisting of subscribers served by the ETC for that randomly selected month within the three selected states or territories (collectively, Subscriber List). Before the auditor selects three states to audit from, the ETC shall deliver to the auditor and USAC a list of those states or territories in which the state, or a state Lifeline administrator, is responsible for obtaining the ETC's subscribers Lifeline certification forms and performs the annual recertification process (State/Territory List).<sup>23</sup> Upon receipt of the State/Territory List, the auditor shall exclude from its selection of states, those states on the State/Territory List. Upon request from the auditor, USAC shall identify the three states or territories where the ETC received the largest amount of Lifeline support during the audit period.<sup>24</sup> The auditor will randomly select subscribers from the Subscriber List for the applicable procedures as described in the Fieldwork Testing Procedures section. To test compliance with other key risk areas, the auditor will randomly select a certain number of subscribers and request additional documentation (certification forms, recertification forms, recertification notice, termination notice, etc.) as described in the Fieldwork Testing Procedures section.

---

<sup>23</sup> Only those states or territories, or state Lifeline administrators, responsible for establishing eligibility of all qualifying programs for Lifeline and responsible for obtaining initial and annual certifications forms, should be included within the State/Territory List.

<sup>24</sup> In the event the ETC did not receive Lifeline support in at least 3 states or territories, the auditor shall select all of the states or territories where the ETC received Lifeline support during the audit period.

### III. FIELDWORK TESTING PROCEDURES

**OBJECTIVE I: Carrier Obligation to Offer Lifeline.** To determine if the ETC has procedures in place to make Lifeline services available to qualifying low-income consumers with mandated disclosures regarding requirements to participate in the Lifeline program, and procedures for de-enrolling subscribers when they are no longer eligible to receive Lifeline services.

#### **Standards**

The Commission has adopted rules, set forth in 47 C.F.R. § 54.405, requiring carriers to make available Lifeline services to qualifying low-income consumers using marketing materials that describe the service. For purposes of this rule, the term “marketing materials” includes materials in all media, including but not limited to print, audio, video, and Internet (including email, web, and social networking media) that describe the Lifeline-supported service offering, including application and certification forms. The Commission has also established requirements for de-enrollment where a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under section 54.405 of the Commission’s rules.

#### **Procedures**

1. Inquire of management and obtain carrier policies and procedures in response to Item 4 of Appendix A (Requested Documents) for offering Lifeline service to qualifying low-income consumers. Examine the carrier policies and procedures, and compare management responses and carrier policies and procedure with the Commission’s Lifeline rules set forth in Appendix F. Note any discrepancy between the policies and procedures and the Commission’s rules.
2. Inspect 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, and note if the materials do not include 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.

If all of the examples do not include this required information, identify and note the specific element(s) that are missing from each example. In the event the ETC does not have 10 different examples of marketing materials, it should submit as many as it uses to advertise the ETC’s Lifeline service plans.

3. Randomly select 10 recorded calls out of the 50 recorded calls, servicing the ETC’s Lifeline subscribers, as provided in response to Item 8 of Appendix A. In reviewing the 10 recorded calls, note whether: (1) the telephone number(s) involve the use of interactive voice response (IVR) system; (2) a live customer care operator is available; and (3) the time spent using the customer care telephone service. Also note whether the customer care telephone number(s) can be used by subscribers to notify the ETC of the subscriber’s intent to cancel service or give notification that the subscriber is no longer eligible to receive service.

4. Inspect applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.
  - a. Inspect the ETC's policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets 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. Note whether the policy and procedures detail the process for communications between the subscriber and ETC regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility. Identify any areas that are not in compliance with section 54.405(e)(1) of the Commission's rules.
  - b. Inspect the carrier's policy 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). Note if the policy and procedures state 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 section 54.405(e)(2) of the Commission's rules.
  - c. 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), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program. Using the list provided in response to Item 10 in Appendix A, perform the following:
    - i. For subscribers listed as de-enrolled or scheduled for de-enrollment, select a sample of at least 10 accounts and request copies of the non-usage termination notifications sent to the subscribers.
    - ii. Examine the non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service. Note if any of the non-usage termination notifications do not include this information, as required by section 54.405(e)(3) of the Commission's rules.
    - iii. Attach a sample non-usage termination notification(s).
  - d. Review the carrier's policy 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. For any subscribers identified in Item 9.i, j and m of Appendix A, select a random sample of at least 30 and request copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and perform the following:
    - i. Inspect the sampled notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification to verify if 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. Note if any of the impending de-enrollment letters do not include this information.

- ii. Review the de-enrollment letters, and other forms of communications, and the carrier's responses to the background questionnaire and verify through observation that the de-enrollment letters, if that form of communication was used, were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).
- iii. Attach a random sample of at least 5 examples of the impending de-enrollment letters to this procedure, and attach other forms of communications provided to the subscriber.



**OBJECTIVE II: Consumer Qualification for Lifeline.** To determine if the ETC has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

### **Standards**

The Commission has adopted rules, set forth in 47 C.F.R. § 54.409, establishing eligibility criteria for consumers to be qualified to receive Lifeline services and limiting Lifeline support to a single subscription per household. The Commission has also adopted rules, set forth in 47 C.F.R. § 54.407, establishing that universal service support for providing Lifeline shall be provided directly to an eligible telecommunications carrier, based on the number of qualifying low-income consumers it serves.

### **Procedures**

1. Inquire of management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.
2. Review procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. If the carrier does not have such procedures, inquire of management to describe the process for completing a FCC Form 497. The procedures or process should include 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;
  - Provides the billing system name used to generate completion of the form; and
  - If applicable, describes the process for completing the Tribal Link Up portions of the FCC Form 497.

Document any exceptions and include in the audit report.

3. Obtain the Subscriber List in response to Item 1 of Appendix A and obtain the carrier's FCC Form 497(s) for each study area in the selected states for the selected month. Examine the number of subscribers claimed on the Form(s) 497. Compare the number of subscribers reported on the Form 497(s) to the number of subscribers contained on the Subscriber List for each study area. Note any discrepancies in the number of subscribers.
4. Using computer-assisted audit techniques, examine the Subscriber List and note if there are any duplicate addresses with different subscribers. Create a list reflecting these results.

5. From the list completed in #2. above, randomly select up to 30 subscribers from the list and request copies from the ETC of the one-per-household certification form for each of the selected subscribers. Verify that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet. Note the number of missing or incomplete certifications. Even if subscribers enrolled in the program prior to June 2012, the effective date of the one-per-household requirement, at least one subscriber at each address is required to complete a one-per-household worksheet.<sup>25</sup>

---

<sup>25</sup> The Commission requires that all ETCs collect the one-per-household worksheet when they learn that a subscriber resides in the same address as another Lifeline subscriber. *See Lifeline Reform Order*, 27 FCC Rcd at 6691, 6895-96, para. 78, App. C.

**OBJECTIVE III: Subscriber Eligibility Determination and Certification.** To determine if the ETC implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

### **Standards**

The Commission has adopted rules, set forth in 47 C.F.R. § § 54.409 and 54.410, that require ETCs to implement policies and procedures for ensuring that their subscribers are eligible to receive Lifeline services. The Commission's rules, set forth in 47 C.F.R. § 54.409, include requirements for determining whether a consumer is qualified to receive Lifeline service. Pursuant to these rules: (1) the consumer's household income as defined in § 54.400(f) must be at or below 135% of the Federal Poverty Guidelines for a household of that size; (2) the consumer, one or more of the consumer's dependents, or the consumer's household must receive benefits from one of the qualifying federal assistance programs; or (3) the consumer must meet additional eligibility criteria established by a state for its residents, provided that such-state specific criteria are based solely on income or other factors directly related to income.

### **Procedures**

1. Inquire of management and obtain carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.
  - a. Inspect the ETC's policies and look for evidence as to whether it includes a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility. Note in the Attestation Report if such a policy is not included.
  - b. Inspect the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that 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.
2. Examine 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. In the report, summarize the training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with the NLAD, limiting access to the NLAD to select individuals, and the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. Include information provided regarding the timing, frequency and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of the ETC's employees.

3. Randomly select at least 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, the auditor will perform the test described below, for each of the subscriber's certification and recertification forms.<sup>26</sup> After performing the tests described below for the first 50 sampled subscriber, if the error rate is higher than 5 percent, the auditor should apply the same procedure to the remaining 50 subscribers in the sample and record the results.
  - a. Examine the subscriber certification and recertification forms, if any, to verify the forms contain the following information:
    - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
    - ii. Only one Lifeline service is available per household;
    - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
    - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
    - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
    - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
    - vii. Require each prospective subscriber to provide the following information:
      1. The subscriber's full name;
      2. The subscriber's full residential address;
      3. Whether the subscriber's residential address is permanent or temporary;
      4. The subscriber's billing address, if different from the subscriber's residential address;
      5. The subscriber's date of birth;
      6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
      7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
      8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.

---

<sup>26</sup> In the event the auditor chooses a sampled subscriber that enrolled in the program prior to June 1, 2012 (before the effective date of section 54.410 of the Commission's rules), the auditor should randomly select another subscriber that enrolled in the program after June 1, 2012. Subscribers enrolled in Lifeline service subsequent to June 1, 2012 are subject to the initial certification process but are not subject to the recertification process for that year.

- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
  1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;
  2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
  3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in 54.400(e);
  4. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;
  5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
  6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
  7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
  8. 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 § 54.405(e)(4).
- ix. Compare the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409. Note any discrepancies. **Note:** The ETC may list the eligibility criteria in its entirety or may allow the subscriber to note only his/her qualifying criterion on the form.
- x. Verify the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.
- xi. Examine the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. This procedure would not apply to subscribers enrolled prior to June 2012.
- xii. If applicable, verify subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
- b. Review the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility. Verify the recorded data sources are 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.

**OBJECTIVE IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.** To determine if ETCs have made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

### **Standards**

The Commission's rules, set forth in 47 C.F.R. §§ 54.416, 54.422, require that an officer of the company must certify that the ETC has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services and ETC is in compliance with all federal Lifeline certification procedures. ETCs must make this certification annually to USAC as part of the carrier's submission of recertification data pursuant to the Commission's rules.

The Commission also requires under its rules, set forth in 47 C.F.R. §§ 54.417, that it must maintain records to document compliance with all Commission requirements and state requirements governing the Lifeline program for the three full preceding calendar years and must maintain the documentation required in § 54.410(d) and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier, and provide the documentation to the Commission or USAC upon request.

### **Procedures**

1. Inquire of management and obtain carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission's rules, as provided in Item 12 of Appendix A. Examine the policies and procedures. Compare management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rules.
2. Examine the ETC's FCC Form 555 that was filed the January following the audit period.<sup>27</sup> Verify the carrier made all of the following certifications. An officer of each ETC must certify that s/he understands the Commission's Lifeline rules and requirements and that the carrier:
  - a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
  - b. Is in compliance with all federal Lifeline certification procedures; and
  - c. In instances where an ETC confirms 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.
3. Examine the ETC's organizational chart provided in response to Item 5 of Appendix A. Verify that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.
4. Verify that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the February Form 497. *Note: The FCC Form 555 is completed by the carrier at the state level (not the study area level). If the carrier has two study areas in one state, the carrier must combine the results of both study areas and complete one Form 555 for that state.*

---

<sup>27</sup> For the first biennial audit, the auditor would examine the Form 555 filed January 2014, which represents the subscribers recertified during calendar year 2013.

5. For the month of February, the auditor shall: (i) randomly select one of the three states or territories where the ETC received the largest amount of Lifeline support and is responsible for the annual recertification process; ; and (ii) randomly select two additional states or territories where the ETC is responsible for the annual recertification process (Recertification Sample). In the event the ETC did not receive Lifeline support in at least 3 states or territories, the auditor shall select all of the states or territories where the ETC received Lifeline support during the audit period. Using the Recertification Sample, the auditor shall review the ETC's recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period for those three randomly selected states, as provided in Item 9 of Appendix A. Verify that the data reported on the FCC Form 555 for those states agree with the detailed recertification results.
6. If the non-usage rule applies to the ETC, the auditor shall (i) randomly select three months during the audit period; (ii) randomly select one of the three states or territories where the ETC received the largest amount of Lifeline support; (iii) randomly select two additional states or territories where the ETC receives Lifeline support; and (iv) review the ETC's detailed non-usage results of the individual subscribers reported on the FCC Form 555 for those three randomly selected months within the three selected states, as provided in Item 10 of Appendix A (Non-Usage Sample). In the event the ETC did not receive Lifeline support in at least 3 states or territories, the auditor shall select all of the states or territories where the ETC received Lifeline support during the audit period. Verify that the data reported on the FCC Form 555 for the Non-Usage Sample agrees with the detailed non-usage results.
7. Review the carrier's annual ETC certification, as provided in Item 13 of Appendix A. Verify that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).
8. Review any supporting schedules related to the carrier's annual ETC certification, as provided in Item 13 of Appendix A. Verify that the data reported on the annual ETC certification agrees with the supporting schedules.
9. Inquire of management and obtain carrier 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. Examine the policies and procedures. Compare the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417. Note any discrepancies between the policies and procedures and the Commission's rule.


## APPENDIX A

### Requested Documentation

The documentation referenced herein must be provided by the ETC. Please ensure the provided documentation is applicable and effective for the data reported on the FCC Form 497s that were submitted for January 1 to December 31 (audit period) and the FCC Form 555 filed the January following the audit period.


**Instructions:** Please provide the requested documentation, or indicate if a requested item is not applicable. If the ETC is unable to provide an item by the established due date, or are unclear about the requirements for a specific item, please contact the auditor as soon as you are aware of any delays or questions.


Please return the requested documentation on or before "**[type Requested Date]**".

| Request # | Requested Documentation  |
|-----------|--|
| 1.        | <p><b>Electronic</b> subscriber list of the subscribers claimed for the month of _____ 20xx for the three states or territories selected by the auditor with the following data (Subscriber List):</p> <ul style="list-style-type: none"> <li>a. Study area code</li> <li>b. Subscriber first and last name;</li> <li>c. Subscriber address (physical/service address);</li> <li>d. Subscriber apartment, unit, or lot number (as applicable);</li> <li>e. Subscriber city, state, and zip code;</li> <li>f. Subscriber telephone number;</li> <li>g. Subscriber date of birth;</li> <li>h. Last four digits of the subscriber's Social Security Number or tribal identification number;</li> <li>i. Service start date (i.e., when the subscriber first obtained service) if the subscriber initiated service on or after June 2012.</li> <li>j. Lifeline start date (i.e., when the subscriber first began receiving low-income discounts) if the start date occurred on or after June 2012.</li> <li>k. Lifeline disconnect date (if applicable)</li> <li>l. Dollar value of low-income discounts provided.</li> </ul> <p><b>Note:</b> The data should be formatted so that one subscriber represents one record (i.e., row). Please use the suggested formatting in this template as a guide when preparing the Subscriber List:</p> <div style="text-align: center;"> <br/> Subscriber Listing<br/> Template.xlsx </div> |
| 2.        | Completed Background Questionnaire.  |
| 3.        | Completed Internal Control Questionnaire.  |



|    |   |
|----|---|
| 4. | Written policies and procedures (if any) describing processes related to the Lifeline Program, including but not limited to the enrollment process (including any standard scripts used when enrolling new subscribers), eligibility determinations, de-enrollment process, training for employees/agents, limiting Lifeline service to a single household, document retention, etc. In the event there are state-specific requirements that are more restrictive than the Commission's requirements described in Appendix F, please identify those state requirements and the relevant sources of state law. In instances where an audited company purchases another ETC that has different procedures and controls than the audited company, the audited company should explain the differences when summarizing their processes related to the Lifeline Program and estimated timing for integration between the two entities. |
| 5. | "[type Beneficiary's Name]" 's Organizational Chart, to include the owner/management of "[type Beneficiary's Name]" and those individuals responsible for processing, reviewing, and approving the FCC Form 497 and FCC Form 555 (may be separate organizational charts). Please identify those individuals who are officers of the organization as listed in the article of incorporation, articles of formation, or other similar legal document.   |
| 6. | Copies of 10 examples of marketing materials used to advertise the ETC's Lifeline service plans. In the event the ETC does not have 10 different examples of marketing materials, it should submit as many as it uses to advertise the ETC's Lifeline service plans.  |
| 7. | List of all websites used to advertise Lifeline service.  |
| 8. | List of all telephone numbers used as customer care for the Lifeline program and provide 50 recorded customer calls that address Lifeline service.  |

|     |   |
|-----|---|
| 9.  | <p><b>Electronic</b> subscriber list of the subscribers that were recertified during the audit period and reported on the FCC Form 555 due the January following the audit period for the three states selected by the auditor for the month of February (Recertification Sample) with the following data:</p> <ul style="list-style-type: none"> <li>a. Subscriber first and last name;</li> <li>b. Subscriber address (physical/service address);</li> <li>c. Subscriber apartment, unit, or lot number (as applicable);</li> <li>d. Subscriber city, state, and zip code;</li> <li>e. Subscriber telephone number;</li> </ul> <p>On the subscriber list, please identify each subscriber as follows:</p> <ul style="list-style-type: none"> <li>f. Lines provided to wireline resellers (FCC Form 555 Column B);</li> <li>g. Subscriber enrolled in January or February during the audit period (Form 555 Column C);</li> <li>h. Subscribers contacted directly to re-certify eligibility (FCC Form 555 Column D);</li> <li>i. Subscribers who responded to direct contact to re-certify eligibility (FCC Form 555 Column E);</li> <li>j. Subscribers who responded to direct contact that they are no longer eligible (FCC Form 555 Column G);</li> <li>k. Subscribers who de-enrolled prior to the direct contact to re-certify eligibility (FCC Form 555 Column I);</li> <li>l. Subscribers whose eligibility was reviewed by a state administrator, USAC program management, or via access to eligibility data (FCC Form 555 Column J);</li> <li>m. Subscribers whose eligibility was reviewed by a state administrator, USAC program management, or via access to eligibility data who were found to be ineligible (FCC Form 555 Column K); and</li> <li>n. Subscribers who de-enrolled prior to state administrator or USAC program management re-certification attempt or review of eligibility data (FCC Form 555 Column L).</li> </ul> <p><b>Note:</b> The data should be formatted so that one subscriber represents one record (i.e., row). Please use the suggested formatting in this template as a guide when preparing the re-certification results:</p> <div style="text-align: center;"> <br/>       Re-certification<br/>       Results Template.xls     </div> |
| 10. | <p><b>Electronic</b> list of the subscribers reported as de-enrolled for non-usage during the audit period on the FCC Form 555 due the January following the audit period for three states randomly selected by the auditor within three randomly selected months (Non-usage Sample) with the following data: <i>[Applicable only to ETCs that do not assess/collect a monthly fee; inquire of the ETC to determine whether it assesses or collects a monthly fee from Lifeline subscribers prior to including this request.]</i></p> <ul style="list-style-type: none"> <li>a. Subscriber first and last name;</li> <li>b. Subscriber address (physical/service address);</li> <li>c. Subscriber apartment, unit, or lot number (as applicable);</li> <li>d. Subscriber city, state, and zip code;</li> <li>e. Subscriber telephone number; and</li> <li>f. De-enrollment month for non-usage.</li> </ul> <p><b>Note:</b> The data should be formatted so that one subscriber represents one record (i.e., row). Please use the suggested formatting in this template as a guide when preparing the non-usage results:</p>   |

|     |   |
|-----|---|
|     | <br>Non-Usage Results<br>Template.xlsx   |
| 11. | A sample of de-enrollment letters and communications that were sent to subscribers as described in Objective I, Fieldwork Testing Procedures.                                   |
| 12. | Written policies and procedures for ensuring that the ETC has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission's rules. |
| 13. | Copy of the ETC's annual ETC certification and report filed with the Commission as required under sections 54.416 and 54.422.   |
| 14. | FCC Form 497 for the months and states requested by the auditor for the sample.   |

After reviewing the above documentation, we may request additional items to assist us with this audit, including documentation for a sample of individual subscribers. As always, your cooperation is greatly appreciated.

## APPENDIX B

### Background Questionnaire

The information contained herein is to be provided by the ETC. Please ensure your responses are applicable and effective for the data reported on the Form 497s submitted for January 1 to December 31 (audit period) for all study areas. If an answer varies depending upon the study area, please indicate the applicable study area code beside each answer.

**Instructions:** Please complete the questionnaire in its entirety. Any unanswered questions or vague responses will result in additional follow-up questions, which may increase the burden. If a question is unclear, please contact the auditor so that the auditor may provide a better understanding of the type of information that is needed. If a question is not applicable to your environment, please indicate with "N/A."

Please return this questionnaire on or before "[type Requested Date]".

#### A. Enrollment, Certification, and Activation

1. Who are the responsible parties for determining the eligibility of Lifeline subscribers (e.g., individuals in your company, or if more than ten individuals, the supervisor(s) within your company, entities that serve as agents or third parties acting on behalf of your company, state commission, third party administrators, other intermediary, etc.)? Please be as specific as possible.
2. What type of training does your company offer to employees, agents and/or third parties acting on behalf of the company regarding the process of ensuring only eligible consumers enroll in the Lifeline program and how often is that training provided? Please provide documentary evidence that the company offers training to its employees, agents, or third parties.
3. If the answer to #1 is "individuals in your company" or "supervisor(s) within your company," for each state in which your company receives Lifeline reimbursement during the audit period, what method is used to determine subscribers' eligibility (e.g., review of program eligibility and/or income documentation, review of program eligibility and/or income databases, etc.)?
4. If the answer to #1 is "state commission, third party administrators, or other intermediary," for each state in which your company receives Lifeline reimbursement during the audit period, what method does the state commission, third party administrators, or other intermediary use to determine subscribers' eligibility?
5. If the answer to #3 is "a review of program eligibility and/or income documentation," for each state in which your company receives Lifeline reimbursement during the audit period, please list the types of documentation reviewed.
6. If the answer to #3 is "a review of program eligibility and/or income databases," for each state in which your company receives Lifeline reimbursement during the audit period, please list the databases used.
7. What types of documentation and/or information are maintained as evidence of a subscriber's income- or program-based eligibility (e.g., certification forms, proof of income- or program-based eligibility, etc.)? Please provide documentary evidence that such documentation and information is collected.

8. When does a subscriber become eligible for inclusion in the monthly Form 497 claim (e.g., when the certification form is received, when the Lifeline service is activated, etc.)?
9. After the subscriber receives his/her mobile device that can be used for Lifeline service, what steps must the subscriber perform to activate the device/service? Please provide documentation that states this procedure for the company or any written materials used to explain activation.  
*[Only applicable to Wireless ETCs.]*
10. How is a customer informed of the usage requirement, if applicable? Please provide documentary evidence that consumers are informed that there is a usage requirement.

## **B. Recertification**

1. Who are the responsible parties for completing the Form 555 that is submitted to USAC? Please be as specific as possible and provide documentary evidence, if available.
2. Who are the responsible parties for confirming the continued eligibility of Lifeline subscribers (e.g., individuals in your company, or if more than ten individuals, the supervisor(s) within your company, entities that serve as agents or third parties acting on behalf of your company, state commission, third party administrators, other intermediary, etc.)? Please be as specific as possible and provide documentary evidence, if available.
3. If the answer to #2 is “individuals in your company,” please list the supervisory individuals and identify what method is used to confirm subscribers’ continued eligibility (e.g., direct contact, review of program eligibility and/or income databases, etc.).
4. If the answer to #2 is “state commission, third party administrators, or other intermediary,” how often and what method does the state commission, third party administrators, or other intermediary use to confirm subscribers’ continued eligibility?
5. If the answer to #3 is “direct contact,” how are recertification requests provided to subscribers (e.g., mailed re-certification forms, recorded phone calls, text messages, etc.)?
6. If the answer to #3 is ‘a review of program eligibility and/or income databases,’ please list the databases used.

## **C. De-Enrollment**

### *General*

1. In what ways does your company become aware that a subscriber is no longer eligible to receive Lifeline service (e.g., subscriber notification, state administrator notification, etc.)?
2. How is a subscriber notified that Lifeline service will be terminated when your company has a reasonable basis to believe the subscriber is no longer eligible to receive Lifeline support? Please provide documentary evidence that subscribers are notified of termination.
3. If a subscriber wants to notify the ETC that he/she wants to cancel service or that he/she is no longer eligible for service, how does the subscriber make such notification? If it involves use of telephone numbers and/or websites, please submit all such telephone numbers and websites of how the subscriber contacts the ETC.

4. When is Lifeline service terminated for a subscriber who notifies the company that s/he is no longer eligible for or wants to cancel service with the ETC?
5. When is Lifeline service terminated for subscribers who are identified by the state commission, third party administrator, or other intermediary as no longer eligible for Lifeline support?
6. When is Lifeline service terminated for subscribers who fail to demonstrate continued eligibility?

#### *Duplicative Support*

7. After receiving notification from USAC management that a subscriber is receiving a duplicate Lifeline-supported service, when is Lifeline service terminated for the applicable subscriber? Please provide documentary evidence that those customers identified by USAC are de-enrolled within your company's procedural timeframe for de-enrollment.

#### *Non-Usage*

8. If your company does not assess and collect a monthly fee from Lifeline subscribers, how and when is a subscriber notified that Lifeline service will be terminated if the Lifeline-supported service is not used?
9. When is Lifeline support terminated for subscribers who fail to respond?
10. How does the company track non-usage, both at a subscriber-level and a company-wide level? Please provide any documentary evidence that shows how the company tracks non-usage.

#### *Failure to Recertify*

11. If subscribers are contacted directly for recertification, how and when is a subscriber notified that Lifeline service will be terminated if the subscriber does not respond to the recertification attempt? Please provide documentary evidence of a termination notification.
12. When is Lifeline service terminated for subscribers who fail to respond?

### **D. Form 497**

#### *General*

1. Who are the responsible parties for completing the Form 497 that is submitted to USAC? Please be as specific as possible.
2. How does your company determine which subscribers should be included in the monthly Form 497 claim (e.g., all subscribers that received Lifeline Program service during the month, billing cycle dates, only those subscribers active as of the start or end of the month, etc.)?
3. If a date range or cut-off date was used to determine which subscribers were included in filing the Form 497, what was the date range or cut-off date? Please provide documentary evidence of this cut-off date.

### *Duplicates*

4. What is your company's process to prevent a subscriber from obtaining a duplicate Lifeline account? Please provide any documentary evidence that details your company's process of preventing duplicate consumers.
5. What is your company's process to identify duplicate accounts and those subscribers who need to complete the One-Per-Household Worksheet? Please provide any documentary evidence that details your company's process.
6. What is your company's process to eliminate duplicate accounts? Please provide any documentary evidence that details your company's process of eliminating duplicate accounts.
7. What is your company's process for making sure there are no duplicate accounts claimed on the Form 497? Please provide any documentary evidence that details your company's process.

### *Tribal Support*

8. How was the Tribal Lifeline rate claimed on Form 497s during the audit period calculated?  
*[Applicable only if Tribal Lifeline support claimed and received; inquire of the ETC to determine whether it received Tribal support for the selected month and states/territories prior to including this request.]*

## **E. Regulatory and Compliance**

1. Has your company been subject to any internal or external audits (including reviews, attestations, or investigations) that include or relate to reimbursements received during the audit period?  
  
☐ Yes                      ☐ No
2. If the answer to #1 is 'yes,' please list the type of audit performed, the period covered, and which organization performed the audit. Please include financial statement, information system, compliance, and internal control audits in the list.
3. Has your company complied with all the Commission's rules and requirements for the Lifeline Program?  
  
☐ Yes                      ☐ No
4. If the answer to #3 is 'no,' please describe any areas of noncompliance.
5. Has your company been involved (directly or indirectly) with any investigation or legal proceedings within five years before the audit period that could appear to have a direct or indirect impact on the Lifeline Program support received or your process for complying with the Commission's rules and Lifeline Program requirements?  
  
☐ Yes                      ☐ No
6. If the answer to #5 is 'yes,' please explain.

## APPENDIX C

### Internal Control Questionnaire

To be completed by the ETC. Please ensure your responses are applicable and effective as of the audit period for all states in which the ETC receives Lifeline reimbursement during the audit period

**Instructions:** Please complete the questionnaire in its entirety. Any unanswered questions or vague responses will result in additional follow-up questions, which may reduce the efficiency of the audit. If a question is unclear, please contact the auditor so that the auditor may provide a better understanding of the type of information that is needed. **Please provide comments for any answers of No, Unsure, or N/A.**

|                            | Questions  | Yes | No | Unsure or N/A | Comments |
|----------------------------|--|-----|----|---------------|----------|
| <b>CONTROL ENVIRONMENT</b> |  |     |    |               |          |
| 1.                         | Does the person(s) reviewing and approving subscribers' eligibility criteria possess the required knowledge, skills, and abilities? Please provide documentary evidence of training that such a person has received training and provide copies of training materials on this subject. |     |    |               |          |
| 2.                         | Does the person(s) calculating Lifeline Program discounts and assigning Lifeline codes to subscribers' accounts possess the required knowledge, skills, and abilities? Please provide any training materials on this subject that are given to the appropriate person(s).              |     |    |               |          |
| 3.                         | Does the person(s) preparing, reviewing, and approving all Lifeline filings possess the required knowledge, skills, and training to perform the job adequately? Please provide documentary evidence that such persons meet the above standards.  |     |    |               |          |
| 4.                         | Has the company designated an individual responsible for compliance? Does that individual have the necessary authority, independence, and resources to ensure corporate compliance? Is the financial compensation of that person linked to compliance performance?                     |     |    |               |          |
|                            | Does the company have procedures in place to limit access of the NLAD to certain employees trained on the use of NLAD? If so, please provide any documentation explaining these procedures.  |     |    |               |          |
| 5.                         | Are deviations from acceptable practices and violations from policies and procedures addressed in a timely manner and disciplinary actions taken? Please provide any documentation that explains what deviations are acceptable.   |     |    |               |          |
| 6.                         | Is there a code of conduct / code of ethics in place and does it address receipt of federal universal service fund (USF) support? Please provide documentary evidence.   |     |    |               |          |



|                           | Questions   | Yes | No | Unsure<br>or N/A | Comments |
|---------------------------|---|-----|----|------------------|----------|
| 7.                        | Is management aware that they are responsible for identifying and mitigating fraud risks, particularly as it relates to receipt of USF support, including Lifeline reimbursements?  |     |    |                  |          |
| <b>RISK ASSESSMENT</b>    |   |     |    |                  |          |
| 8.                        | Mechanisms exist to identify risks of faulty reporting caused by such items as lack of current knowledge of, inconsistent application of, or carelessness or disregard for standards and reporting requirements of the Lifeline Program? Please provide documentation regarding risk assessment training. |     |    |                  |          |
| 9.                        | Management identifies risk that underlying source data used to compile data for the Lifeline filing process may not be reliable?  |     |    |                  |          |
| 10.                       | Has the company performed a risk assessment to identify significant compliance risks? Has the company established controls to mitigate the identified significant compliance risks?   |     |    |                  |          |
| <b>CONTROL ACTIVITIES</b> |   |     |    |                  |          |
| 11.                       | Manual criteria checklists or automated processes are used in making eligibility determinations and in ensuring compliance with other Lifeline Program rules?   |     |    |                  |          |
| 12.                       | Supervisory review of Lifeline filings are performed to assure accuracy and completeness of data and information included prior to filing of Form 497?  |     |    |                  |          |
| 13.                       | A formal fraud policy exists, which defines fraud and appropriate actions to be taken with respect to instances of fraud. The policy is formally communicated to all employees?   |     |    |                  |          |
| 14.                       | A whistleblower program is in place and is periodically reviewed to ensure it is designed and operating effectively?  |     |    |                  |          |
| 15.                       | A formal Information Security policy exists (to protect sensitive subscriber data and to safeguard subscriber accounts from the misapplication of Lifeline discounts)?  |     |    |                  |          |
| 16.                       | Segregation of duties exists between incompatible duties (e.g., the individual who compiles the Form 497 and Form 555 does not approve the forms)?  |     |    |                  |          |
| 17.                       | Management has established procedures to prevent<br>i) Unauthorized access to; ii) Inadequate retention of; or iii) Improper destruction of records?  |     |    |                  |          |
| 18.                       | Employees who violate state or federal laws/regulations, Lifeline Program rules, and related requirements affecting the organization will be subject to disciplinary actions?   |     |    |                  |          |

|  | Questions  | Yes | No | Unsure<br>or N/A | Comments |
|--|--|-----|----|------------------|----------|
| <b>INFORMATION &amp; COMMUNICATION</b> |  |     |    |                  |          |
| 19.                                    | Processing of information is subject to edit checks?   |     |    |                  |          |
| 20.                                    | Channels of communication exist for people to report suspected improprieties?  |     |    |                  |          |
| 21.                                    | Management has clearly communicated the behavior that is expected?   |     |    |                  |          |
| 22.                                    | Employees who report suspected improprieties are protected from reprisal?  |     |    |                  |          |
| <b>MONITORING</b>                      |  |     |    |                  |          |
| 23.                                    | Periodic review of the internal controls in relation to subscriber eligibility determination is conducted by management? Please provide a timetable for review.  |     |    |                  |          |
| 24.                                    | Periodic review of the internal controls in relation to the Lifeline filing process is conducted by management? Please provide a timetable for review.   |     |    |                  |          |
| 25.                                    | Turnover in management or supervisory personnel is monitored and the reasons for significant turnover are evaluated?   |     |    |                  |          |
| 26.                                    | Information Technology (IT) application controls and general controls are periodically reviewed to ensure it is designed and operating effectively?  |     |    |                  |          |
| 27.                                    | Are violations of laws/regulations and Lifeline Program rules and related requirements regularly identified, measured, and reported to the board of directors, or other appropriate body within the company? |     |    |                  |          |

**Please also provide your responses to the following questions:**

28. What systems are used to compile the number of subscribers reported on the Form 497 and Form 555?
29. What controls are in place to validate the accuracy of the Form 497 and Form 555 data produced by the systems (e.g., edit checks)? How often are these controls tested? When was the most recent test?
30. Who has access to these systems, including systems that are outsourced to third-party vendors? What controls are in place to prevent unauthorized access?
31. Has the internal control environment at any third party vendors/outsourced service organization been documented and tested by an independent third party for the relevant functions (e.g., SAS 70)?
32. Are system access and permissions (e.g., read, write, execute, etc.) periodically reviewed to ensure personnel only have the systems permissions required by their job responsibilities?
33. Are critical data files periodically backed up and stored in a secure off-site location?
34. What systems and controls are used to exchange data with the NLAD? Include details that describe how you limit individuals' access to the NLAD.
35. Does your company have a documented IT business continuity and disaster recovery plan?
36. Where network connectivity is used, are appropriate controls (e.g., firewalls, intrusion detection, vulnerability assessments, etc.) used to prevent unauthorized access?
37. Are you aware of instances where questionable transactions/activities were not properly and/or adequately disclosed to senior management, the board of directors, the state commission, the Commission, or USAC?

☐ Yes    ☐ No

38. If the answer to #37 is 'yes,' please explain.

39. In your opinion, what areas or processes relating to the Lifeline filing process are most susceptible to fraud?

40. Do you or did you have any suspicions or knowledge of fraudulent activity?

☐ Yes    ☐ No

41. If the answer to #40 is 'yes,' please explain.

42. If the answer to #40 is 'yes,' did you report your suspicions or knowledge of fraudulent activity?

☐ Yes    ☐ No            ☐ Not Applicable

43. If the answer to #42 is 'no,' please explain why you did not report your suspicions or knowledge of fraudulent activity.
44. If the answer to #42 is 'yes,' please indicate to whom you reported the fraudulent activity.
45. If the answer to #42 is 'yes,' what was the outcome?

## APPENDIX D

### Requested Documentation: FCC Form 555 & One-Per-Household Sample

Please ensure the provided documentation is applicable and effective for the data reported on the FCC Form 497 submitted for audit period and the FCC Form 555 filed on the January following the audit period.

**Instructions:** Please provide the requested documentation for each of the subscribers in the Subscriber Sample described in the Fieldwork Testing Procedures section, or indicate if a requested item is not applicable. If you are unable to provide an item by the established due date, or are unclear about the requirements for a specific item, please contact the auditor as soon as you are aware of any delays or questions.

Please return the requested documentation on or before **"[type Requested Date]"**.

| Request # | Requested Documentation  |
|-----------|--|
| 1.        | Recertification/termination notification templates related to the recertification process reported on the FCC Form 555 filed on January following the audit period for the random sample on the Subscriber List.                   |
| 2.        | Subscriber one-per-household form, if any, obtained for the following sample of subscribers:<br><i>To be selected from subscribers identified as different individuals with the same address in the one-per-household testing.</i> |

After reviewing the above documentation, we may request additional items to assist us with this audit. As always, your cooperation is greatly appreciated.

## APPENDIX E

### Requested Documentation: Subscriber Sample

Please ensure the provided documentation is applicable and effective as of the audit period.

**Instructions:** Please provide the requested documentation for each of the subscribers in the Subscriber Sample described in the Fieldwork Testing Procedures section, or indicate if a requested item is not applicable. If you are unable to provide an item by the established due date, or are unclear about the requirements for a specific item, please contact the auditor as soon as you are aware of any delays or questions.

Please return the requested documentation on or before **"[type Requested Date]"**.

| Request # | Requested Documentation   |
|-----------|---|
| 1.        | Initial subscriber certification form obtained at subscriber enrollment.                |
| 2.        | Subscriber recertification form, if any, obtained during the audit period.              |
| 3.        | A list of the data source the carrier reviewed to confirm the subscriber's eligibility. |

After reviewing the above documentation, we may request additional items to assist us with this audit. As always, your cooperation is greatly appreciated.

## APPENDIX F

### Compliance Requirements

The requirements that will be covered in the biennial audit are intended to achieve the purpose of the biennial audit as defined and in 47 C.F.R. Sections 54.101, 54.401, 54.403, 54.405, 54.407, 54.409, 54.410, 54.416, 54.417, and 54.422 of the Commission's rules and regulations. Below is a listing of those requirements:

#### Definitions

##### **54.101 Supported services for rural, insular and high cost areas.**

(a) *Services designated for support.* Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and toll limitation services to qualifying low-income consumers as provided in subpart E of this part.

##### **54.400 Terms and definitions.**

As used in this subpart, the following terms shall be defined as follows:

(a) *Qualifying low-income consumer.* A "qualifying low-income consumer" is a consumer who meets the qualifications for Lifeline, as specified in § 54.409.

(b) *Toll blocking service.* "Toll blocking service" is a service provided by an eligible telecommunications carrier that lets subscribers elect not to allow the completion of outgoing toll calls from their telecommunications channel.

(c) *Toll control service.* "Toll control service" is a service provided by an eligible telecommunications carrier that allows subscribers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle.

(d) *Toll limitation service.* "Toll limitation service" denotes either toll blocking service or toll control service for eligible telecommunications carriers that are incapable of providing both services. For eligible telecommunications carriers that are capable of providing both services, "toll limitation service" denotes both toll blocking service and toll control service.

(e) *Eligible resident of Tribal lands.* An "eligible resident of Tribal lands" is a "qualifying low-income consumer," as defined in paragraph (a) of this section, living on Tribal lands. For purposes of this subpart, "Tribal lands" include any federally recognized Indian tribe's reservation, pueblo, or colony, including former reservations in Oklahoma; Alaska Native regions established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688); Indian allotments; Hawaiian Home Lands—areas held in trust for Native Hawaiians by the state of Hawaii, pursuant to the Hawaiian Homes Commission Act, 1920 July 9, 1921, 42 Stat. 108, *et. seq.*, as amended; and any land designated as such by the Commission for purposes of this subpart pursuant to the designation process in § 54.412.

(f) *Income*. “Income” is all income actually received by all members of a household. This includes salary before deductions for taxes, public assistance benefits, social security payments, pensions, unemployment compensation, veteran's benefits, inheritances, alimony, child support payments, worker's compensation benefits, gifts, lottery winnings, and the like. The only exceptions are student financial aid, military housing and cost-of-living allowances, irregular income from occasional small jobs such as baby-sitting or lawn mowing, and the like.

(g) *Duplicative support*. “Duplicative support” exists when a Lifeline subscriber is receiving two or more Lifeline services concurrently or two or more subscribers in a household are receiving Lifeline services or Tribal Link Up support concurrently.

(h) *Household*. A “household” is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An “economic unit” consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians.

(i) *National Lifeline Accountability Database or Database*. The “National Lifeline Accountability Database” or “Database” is an electronic system, with associated functions, processes, policies and procedures, to facilitate the detection and elimination of duplicative support, as directed by the Commission.

(j) *Qualifying assistance program*. A “qualifying assistance program” means any of the federal, state, or Tribal assistance programs participation in which, pursuant to § 54.409(a) or (b), qualifies a consumer for Lifeline service, including Medicaid; Supplemental Nutrition Assistance Program; Supplemental Security Income; Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program; National School Lunch Program's free lunch program; Temporary Assistance for Needy Families; Bureau of Indian Affairs general assistance; Tribally administered Temporary Assistance for Needy Families (Tribal TANF); Head Start (only those households meeting its income qualifying standard); or the Food Distribution Program on Indian Reservations (FDPIR), and with respect to the residents of any particular state, any other program so designated by that state pursuant to § 54.409(a).

#### **54.401 Lifeline defined.**

(a) As used in this subpart, Lifeline means a non-transferable retail service offering:

(1) For which qualifying low-income consumers pay reduced charges as a result of application of the Lifeline support amount described in § 54.403; and

(2) That provides qualifying low-income consumers with voice telephony service as specified in § 54.101(a). Toll limitation service does not need to be offered for any Lifeline service that does not distinguish between toll and non-toll calls in the pricing of the service. If an eligible telecommunications carrier charges Lifeline subscribers a fee for toll calls that is in addition to the per month or per billing cycle price of the subscribers' Lifeline service, the carrier must offer toll limitation service at no charge to its subscribers as part of its Lifeline service offering.



(b) Eligible telecommunications carriers may allow qualifying low-income consumers to apply Lifeline discounts to any residential service plan that includes voice telephony service, including bundled packages of voice and data services; and plans that include optional calling features such as, but not limited to, caller identification, call waiting, voicemail, and three-way calling. Eligible telecommunications carriers may also permit qualifying low-income consumers to apply their Lifeline discount to family shared calling plans.

(c) Eligible telecommunications carriers may not collect a service deposit in order to initiate Lifeline service for plans that:

- (1) Do not charge subscribers additional fees for toll calls; or
- (2) That charge additional fees for toll calls, but the subscriber voluntarily elects toll limitation service.

(d) When an eligible telecommunications carrier is designated by a state commission, the state commission shall file or require the eligible telecommunications carrier to file information with the Administrator demonstrating that the carrier's Lifeline plan meets the criteria set forth in this subpart and describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan. To the extent the eligible telecommunications carrier offers plans to Lifeline subscribers that are generally available to the public, it may provide summary information regarding such plans, such as a link to a public website outlining the terms and conditions of such plans. Lifeline assistance shall be made available to qualifying low-income consumers as soon as the Administrator certifies that the carrier's Lifeline plan satisfies the criteria set out in this subpart.

(e) Consistent with § 52.33(a)(1)(i)(C), eligible telecommunications carriers may not charge Lifeline customers a monthly number-portability charge.

#### **54.403 Lifeline support amount.**

(a) The federal Lifeline support amount for all eligible telecommunications carriers shall equal:

(1) *Basic support amount.* Federal Lifeline support in the amount of \$9.25 per month will be made available to an eligible telecommunications carrier providing Lifeline service to a qualifying low-income consumer, if that carrier certifies to the Administrator that it will pass through the full amount of support to the qualifying low-income consumer and that it has received any non-federal regulatory approvals necessary to implement the rate reduction.

(2) *Tribal lands support amount.* Additional federal Lifeline support of up to \$25 per month will be made available to an eligible telecommunications carrier providing Lifeline service to an eligible resident of Tribal lands, as defined in § 54.400 (e), to the extent that the eligible telecommunications carrier certifies to the Administrator that it will pass through the full Tribal lands support amount to the qualifying eligible resident of Tribal lands and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction.

(b) *Application of Lifeline discount amount.* (1) Eligible telecommunications carriers that charge federal End User Common Line charges or equivalent federal charges must apply federal Lifeline support to waive the federal End User Common Line charges for Lifeline subscribers. Such carriers must apply any additional federal support amount to a qualifying low-income consumer's intrastate rate, if the carrier has received the non-federal regulatory approvals necessary to implement the required rate reduction. Other eligible telecommunications carriers must apply the federal Lifeline support amount, plus any additional support amount, to reduce the cost of any generally available residential service plan or package offered by such carriers that provides voice telephony service as described in § 54.101, and charge Lifeline subscribers the resulting amount.

(2) Where a subscriber makes only a partial payment to an eligible telecommunications carrier for a bundled service package, the eligible telecommunications carrier must apply the partial payment first to the allocated price of the voice telephony service component of the package and then to the cost of any additional services included in the bundled package.

(c) *Toll limitation service.* An eligible telecommunications carrier providing toll limitation service voluntarily elected by Lifeline subscribers whose Lifeline plans would otherwise include a fee for placing a toll call that would be in addition to the per month or per billing cycle price of the subscriber's Lifeline service, shall, for April 2012 Lifeline disbursements through December 2013 Lifeline disbursements, receive support in an amount equal to the lesser of:

(1) The eligible telecommunications carrier's incremental cost of providing either toll blocking services or toll control services to each Lifeline subscriber who has selected such service; or

(2) The following amounts for each Lifeline subscriber who has selected toll blocking services or toll control services:

(i) \$3.00 per month per subscriber during 2012; and

(ii) \$2.00 per month per subscriber during 2013.

#### **54.405 Carrier obligation to offer Lifeline.**

All eligible telecommunications carriers must:

(a) Make available Lifeline service, as defined in § 54.401, to qualifying low-income consumers.

(b) Publicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service.

(c) Indicate on all materials describing the service, using easily understood language that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. For the purposes of this section, the term "materials describing the service" includes all print, audio, video, and web materials used to describe or enroll in the Lifeline service offering, including application and certification forms.

(d) Disclose the name of the eligible telecommunications carrier on all materials describing the service.

(e) *De-enrollment.* (1) *De-enrollment generally.* If an eligible telecommunications carrier has a reasonable basis to believe that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under § 54.409, the carrier must notify the subscriber of impending termination of his or her Lifeline service. Notification of impending termination must be sent in writing separate from the subscriber's monthly bill, if one is provided, and must be written in clear, easily understood language. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to Lifeline termination, that requires, at a minimum, written notification of impending termination, must comply with the applicable state requirements. The carrier must allow a subscriber 30-days following the date of the impending termination letter required to demonstrate continued eligibility. A subscriber making such a demonstration must present proof of continued eligibility to the carrier consistent with applicable annual re-certification requirements, as described in § 54.410(f). An eligible

telecommunications carrier must terminate any subscriber who fails to demonstrate continued eligibility within the 30-day time period. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to Lifeline termination must comply with the applicable state requirements.

(2) *De-enrollment for duplicative support.* Notwithstanding paragraph (e)(1) of this section, upon notification by the Administrator to any eligible telecommunications carrier that a subscriber is receiving Lifeline service from another eligible telecommunications carrier or that more than one member of a subscriber's household is receiving Lifeline service and therefore that the subscriber should be de-enrolled from participation in that carrier's Lifeline program, the eligible telecommunications carrier must de-enroll the subscriber from participation in that carrier's Lifeline program within five business days. An eligible telecommunications carrier shall not be eligible for Lifeline reimbursement for any de-enrolled subscriber following the date of that subscriber's de-enrollment.

(3) *De-enrollment for non-usage.* Notwithstanding paragraph (e)(1) of this section, if a Lifeline subscriber fails to use, as "usage" is defined in § 54.407(c)(2), for 60 consecutive days a Lifeline service that does not require the eligible telecommunications carrier to assess or collect a monthly fee from its subscribers, an eligible telecommunications carrier must provide the subscriber 30 days' notice, using clear, easily understood language, that the subscriber's failure to use the Lifeline service within the 30-day notice period will result in service termination for non-usage under this paragraph. If the subscriber uses the Lifeline service within 30 days of the carrier providing such notice, the eligible telecommunications carrier shall not terminate the subscriber's Lifeline service. Eligible telecommunications carriers shall report to the Commission annually the number of subscribers de-enrolled for non-usage under this paragraph. This de-enrollment information must be reported by month and must be submitted to the Commission at the time an eligible telecommunications carrier submits its annual certification report pursuant to § 54.416.

(4) *De-enrollment for failure to re-certify.* Notwithstanding paragraph (e)(1) of this section, an eligible telecommunications carrier must de-enroll a Lifeline subscriber who does not respond to the carrier's attempts to obtain re-certification of the subscriber's continued eligibility as required by § 54.410(f); who fails to provide the annual one-per-household re-certifications as required by § 54.410(f); or who relies on a temporary address and fails to respond to the carrier's address re-certification attempts pursuant to § 54.410(g). Prior to de-enrolling a subscriber under this paragraph, the eligible telecommunications carrier must notify the subscriber in writing separate from the subscriber's monthly bill, if one is provided using clear, easily understood language, that failure to respond to the re-certification request within 30 days of the date of the request will trigger de-enrollment. If a subscriber does not respond to the carrier's notice of impending de-enrollment, the carrier must de-enroll the subscriber from Lifeline within five business days after the expiration of the subscriber's time to respond to the re-certification efforts.

#### **54.407 Reimbursement for offering Lifeline.**

(a) Universal service support for providing Lifeline shall be provided directly to an eligible telecommunications carrier, based on the number of actual qualifying low-income consumers it serves.

(b) An eligible telecommunications carrier may receive universal service support reimbursement for each qualifying low-income consumer served. For each qualifying low-income consumer receiving Lifeline service, the reimbursement amount shall equal the federal support amount, including the support amounts described in § 54.403(a) and (c). The eligible telecommunications carrier's universal service support reimbursement shall not exceed the carrier's rate for that offering, or similar offerings, subscribed to by consumers who do not qualify for Lifeline.

(c) An eligible telecommunications carrier offering a Lifeline service that does not require the eligible telecommunications carrier to assess or collect a monthly fee from its subscribers:

(1) Shall not receive universal service support for a subscriber to such Lifeline service until the subscriber activates the service by whatever means specified by the carrier, such as completing an outbound call; and

(2) After service activation, an eligible telecommunications carrier shall only continue to receive universal service support reimbursement for such Lifeline service provided to subscribers who have used the service within the last 60 days, or who have cured their non-usage as provided for in § 54.405(e)(3). Any of these activities, if undertaken by the subscriber will establish “usage” of the Lifeline service:

(i) Completion of an outbound call;

(ii) Purchase of minutes from the eligible telecommunications carrier to add to the subscriber's service plan;

(iii) Answering an incoming call from a party other than the eligible telecommunications carrier or the eligible telecommunications carrier's agent or representative; or

(iv) Responding to direct contact from the eligible communications carrier and confirming that he or she wants to continue receiving the Lifeline service.

(d) In order to receive universal service support reimbursement, an eligible telecommunications carrier must certify, as part of each request for reimbursement, that it is in compliance with all of the rules in this subpart, and, to the extent required under this subpart, has obtained valid certification and re-certification forms for each of the subscribers for whom it is seeking reimbursement.

(e) In order to receive universal service support reimbursement, an eligible telecommunications carrier must keep accurate records of the revenues it forgoes in providing Lifeline services. Such records shall be kept in the form directed by the Administrator and provided to the Administrator at intervals as directed by the Administrator or as provided in this subpart.

#### **54.409 Consumer qualification for Lifeline.**

(a) To constitute a qualifying low-income consumer:

(1) A consumer's household income as defined in § 54.400(f) must be at or below 135% of the Federal Poverty Guidelines for a household of that size; or

(2) The consumer, one or more of the consumer's dependents, or the consumer's household must receive benefits from one of the following federal assistance programs: Medicaid; Supplemental Nutrition Assistance Program; Supplemental Security Income; Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program; National School Lunch Program's free lunch program; or Temporary Assistance for Needy Families; or

(3) The consumer meets additional eligibility criteria established by a state for its residents, provided that such-state specific criteria are based solely on income or other factors directly related to income.

(b) A consumer who lives on Tribal lands is eligible for Lifeline service as a “qualifying low-income consumer” as defined by § 54.400(a) and as an “eligible resident of Tribal lands” as defined by § 54.400(e) if that consumer meets the qualifications for Lifeline specified in paragraph (a) of this section or if the consumer, one or more of the consumer's dependents, or the consumer's household participates in one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs general assistance; Tribally administered Temporary Assistance for Needy Families; Head Start (only those households meeting its income qualifying standard); or the Food Distribution Program on Indian Reservations.

(c) In addition to meeting the qualifications provided in paragraph (a) or (b) of this section, in order to constitute a qualifying low-income consumer, a consumer must not already be receiving a Lifeline service, and there must not be anyone else in the subscriber's household subscribed to a Lifeline service.

#### **54.410 Subscriber eligibility determination and certification.**

(a) All eligible telecommunications carriers must implement policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services. An eligible telecommunications carrier may not provide a consumer with an activated device that it represents enables use of Lifeline-supported service, nor may it activate service that it represents to be Lifeline service, unless and until it has: (1) confirmed that the consumer is a qualifying low-income consumer pursuant to § 54.409, and (2) completed the eligibility determination and certification required by this section and §§ 54.404-54.405, and completed any other necessary enrollment steps.

(b) *Initial income-based eligibility determination.* (1) Except where a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, when a prospective subscriber seeks to qualify for Lifeline or using the income-based eligibility criteria provided for in § 54.409(a)(1) or (a)(3) an eligible telecommunications carrier:

(i) Must not seek reimbursement for providing Lifeline to a subscriber, unless the carrier has received a certification of eligibility from the prospective subscriber that complies with the requirements set forth in paragraph (d) of this section and has confirmed the subscriber's income-based eligibility using the following procedures:

(A) If an eligible telecommunications carrier can determine a prospective subscriber's income-based eligibility by accessing one or more databases containing information regarding the subscriber's income (“income databases”), the eligible telecommunications carrier must access such income databases and determine whether the prospective subscriber qualifies for Lifeline.

(B) If an eligible telecommunications carrier cannot determine a prospective subscriber's income-based eligibility by accessing income databases, the eligible telecommunications carrier must review documentation that establishes that the prospective subscriber meets the income-eligibility criteria set forth in § 54.409(a)(1) or (a)(3). Acceptable documentation of income eligibility includes the prior year's state, federal, or Tribal tax return; current income statement from an employer or paycheck stub; a Social Security statement of benefits; a Veterans Administration statement of benefits; a retirement/pension statement of benefits; an Unemployment/Workers' Compensation statement of benefit; federal or Tribal notice letter of participation in General Assistance; or a divorce decree, child support award, or other official document containing income information. If the prospective subscriber presents documentation of income that does not cover a full year, such as current pay stubs, the prospective subscriber must present the same type of documentation covering three consecutive months within the previous twelve months.

(ii) Must not retain copies of the documentation of a prospective subscriber's income-based eligibility for Lifeline.

(iii) Must, consistent with § 54.417, keep and maintain accurate records detailing the data source a carrier used to determine a subscriber's eligibility or the documentation a subscriber provided to demonstrate his or her eligibility for Lifeline.

(2) Where a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, an eligible telecommunications carrier 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 set forth in § 54.409(a)(1) or (a)(3); and

(ii) A copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section.

(c) *Initial program-based eligibility determination.* (1) Except in states where a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's program-based eligibility, when a prospective subscriber seeks to qualify for Lifeline service using the program-based criteria set forth in § 54.409(a)(2), (a)(3) or (b), an eligible telecommunications carrier:

(i) Must not seek reimbursement for providing Lifeline to a subscriber unless the carrier has received a certification of eligibility from the subscriber that complies with the requirements set forth in paragraph (d) of this section and has confirmed the subscriber's program-based eligibility using the following procedures:

(A) If the eligible telecommunications carrier can determine a prospective subscriber's program-based eligibility for Lifeline by accessing one or more databases containing information regarding enrollment in qualifying assistance programs ("eligibility databases"), the eligible telecommunications carrier must access such eligibility databases to determine whether the prospective subscriber qualifies for Lifeline based on participation in a qualifying assistance program; or

(B) If an eligible telecommunications carrier cannot determine a prospective subscriber's program-based eligibility for Lifeline by accessing eligibility databases, the eligible telecommunications carrier must review documentation demonstrating that a prospective subscriber qualifies for Lifeline under the program-based eligibility requirements. Acceptable documentation of program eligibility includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program.

(ii) Must not retain copies of the documentation of a subscriber's program-based eligibility for Lifeline services.

(iii) Must, consistent with § 54.417, keep and maintain accurate records detailing the data source a carrier used to determine a subscriber's program-based eligibility or the documentation a subscriber provided to demonstrate his or her eligibility for Lifeline.



(2) Where a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, when a prospective subscriber seeks to qualify for Lifeline service using the program-based eligibility criteria provided in § 54.409, an eligible telecommunications carrier must not seek reimbursement for providing Lifeline to a subscriber unless the carrier has received from the state Lifeline administrator or other state agency:

(i) Notice that the subscriber meets the program-based eligibility criteria set forth in §§ 54.409(a)(2), (a)(3) or (b); and

(ii) a copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section.

(d) *Eligibility certifications.* Eligible telecommunications carriers and state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must provide prospective subscribers Lifeline certification forms that in clear, easily understood language:

(1) Provide the following information:

(i) Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;

(ii) Only one Lifeline service is available per household;

(iii) A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;

(iv) A household is not permitted to receive Lifeline benefits from multiple providers;

(v) Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program; and

(vi) Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.

(2) Require each prospective subscriber to provide the following information:

(i) The subscriber's full name;

(ii) The subscriber's full residential address;

(iii) Whether the subscriber's residential address is permanent or temporary;

(iv) The subscriber's billing address, if different from the subscriber's residential address;

(v) The subscriber's date of birth;

(vi) The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;

(vii) If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and

(viii) If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.

(3) Require each prospective subscriber to certify, under penalty of perjury, that:

(i) The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;

(ii) The subscriber will notify the carrier within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline support, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.

(iii) If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in 54.400(e);

(iv) If the subscriber moves to a new address, he or she will provide that new address to the eligible telecommunications carrier within 30 days;

(v) If the subscriber provided a temporary residential address to the eligible telecommunications carrier, he or she will be required to verify his or her temporary residential address every 90 days;

(vi) The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;

(vii) The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,

(viii) The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and

(ix) 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 § 54.405(e)(4).

(e) State Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must provide each eligible telecommunications carrier with a copy of each of the certification forms collected by the state Lifeline administrator or other state agency from that carrier's subscribers.

(f) *Annual eligibility re-certification process.* (1) All eligible telecommunications carriers must annually re-certify all subscribers except for subscribers in states where a state Lifeline administrator or other state agency is responsible for re-certification of subscribers' Lifeline eligibility.



(2) In order to re-certify a subscriber's eligibility, an eligible telecommunications carrier must confirm a subscriber's current eligibility to receive Lifeline by:

(i) Querying the appropriate eligibility databases, confirming that the subscriber still meets the program-based eligibility requirements for Lifeline, and documenting the results of that review; or

(ii) Querying the appropriate income databases, confirming that the subscriber continues to meet the income-based eligibility requirements for Lifeline, and documenting the results of that review; or

(iii) Obtaining a signed certification from the subscriber that meets the certification requirements in paragraph (d) of this section.

(3) Where a state Lifeline administrator or other state agency is responsible for re-certification of a subscriber's Lifeline eligibility, the state Lifeline administrator or other state agency must confirm a subscriber's current eligibility to receive a Lifeline service by:

(i) Querying the appropriate eligibility databases, confirming that the subscriber still meets the program-based eligibility requirements for Lifeline, and documenting the results of that review; or

(ii) Querying the appropriate income databases, confirming that the subscriber continues to meet the income-based eligibility requirements for Lifeline, and documenting the results of that review; or

(iii) Obtaining a signed certification from the subscriber that meets the certification requirements in paragraph (d) of this section.

(4) Where a state Lifeline administrator or other state agency is responsible for re-certification of subscribers' Lifeline eligibility, the state Lifeline administrator or other state agency must provide to each eligible telecommunications carrier the results of its annual re-certification efforts with respect to that eligible telecommunications carrier's subscribers.

(5) If an eligible telecommunications carrier is unable to re-certify a subscriber or has been notified of a state Lifeline administrator's or other state agency's inability to re-certify a subscriber, the eligible telecommunications carrier must comply with the de-enrollment requirements provided for in § 54.405(e)(4).

(g) *Re-certification of temporary address.* An eligible telecommunications carrier must re-certify, every 90 days, the residential address of each of its subscribers who have provided a temporary address as part of the subscriber's initial certification or re-certification of eligibility, pursuant to paragraphs (d), (e), or (f) of this section.

#### **54.416 Annual certifications by eligible telecommunications carriers.**

(a) *Eligible telecommunications carrier certifications.* Eligible telecommunications carriers are required to make and submit to the Administrator the following annual certifications, under penalty of perjury, relating to the Lifeline program:

(1) An officer of each eligible telecommunications carrier must certify that the carrier has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services. Each eligible telecommunications carrier must make this certification annually to the Administrator as part of the carrier's submission of annual re-certification data pursuant to this section. In instances where an eligible telecommunications carrier confirms consumer eligibility by relying on income or eligibility databases, as defined in § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the eligible telecommunications carrier used to confirm eligibility.

(2) An officer of the eligible telecommunications carrier must certify that the carrier is in compliance with all federal Lifeline certification procedures. Eligible telecommunications carriers must make this certification annually to the Administrator as part of the carrier's submission of re-certification data pursuant to this section.

(b) All eligible telecommunications carriers must annually provide the results of their re-certification efforts, performed pursuant to § 54.410(f), to the Commission and the Administrator. Eligible telecommunications carriers designated as such by one or more states pursuant to § 54.201 must also provide, on an annual basis, the results of their re-certification efforts to state commissions for subscribers residing in those states where the state designated the eligible telecommunications carrier. Eligible telecommunications carriers must also provide their annual re-certification results for subscribers residing on Tribal lands to the relevant Tribal governments.

(c) States that mandate Lifeline support may impose additional standards on eligible telecommunications carriers operating in their states to ensure compliance with state Lifeline programs.

#### **54.417 Recordkeeping requirements.**

(a) Eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in § 54.410(d) and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier.

(b) If an eligible telecommunications carrier provides Lifeline discounted wholesale services to a reseller, it must obtain a certification from that reseller that it is complying with all Commission requirements governing the Lifeline and Tribal Link Up program.

(c) Non-eligible-telecommunications-carrier resellers that purchase Lifeline discounted wholesale services to offer discounted services to low-income consumers must maintain records to document compliance with all Commission requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. To the extent such a reseller provides discounted services to low-income consumers, it must fulfill the obligations of an eligible telecommunications carrier in §§ 54.405 and 54.410.

#### **54.422 Annual reporting for eligible telecommunications carriers that receive low-income support.**

(a) In order to receive support under this subpart, an eligible telecommunications carrier must annually report:

(1) The company name, names of the company's holding company, operating companies and affiliates, and any branding (a “dba,” or “doing-business-as company” or brand designation) as well as relevant universal service identifiers for each such entity by Study Area Code. For purposes of this

paragraph, “affiliates” has the meaning set forth in section 3(2) of the Communications Act of 1934, as amended; and

(2) Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan. To the extent the eligible telecommunications carrier offers plans to Lifeline subscribers that are generally available to the public, it may provide summary information regarding such plans, such as a link to a public Web site outlining the terms and conditions of such plans.

(b) In order to receive support under this subpart, a common carrier that is designated as an eligible telecommunications carrier under section 214(e)(6) of the Act and does not receive support under subpart D of this part must annually provide:

(1) Detailed information on any outage in the prior calendar year, as that term is defined in 47 CFR 4.5, of at least 30 minutes in duration for each service area in which the eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect

- (i) At least ten percent of the end users served in a designated service area; or
- (ii) A 911 special facility, as defined in 47 CFR 4.5(e).

(iii) Specifically, the eligible telecommunications carrier's annual report must include information detailing:

- (A) The date and time of onset of the outage;
- (B) A brief description of the outage and its resolution;
- (C) The particular services affected;
- (D) The geographic areas affected by the outage;
- (E) Steps taken to prevent a similar situation in the future; and
- (F) The number of customers affected.

(2) The number of complaints per 1,000 connections (fixed or mobile) in the prior calendar year;

(3) Certification of compliance with applicable service quality standards and consumer protection rules;

(4) Certification that the carrier is able to function in emergency situations as set forth in § 54.202(a)(2).

(c) All reports required by this section must be filed with the Office of the Secretary of the Commission, and with the Administrator. Such reports must also be filed with the relevant state commissions and the relevant authority in a U.S. territory or Tribal governments, as appropriate.