



*Report of Independent Accountants on
Applying Agreed-Upon Procedures*

Frontier Communications Corporation

December 31, 2017



Report of Independent Accountants on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated in Attachment A, which were agreed to by the Management of Frontier Communications Corporation, USAC, and the FCC, on the following documents provided by the Company (collectively, the “Documents”) for the year ended December 31, 2017 in accordance with the FCC’s Biennial Audit Plan, Universal Service Fund – Lifeline Reform Order (the “FCC Rules”):

- Appendix A – Requested Documentation
- Appendix B – Background Questionnaire
- Appendix C - Internal Control Questionnaire
- Appendix D – FCC Form 555 & One-Per-Household Sample

Management of Frontier Communications Corporation is responsible for the Documents for the year ended December 31, 2017. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in Attachment A either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Documents for the year ended December 31, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

This report is intended solely to report on the findings of the procedures enumerated in Attachment A and is not suitable for any other purpose.

Mass Adams LLP

Stockton, California
April 8, 2020

Objective I: Carrier Obligation to Offer Lifeline

Procedure 1

Moss Adams LLP inquired of management on January 21, 2020 and obtained the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

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

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

No exceptions noted.

Procedure 2

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

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

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

No exceptions noted.

Procedure 3

- a. Moss Adams LLP reviewed the Carrier's responses to the background questionnaire regarding the Carrier's policies, inquired of management on January 21, 2020 and obtained the Carrier's policies and procedures for (1) how subscribers notify the Carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs.

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

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

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

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

No exceptions noted.

Procedure 4

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

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

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

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

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

- c. Moss Adams LLP inspected the Carrier's policies 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, as well as non-usage termination notifications provided in response to Item 18 of Appendix A.

Moss Adams LLP examined the written policies and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination to use the Lifeline service

Moss Adams LLP noted no instances where the non-usage termination notices did not comply with the Rules per 47 C.F.R. § 54.405(e)(3).

- d. Moss Adams LLP reviewed 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, as well as recertification requests provided in response to Item 19 of Appendix A.

Moss Adams LLP examined the Carrier's policies and procedures, as well as recertification requests to verify if the communications explained that the subscriber has 30 days following the date of the notice to demonstrate continued eligibility or the Carrier will terminate the subscriber's Lifeline service.

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

Moss Adams LLP reviewed recertification letters and the Carrier's responses to the background questionnaire and verified that letters were sent by a method separate from the subscriber's bill.

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

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

No exceptions noted.

Objective II: Consumer Qualification for Lifeline

Procedure 1

Moss Adams LLP reviewed procedures the Carrier had in place to ensure it accurately completed the FCC Form 497, including management's responses to inquiries made on January 21, 2020. The procedures or processes included the following:

- The name and position title of the person responsible for obtaining data for the FCC Form 497;

- The name and position title of the person responsible for certifying the FCC Form 497 and whether this individual is a corporate officer of the ETC;
- The billing system name used to generate completion of the form;
- The process for determining which subscribers should be included monthly in the FCC Form 497. Document whether the procedures include cut-off or billing cycle dates, subscribers active as of the start or end of the month, etc.;
- The process for completing each portion of the FCC Form 497, including, as applicable, non-Tribal Lifeline, Tribal Lifeline, and Tribal Link Up; and
- 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.

No exceptions noted.

Procedure 2

This procedure is waived under FCC ruling DA-19-169A1, and will not be performed.

As such, we did not perform the following:

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, as instructed by USAC, for the selected month. 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.

Based on USAC instructions:

- a) Randomly select one month from the period of July through December 2017,
- b) Request from USAC a list of all the states and territories for which the ETC filed a FCC Form 497 claim for the selected month, as well as the amount claimed on the FCC Form 497 for each of those states and territories during the selected month,
- c) Obtain from the ETC a list of those states or territories in which the state or territory, or state or territory Lifeline Administrator, is responsible for obtaining all the ETC's subscribers Lifeline certification forms and performs the annual recertification process,
- d) Remove the states or territories identified in 2c from the list provided in 2b and create a list
- e) From the list that results from 2d, identify the three states or territories with the largest FCC Form 497 claim.
- f) From the state or territories identified in 2e, randomly select one state or territory.
- g) From the list that results from 2d, randomly select two more states or territories.

Procedure 3

This procedure is waived under FCC ruling DA-19-169A1. As such, we did not perform the following:

Obtain from USAC the National Lifeline Accountability Database (NLAD) subscriber listing for subscribers active for each study area in the selected states for the selected month. Compare the NLAD subscriber listing to the FCC Form 497 subscriber listing. Note any discrepancies. Using both listings, create a “combined” Subscriber list consisting of subscribers who appeared on both lists.

Procedure 4

Moss Adams LLP inquired of management on January 21, 2020 and obtained 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.

Moss Adams LLP examined and compared the carrier policies and procedures, including any management responses, with the Commission’s Lifeline rules set forth in section 54.409(c) set forth in Appendix F of the Lifeline Biennial Audit Plan.

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

No exceptions noted.

Procedure 5

Moss Adams LLP used computer-assisted audit techniques to examine the Subscriber List provided in response to Item 1 of Appendix A for study areas in New York and West Virginia for October 2017 and noted any duplicate addresses with different subscribers.

Moss Adams LLP created a list of duplicate addresses with different subscribers, which was sampled as part of Objective II Procedure 6 below.

Procedure 6

Moss Adams LLP selected all 13 subscribers from the list of duplicates completed in Objective II Procedure 5 and requested copies of the one-per-household certification form for each of the selected subscribers using Appendix D. Because subscribers must only complete a one-per-household certification form if existing Lifeline recipients reside at the same address, Moss Adams determined the selected subscribers were not the first subscribers residing at the address based on the Lifeline start date in the subscriber listing. Moss Adams LLP verified the selected subscriber certified to only receiving one Lifeline-supported service in his/her household.

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

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

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

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

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

Moss Adams LLP noted one instance of missing or incomplete one-per-household certifications.

Objective III: Subscriber Eligibility Determination and Certification

Procedure 1

Moss Adams LLP inquired of management on January 21, 2020 and obtained the Carrier's policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. In addition, Moss Adams LLP obtained 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.

Moss Adams LLP examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. § 54.409 and 54.410 in Appendix F of the Lifeline Biennial Audit Plan.

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

- a. Moss Adams LLP inspected the ETC's policies and noted evidence of policies and procedures that the ETC must verify the eligibility of each low-income consumer prior to providing Lifeline service to the consumer or providing that consumer with an activated device intended to enable access to Lifeline.
- b. Moss Adams LLP inspected the ETC's policies to determine the process for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service.
- c. Moss Adams LLP inspected the ETC's policies for information 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.
- d. Moss Adams LLP noted the ETC operates in states that participate in NLAD and inspected the ETC's policies regarding:

- i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with the NLAD, including limiting access to NLAD to select individuals.
 - ii. The process for ensuring only subscribers vetted by NLAD are claimed for reimbursement on the FCC Form 497.
- e. Moss Adams LLP noted the ETC operates in NLAD opt-out states and inspected the ETC's policies regarding:
 - i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with state administrators and/or databases, including limiting access to any databases to select individuals.
 - ii. The process for ensuring only subscribers vetted by a state administrator are claimed for reimbursement on the FCC Form 497.

No exceptions noted.

Procedure 2

This procedure is waived under FCC ruling DA-19-169A1. As such, we did not perform the following:

Randomly select at least 100 subscribers from the combined Subscriber List and perform the test described below, for each of the subscriber's certification/recertification forms obtained using Appendix E.

- 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 section 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 section 54.409, the number of individuals in his or her household.
- 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 section 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 section 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 section 54.405(e)(4).

- b. 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.
- c. Verify the subscriber completed all the required elements as identified in Objective III – 2 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.
- d. Examine the subscriber's certification/recertification form to verify the forms are dated prior to the end of the selected FCC Form 497 data month. If the provided subscriber certification/recertification form is the subscriber's initial certification form, verify the form is dated prior to or on the same day as the Lifeline start date per the subscriber listing.
- e. If applicable, verify subscribers who received Tribal Lifeline support certified to residing on Tribal lands.
- f. Review the eligibility documentation the ETC reviewed to confirm the subscriber's eligibility obtained using Appendix E. 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

Procedure 1

Moss Adams LLP inquired of management on January 21, 2020 and obtained the Carrier's policies and procedures for ensuring the Carrier has made and submitted the annual certifications required under sections 54.416 (i.e. FCC Form 555) and 54.422 (i.e. FCC Form 481) of the Commission's rules, as provided in response to Items 4 of Appendix A (Requested Documents), as described in the Schedule of Procedures.

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

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

No exceptions noted.

Procedure 2

Moss Adams LLP examined the ETC's FCC Form 555 that was filed in January 2018, following the test period of January 1- December 31, 2017 provided by the Carrier in response to Item 12 of Appendix A.

Moss Adams LLP verified the Carrier made all of the following certifications, and that an officer of the ETC certified that they understood 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(f)(2)(i)-(ii), or by relying on a state Lifeline administrator, as defined in 47 C.F.R. § 54.410(f)(3), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

Moss Adams LLP noted no instances where an officer of the ETC did not certify their understanding of the Commission's Lifeline rules and requirements.

No exceptions noted.

Procedure 3

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

Moss Adams LLP noted the individual who certified the FCC Form 555 is an officer per the organizational chart.

No exceptions noted.

Procedure 4

This procedure is waived under FCC ruling DA-19-169A1. As such, we did not perform the following:

Verify that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the February FCC Forms 497 provided by the carrier in response to Item 15 of Appendix A.

Procedure 5

This procedure is waived under FCC ruling DA-19-169A1. As such, we did not perform the following:

Verify that the recertification data reported on the FCC Form 555 agrees with the detailed recertification results provided by the carrier in response to Item 9 of Appendix A.

Procedure 6

This procedure is waived under FCC ruling DA-19-169A1. As such, we did not perform the following:

Verify that the non-usage data reported on the FCC Form 555 for the selected month agrees with the detailed non-usage results provided by the carrier in response to Item 10 of Appendix A.

Procedure 7

Moss Adams LLP reviewed the Carrier's FCC Form 481 as provided by the Carrier in response to Item 13 of Appendix A, and verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

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

No exceptions noted.

Procedure 8

Moss Adams LLP reviewed supporting schedules related to the Carrier's FCC Form 481, as provided by the Carrier in response to Items 16 and 17 of Appendix A, and verified that the data reported on the FCC Form 481 agreed with supporting schedules.

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

No exceptions noted.

Procedure 9

Moss Adams LLP inquired of management on January 21, 2020 and obtained the Carrier's policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the Carrier in response to Item 4 of Appendix A.

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

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

No exceptions noted.

Beneficiary Responses

Objective II, Procedure 6 - Missing or incomplete one-per-household certifications

The one per household worksheet was obtained, but not retained in the electronic image repository. The one per household worksheet was obtained during the time period when proof of eligibility was mandated to be destroyed. The one per household worksheet was inadvertently also destroyed as it was submitted with the proof of eligibility. Proof of eligibility is now required to be retained, therefore this would no longer be a potential issue.

