ATTACHMENT A

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, 2023

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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).[1]

2. As described in the Federal Communications Commission's (Commission's or FCC's) *2012 Lifeline Order*, the audits must be performed once every two years unless otherwise directed by the Commission or Bureau.[2] Every eligible telecommunications carrier (ETC or carrier) providing Lifeline services is subject to being selected for the biennial audit requirement at the holding company level, including all operating companies and affiliates.[3] Holding companies are selected for audit based on risk-based criteria developed by USAC and approved by the Office of Managing Director and the Bureau.[4] Each ETC that is selected for a biennial audit is required to hire an independent audit firm to assess the ETC's overall compliance with the Lifeline program's rules and requirements.[5] The independent audit firms conducting the audits must be licensed certified public accounting (CPA) firms.[6] These audits shall be conducted consistent with Generally Accepted Government Auditing Standards (GAGAS)[7] and follow the audit guidelines described below.[8]

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[1] *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, paras. 291-292 (2012) (*2012 Lifeline Order)*. The term "audit" as used in the document refers to an agreed-upon procedures attestation engagement.

[2] *Id*; *see also id*. at 6783-84, para. 295 ("If there are no material findings in a carrier's first independent audit report, the Bureau may, in its discretion, relieve the carrier of its obligation to perform an independent audit in the next biennial audit cycle…).

[3] *Id.* at 6782, para. 291. An affiliate is determined in accordance with section 3 of the Communications Act of 1934, as amended, 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).

[4] 47 C.F.R. § 54.420(a)(1); *Bridging the Digital Divide for Low-Income Consumers et al*., WC Docket No. 17-287 *et al*., Fifth Report and Order, Memorandum Opinion and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 34 FCC Rcd 10886, 10928-29, para. 101 (2019).

[5] *2012 Lifeline Order*, 27 FCC Rcd at 6782, para. 291.

[6] *Id.*

[7] Government Accountability Office (GAO), Government Auditing Standards *(*February 2024), at 1, https://www.gao.gov/assets/d24106786.pdf (2024 GAGAS Standards).

[8] *2012 Lifeline Order*, 27 FCC Rcd at 6782, para. 291.

3. *Agreed-Upon Procedures Attestation Audit.* In the *2012 Lifeline 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.[9] 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), USAC will work with the independent audit firm to submit to the Commission any requests for rule interpretations necessary to complete the audit.[10] In all instances where an auditor contacts USAC for guidance regarding Commission requirements, USAC will notify all independent audit firms so that the issue in question will not be treated as a negative finding until guidance has been provided by USAC or the Bureau.[11]

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.[12] In other words, the audits will focus on a company's overall compliance with the Lifeline rules and assess whether the company has the internal controls necessary to comply with the Lifeline rules.[13] 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.[14] 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 fieldwork (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 independent audit firm shall submit

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[9] *Id. at 6783, para. 293.*

[10] *Id.*

[11] *Id*.

[12] *Id*. at 6782-83, para. 292.

[13] *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.

[14] *See id.*

a draft of the Attestation Report to the ETC, Commission and USAC.[15] Within 30 days of receipt of the draft Attestation Report, comments to any findings noted in the draft report may be provided by the ETC to the independent audit firm prior to submission of the final reports to the Commission and USAC. Within 60 days of submission of the draft Attestation Report, the independent audit firm shall submit the final Attestation Report to the ETC, and submit a complete and separate set of workpapers used in the audit to the Commission and USAC. Workpapers submitted include the information described in Appendices A through E of the audit plan. 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.[16] The Commission and USAC will be deemed authorized users of the reports.[17] The final reports will not be considered confidential.[18] The ETC may request confidential treatment of the draft report pursuant to the Commission's rules.[19] All workpapers 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.[20]

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 Universal Service Fund (USF) 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 Attestation Engagement. The audit test period will be from January 1 through December 31, 2023 (hereinafter, the audit period). The independent audit firm leading the AUP

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[15] *Id. at 6783, para. 294.*

[16] *Id.*

[17] *Id.*

[18] *Id.* The Commission has already determined that the attestation reports will not be considered confidential.

[19] 47 C.F.R. § 0.459; An ETC may request confidential treatment when the third-party auditor is submitting the ETC's 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.

[20] 47 C.F.R. § 54.417(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.

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, and have a sufficient general understanding of the relevant Commission's Lifeline program rules and requirements, as reflected in the Compliance Requirements section included in Appendix E.[21] The team performing the engagement shall also be independent as defined by the GAGAS. The independent audit firm shall disclose in its engagement letter to the carrier how the audit team will comply with the GAGAS independence requirements.[22] The engagement letter must be included in the workpapers.

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 independent 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 provide written notification to the Commission and USAC, as required by the 2024 GAGAS Standards paragraphs 7.44 and 7.45.[23]

9. For all references in this document to send information to USAC, please send to Tim O'Brien, USAC Vice President, Lifeline Division at LifelineBiennial@usac.org. For all references in this document to send information to the Bureau and/or Commission, please send to Bryan Boyle, Telecommunications Access Policy Division, Wireline Competition Bureau, 45 L Street, NE, Washington, DC 20002; e-mail: Bryan.Boyle@fcc.gov; and to Steven Fecarotta, Office of the Managing Director, 45 L Street, NE, Washington, DC 20002; e-mail: Steven.Fecarotta@fcc.gov. USAC will notify ETCs subject to the biennial audit requirement regarding any changes to this contact information.

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

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[21] *See infra* Compliance Requirements section.

[22] 2024 GAGAS Standards at 31-43.

[23] *See* 2024 GAGAS Standards at paras 7.44 and 7.45. 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."

data for use in the engagement. Under no circumstances shall the internal auditors/employees 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 listed in the Audit Planning section below. The section requires the audit firm to gain an understanding of the applicable rules that will be used to test compliance, which are listed in Appendix E. 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, the procedures related to Tribal support and Tribal subscribers should be omitted. In addition, certain procedures pertain to ETCs tracking and deenrolling Lifeline subscribers for non-usage. If the ETC assesses and collects a monthly fee from all of its Lifeline subscribers, the procedures related to non-usage should be omitted.[24, 25]

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[24] *See Lifeline and Link Up Reform,* WC Docket No. 11-42, Order, 30 FCC Rcd 2801, 2801, para. 1 (WCB 2015) DA 24-489.

[25] *Wireline Competition Bureau Reminds Eligible Telecommunications Carriers of Lifeline Requirements,* WC Docket Nos. 09-197, 11-42*,* Public Notice, DA 24-489, paras. 6-7 (WCB 2024).

14. Upon completion of the Fieldwork Testing Procedures, the independent 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 the completion of certain tasks is provided:

a. Within 60 days after completion of the fieldwork as described in the Fieldwork Testing Procedures section, 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 to the independent audit firm in response to the findings noted in the draft report within 30 days after receipt of the draft report.

b. Comments to the draft Attestation Report may be provided by the Commission or USAC to the independent audit firm prior to submission of the final report. Unless otherwise notified by the Commission or USAC, the audit firm should proceed with preparing and submitting the final report to the ETC within 60 days of submission of the draft report. The independent audit firm should submit a complete and separate set of workpapers used in the audit to the Commission and USAC. Workpapers submitted should include the information described in Appendices A through E of the audit plan and/or must be sufficient to demonstrate that all applicable audit procedures and requirements of the audit plan have been appropriately addressed. Additionally, the workpapers should be clear, concise, and provide direct support for the findings and conclusions presented in the Attestation Report. All workpapers shall be submitted via BOX using the designated link provided by USAC to external auditors and ETCs, ensuring secure and efficient transmission of audit documentation.

c. The ETC shall provide the Attestation Report to the Commission, USAC, and relevant state and Tribal governments within 30 days of receipt 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 the release of this Biennial Audit Plan, and biennially hereafter unless otherwise specified by the Bureau. The specific filing deadline for the final Attestation Report at the time of to the ETC with the audit announcement.

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 the

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 report 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, including the number of non-compliant samples (if applicable). The report shall quantify the monetary effect of any non-compliant samples (if applicable).[26] The report shall list the procedures with 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. The independent audit firm shall submit a complete and separate set of all workpapers used in support of the audit to the Commission and USAC at the time of final report submission. 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 Commission, as specified in the Conditions of the Engagement section.

[26] Unless USAC identifies concerns while reviewing the report and relevant workpapers, USAC will rely upon the auditor's testwork and will seek recovery of Lifeline funds from the ETC based on the auditor's monetary effect calculations.

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 firm files 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.[27]

[27] 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.

18. ***Audit Planning.*** **To initiate the audit, the audit firm shall use the following documents to plan the audit engagement: (1) Requested Documentation (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 (Appendices B and C) and receipt of the Requested Documentation (Appendix A), the audit firm will then provide Requested Documentation: Subscriber Sample (Appendix D) to the ETC so that the ETC can provide the additional documentation necessary to complete the procedures. As part of the 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 E.

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" that were not resolved with the ETC, as well as any comments provided by the ETC that are not in compliance with the FCC Lifeline rules set forth in Appendix E.

20. ***Representation Letters.*** The audit firms shall obtain two types of representation (assertion) letters from the ETC after the audit firm has submitted the draft Attestation Report. 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 ETC and shall include the following:

a. The ETC 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, C and E of the Commission rules governing the administration of the USF for the Lifeline Program.

c. Pursuant to Commission's Lifeline rules, the ETC has only received reimbursement for each qualifying low-income consumer served, and the reimbursement amount equals the federal support amount, including amounts described in 47 C.F.R. § 54.403(a).

d. The ETC 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 ETC has responded fully to all inquiries submitted by the auditor in the agreed-upon procedures attestation engagement.

f. The ETC has reviewed the draft Attestation Report findings and management letter comments, where applicable, and concurs that all non-compliance identified therein is included in the reports or management letters.

g. The ETC 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 conclusions 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 ETC 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 eligible telecommunications carrier (ETC)) 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 54.400-54.424, 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 54.400-54.424, 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, 2023 through December 31, 2023 (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 ETC) asserts that it:

1. is an eligible telecommunications carrier (ETC) (47 C.F.R. § 54.201(a)) and provides the services required for eligibility. (47 C.F.R. § 54.101(a), and 47 C.F.R. § 54.101(b) and (c), which describe the services that an eligible carrier must offer to receive federal universal service support).

2. makes available Lifeline service, as defined in 47 C.F.R. § 54.401, to qualifying low-income consumers. (47 C.F.R. § 54.405(a)-(c) (which discusses carriers' obligations to offer, publicize, notify and provide 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) and 47 C.F.R. § 54.201(d)(2) which requires the advertising of the availability of services).

4. queries the National Lifeline Accountability Database (NLAD) to determine whether a prospective subscriber or Tribal Link Up recipient who has executed a certification is currently receiving a Lifeline service from another ETC; whether anyone else living at the prospective subscriber's residential address is currently receiving a Lifeline service; or whether the prospective subscriber has received a Link Up benefit at the residential address. (47 C.F.R. § 54.404(b)(1) and 47 C.F.R. § 54.404(c)(1).

5. does not seek Link Up reimbursement for a prospective subscriber where NLAD indicates that a prospective subscriber has received a Link Up benefit at the residential address provided by the subscriber. (47 C.F.R. § 54.404(c)(2)).

6. does not seek Lifeline reimbursement for a prospective subscriber where NLAD indicates that the subscriber is enrolled in Lifeline. (47 C.F.R. § 54.404(b)(2)).

7. transmits to NLAD in a format prescribed by the Administrator each new and existing Lifeline subscriber and/or Link Up recipient's full name; full residential address; date of birth and the last four digits of the subscriber's Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Lifeline service and/or Link Up support; the date on which the Lifeline and/or Link Up service was initiated; the date on which the Lifeline service was terminated, if it has been terminated; the amount of support being sought for that subscriber; and the means through which the subscriber qualified for Lifeline. (47 C.F.R. § 54.404(b)(6) and 47 C.F.R. § 54.404(c)(4)).

8. updates an existing Lifeline subscriber's information in the NLAD within ten business days of receiving any change to that information. (47 C.F.R. § 54.404(b)(8)).

9. obtains from each new and existing subscriber, consent to transmit the subscriber's information to NLAD. Prior to obtaining consent, the ETC must describe to the subscriber, using clear, easily understood language, the specific information being transmitted, that the information is being transmitted to the Administrator to ensure the proper administration of the Lifeline and/or Link Up program, and that failure to provide consent will result in the subscriber being denied the Lifeline service and/or Link Up benefit. (47 C.F.R. § 54.404(b)(9) and 47 C.F.R. § 54.404(c)(5)).

10. transmits to NLAD the date of Lifeline service de-enrollment within one business day of de-enrollment. (47 C.F.R. § 54.404(b)(10)).

11. retains subscriber documentation that the ETC reviewed to verify subscriber eligibility, for the purposes of production during audits or investigations or to the extent required by NLAD processes, which require, *inter alia,* verification of eligibility, identity, address, and age. (47 C.F.R. § 54.404(b)(11)).

12. discloses the name of the eligible telecommunications carrier on all materials describing the service. (47 C.F.R. § 54.405(d).

13. requires that enrollment representatives register with the Universal Service Administrative Company before the enrollment representative can provide information directly or indirectly to the National Lifeline Accountability Database or the National Verifier. (47 C.F.R. § 54.406(a)).

14. does not offer or provide to enrollment representatives or their direct supervisors any commission compensation that is based on the number of consumers who apply for or are enrolled in the Lifeline program with that eligible telecommunications carrier. (47 C.F.R. § 54.406(b)).

15. provides the minimum service standards as required. (47 C.F.R. § 54.408).

B. Consumer Qualification for Lifeline – the (name of ETC) 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). This includes that an officer of the carrier:

a. asserts that the carrier has implemented policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services. (47 C.F.R. § 54.410, which discusses the certification and verification requirements and also requires compliance with state certification procedures to document consumer eligibility).

C. Reimbursement for offering Lifeline – the (name of ETC) asserts that it:

1. reviews the snapshot report from NLAD and validates subscribers for which they are requesting reimbursement, removes any subscribers for which they are not requesting reimbursement, and indicates the reason for not claiming those subscribers using one of the listed reason codes.[28]

2. reviews, corrects, and certifies the requested reimbursement amount associated with each subscriber.[29]

3. files its updates within USAC's online E-File system.[30] (47 C.F.R. § 54.407, 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).

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[28] *Wireline Competition Bureau Provides Guidance On The Lifeline Reimbursement Payment Process Based On NLAD Data, WC Docket No. 11-42, Public Notice, 33 FCC Rcd 128, 128 (WCB 2018). For ETCs in an opt-out state (California, Oregon, and Texas), the process is the same; however the data is supplied to USAC by the state. USAC supplies the data to the ETC for review and validation.*

[29] *Id.*

[30] *Id.*

D. General Recordkeeping and Annual Certification Requirements – the (name of ETC) 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 provides that documentation to the Commission or USAC upon request; provided, however, that with respect to the documentation required in §§ 54.404(b)(11), 54.410(b), 54.410(c), 54.410(d), and 54.410(f), it maintains such records for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier, but for no less than the three full preceding calendar years. (47 C.F.R. § 54.417(a)).

2. if it provides Lifeline discounted wholesale services to a reseller, it obtained 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. it complied with the annual certifications by eligible telecommunication carriers. (47 C.F.R. §§ 54.416, 54.422).

23. *Sampling.* To test compliance with certain key risk areas, the auditor must:

a. Obtain the Lifeline Claims System (LCS) Claims Report and the NLAD Snapshot Report for each study area for the twelve months of the audit period.

b. Combine the Snapshot Reports using computer assisted analytics tools to create a Combined Master Listing of subscribers by subscriber ID, including fields that calculate the months of coverage, total amount claimed by claim type (Lifeline, Tribal, Tribal Link Up) and the study area code. The report should be organized so that there is one record per subscriber on one line of data.

c. (Opt Out States Only) LCS Claims Report will be provided, however, use the subscriber listing obtained in Appendix A, Request #1, in lieu of the NLAD snapshot.

d. Save the final Combined Master Listing created at #23b. Ensure as many study areas as possible are represented in the sample selection, if the ETC has multiple study areas.

To test compliance with other key risk areas, the auditor will randomly select two months during the audit period. The months selected should be non-consecutive months where possible.

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 ETCs 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 under section 54.405 of the Commission's rules where a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer.

Procedures

1. Inquire of management and obtain carrier policies and procedures for making Lifeline service available to qualifying low-income consumers as provided by the carrier in response to Request #4 of Appendix A (Requested Documentation). Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in Appendix E. Note any discrepancies 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 Internet materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, and application and certification forms), as provided in response to Request #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 all materials that it uses to advertise the ETC's Lifeline service plans.

3.

a. Review the ETC's responses to the background questionnaire regarding the carrier's policies 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. Verify these policies are designed to: (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv); and (2) prevent the carrier from claiming ineligible subscribers on the monthly Snapshot Report or subscribers who wish to cancel service.

b. In addition, call the customer care numbers provided in response to Request #8 of Appendix A, as well as any customer care numbers identified in the marketing materials provided in response to Request #6 of Appendix A or on the websites provided in response to Request #7 of Appendix A. Document in the report whether: (1) each telephone number is operational; and (2) if it involves the use of an interactive voice response (IVR) system, that it is possible for an individual to reach a live customer care operator.

4. If the eligible telecommunications carrier offers Lifeline service but does not collect and assess a monthly fee from its subscribers, inspect the subscriber's usage records for two months within the audit period, as provided in response to Request #1 of Appendix D. Determine if the customer used the service, as defined by 47 C.F.R §54.407(c)(2), within 30 days. To complete the test, randomly select at least 60 subscribers from the listing created out of the Combined Master Listing and sampling section pursuant to Section II,

item #23 above. If subscribers without valid usage activity are identified, confirm that these subscribers were properly de-enrolled and not claimed for support. [31]

5. If the eligible telecommunications carrier offers Lifeline service but does not collect and assess a monthly fee from its subscribers, inspect the carrier's records of subscribers listed with no usage in the cure period and ensure that the customers are not include in the monthly Lifeline Claim System.

6. If the eligible telecommunications carrier offers Lifeline service and assesses and collects a monthly fee from its subscribers, inspect the subscriber's invoices or billing reports for two months, as provided in response to Request #2 of Appendix D. Determine if the carrier passed through the full benefit claimed from USAC to the subscriber. To complete the test, randomly select at least 60 subscribers from the listing created out of the Combined Master Listing and sampling section pursuant to Section II, item #23 above.

7. 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 policies 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 Request #4 of Appendix A, as well as de-enrollment letters provided in response to Request #11 of Appendix A. Note whether the policies 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 subscribers to demonstrate continued eligibility in 30 days for failure to demonstrate eligibility; (3) de-enrolling the subscriber from Lifeline service in five business days for failure to demonstrate eligibility, (4) and removal from NLAD within one business day of de-enrollment. Identify any areas that are not in compliance with section 54.405(e)(1) of the Commission's rules.

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31 *Wireline Competition Bureau Reminds Eligible Telecommunications Carriers of Lifeline Requirements, WC Docket Nos. 09-197, 11-42, Public Notice, DA 24-489, paras. 6-7 (WCB 2024).*

b. Inspect 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). Note if the policies and procedures state that the ETC will de-enroll subscribers from Lifeline service in 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. Also note if the policies and procedures require the removal from NLAD within one business day of de-enrollment from the Lifeline service.

c. Inspect 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 30 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 Request #16 of Appendix A. Examine the policies and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 15 days following the date of the impending termination notification to use the Lifeline service. Identify any areas that are not in compliance with section 54.405(e)(3) of the Commission's rules. In addition, confirm the policies and procedures also address the carrier's responsibility to de-enroll the subscriber after the 15-day non-usage period.

d. Review the carrier's policies and procedures for de-enrolling a Lifeline subscriber at the customer's request. Confirm the policies and procedures that require de-enrollment from Lifeline service within two business days and removal from NLAD within one business day after de-enrollment from the Lifeline service, as required by section 54.405(e)(5) of the Commission's rules.

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. Review procedures the carrier has in place to ensure it has accurately completed the LCS Claims Report. If the carrier does not have such procedures, inquire of management to describe the process for completing the LCS Claims Report. The procedures or process should include the following:

    - The process for determining how to ensure accurate claims for subscribers are reflected on the monthly Claims reports. Document whether the procedures include cut-off or billing cycle dates, subscribers active as of the start or end of the month, and attaching the correct reason codes when not claiming a subscriber listed on the Claims Report, etc.;
    - The process for determining the accurate claim amount of 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.

Document any exceptions and include in the audit report.

2. Opt-out States Only. Obtain the Lifeline Claims System (LCS) Report and Subscriber Listing (Opt-Out States) from the ETC in response to Request #1 of Appendix A and compare its total number of subscribers to the number of subscribers reported on the Final

Combined Master List created in the Sample Selection section. Confirm agreement of data where there is an overlap of data. Note any discrepancies and investigate where the variances include more subscribers claimed than are included in the Subscriber Listing. Investigate reasoning and update the Combined Master file if necessary.

3. NLAD States Only. Obtain from USAC the NLAD Snapshots and combined LCS Claims Report for subscribers active for each study area for each month selected in the sampling section described above in Section II, item #23. Compare The data for discrepancies. Potential discrepancies are no rate claimed but subscriber is still active, subscriber was claimed, however, NLAD indicates that service was not initiated or subscriber has no record in NLAD, high rate claimed for subscriber than is justified give the subscriber's service type, or subscriber's tribal\non-tribal status.

4. Inquire of management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the ETC in response to Request #4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in section 54.409(c) (Appendix E). Note any discrepancies between the policies and procedures and the Commission's rules.

5. Using computer-assisted audit techniques, examine the Combined LCS and NLAD Snapshot Reports created per Section II, item #23 above and note if there are any duplicate addresses with different subscribers. Determine where these subscribers were claimed for the same month. Create a list reflecting these results.

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 section 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 qualifying federal assistance programs.

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 Request #4 of Appendix A. In addition, obtain 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. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.409 and 54.410 (Appendix E). Note any discrepancies between the policies and procedures and the Commission's rules.

    a. Inspect the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC must verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer or providing that consumer with an activated device intended to enable access to Lifeline service.

    b. Inspect the ETC's policies to determine the process for ensuring subscribers are eligible to receive Lifeline service and have completed all forms necessary to receive service.

c. Inspect 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. If the ETC operates in a state that participates in NLAD, inspect the ETC's policies regarding:

    i. Training requirements and ETC policies for ensuring employees and agents are trained on the use of and interaction with 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 LCS Claims Report.

e. If the ETC operates in NLAD opt-out states, inspect the ETC's policies regarding:[32]

    i. Training requirements and ETC policies for ensuring employees and agents are trained on the use of 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 LCS Claims Report.

[32] In 2023, the NLAD opt-out states were California, Oregon, and Texas.

<u>OBJECTIVE IV:</u> Activities of Enrollment Representatives. To determine if the ETC implemented policies and procedures for ensuring that their Enrollment Representatives comply with program rules.[33]

Standards

The Commission has adopted rules, set forth in 47 C.F.R. §§ 54.406, that require ETCs to implement policies and procedures for ensuring that their enrollment representatives follow FCC rules. The Commission's rules, include requirements for representatives to register with USAC before interacting with the NLAD or the National Verifier. Additionally, these rules prohibit any payment of commission compensation based on the number of consumers who apply for or are enrolled in the Lifeline program, for these enrollment representatives and their direct supervisors.

Procedures

1. Inquire of management and obtain carrier policies and procedures for ensuring that its enrollment representatives are enrolled with USAC. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in section 54.406. Note any discrepancies between the policies and procedures and the Commission's rules.

    a. Inspect the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC's enrollment representatives must register with USAC prior to the enrollment representative providing information directly or indirectly to the NLAD or the National Verifier.

    b. Inspect the ETC's policies to determine the process for ensuring enrollment representatives and their direct supervisors are not compensated based on the number of consumers who apply for or are enrolled in the Lifeline program.

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[33] 47 C.F.R. §§ 54.400(p); Enrollment representatives. An employee, agent, contractor, or subcontractor, acting on behalf of an eligible telecommunications carrier or third-party entity, who directly or indirectly provides information to the Universal Service Administrative Company or a state entity administering the Lifeline Program for the purpose of eligibility verification, enrollment, recertification, subscriber personal information updates, benefit transfers, or de-enrollment.

c. In addition, examine documentation (general ledger, payroll register, etc.) for evidence of commission-based compensation. Note any discrepancies between the ETC's policies and procedures and the Commission's rules.

d. Review documentation associated with any third-party marketing organizations to determine that there is no indication that payments will be issued based on Lifeline customer enrollment volume. Such documentation might include contracts, invoices, or other documentation between the ETC and these firms. For organizations with several layers of contractual relationship, it may be advisable for auditors to review relevant subcontractor information as well.

OBJECTIVE V: 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 and 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 the ETC is in compliance with all federal Lifeline certification procedures. ETCs must make these certifications annually to USAC.

The Commission also requires under its rules, set forth in 47 C.F.R. § 54.417, that the ETC must maintain records to document compliance with all Commission requirements and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years. ETCs further must maintain the documentation required in sections 54.404(b)(11), 54.410(b), 54.410(c), 54.410(d), and 54.410(f) for as long as the subscriber receives Lifeline service from that ETC (and no less than the three full preceding calendar years). ETCs must provide the documentation described in this paragraph 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 (*i.e.,* FCC Form 555) and 54.422 (*i.e.,* FCC Form 481) of the Commission's rules, as provided by the carrier in response to Request #4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.416 and 54.422 (Appendix E). 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 provided by the carrier in response to Request #12 of Appendix A. 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;

    i. 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;

b. Is in compliance with all federal Lifeline certification procedures; and

c. Is in compliance with the minimum service levels set forth in 47 C.F.R. § 54.408.

3. Examine the ETC's organizational chart provided by the carrier in response to Request #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 [auditor inserts the selected months] LCS Claims Report provided by USAC in response to Request #13 of Appendix A.[34]

5. Verify that the non-usage data reported on the FCC Form 555 for the selected months agree with the detailed non-usage results provided by the carrier in response to Request #9 of Appendix A.

6. Review the carrier's FCC Form 481, as provided by the carrier in response to Request #12 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).

7. Review any supporting schedules related to the carrier's FCC Form 481, as provided by the carrier in response to Requests #14 and #15 of Appendix A. Verify that the data reported on the FCC Form 481 agrees with the supporting schedules.

[34] The FCC Form 555 should be completed with zeros in the applicable sections for time periods after USAC became responsible for the recertification process (after the National Verifier soft and hard launch dates).

8. 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 Request #4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with recordkeeping rules set forth in 47 C.F.R. § 54.417. Note any discrepancies between the policies and procedures and the Commission's rules.

APPENDIX A

Requested Documentation

Note: Requests numbered 11, 12, and 13 will be provided by USAC.

The remainder must be provided by the ETC. Please ensure the provided documentation is applicable and effective for the data reported on the Snapshot Reports that were submitted for January 1 to December 31 (2023) and the FCC Form 481 filed during 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 is unclear about the requirements for a specific item, please contact the auditor as soon as the ETC is aware of any delays or questions.

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

Request #	Requested Documentation
1.	**(For Opt-Out States)** Electronic subscriber list of the subscribers claimed for the [2023] with the following data (Subscriber List): a. Study area code b. NLAD Subscriber ID c. Subscriber first and last name; d. Subscriber address (physical/service address); e. Subscriber apartment, unit, or lot number (as applicable); f. Subscriber city, state, and zip code; g. Subscriber telephone number; h. Subscriber date of birth; i. Last four digits of the subscriber's Social Security Number or tribal identification number *(please do not provide full SSN or full Tribal identification number);* j. *Service start date (i.e., when the subscriber first obtained service) if the subscriber initiated service on or after June 2012;* k. *Lifeline start date (i.e., when the subscriber first began receiving low-income discounts) if the start date occurred on or after June 2012;* l. *Lifeline disconnect date (if applicable); and* m. *Service type provided (voice, broadband or bundle).*

	Note: 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: Plan02.03.c_(Carrier Name).Lifeline Requ
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 E, please identify those state requirements (including the use of state eligibility databases and any additional state eligibility criteria) 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.	Organizational Chart, to include the owner/management and those individuals responsible for processing, reviewing, and approving the Claims Template in LCS, FCC Form 481 and FCC Form 555 (may be separate organizational charts). Please identify those individuals who are officers of the organization as listed in the articles 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 all materials 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.

9.	**Electronic** list of the subscribers reported as de-enrolled for non-usage on the FCC Form 555 due the January following the audit period for [auditor inserts selected months and audit period year] for each study area (Non-usage Sample) with the following data: *[Applicable only to ETCs that do not assess and collect a monthly fee;*
	inquire of the ETC to determine whether it assesses and collects a monthly fee from all Lifeline subscribers prior to including this request.] a. Subscriber first and last name; b. Subscriber address (physical/service address); c. Subscriber apartment, unit, or lot number (as applicable); d. Subscriber city, state, and zip code; and e. Subscriber telephone number. **Note:** 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: Non-Usage Results.xlsx
10.	A sample of general de-enrollment letters sent to subscribers as described in Objective I, Procedure 4.a. in Fieldwork Testing Procedures.
11.	FCC Form 555 filed the January following the audit period for each study area.
12.	FCC Form 481 filed during the audit period for each study area.
13.	LCS Claims Report submitted and accepted through the Lifeline Claims System (LCS) for 2023 for each of the holding company's study areas.
14.	If the ETC-designation was granted by the FCC, detailed schedules supporting the outages reported on the FCC Form 481 filed during the audit period.
15.	If the ETC-designation was granted by the FCC, detailed schedules supporting the number of complaints reported on the FCC Form 481 filed during the audit period.
16.	A sample of non-usage termination notifications sent to subscribers as described in Objective I, Procedure 4.c in Fieldwork Testing Procedures.

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 the responses are applicable and effective for the data reported on the LCS Claims Templates that were submitted from January 1 to December 31, 2023, the FCC Form 481 filed during the audit period, and the FCC Form 555 filed the January following the 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 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. If a question is not applicable to the ETC's environment, please indicate with "N/A."

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

1. How many study areas does your holding company have?

A. General Questions

1. How many study areas does your holding company have?

B. 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 either "individuals in your company", "supervisor(s) within your company", or "entities that serve as agents or third parties acting on behalf of your company", 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," 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," please list the types of documentation reviewed.

6. If the answer to #3 is "a review of program eligibility and/or income databases," 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.)?

8. When does a subscriber become eligible for inclusion in the monthly Lifeline Claims System (LCS) Snapshot Report, please be specific (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; inquire of the ETC to determine whether it used wireless services for its Lifeline subscribers for the selected month and states/territories prior to including this request.]*

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.

C. Annual Certifications

1. Who are the responsible parties for completing the FCC Form 555 that is electronically 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 "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?

D. 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?

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 for 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. Does your company assess and collect a monthly fee from Lifeline subscribers? If yes, is the service free to the subscriber?

10. When is Lifeline support terminated for subscribers who fail to respond?

11. Describe the Company's procedures for assessing compliance with the Commission's non-usage rules applicable to Lifeline service. Explain the notice procedures used by the Company to notify Lifeline subscribers regarding the impact of their failure to use the Lifeline services.

12. Describe the Company's procedures, if any, for monitoring the Lifeline subscriber accounts that are not using the Lifeline service or are de-enrolled for non-usage over time. Describe any outreach efforts, if any, conducted to Lifeline subscribers who are not using the Lifeline services, including the notice required by section 54.405(e)(3) of the Commission's rules.

13. Describe the Company's system for calculating the start and stop dates, usage and inactivity for each Lifeline customer. Describe the following:

(a) All activities that the Company considers as an activity by a customer that qualifies as usage, as described in 47 CFR § 54.407(c)(2),

(b) How the Company identifies qualifying voice and text messages (including incoming and outgoing MMS and SMS messages) for purposes of determining usage, and

(c) The Company's processes for determining whether the customer used their Lifeline supported service and is eligible to be claimed for reimbursement for that month.

E. Reimbursement Submissions - LCS Snapshot Report

General

1. Who are the responsible parties for completing the Snapshot Report that is submitted to USAC? Please be as specific as possible.

2. How does your company determine which subscribers should be included for reimbursement in the monthly Snapshot Report (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 Snapshot Report, 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? Please provide any documentary evidence that details your company's process.

6. What is your company's process for making sure there are no duplicate accounts claimed on the LCS Claims Template? Please provide any documentary evidence that details your company's process.

Tribal Support

8. How was the Tribal Lifeline rate claimed on the LCS Snapshot Report 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.]*

F. National Lifeline Accountability Database (NLAD) [Delete for audits of California, Oregon, and Texas]

1. What process did your company use to comply with the following requirements?

   a. *Lifeline:* All eligible telecommunications carriers (ETCs) must obtain, from each new and existing subscriber, consent to transmit the subscriber's information. Prior to obtaining consent, the ETC must describe to the subscriber, using clear, easily understood language, the specific information being transmitted, that the information is being transmitted to USAC to ensure the proper administration of the Lifeline program, and that failure to provide consent will result in the subscriber being denied the Lifeline service.

   b. *Tribal Link Up:* All ETCs must obtain, from each new and existing subscriber, consent to transmit the information required in 47 C.F.R. § 54.404(c). Prior to obtaining consent, the ETC must describe to the subscriber, using clear, easily understood language, the specific information being transmitted, that the information is being transmitted to USAC to ensure the proper administration of

the Link Up program, and that failure to provide consent will result in the subscriber being denied the Link Up benefit. *[Delete paragraph b if the carrier did not claim Tribal Link Up support.]*

2. After a Lifeline subscriber was de-enrolled, when did your company update NLAD with the subscriber's de-enrollment date?

3. After receiving changes to a Lifeline subscriber's information, when did your company update NLAD with the revised information?

If after identity verification, NLAD provided an error code (e.g., invalid address, Third-Party Identity Verification (TPIV) error, or deceased,), what process did your company perform to validate the subscriber's information and update NLAD with any changes to that information?

4. If a subscriber's information was updated in NLAD to resolve error codes, when did your company update its internal databases (e.g., billing system, subscriber lists, etc.) for the changes to the subscriber information?

G. Regulatory and Compliance

1. Has your company been subject to any waivers of state and/or federal Lifeline program Rules for your study area code(s) "[type Study Area Code]" ?

   [] Yes [] No

   If the answer is 'yes,' please explain.

2. Has your company been subject to any internal or external audits that include or are related to **"[type Audit Period]"** ?

[] Yes [] No

If the answer 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 FCC rules and Lifeline program requirements?

   [] Yes [] No

   If the answer is 'no,' please describe any areas of noncompliance.

4. Has your company been involved (directly or indirectly) with any civil or criminal investigation or civil or criminal legal proceedings that could appear to have a direct or indirect impact on the Lifeline program support received or your process for complying with FCC rules and Lifeline program requirements?

   [] Yes [] No

   If the answer to 'yes,' please explain.

5. Has your company ever been subject to a USF (FCC or USAC) funding hold or subject to the recovery of USF dollars?

   [] Yes [] No

   If the answer to 'yes,' please explain.

6. Has your company ever been subjected to debt collection under the Debt Collection Improvement Act (DCIA) or subject to the FCC Red Light Display (RLD) system?

   [] Yes [] No

   If the answer to 'yes,' please explain.

APPENDIX C

Internal Control Questionnaire

The information contained herein is to be provided by the ETC. Please ensure the responses are applicable and effective as of the 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 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.**

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

	Questions	Yes	No	Don't Know	N/A	Comments (Required for No, Don't Know, or N/A Responses)
CONTROL ENVIRONMENT						
1.	Did the person(s) reviewing and approving subscribers' eligibility criteria possess the required knowledge, skills, and abilities?					
2.	Did the person(s) calculating Lifeline Program discounts and assigning Lifeline codes to subscribers' accounts possess the required knowledge, skills, and abilities?					
3.	Did the person(s) preparing, reviewing, and approving all Lifeline filings possess the required knowledge, skills, and training to perform the job adequately?					
4.	If the company designated an individual responsible for compliance, did that individual have the necessary authority, independence, and resources to ensure corporate compliance?					

	Questions	Yes	No	Don't Know	N/A	Comments (Required for No, Don't Know, or N/A Responses)
5.	Were there procedures in place to limit access of NLAD and LCS to certain employees trained on the use of these systems? If so, please provide documentation explaining these procedures.					
6.	Did management promote an environment of integrity and high values?					
7.	Were deviations from acceptable practices and violations of policies and procedures addressed in a timely manner and disciplinary actions taken?					
8.	Did management decisions and actions portray an attitude that compliance with laws, rules, and regulations affecting the organizations was of the utmost importance?					
9.	Did a code of conduct / code of ethics policy exist and address receipt of universal service fund (USF) support? Please provide documentary evidence.					
10.	Was management aware that they were responsible for identifying and mitigating fraud risks, particularly as it relates to receipt of USF support?					
RISK ASSESSMENT						
11.	Mechanisms existed to mitigate 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?					
12.	Mechanisms existed to mitigate significant compliance risks?					
13.	Management provided staff with the appropriate level of authority, resources, and time to accomplish goals?					

14.	Management applied reasonable (not excessive) pressure on employees to accomplish tasks?					
15.	Management's objectives and goals were reasonable and attainable?					

	Questions	**Yes**	**No**	**Don't Know**	**N/A**	**Comments** (Required for No, Don't Know, or N/A Responses)
CONTROL ACTIVITIES						
16.	Manual criteria checklists or automated processes were used in making eligibility determinations and ensuring compliance with other Lifeline Program rules?					
17.	Policies and procedures existed that established responsibility and provided procedures for periodically verifying the accuracy of information?					
18.	Supervisory review of Lifeline filings were performed to assure accuracy and completeness of data and information included?					
19.	A fraud policy existed, which defined fraud and appropriate actions to be taken with respect to instances of fraud?					
20.	A whistleblower program existed and was periodically reviewed to ensure it was designed and operating effectively?					
21.	An Information Security policy existed (to protect sensitive subscriber data)?					
22.	Policies and procedures existed for authorization and approval of transactions?					
23.	Segregation of duties existed between incompatible duties (*e.g.,* the individual who initiated transactions did not approve the transactions, the individual who compiled the Lifeline filings did not approve the filings, etc.)?					

24.	Management established procedures to prevent unauthorized access to, inadequate retention of, or improper destruction of records?					
25.	Mechanisms existed to discover if employees violated state or federal laws/regulations, Lifeline Program rules, and related requirements affecting the organization?					
INFORMATION & COMMUNICATION						
26.	Information system(s) met needs of decision-makers and management?					
	Questions	**Yes**	**No**	**Don't Know**	**N/A**	**Comments** (Required for No, Don't Know, or N/A Responses)
27.	Processing of information was subject to edit checks?					
28.	Channels of communication existed for people to report suspected improprieties?					
29.	Management clearly communicated the behavior that was expected of employees (such as a code of conduct, employee handbook, etc.)?					
30.	Mechanisms existed to protect employees who reported suspected improprieties from reprisal?					
MONITORING						
31.	Periodic review of the internal controls in relation to subscriber eligibility determination was conducted by management?					
32.	Periodic review of the internal controls in relation to the Lifeline filing process was conducted by management?					
33.	Turnover in management or supervisory personnel was monitored and the reasons for significant turnover were evaluated?					

34.	Information Technology application controls and general controls were periodically reviewed to ensure they were designed and operating effectively?					
35.	Mechanisms existed to regularly identify, measure, and report any physical or monetary losses that arose from violations of laws, regulations, or Lifeline Program rules and related requirements to the board of directors, audit committee, or other appropriate groups within the company?					

Please also provide your responses to the following questions:

36. What systems were used to validate the subscribers certified and submitted through the Lifeline Claims System?

37. What systems were used to compile the number of subscribers reported on the Form 555?

38. What controls were in place to validate the accuracy of the amounts claimed through the Lifeline Claims System and information reported on the Form 555 (*e.g.,* edit checks)?

    a. How often were these controls tested?

    b. When was the most recent test prior to **"[type Audit Period]"** ?

39. What systems were used to store Lifeline subscriber proprietary personal information and documentation (*e.g.,* subscriber personally identifiable information, proof of subscriber eligibility (as applicable), certification/recertification documentation, etc.)?

40. What controls were in place to protect subscriber proprietary personal information and documentation (*e.g.,* encryption, naming conventions, etc.)?

41. Where network connectivity was used, what controls (*e.g.,* firewalls, boundary projections, intrusion detection, vulnerability assessments, etc.) were in place to prevent unauthorized access?

42. Were 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?

    [] Yes [] No

43. Are you aware of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit?

44. 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 FCC, or USAC?

    [] Yes [] No

45. If the answer to #44 is 'yes,' please explain.

46. In your opinion, what areas or processes relating to the Lifeline Program are most susceptible to fraud? What controls has your company implemented to mitigate the risk of fraud in these areas or processes?

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

    [] Yes [] No

48. If the answer to #47 is 'yes,' please explain.

49. If the answer to #47 is 'yes,' did you report your suspicions or knowledge of fraudulent activity?

    [] Yes [] No [] Not Applicable

50. If the answer to #49 is 'no,' please explain why you did not report your suspicions or knowledge of fraudulent activity.

51. If the answer to #49 is 'yes,' please indicate to whom you reported the fraudulent activity.

52. If the answer to #49 is 'yes,' what was the outcome?

APPENDIX D

Requested Documentation: Subscriber Sample

The documentation referenced herein must be provided by the ETC. Please ensure the provided documentation is applicable and effective as of the audit period.

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

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

Request #	Requested Documentation
1.	For the sample selections, if the Lifeline benefit is through usage, subscriber usage/activity detail for [auditor inserts the selected two months]. The subscriber activity detail should enable the auditor to determine the following activities: - Call history such as answering or completing inbound or outbound calls; - Phone numbers called; - Length of calls - Purchase of minutes from your company to add to the subscriber's service plan; - Texts received/sent Please include a brief description of any abbreviations or unique terms used within the file.

2.	For the sample selections, if the Lifeline benefit is through a bill reduction, subscriber bills or billing reports for [auditor inserts the selected two months]. The subscriber invoice detail should enable the auditor to determine that the Lifeline benefit was passed through to the subscriber. The documentation should enable the auditor to determine the following details: - Amount charges; - Application of the Lifeline benefit; - Date of billing; - Service plan associated with the charge. Please include a brief description of any abbreviations or unique terms used within the file.

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

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 the applicable Code of Federal Regulations (C.F.R.) sections 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) Voice telephony services shall be supported by Federal universal service support mechanisms.

(1) 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.

(2) Eligible broadband internet access services must provide the capability to transmit data to and receive data by wire or radio from all or substantially all Internet endpoints, including capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up service.

(b) An eligible telecommunications carrier eligible to receive high-cost support must offer voice telephony service as set forth in paragraph (a)(1) of this section in order to receive Federal universal service support.

(c) An eligible telecommunications carrier (ETC) subject to a high-cost public interest obligation to offer broadband internet access services and not receiving Phase I frozen high-cost support must offer broadband services within the areas as set forth in paragraph (a)(2) of this section within the areas where it receives high-cost support consistent with the obligations set forth in this subpart and subparts D, K, L, and M of this part.

(d) Any ETC must comply with subpart E of this part.

§54.201 Definition of eligible telecommunications carriers, generally.

(a) *Carriers eligible to receive support.*

(1) Only eligible telecommunications carriers designated under this subpart shall receive universal service support distributed pursuant to subparts D and E of this part. Eligible telecommunications carriers designated under this subpart for purposes of receiving support only under subpart E of this part must provide Lifeline service directly to qualifying low-income consumers.

(2) [Reserved]

(3) This paragraph does not apply to offset or reimbursement support distributed pursuant to subpart G of this part.

(4) This paragraph does not apply to support distributed pursuant to subpart F of this part.

(b) A state commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (d) of this section as an eligible telecommunications carrier for a service area designated by the state commission.

(c) Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission, so long as each additional requesting carrier meets the requirements of paragraph (d) of this section. Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.

(d) A common carrier designated as an eligible telecommunications carrier under this section shall be eligible to receive universal service support in accordance with section 254 of the Act and, except as described in paragraph (d)(3) of this section, shall throughout the service area for which the designation is received:

(1) Offer the services that are supported by federal universal service support mechanisms under subpart B of this part and section 254(c) of the Act, either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and

(2) Advertise the availability of such services and the charges therefore using media of general distribution.

(3) *Exception.* Price cap carriers that serve census blocks that are identified by the forward-looking cost model as low-cost, census blocks that are served by an unsubsidized competitor as defined in §54.5 meeting the requisite public interest obligations specified in §54.309, or census blocks where a subsidized competitor is

receiving federal high-cost support to deploy modern networks capable of providing voice and broadband to fixed locations, are not required to comply with paragraphs (d)(1) and (2) of this section in these specific geographic areas. Such price cap carriers remain obligated to maintain existing voice telephony service in these specific geographic areas unless and until a discontinuance is granted pursuant to §63.71 of this chapter.

(e) For the purposes of this section, the term *facilities* means any physical components of the telecommunications network that are used in the transmission or routing of the services that are designated for support pursuant to subpart B of this part.

(f) For the purposes of this section, the term "own facilities" includes, but is not limited to, facilities obtained as unbundled network elements pursuant to part 51 of this chapter, provided that such facilities meet the definition of the term "facilities" under this subpart.

(g) A state commission shall not require a common carrier, in order to satisfy the requirements of paragraph (d)(1) of this section, to use facilities that are located within the relevant service area, as long as the carrier uses facilities to provide the services designated for support pursuant to subpart B of this part within the service area.

(h) A state commission shall not designate a common carrier as an eligible telecommunications carrier for purposes of receiving support only under subpart E of this part unless the carrier seeking such designation has demonstrated that it is financially and technically capable of providing the supported Lifeline service in compliance with subpart E of this part.

(i) A state commission shall not designate as an eligible telecommunications carrier a telecommunications carrier that offers the services supported by federal universal service support mechanisms exclusively through the resale of another carrier's services.

§54.202 Additional requirements for Commission designation of eligible telecommunications carriers.

(a) In order to be designated an eligible telecommunications carrier under section 214(e)(6), any common carrier in its application must:

(1)(i) Certify that it will comply with the service requirements applicable to the support that it receives.

(ii) Submit a five-year plan that describes with specificity proposed improvements or upgrades to the applicant's network throughout its proposed service area. Each applicant shall estimate the area and population that will be served as a result of the improvements. Except, a common carrier seeking designation as an eligible telecommunications carrier in order to provide

supported services only under subpart E of this part does not need to submit such a five-year plan.

(2) Demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

(3) Demonstrate that it will satisfy applicable consumer protection and service quality standards. A commitment by wireless applicants to comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service will satisfy this requirement. Other commitments will be considered on a case-by-case basis.

(4) For common carriers seeking designation as an eligible telecommunications carrier for purposes of receiving support only under subpart E of this part, demonstrate that it is financially and technically capable of providing the Lifeline service in compliance with subpart E of this part.

(5) For common carriers seeking designation as an eligible telecommunications carrier for purposes of receiving support only under subpart E of this part, submit 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.

(6) For common carriers seeking designation as an eligible telecommunications carrier for purposes of receiving support only under subpart E of this part, submit information describing the terms and conditions of any broadband Internet access service plans offered to Lifeline subscribers, including details on the speeds offered, data usage allotments, additional charges for particular uses, if any, 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) Public interest standard. Prior to designating an eligible telecommunications carrier pursuant to section 214(e)(6), the Commission determines that such designation is in the public interest.

(c) A common carrier seeking designation as an eligible telecommunications carrier under section 214(e)(6) for any part of Tribal lands shall provide a copy of its petition to the affected tribal government and tribal regulatory authority, as applicable, at the time it files its petition with the Federal Communications Commission. In addition, the Commission shall send any public notice seeking comment on any petition for designation as an eligible telecommunications carrier on Tribal lands, at the time it is released, to the affected tribal government and tribal regulatory authority, as applicable, by the most expeditious means available..

§54.400 Terms and definitions.

(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" means gross income as defined under section 61 of the Internal Revenue Code, 26 U.S.C. 61, for all members of the household. This means all income actually received by all members of the household from whatever source derived, unless specifically excluded by the Internal Revenue Code, Part III of Title 26, 26 U.S.C. 101 *et seq.*

(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 or Tribal assistance programs the 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; Veterans and Survivors Pension Benefit; 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).

(k) *Direct service.* As used in this subpart, direct service means the provision of service directly to the qualifying low-income consumer.

(l) *Broadband Internet access service.* "Broadband Internet access service" is defined as a mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all Internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up service.

(m) *Voice telephony service.* "Voice telephony service" is defined as 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.

(n) *Supported services.* Voice Telephony services and broadband Internet access services are supported service for the Lifeline program.

(o) *National Lifeline Eligibility Verifier.* The "National Lifeline Eligibility Verifier" or "National Verifier" is an electronic and manual system with associated functions, processes, policies and procedures, to facilitate the determination of consumer eligibility for the Lifeline program, as directed by the Commission.

(p) Enrollment representatives. An employee, agent, contractor, or subcontractor, acting on behalf of an eligible telecommunications carrier or third-party entity, who directly or indirectly provides information to the Universal Service Administrative Company or a state entity administering the Lifeline Program for the purpose of eligibility verification, enrollment, recertification, subscriber personal information updates, benefit transfers, or de-enrollment.

§54.401 Lifeline defined.

(a) As used in this subpart, Lifeline means a non-transferable retail service offering provided directly to qualifying low-income consumers:

(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 or broadband Internet access service as defined in §54.400. 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 with the minimum service levels set forth in §54.408 that includes fixed or mobile voice telephony service, broadband Internet access service, or a bundle of broadband Internet access service and fixed or mobile voice telephony service; and plans that include optional calling features such as, but not limited to, caller identification, call waiting, voicemail, and three-way calling.

(1) Eligible telecommunications carriers may permit qualifying low-income consumers to apply their Lifeline discount to family shared data plans.

(2) Eligible telecommunications carriers may allow qualifying low-income consumers to apply Lifeline discounts to any residential service plan that includes voice telephony service without qualifying broadband Internet access service prior to December 1, 2021.

(3) Beginning December 1, 2016, eligible telecommunications carriers must provide the minimum service levels for each offering of mobile voice service as defined in §54.408.

(4) Beginning December 1, 2021, eligible telecommunications carriers must provide the minimum service levels for broadband Internet access service in every Lifeline offering.

(c) Eligible telecommunications carriers may not collect a service deposit in order to initiate Lifeline for voice-only service 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 Web site 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) of this chapter, eligible telecommunications carriers may not charge Lifeline customers a monthly number-portability charge.

(f) Eligible telecommunications carriers may aggregate eligible subscribers' benefits to provide a collective service to a group of subscribers, provided that each qualifying low-income consumer subscribed to the collective service receives residential service that meets the requirements of paragraph (a) of this section and §54.408.

§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, except as provided in paragraph (a)(2) of this section, 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) For a Lifeline provider offering either standalone voice service, subject to the minimum service standards set forth in §54.408, or voice service with broadband below the minimum standards set forth in §54.408, the support levels will be as follows:

(i) Until December 1, 2019, the support amount will be $9.25 per month.

(ii) From December 1, 2019 until November 30, 2020, the support amount will be $7.25 per month.

(iii) From December 1, 2020 until November 30, 2021, the support amount will be $5.25 per month.

(iv) On December 1, 2021, standalone voice service, or voice service not bundled with broadband which meets the minimum standards set forth in §54.408, will not be eligible for Lifeline support unless the Commission has previously determined otherwise.

(v) Notwithstanding paragraph (a)(2)(iv) of this section, on December 1, 2021, the support amount for standalone voice service, or voice service not bundled with

broadband which meets the minimum standards set forth in §54.408, provided by a provider that is the only Lifeline provider in a Census block will be the support amount specified in paragraph (a)(2)(iii) of this section.

(3) *Tribal lands support amount.* Additional federal Lifeline support of up to $25 per month will be made available to a 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 if the carrier is seeking Lifeline reimbursement for eligible voice telephony service provided to those 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 at least one service commensurate with the requirements outlined in § 54.408, and charge Lifeline subscribers the resulting amount.

(2) [Reserved]

§54.404 The National Lifeline Accountability Database.

(a) *State certification.* An eligible telecommunications carrier operating in a state that provides an approved valid certification to the Commission in accordance with this section is not required to comply with the requirements set forth in paragraphs (b) and (c) of this section with respect to the eligible telecommunications carriers' subscribers in that state. A valid certification must include a statement that the state has a comprehensive system in place to prevent duplicative federal Lifeline support that is at least as robust as the system adopted by the Commission and that incorporates information from all eligible telecommunications carriers receiving low-income support in the state and their subscribers. A valid certification must also describe in detail how the state system functions and for each requirement adopted by the Commission to

prevent duplicative support, how the state system performs the equivalent functions. The certification must be submitted to the Commission no later than six months from the effective date of this section of the Commission's rules to be valid. Such certification will be considered approved unless the Wireline Competition Bureau rejects the certification within 90 days of filing.

(b) *The National Lifeline Accountability Database.* In order to receive Lifeline support, eligible telecommunications carriers operating in states that have not provided the Commission with approved valid certification pursuant to paragraph (a) of this section must comply with the following requirements:

(1)All eligible telecommunications carriers must query the National Lifeline Accountability Database to determine whether a prospective subscriber who has executed a certification pursuant to §54.410(d) is currently receiving a Lifeline service from another eligible telecommunications carrier; and whether anyone else living at the prospective subscriber's residential address is currently receiving a Lifeline service.

(2)If the Database indicates that a prospective subscriber, who is not seeking to port his or her telephone number, is currently receiving a Lifeline service, the eligible telecommunications carrier must not provide and shall not seek or receive Lifeline reimbursement for that subscriber.

(3)If the Database indicates that another individual at the prospective subscriber's residential address is currently receiving a Lifeline service, the eligible telecommunications carrier must not seek and will not receive Lifeline reimbursement for providing service to that prospective subscriber, unless the prospective subscriber has certified, pursuant to § 54.410(d), that to the best of his or her knowledge, no one in his or her household is already receiving a Lifeline service. This certification may be collected by the eligible telecommunications carrier prior to initial enrollment, but the certification shall not be recorded in the Database unless the eligible telecommunications carrier receives a notification from the Database or state administrator that another Lifeline subscriber resides at the same address as the prospective subscriber.

(4)An eligible telecommunications carrier is not required to comply with paragraphs (b)(1) through (3) of this section if it receives notice from a state Lifeline administrator or other state agency that the administrator or other agency has queried the Database about a prospective subscriber and that providing the

prospective subscriber with a Lifeline benefit would not result in duplicative support.

(5)Eligible telecommunications carriers may query the Database only for the purposes provided in paragraphs (b)(1) through (b)(3) of this section, and to determine whether information with respect to its subscribers already in the Database is correct and complete.

(6)Eligible telecommunications carriers must transmit to the Database in a format prescribed by the Administrator each new and existing Lifeline subscriber's full name; full residential address; date of birth and the last four digits of the subscriber's Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Lifeline service; the date on which the Lifeline service was initiated; the date on which the Lifeline service was terminated, if it has been terminated; the amount of support being sought for that subscriber; and the means through which the subscriber qualified for Lifeline.

(7)In the event that two or more eligible telecommunications carriers transmit the information required by this paragraph to the Database for the same subscriber, only the eligible telecommunications carrier whose information was received and processed by the Database first, as determined by the Administrator, will be entitled to reimbursement from the Fund for that subscriber.

(8)All eligible telecommunications carriers must update an existing Lifeline subscriber's information in the Database within ten business days of receiving any change to that information, except as described in paragraph (b)(10) of this section.

(9)All eligible telecommunications carriers must obtain, from each new and existing subscriber, consent to transmit the subscriber's information. Prior to obtaining consent, the eligible telecommunications carrier must describe to the subscriber, using clear, easily understood language, the specific information being transmitted, that the information is being transmitted to the Administrator to ensure the proper administration of the Lifeline program, and that failure to provide consent will result in subscriber being denied the Lifeline service.

(10)When an eligible telecommunications carrier de-enrolls a subscriber, it must transmit to the Database the date of Lifeline service de-enrollment within one business day of de-enrollment.

(11)All eligible telecommunications carriers must securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility, for the purposes of production during audits or investigations or to the extent required by NLAD processes, which require, inter alia, verification of eligibility, identity, address, and age.

(12)An eligible telecommunications carrier must not enroll or claim for reimbursement a prospective subscriber in Lifeline if the National Lifeline Accountability Database or National Verifier cannot verify the identity of the subscriber or the subscriber's status as alive, unless the subscriber produces documentation to demonstrate his or her identity and status as alive.

(c) *Tribal Link Up and the National Lifeline Accountability Database.* In order to receive universal service support reimbursement for Tribal Link Up, eligible telecommunications carriers operating in states that have not provided the Commission with a valid certification pursuant to paragraph (a) of this section, must comply with the following requirements:

(1)Such eligible telecommunications carriers must query the Database to determine whether a prospective Link Up recipient who has executed a certification pursuant to §54.410(d) has previously received a Link Up benefit at the residential address provided by the prospective subscriber.

(2)If the Database indicates that a prospective subscriber has received a Link Up benefit at the residential address provided by the subscriber, the eligible telecommunications provider must not seek Link Up reimbursement for that subscriber.

(3)An eligible telecommunications carrier is not required to comply with paragraphs (c)(1) through (c)(2) of this section, if it receives notice from a state Lifeline administrator or other state agency that the administrator or other agency has queried the Database about a prospective subscriber and that providing the prospective subscriber with a Link Up benefit would not result in duplicative support or support to a subscriber who had already received Link Up support at that residential address.

(4)All eligible telecommunications carriers must transmit to the Database in a format prescribed by the Administrator each new and existing Link Up recipient's full name; residential address; date of birth; and the last four digits of the subscriber's Social Security number, or Tribal identification number if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Link Up support; and the date of service activation. Where two or more eligible telecommunications carriers transmit the information required by this paragraph to the Database for the same subscriber, only the eligible telecommunications carrier whose information was received and processed by the Database first, as determined by the Administrator, will be entitled to reimbursement from the Fund for that subscriber.

(5)All eligible telecommunications carriers must obtain, from each new and existing subscriber, consent to transmit the information required in paragraph (c) of this section. Prior to obtaining consent, the eligible telecommunications carrier must describe to the subscriber, using clear, easily understood language, the specific information being transmitted, that the information is being transmitted to the Administrator to ensure the proper administration of the Link Up program, and that failure to provide consent will result in the subscriber being denied the Link Up benefit.

§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 nontransferable, 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 de-enroll any subscriber who fails to demonstrate eligibility within five business days after the expiration of the subscriber's time to respond. 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 30 consecutive days a Lifeline service that does not require the eligible telecommunications carrier to assess and collect a monthly fee from its subscribers, an eligible telecommunications carrier must provide the subscriber 15 days' notice, using clear, easily understood language, that the subscriber's failure to use the Lifeline service within the 15-day notice period will result in service termination for

non-usage under this paragraph. 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); or who fails to provide the annual one-per-household re-certifications as required by §54.410(f). 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 will trigger de-enrollment. A subscriber must be given 60 days to respond to recertification efforts. 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.

(5) *De-enrollment requested by subscriber.* If an eligible telecommunications carrier receives a request from a subscriber to de-enroll, it must de-enroll the subscriber within two business days after the request.

§54.406 Activities of representatives of eligible telecommunications carriers.

(a) Enrollment representative registration. An eligible telecommunications carrier must require that enrollment representatives register with the Universal Service Administrative Company before the enrollment representative can provide information directly or indirectly to the National Lifeline Accountability Database or the National Verifier.

(1) As part of the registration process, eligible telecommunications carriers must require that all enrollment representatives must provide the Universal Service Administrative Company with identifying information, which may include first and last name, date of birth, the last four digits of his or her social security number, email address, and residential address. Enrollment representatives will be assigned a unique identifier, which must be used for:

(i) Accessing the National Lifeline Accountability Database;

(ii) Accessing the National Verifier;

(iii) Accessing any Lifeline eligibility database; and

(iv) Completing any Lifeline enrollment or recertification forms.

(2) Eligible telecommunications carriers must ensure that enrollment representatives shall not use another person's unique identifier to enroll Lifeline subscribers, recertify Lifeline subscribers, or access the National Lifeline Accountability Database or National Verifier.

(3) Eligible telecommunications carriers must ensure that enrollment representatives shall regularly recertify their status with the Universal Service Administrative Company to maintain their unique identifier and maintain access to the systems that rely on a valid unique identifier. Eligible telecommunications carriers must also ensure that enrollment representatives shall update their registration information within 30 days of any change in such information.

(4) Enrollment representatives are not required to register with the Universal Service Administrative Company if the enrollment representative operates solely in a state that has been approved by the Commission to administer the Lifeline program without reliance on the Universal Service Administrative Company's systems. The exemption in this paragraph (a)(4) will not apply to any part of a state's administration of the Lifeline program that relies on the Universal Service Administrative Company's systems.

(b) Prohibition of commissions for enrollment representatives. An eligible telecommunications carrier shall not offer or provide to enrollment representatives or their direct supervisors any commission compensation that is based on the number of consumers who apply for or are enrolled in the Lifeline program with that eligible telecommunications carrier.

§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 customers listed in the National Lifeline Accountability Database that the eligible telecommunications carrier serves directly as of the first of the month. Eligible telecommunications carriers operating in a state that has provided the Commission with an approved valid certification pursuant to § 54.404(a) must comply with that state administrator's process for determining the number of subscribers to be claimed for each month, and in those states Universal Service support for providing Lifeline shall be provided directly to the eligible telecommunications

carrier based on that number of actual qualifying low-income customers, according to the state administrator or other state agency's process.

(b) 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 and 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 30 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 or usage of data;

(ii) Purchase of minutes or data 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;

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

(v) Sending a text message.

(d) In order to receive universal service support reimbursement, an officer of each eligible telecommunications carrier must certify, as part of each request for reimbursement, that:

(1)The eligible telecommunications carrier is in compliance with all of the rules in this subpart; and

(2)The eligible telecommunications carrier has obtained valid certification and recertification forms to the extent required under this subpart 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.

§54.408 Minimum service standards.

(a)As used in this subpart, with the following exception of paragraph (a)(2) of this section, a minimum service standard is:

(1)The level of service which an eligible telecommunications carrier must provide to an end user in order to receive the Lifeline support amount.

(2)The minimum service standard for mobile broadband speed, as described in paragraph (b)(2)(i) of this section, is the level of service which an eligible telecommunications carrier must both advertise and provide to an end user.

(b)Minimum service standards for Lifeline supported services will take effect on December 1, 2016. The minimum service standards set forth below are subject to the conditions in §54.401. The initial minimum service standards, as set forth in paragraphs (b)(1) through (3) of this section, will be subject to the updating mechanisms described in paragraph (c) of this section.

(1)Fixed broadband will have minimum service standards for speed and data usage allowance, subject to the exceptions in paragraph (d) of this section.

(i)The minimum service standard for fixed broadband speed will be 10 Megabits per second downstream/1 Megabit per second upstream.

(ii)The minimum service standard for fixed broadband data usage allowance will be 150 gigabytes per month.

(2)Mobile broadband will have minimum service standards for speed and data usage allowance.

(i)The minimum service standard for mobile broadband speed will be 3G.

(ii)The minimum service standard for mobile broadband data usage allowance will be:

(A)From December 1, 2016 until November 30, 2017, 500 megabytes per month;

(B)From December 1, 2017, until November 30, 2018, 1 gigabyte per month;

(C)From December 1, 2018 until November 30, 2019, 2 gigabytes per month; and

(D)On and after December 1, 2019, the minimum standard will be calculated using the mechanism set forth in paragraphs (c)(2)(ii)(A) through (D) of this section. If the data listed in paragraphs (c)(2)(ii)(A) through (D) do not meet the criteria set forth in paragraph (c)(2)(iii) of this section, then the updating mechanism in paragraph (c)(2)(iii) will be used instead. (3) The minimum service standard for mobile voice service will be:

(i)From December 1, 2016, until November 30, 2017, 500 minutes;

(ii)From December 1, 2017, until November 30, 2018, 750 minutes; and (iii) On and after December 1, 2018, the minimum standard will be 1000 minutes.

(c) Minimum service standards will be updated using the following mechanisms:

(1) Fixed broadband will have minimum service standards for speed and data usage allowance. The standards will updated as follows:

(i) The standard for fixed broadband speed will be updated on an annual basis. The standard will be set at the 30th percentile, rounded up to the nearest Megabit-per second integer, of subscribed fixed broadband downstream and upstream speeds. The 30th percentile will be determined by analyzing FCC Form 477 Data. The new standard will be published in a Public Notice issued by the Wireline Competition Bureau on or before July 31, which will give the new minimum standard for the upcoming year. In the event that the Bureau does not release a Public Notice, or the data are older than 18 months, the minimum standard will be the greater of:

(A) The current minimum standard; or

(B) The Connect America Fund minimum speed standard for rate-of-return fixed broadband providers, as set forth in 47 CFR 54.308(a).

(ii) The standard for fixed broadband data usage allowance will be updated on an annual basis. The new standard will be published in a Public Notice issued by the Wireline Competition Bureau on or before July 31, which will give the new minimum standard for the upcoming year. The updated standard will be the greater of:

(A)An amount the Wireline Competition Bureau deems appropriate, based on what a substantial majority of American consumers already subscribe to, after analyzing Urban Rate Survey data and other relevant data; or

(B)The minimum standard for data usage allowance for rate-of-return fixed broadband providers set in the Connect America Fund.

(2) Mobile broadband will have minimum service standards for speed and capacity. The standards will be updated as follows:

(i)The standard for mobile broadband speed will be updated when, after analyzing relevant data, including the FCC Form 477 data, the Wireline Competition Bureau determines such an adjustment is necessary. If the standard for mobile broadband speed is updated, the new standard will be published in a Public Notice issued by the Wireline Competition Bureau.

(ii)The standard for mobile broadband capacity will be updated on an annual basis. The standard will be determined by:

(A)Dividing the total number of mobile-cellular subscriptions in the United States, as reported in the *Mobile Competition Report* by the total number of American households, as determined by the U.S. Census Bureau, in order to determine the number of mobile-cellular subscriptions per American household. This number will be rounded to the hundredths place and then multiplied by;

(B)The percentage of Americans who own a smartphone, according to the Commission's annual *Mobile Competition Report*. This number will be rounded to the hundredths place and then multiplied by;

(C)The average data used per mobile smartphone subscriber, as reported by the Commission in its annual *Mobile Competition Report*. This number will be rounded to the hundredths place and then multiplied by;

(D)Seventy (70) percent. The result will then be rounded up to the nearest 250 MB interval to provide the new monthly minimum service standard for the mobile broadband data usage allowance.

(iii) If the Wireline Competition Bureau does not release a Public Notice giving new minimum standards for mobile broadband capacity on or before July 31, or if the necessary data needed to calculate the new minimum standard are older than 18 months, the data usage allowance will be updated by multiplying the current data usage allowance by the percentage of the year-over-year change in average mobile data usage per smartphone user, as reported in the *Mobile Competition Report*. That amount will be rounded up to the nearest 250 MB.

(d)*Exception for certain fixed broadband providers.* Subject to the limitations in paragraphs (d)(1) through (4) of this section, the Lifeline discount may be applied for fixed broadband service that does not meet the minimum standards set forth in paragraph (b)(1) of this section. If the provider, in a given area:

(1) Does not offer any fixed broadband service that meets our minimum service standards set forth in paragraph (b)(1) of this section; but

(2) Offers a fixed broadband service of at least 4 Mbps downstream/1 Mbps upstream in that given area; then,

(3) In that given area, a fixed broadband provider may receive Lifeline funds for the purchase of its highest performing generally available residential offering, lexicographically ranked by:

(i) Download bandwidth;

(ii) Upload bandwidth; and

(iii) Usage allowance.

(4) A fixed broadband provider claiming Lifeline support under this section will certify its compliance with this section's requirements and will be subject to the Commission's audit authority.

(e)Except as provided in paragraph (d) of this section, eligible telecommunications carriers shall not apply the Lifeline discount to offerings that do not meet the minimum service standards.

(f)*Equipment requirement.*

(1) Any fixed or mobile broadband Lifeline provider, which provides devices to its consumers, must ensure that all such devices provided to a consumer are Wi-Fi enabled.

(2) A Lifeline provider may not institute an additional or separate tethering charge for any mobile data usage that is below the minimum service standard set forth in paragraph (b)(2) of this section.

(3) Any mobile broadband Lifeline provider which provides devices to its consumers must offer at least one device that is capable of being used as a hotspot. This requirement will change as follows:

(i) From December 1, 2017 to November 30, 2018, a provider that offers devices must ensure that at least 15 percent of such devices are capable of being used as a hotspot.

(ii) From December 1, 2018 to November 30, 2019, a provider that offers devices must ensure that at least 20 percent of such devices are capable of being used as a hotspot.

(iii) From December 1, 2019 to November 30, 2020, a provider that offers devices must ensure that at least 25 percent of such devices are capable of being used as a hotspot.

(iv) From December 1, 2020 to November 30, 2021, a provider that offers devices must ensure that at least 35 percent of such devices are capable of being used as a hotspot.

(v) From December 1, 2021 to November 30, 2022, a provider that offers devices must ensure that at least 45 percent of such devices are capable of being used as a hotspot.

(vi) From December 1, 2022 to November 30, 2023, a provider that offers devices must ensure that at least 55 percent of such devices are capable of being used as a hotspot.

(vii) From December 1, 2023 to November 30, 2024, a provider that offers devices must ensure that at least 65 percent of such devices are capable of being used as a hotspot.

(viii) On December 1, 2024, a provider that offers devices must ensure that at least 75 percent of such devices are capable of being used as a hotspot.

§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; or Veterans and Survivors Pension Benefit.

(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 through 54.405, and completed any other necessary enrollment steps.

(b) *Initial income-based eligibility determination.*

(1) Except where the National Verifier, 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 using the income-based eligibility criteria provided for in §54.409(a)(1) 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). 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 securely retain copies of documentation demonstrating a prospective subscriber's income-based eligibility for Lifeline consistent with §54.417, except to the extent such documentation is retained by the National Verifier.

(2) Where the National Verifier, 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 National Verifier, 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); and

(ii)If a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, a copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section.

(iii)An eligible telecommunications carrier must securely retain all information and documentation provided by the state Lifeline administrator or other state agency consistent with §54.417.

(c) *Initial program-based eligibility determination.*

(1) Except in states where the National Verifier, 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) 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 securely retain copies of the documentation demonstrating a subscriber's program-based eligibility for Lifeline, consistent with §54.417, except to the extent such documentation is retained by the National Verifier.

(2) Where the National Verifier, 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(a)(2) or (b), an eligible telecommunications carrier must not seek reimbursement for providing Lifeline to a subscriber unless the carrier has received from the National Verifier, 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) or (b); and

(ii)If a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, a copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section.

(iii)An eligible telecommunications carrier must securely retain all information and documentation provided by the state Lifeline administrator or other state agency consistent with §54.417.

(d) *Eligibility certification form.* 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 provide the information in paragraphs (d)(1) through (3) of this section in clear, easily understood language. If a Federal eligibility certification form is available, entities enrolling subscribers must use such form to enroll a qualifying low-income consumer into the Lifeline program.

(1) The form provided by the entity enrolling subscribers must provide the information in paragraphs (d)(1)(i) through (vi) of this section:

(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)The form provided by the entity enrolling subscribers must require each prospective subscriber to provide the information in paragraphs (d)(2)(i) through (viii) of this section:

(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)The form provided by the entity enrolling subscribers shall require each prospective subscriber to initial his or her acknowledgement of each of the certifications in paragraphs (d)(3)(i) through (viii) of this section individually and under penalty of perjury:

(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)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;

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

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

(viii) 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 for 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 the National Verifier, state Lifeline administrator, or other state agency is responsible for the annual 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.

(iii) If the subscriber's program-based or income-based eligibility for Lifeline cannot be determined by accessing one or more eligibility databases, then the eligible telecommunications carrier must obtain a signed certification from the subscriber confirming the subscriber's continued eligibility. If the subscriber's eligibility was previously confirmed through an eligibility database during enrollment or a prior recertification and the subscriber is no longer included in any eligibility database, the eligible telecommunications carrier must obtain both an Annual Recertification Form and documentation meeting the requirements of paragraph (b)(1)(i)(B) or (c)(1)(i)(B) from that subscriber to complete the process. Eligible telecommunications carriers must use the Wireline Competition Bureau-approved universal Annual Recertification Form, except where state law, state regulation, a

state Lifeline administrator, or a state agency requires eligible telecommunications carriers to use state-specific Lifeline recertification forms.

(iv) In states in which the National Verifier has been implemented, the eligible telecommunications carrier cannot re-certify subscribers not found in the National Verifier by obtaining a certification form from the subscriber.

(3) Where the National Verifier, state Lifeline administrator, or other state agency is responsible for re-certification of a subscriber's Lifeline eligibility, the National Verifier, state Lifeline administrator, or 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.

(iii) If the subscriber's program-based or income-based eligibility for Lifeline cannot be determined by accessing one or more eligibility databases, then the National Verifier, state Lifeline administrator, or state agency must obtain a signed certification from the subscriber confirming the subscriber's continued eligibility. If the subscriber's eligibility was previously confirmed through an eligibility database during enrollment or a prior recertification and the subscriber is no longer included in any eligibility database, the National Verifier, state Lifeline administrator, or state agency must obtain both an approved Annual Recertification Form and documentation meeting the requirements of paragraph (b)(1)(i)(B) or (c)(1)(i)(B) from that subscriber to complete the certification process. Entities responsible for re-certification under this section must use the Wireline Competition Bureau-approved universal Annual Recertification Form, except where state law, state regulation, a state Lifeline administrator, or a state agency requires eligible telecommunications carriers to use state-specific Lifeline recertification forms, or where the National Verifier Recertification Form is required.

(4) Where the National Verifier, state Lifeline administrator, or other state agency is responsible for re-certification of subscribers' Lifeline eligibility, the National Verifier, 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 by the National Verifier, a state Lifeline administrator, or other state agency that it is unable to re-certify a subscriber, the eligible telecommunications carrier must comply with the de-enrollment requirements provided for in §54.405(e)(4).

(g) *One-Per-Household Worksheet.* If the prospective subscriber shares an address with one or more existing Lifeline subscribers according to the National Lifeline Accountability Database or National Verifier, the prospective subscriber must complete a form certifying compliance with the one-per-household rule upon initial enrollment. Eligible telecommunications carriers must fulfill the requirement in this paragraph (g) by using the Household Worksheet, as provided by the Wireline Competition Bureau. Where state law, state regulation, a state Lifeline administrator or a state agency requires eligible telecommunications carriers to use state-specific Lifeline enrollment forms, eligible telecommunications carriers may use those forms in place of the Commission's Household Worksheet. At re-certification, if there are changes to the subscriber's household that would prevent the subscriber from accurately certifying to paragraph (d)(3)(vi) of this section, then the subscriber must complete a new Household Worksheet in the National Lifeline Accountability

Database if and only if the subscriber shares an address with an existing Lifeline subscriber as reported by the National Lifeline Accountability Database.

(h) *National Verifier transition.* As the National Verifier is implemented in a state, the obligations in paragraphs (b) through (g) of this section with respect to the National Verifier and eligible telecommunications carriers will also take effect.

§54.412 Off reservation Tribal lands designation process.

(a) The Commission's Wireline Competition Bureau and the Office of Native Affairs and Policy may, upon receipt of a request made in accordance with the requirements of this section, designate as Tribal lands, for the purposes of the Lifeline and Tribal Link Up program, areas or communities that fall outside the boundaries of existing Tribal lands but which maintain the same characteristics as lands identified as Tribal lands defined as in §54.400(e).

(b) A request for designation must be made to the Commission by a duly authorized official of a federally recognized American Indian Tribe or Alaska Native Village.

(c) A request for designation must clearly describe a defined geographical area for which the requesting party seeks designation as Tribal lands.

(d) A request for designation must demonstrate the Tribal character of the area or community.

(e) A request for designation must provide sufficient evidence of a nexus between the area or community and the Tribe, and describe in detail how program support to the area or community would aid the Tribe in serving the needs and interests of its citizens and further the Commission's goal of increasing telecommunications access on Tribal lands.

(f) Upon designation by the Wireline Competition Bureau and the Office of Native Affairs and Policy, the area or community described in the designation shall be considered Tribal lands for the purposes of this subpart.

§54.413 Link Up for rural Tribal lands.

(a) For purposes of this subpart, the term "Tribal Link Up" means an assistance program for eligible residents of Tribal lands, seeking telecommunications service from a telecommunications carrier that is receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part, that provides:

(1) A 100 percent reduction, up to $100, of the customary charge for commencing telecommunications service for a single telecommunications connection at a subscriber's principal place of residence imposed by an eligible telecommunications carrier that is also receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part. For purposes of this subpart, a "customary charge for commencing telecommunications service" is the ordinary charge an eligible telecommunications carrier imposes and collects from all subscribers to initiate service with that eligible telecommunications carrier. A charge imposed only on qualifying low-income consumers to initiate service is not a customary charge for commencing telecommunications service. Activation charges routinely waived, reduced, or eliminated with the purchase of additional products, services, or minutes are not customary charges eligible for universal service support; and

(2) A deferred schedule of payments of the customary charge for commencing telecommunications service for a single telecommunications connection at a subscriber's principal place of residence imposed by an eligible telecommunications carrier that is also receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part, for which the eligible resident of rural Tribal lands does not pay interest. The interest charges not assessed to the eligible resident of rural Tribal lands shall be for a customary charge for connecting the telecommunications service

of up to $200 and such interest charges shall be deferred for a period not to exceed one year.

(b) An eligible resident of rural Tribal lands may receive the benefit of the Tribal Link Up program for a second or subsequent time only for otherwise qualifying commencement of telecommunications service at a principal place of residence with an address different from the address for which Tribal Link Up assistance was provided previously.

§54.414 Reimbursement for Tribal Link Up.

(a) Eligible telecommunications carriers that are receiving high-cost support, pursuant to subpart D of this part, may receive universal service support reimbursement for the reduction in their customary charge for commencing telecommunications service and for providing a deferred schedule for payment of the customary charge for commencing telecommunications services for which the subscriber does not pay interest, in conformity with §54.413.

(b) In order to receive universal support reimbursement for providing Tribal Link Up, eligible telecommunications carriers must follow the procedures set forth in §54.410 to determine an eligible resident of rural Tribal lands' initial eligibility for Tribal Link Up. Eligible telecommunications carriers must obtain a certification form from each eligible resident of Tribal lands that complies with §54.410 prior to enrolling him or her in Tribal Link Up.

(c) In order to receive universal service support reimbursement for providing Tribal Link Up, eligible telecommunications carriers must keep accurate records of the reductions in their customary charge for commencing telecommunications service and for providing a deferred schedule for payment of the charges assessed for commencing service for which the subscriber does not pay interest, in conformity with §54.413. 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. The reductions in the customary charge for which the eligible telecommunications carrier may receive reimbursement shall include only the difference between the carrier's customary connection or interest charges and the charges actually assessed to the subscriber receiving Lifeline services.

§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.

(3) An officer of the eligible telecommunications carrier must certify that the carrier is in compliance with the minimum service levels set forth in §54.408. 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 recertification 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 recertification 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. Eligible telecommunications carriers must maintain the documentation required in §§54.404 (b)(11), 54.410(b), 54.410 (c), 54.410(d), and 54.410(f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier, but for no less than the three full preceding calendar years.

(b) Prior to the effective date of the rules, 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. Beginning on the effective date of the rules, the eligible telecommunications carrier must retain the reseller certification for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request.

(c) Non-eligible telecommunications carrier resellers that purchased Lifeline discounted wholesale services to offer discounted services to low-income consumers prior to the effective date of the rules, 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.

§54.419 Validity of electronic signatures.

(a) For the purposes of this subpart, an electronic signature, defined by the Electronic Signatures in Global and National Commerce Act, as an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record, has the same legal effect as a written signature.

(b) For the purposes of this subpart, an electronic record, defined by the Electronic Signatures in Global and National Commerce Act as a contract or other record created, generated, sent, communicated, received, or stored by electronic means, constitutes a record.

§54.420 Low-income program audits.

(a) *Independent audit requirements for eligible telecommunications carriers.* Eligible telecommunications carriers identified by USAC must obtain a third-party biennial audit of their compliance with the rules in this subpart. Such engagements shall be agreed upon performance attestations to assess the company's overall compliance with the rules in this subpart and the company's internal controls regarding the regulatory requirements in this subpart.

(1) Eligible telecommunications carriers will be selected for audit based on risk-based criteria developed by USAC and approved by the Office of Managing Director and the Wireline Competition Bureau.

(2) The initial audit must be completed one year after the Commission issues a standardized audit plan outlining the scope of the engagement and the extent of compliance testing to be performed by third-party auditors and shall be conducted every two years thereafter, unless directed otherwise by the Commission. The following minimum requirements shall apply:

(iii) The audit must be conducted by a licensed certified public accounting firm that is independent of the carrier.

(iv) The engagement shall be conducted consistent with government accounting standards (GAGAS).

(3) The certified public accounting firm shall submit to the Commission any rule interpretations necessary to complete the biennial audit, and the Administrator shall notify all firms subject to the biennial audit requirement of such requests. The audit issue will be noted, but not held as a negative finding, in future audit reports for all carriers subject to this requirement unless and until guidance has been provided by the Commission.

(4) Within 60 days after completion of the audit work, but prior to finalization of the report, the third-party auditor shall submit a draft of the audit report to the Commission and the Administrator, who shall be deemed authorized users of such

reports. Finalized audit reports must be provided to the Commission, the Administrator, and relevant states and Tribal governments within 30 days of the issuance of the final audit report. The reports will not be considered or deemed confidential.

(5) *Delegated authority.* The Wireline Competition Bureau and the Office of Managing Director have delegated authority to perform the functions specified in paragraphs (a)(2) and (a)(3) of this section.

(b) *Audit requirements for new eligible telecommunications carriers.* After a company is designated for the first time in any state or territory, the Administrator will audit that new eligible telecommunications carrier to assess its overall compliance with the rules in this subpart and the company's internal controls regarding these regulatory requirements. This audit should be conducted within the carrier's first twelve months of seeking federal low-income Universal Service Fund support, unless otherwise determined by the Office of Managing Director.

§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 minimum service standards, as set forth in §54.408, 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.

§ 54.423 Budget.

(a) Amount of the annual budget. The initial annual budget on federal universal support for the Lifeline program shall be $2.25 billion.

(1) Inflation increase. In funding year 2016 and subsequent funding years, the $2.25 billion funding cap on federal universal service support for Lifeline shall be automatically increased annually to take into account increases in the rate of inflation as calculated in paragraph (a)(2) of this section.

(2) Increase calculation. To measure increases in the rate of inflation for the purposes of paragraph (a) of this section, the Commission shall use the Consumer Price Index for all items from the Department of Labor, Bureau of Labor Statistics. To compute the annual increase as required by this paragraph (a), the percentage increase in the Consumer Price Index from the previous year will be used. For instance, the annual increase in the Consumer Price Index from 2015 to 2016 would be used for the 2017 funding year. The increase shall be rounded to the nearest 0.1 percent by rounding 0.05 percent and above to the next higher 0.1 percent and otherwise rounding to the next lower 0.1 percent. This percentage increase shall be added to the amount of the annual funding cap from the previous funding year. If the yearly average Consumer Price Index decreases or stays the same, the annual funding cap shall remain the same as the previous year.

(3) The Wireline Competition Bureau shall issue a public notice on or before July 31 containing the results of the calculations described in § 54.403(a)(2) and setting the budget for the upcoming year beginning on January 1.

(b) If spending in the Lifeline program meets or exceeds 90 percent of the Lifeline budget in a calendar year, the Wireline Competition Bureau shall prepare a report evaluating program disbursements and describing the reasons for the program's growth along with any other information relevant to the operation of the Lifeline program. The Bureau shall submit the report to the Commission by July 31st of the following year.

§ 54.424 Emergency communications support for survivors.

(a) Confirmation of subscriber eligibility. All eligible telecommunications carriers must implement policies and procedures for ensuring that subscribers receiving emergency communications support from the Lifeline program are eligible to receive such support. An eligible telecommunications carrier must not seek reimbursement for providing Lifeline service to a subscriber, based on that subscriber's eligibility to receive emergency communications support, unless the carrier has received from the National Verifier:

(1) Notice that the prospective subscriber meets the eligibility criteria set forth in § 54.409(a)(3).

(2) A copy of the subscriber's certification that complies with the requirements set forth in § 54.410(d).

(3) An eligible telecommunications carrier must securely retain all information and documentation provided by the National Verifier or received from the survivor to document their line separation request as required by § 54.417.

(b) Emergency communications support duration. Qualified survivors shall be eligible to receive emergency communications support for a total of no more than six months. The Administrator will inform eligible telecommunications carriers when participating survivors have reached their limit of allowable emergency communications support. A survivor may seek and receive further emergency communications support if that request is related to a new line separation request and a showing of financial hardship completed by the survivor and confirmed by the National Verifier.