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August 10, 2017

Via Electronic Submission

Mark Stephens
Office of the Managing Director
445 12th Street, SW, Room 1-S636
Washington, D.C. 20554

Charles Tyler
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW Room 5-A452
Washington, D.C. 20554

Re: Cox Communications, Inc. 2015 Lifeline Biennial Audit Final Report
WC Docket No. 11-42

Dear Mr. Stephens and Mr. Tyler:

Cox Communications, Inc. ("Cox") hereby submits its 2015 Lifeline Biennial Audit Final Report.¹ As required, Cox also submitted its filing to the Universal Service Administrative Company.

Should you have any questions, please feel free to contact me.

Sincerely,

/s/ Diane Law-Hsu

Diane Law-Hsu

Attachment

Cc: Michelle Garber, VP of the Lifeline Program, USAC

¹ Cox's third-party audit firm submitted a draft final report to the Commission and USAC on August 8, 2017, thereby providing the Commission and USAC an opportunity to comment on the draft prior to submission of this final report.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Cox Communications, Inc.
Atlanta, Georgia

We have performed the procedures enumerated in Attachment A, which were agreed to by Cox Communications, Inc. (the "Company" or "Cox"), solely to assist you and the Federal Communication Commission (FCC) and its designated agency, the Universal Service Administrative Company (USAC) with respect to evaluating Cox's compliance with FCC Public Notice DA14-450 (Lifeline Audit Notice) for the calendar year ended December 31, 2015. Cox's management is responsible for compliance with the Lifeline Audit Notice. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in Attachment A either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Lifeline Audit Notice. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the results of the procedures performed enumerated in Attachment A. It is not suitable for any other purpose.

Deloitte & Touche LLP

August 10, 2017

**COX COMMUNICATIONS, INC.
AGREED-UPON PROCEDURES
LIFELINE AUDIT NOTICE
CALENDAR YEAR ENDED DECEMBER 31, 2015**

Procedures Performed

Audit Planning Procedures

1. We inspected the completed Background Questionnaire for compliance with the FCC Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan (Audit Plan) and observed that "No" was answered to the question in Part E—Regulatory and Compliance—Question 3 which asked, "Has your company complied with all the Commissions' rules and requirement for the Lifeline program?" In response, Cox cited the "Performance Audit on compliance with the Federal Universal Service Fund Lifeline support mechanism rules—USAC Audit No. LI2015BE055" conducted on the Cox Rhode Island Telecom LLC.
2. We inspected the completed Internal Control Questionnaire and observed that, Cox answered "No" to the question #6 which asked if the code of conduct addressed the receipt of federal universal service fund (USF) support. Cox further responded that "There is no specific reference to the receipt of USF." However a copy of the code of conduct and code of ethics were provided as a part of the Internal Control Questionnaire.

Fieldwork Testing Procedures

OBJECTIVE I: Carrier Obligation to Offer Lifeline

1. We inquired of Cox management and obtained Cox's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Audit Plan for offering Lifeline service to qualifying low-income consumers.
We read Cox's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the FCC's Lifeline rules set forth in Appendix F of the Audit Plan and did not identify any discrepancies.
2. We inspected 10 examples of Cox marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Audit Plan, and observed if the materials did not include the following:
 - a. The service is a Lifeline service, which is a government assistance program;
 - b. The service is non-transferable;
 - c. Only eligible subscribers may enroll;
 - d. Only one Lifeline discount is allowed per household; and
 - e. Cox's name or any brand names used to market the service.

From the above observation we noted that of the 10 examples, 6 contained the required information and 4 did not contain all of the required information. The 4 examples (one customer direct mailer and three rate cards) that did not contain the required information were missing all of the following: (1) identification of the Lifeline service as a government assistance program, (2) description of the Lifeline service as non-transferable and (3) Lifeline discounts are limited to one discount per household.

3. We randomly selected 10 recorded calls out of the 50 recorded calls servicing Cox's Lifeline subscribers, as provided in response to Item 8 of Appendix A of the Audit Plan. We inspected the 10 recorded calls and confirmed whether: (1) the telephone number(s) involve the use of interactive voice response (IVR) system; (2) a live customer care operator is available; and (3) and the time spent using the customer care telephone service. We also confirmed whether the customer care telephone number(s) can be used by subscribers to notify Cox of the subscriber's intent to cancel service or give notification that the subscriber is no longer eligible to receive service. We did not note any discrepancies.
4. We inspected the applicable policies and procedures regarding de-enrollment from the program, including when Cox will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.
 - a. We inspected Cox's policy and procedures for de-enrollment where Cox has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A of the Audit Plan. We confirmed whether the policy and procedures detail the process for communications between the subscriber and Cox regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility. We did not identify any areas that are not in compliance with section 54.405(e)(1) of the FCC's rules and we did not identify any discrepancies.
 - b. We inspected Cox's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another Eligible Telecommunications Carrier (ETC) or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We observed that the policy and procedures stated that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the FCC's rules. We did not identify any discrepancies.
 - c. We inquired of management who noted that Cox assesses a monthly usage fee. Therefore, we did not conduct procedure 4c which required us to inspect Cox's policy and procedures for de-enrolling subscribers for non-usage including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program.
 - d. We inquired of management who noted that Cox has elected for USAC to perform recertification procedures. Thus, we did not conduct procedure 4d which required us to inspect Cox's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as it is not applicable to Cox.

OBJECTIVE II: Consumer Qualification for Lifeline

1. We inquired of management and obtained carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by Cox in response to Item 4 of Appendix A of the Audit Plan. We examined the policies and procedures and compared management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in 54.409(c) (Appendix F). We did not identify any discrepancies.
2. We inspected the procedures Cox has in place to confirm it has accurately completed the FCC Form 497. We noted that the procedures or processes included the following and did not identify any discrepancies:
 - The position title of the person responsible for obtaining data for the FCC Form 497;
 - The process for determining which subscribers should be included monthly in the FCC Form 497.
 - Verified that the procedures included cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
 - That a corporate officer signature is required for the FCC Form 497;
 - That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form;
 - Provides the billing system name used to generate completion of the form; and
 - Describes the process for completing the Tribal Link Up portions of the FCC Form 497.
3. We obtained the Subscriber List in response to Item 1 of Appendix A of the Audit Plan and obtained Cox's FCC Form 497 for each study area for the selected states of Kansas, Florida and Iowa for the month of August. We observed the number of subscribers claimed on the Form 497 and compared the number of subscribers reported on the Form 497 to the number of subscribers contained on the Subscriber List for each study area and did not identify any discrepancies.
4. We used computer-assisted audit techniques to inspect the Subscriber List and noted that there were no duplicate addresses with different subscribers.
5. We noted that no duplicates were identified in the above procedure. Therefore procedure #5 which related to the one-per household certification is not applicable.

OBJECTIVE III: Subscriber Eligibility Determination and Certification

1. We inquired of management and obtained Cox's policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by Cox in response to Item 4 of Appendix A. We read the policies and procedures and compared the management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in section 54.410 (Appendix F).
 - a. We inspected the ETC's policies and observed that it included a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility. However when we performed the procedures described in Objective III Procedure #3, we observed that the support provided for 9 out of 100 selections included copies of subscribers' proof of income or program-based eligibility that were retained.

We inspected the ETC's policies and observed that it included a policy or procedure that Cox must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that Cox or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

2. We inspected Cox's policies and procedures for training employees and agents for ensuring that the Cox's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how Cox ensures employees and agents have completed the training. We observed the training requirements and Cox's policies for ensuring employees and agents are trained on the use and interaction with the National Lifeline Accountability Database (NLAD), limiting access to the NLAD to select individuals, and the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. Based on further inquiries regarding the inspections and observations made above, the following response was provided by Cox in the Background Questionnaire regarding the timing, frequency, and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of Cox's employees:

"During 2014, the new training and [third-party] supported model was implemented across all markets. (Modifications for [California] and [Nebraska] are used as these states have processes directed by the state.) In 2015, the centralized training was integrated into the new hire process after having been made available to existing employees across multiple work groups in every state.

For 2015, the timing and frequency is as follows—Cox front line employees receive training upon entry to the work force. [Lifeline] support group employees are trained for their unique roles upon entry to the group. [The third-party] employees are trained when they are assigned to work on the Cox account."

3. We randomly selected 100 subscribers from the Subscriber List provided by Cox and for the first 50 of the sampled subscribers we performed the test described below, for each of the subscriber's initial certification forms. We noted that the recertification was performed by USAC, hence it was not applicable to this step. After performing the tests described below for the first 50 sampled subscribers, the error rate was higher than 5 percent, therefore the same procedures were applied to the remaining 50 subscribers in the sample.
 - a. We inspected the subscriber certification forms and confirmed that the forms contained the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the FCC's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 1. The subscriber's full name;
 2. The subscriber's full residential address;
 3. Whether the subscriber's residential address is permanent or temporary;
 4. The subscriber's billing address, if different from the subscriber's residential address;
 5. The subscriber's date of birth;
 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and

8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.
- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;
 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in 54.400(e);
 4. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;
 5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
 6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
 7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 8. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).
- ix. We compared the Cox's subscriber eligibility criteria on the certification forms to the federal eligibility criteria listed in per 47 C.F.R. §54.409.
- x. We inspected if the subscriber completed all the required elements as identified in Objective III—3 a. above, including signature and initialing/checkbox requirements contained in the certification forms.
- xi. We inspected the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List.
- xii. The selected three states did not have tribal lands, therefore the inspection of the subscribers who received Tribal Lifeline support certified to residing on Tribal lands was not applicable

- b. We inspected the list of the data source or documentation Cox reviewed to confirm the subscriber's eligibility. We compared and confirmed that the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

From the procedures performed above, there were seven discrepancies (three missing applications and four applications missing answers required in Procedure 3a.xii) identified within the first 50 subscriber selections which resulted in an error rate above 5%. From the remaining 50 selections there were eight discrepancies (five missing applications, one application missing answers required in Procedure 3a.xii, one application without identification of the data source Cox reviewed to confirm the subscriber's eligibility, and one application with an incorrect initial certification date) identified.

OBJECTIVE IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers

1. We inquired of management and obtained carrier policies and procedures for ensuring that Cox has made and submitted the annual certifications required under sections 54.416 and 54.422 of the FCC's rules, as provided in Item 12 of Appendix A of the Audit Plan. We inspected Cox's policies and procedures. We compared management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F) and did not identify any discrepancies.
2. We inspected Cox's FCC Form 555 that was filed the January following the audit period. We agreed that Cox made all of the following certifications and observed that an officer of Cox certified that s/he understands the FCC's Lifeline rules and requirements and that Cox:
 - a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
 - b. Is in compliance with all federal Lifeline certification procedures; and
 - c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.
3. We inspected Cox's organizational chart provided in response to Item 5 of Appendix A. We agreed that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.
4. We observed that the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February Form 497 for the states of Kansas and Iowa. *Note: the carrier at the state level (not the study area level) completes the FCC Form 555.* However, for the State of Florida, the number of subscribers per the FCC Form 555 was 602 but the number of subscribers per the FCC form 497 was 603.

5. We inquired of management and according to FCC Public notice DA 13-1188, Cox has elected to use USAC to carry out the recertification process. Therefore the procedure of observing Cox's recertification results of the individual subscribers reported on the FCC Form 555 that was filed the January following the audit period for Kansas, Iowa and Florida is not applicable. The procedure to observe that the data reported on the FCC Form 555 for those states agree with the detailed recertification results was not applicable.
6. We inquired of management who stated that Cox assesses a monthly usage fee. Therefore, the procedures pertaining to non-usage rules were not applicable.
7. We read Cox's annual certification, as provided in Item 13 of Appendix A. We confirmed that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).
8. We inquired of management who stated that Kansas, Iowa, and Florida are state designated carriers and supporting schedules are only required by FCC designated ETC carriers when completing section 54.422b of Form 481. Therefore the procedures related to any supporting schedules related to Cox's annual ETC certification were not applicable.
9. We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by Cox in response to Item 4 of Appendix A. We inspected the policies and procedures and compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417. We did not identify any discrepancies.

Cox Communications Responses to the Independent Accountants' Report on Applying Agreed-Upon Procedures

Audit Planning Procedures

1. *Cox Response:* Cox responded "No" as a result of issues found in a USAC BCAP (Beneficiary and Contributor Audit Program) audit of Cox Rhode Island, Telcom conducted for May 2015 and that response in no way represents an intentional or knowing failure to abide by the rules.
2. *Cox Response:* Although Cox responded "No", Cox is also not aware of an FCC requirement to include a reference to receipt of federal universal service fund support in Cox's code of conduct.

Fieldwork Testing Procedures

OBJECTIVE I: Carrier Obligation to Offer Lifeline

2. a. *Cox Response:* Cox's original submission did not include the back page of the customer direct mailer. On March 29th Cox provided the back page of a generic mailer template used in all markets, not a specific mailer from an audited location. Per Cox Marketing, the back page of the mailers are/were identical and contain the appropriate disclosures. Cox contends that the original mailer contained the back page with the disclosures and only the rate cards were missing the required information. The required information has since been added and is now contained on the rate cards.

OBJECTIVE III: Subscriber Eligibility Determination and Certification

1.a. *Cox Response:* Cox contends these documents were retained by Cox's 3rd party eligibility vendor, Solix. Cox would note that its Statement of Work (SOW) with the vendor required compliance with all relevant FCC regulations.

3.b. *Cox Response:* Cox agrees that the selected random subscribers selected contained missing applications and missing answers. The decentralized groups responsible for certification and retention of applications in the time period prior to 2015 no longer exist due to reorganization and attrition. The missing applications could have also been lost due to transferring paper documentation from onsite storage to an offsite storage facility. The missing answers were due to lack of training. Since 2015, Cox has centralized and standardized the operational functions related to the Lifeline program company-wide under a Customer Care group known as the Lifeline COE (Center of Excellence). We now have documented methods and procedures in place to ensure all applicable documentation is answered correctly and retained according to the rules.