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March 30, 2015

**BY HAND DELIVERY and ECFS**

Charles Tyler  
Telecommunications Access Policy Division  
Wireline Competition Bureau  
445 12th Street, SW, Room 5-A452  
Washington, DC 20554

Thomas Buckley  
Office of the Managing Director  
445 12th Street, SW, Room 1-A636  
Washington, DC 20554

Re: Easy Telephone Service Company's 2015 Lifeline Biennial Audit Final Report

Dear Messrs. Tyler and Buckley,

Please find enclosed an original and four copies of Easy Telephone Service Company's ("Easy") Lifeline Biennial Audit Final Report. Kindly date stamp and return the extra copy of the filing.

KELLEY DRYE & WARREN LLP

Charles Tyler and Thomas Buckley  
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March 30, 2015

If you have any questions, please contact John Heitmann at (202) 342-8544 or [jheitmann@kelleydrye.com](mailto:jheitmann@kelleydrye.com) or Joshua Guyan at (202) 342-8566 or [jguyan@kelleydrye.com](mailto:jguyan@kelleydrye.com).

Respectfully submitted,



John J. Heitmann  
Joshua Guyan  
*Counsel to Easy Telephone Service Company*

Enclosure

cc: Karen Majcher, USAC (LifelineBiennial@usac.org)

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

To the Management of Easy Telephone Service Company, the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,<sup>1</sup> solely to assist you in evaluating Easy Telephone Service Company's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2013. Easy Telephone Service Company's (the Carrier) management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision).<sup>2</sup> The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.<sup>3</sup>

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

This report is intended solely for the information and use of the management of Easy Telephone Service Company, USAC, and the FCC and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of public record upon filing of the final report with the FCC. The final report is not confidential.



February 27, 2015  
Ocala, Florida

<sup>1</sup> See *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).

<sup>2</sup> See U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).

<sup>3</sup> See 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## **AGREED-UPON PROCEDURES REPORT – ATTACHMENT A EASY TELEPHONE SERVICE COMPANY**

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

### **Objective I:**

#### **Procedure 1-Making Lifeline Program Service Available**

Purvis, Gray and Company, LLP (the Firm) inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

The Firm examined the Carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

#### **No Exceptions Noted**

#### **Procedure 2-Lifeline Program Advertisements**

The Firm inspected 10 examples of the Carrier's 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 Procedures 4, 6, and 7 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

The Firm noted the inspected marketing materials contained all the required information in compliance with the Commission's Lifeline rules.

#### **No Exceptions Noted**

#### **Procedure 3-Lifeline Program Service Customer Calls**

The Firm listened to 10 examples of the Carrier's customer service calls related to Lifeline supported services, as provided in response to Procedure 8 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

The Firm reviewed and documented information about the service calls to determine if the Carrier representative misled the customer or stated anything contrary to the Commission's Lifeline rules. The Firm noted the service calls inspected contained no misleading information and appeared to be in compliance with the Commission's Lifeline rules.

#### **No Exceptions Noted**

#### **Procedure 4-De-enrollment: Ineligible Subscribers**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for De-enrolling ineligible subscribers.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Continued)*

**Objective I:** *(Continued)*

**Procedure 4-De-enrollment: Ineligible Subscribers** *(Concluded)*

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

**No Exceptions Noted**

**Procedure 5-De-enrollment: Duplicative Support Notification**

The Firm inquired of management during field work and obtained the carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for De-enrollment Related to Duplicative Support Notification.

The Firm examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

**No Exceptions Noted**

**Procedure 6-De-enrollment: Non-Usage**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for De-enrollment Related to Non-Usage.

The Firm examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

The Firm inspected 10 examples of the Carrier non-usage termination notices, as provided in response to Procedure 10 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. Items tested were reviewed to ensure that notifications were sent to subscriber impending termination of service, notice was clear and understandable, and notice allowed the subscriber thirty days to respond following the notice to cure their non-usage by performing one of the usage activities.

The Firm noted the inspected Carrier's certification notices contained all the required information in compliance with the Commission's Lifeline rules, other than exception noted below.

**Exception Noted**

*During testing, one instance was noted where the subscriber was allowed thirty-four days to cure their non-usage instead of the thirty day requirement. This oversight took place because of a system failure that delayed the disconnection of the subscriber; however, the subscriber was ultimately de-enrolled for non-usage.*

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Continued)*

**Objective I: (Concluded)**

**Beneficiary Response**

*Easy Telephone Service Company submitted comments on the exceptions found in this report on February 20, 2015, to the Commission and USAC with a request for confidential treatment pursuant to Exemption 4 of the Freedom of Information Act and Section 0.459 of the Commission's rules, 47 C.F.R. 0.459.*

**Procedure 7-De-enrollment: Recertification Process**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for De-enrollment Related to Recertification.

The Firm examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

The Firm inspected 30 examples of carrier recertification notices, as provided in response to Procedure 9 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. Items tested were reviewed to ensure that notifications were sent separate of the monthly bill, notice is clear and understandable, and notice allows the subscriber thirty days to respond following the request to provide a subscriber certification form.

The Firm noted the inspected Carrier certification notices contained all the required information in compliance with the Commission's Lifeline rules.

**No Exceptions Noted**

**Objective II:**

**Procedure 1-FCC Form 497 Completion**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for Form 497 Completion.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Continued)*

**Objective II: (Concluded)**

**Procedure 1-FCC Form 497 Completion (Concluded)**

The Firm inspected Carrier Form 497s, as provided in response to Procedure 14 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. Form 497s tested were reviewed to ensure proper certification and reconciliation to customer listings provided in response to Procedure 1 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

The Firm noted the inspected form 497s tested were properly approved and reconciled to subscriber listings without exception.

**No Exceptions Noted**

**Procedure 2-One-Per-Household Requirement**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for limiting Lifeline to a single service per household.

The Firm examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

The Firm utilized Computer Assisted Auditing Techniques (CAAT) to perform duplicate address testing on all customer listings provided in accordance with Procedure 1 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. From the results of that testing, a sample of 30 subscribers were selected for testing of one-per-household requirement. The Firm inspected one-per-household worksheets for selected sample of subscribers and reviewed for compliance with required elements set forth in the Lifeline Reform Order, Paragraph 78.

**Exceptions Noted**

*Two exceptions were noted during this testing. In both instances, the subscriber provided a duplicate address during the application process, however, the Carrier's system did not detect the duplicate address and the subscriber was not required to complete the one-per-household worksheet to attest that they were the only subscriber within the household.*

**Beneficiary Response**

*Easy Telephone Service Company submitted comments on the exceptions found in this report on February 20, 2015, to the Commission and USAC with a request for confidential treatment pursuant to Exemption 4 of the Freedom of Information Act and Section 0.459 of the Commission's rules, 47 C.F.R. 0.459.*

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Continued)*

**Objective III:**

**Procedure 1-Subscriber Eligibility: The Carrier Verification**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for the Carrier Verification.

The Firm examined the Carrier's policies and procedures and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

**No Exceptions Noted**

**Procedure 2-Subscriber Eligibility: Certification/Recertification Forms**

Utilizing the subscriber listings provided by the Carrier in accordance with Appendix A, Request 1, a sample of 100 subscribers were randomly selected for Certification and Recertification testing. Though the use of Appendix E (Requested Documents), Carrier copies of various information related to certification and recertification were provided to the Firm for the first 50 subscribers selected for testing.

Initial certification forms and recertification forms were reviewed for compliance with requirements set forth per 47 C.F.R. 54.410. The date of the initial certification was reviewed to ensure that application was dated before Lifeline start date. The firm reviewed criteria listed on both forms for compliance with federal eligibility criteria per 47 C.F.R. 54.409 and substantial completion of forms where applicable. During testing, it was noted that some subscribers within the sample received Tribal Lifeline Program services, therefore, presence of certification by the subscriber was including in testing.

At completion of testing of the first 50 subscribers, exceptions (described below) were identified for two of the attributes being tested. One attribute with exceptions had less than a 5% error rate, therefore, additional testing was not completed. The other attribute with exceptions did have an error rate greater than 5%, therefore, an additional 50 subscribers were tested for that attribute.

**Exceptions Noted**

- *Two exceptions were noted during testing and related to timely recertification of subscribers. In both instances, the subscriber was not recertified in compliance with the annual recertification requirement or disconnected for not recertifying. Both subscribers had since been recertified as of the date of our field work.*
- *Two exceptions were noted during testing related to certification form structure. These exceptions were noted because an area for subscribers to attest residence on tribal lands was not included on the certification form.*
- *Twenty-one exceptions were noted during testing related to attestation by subscriber of residence on Tribal Lands. In all instances, the subscriber provided an address of residence that was located on tribal lands; however, the attestation portion of the certification was either not completed or completed as if the subscriber did not reside on Tribal Lands. After further review, it was noted that ten of these subscribers later recertified residence on Tribal Lands, and the remaining eleven subscribers have been subsequently de-enrolled for various reasons.*

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Continued)*

**Objective III: (Concluded)**

**Beneficiary Response**

*Easy Telephone Service Company submitted comments on the exceptions found in this report on February 20, 2015, to the Commission and USAC with a request for confidential treatment pursuant to Exemption 4 of the Freedom of Information Act and Section 0.459 of the Commission's rules, 47 C.F.R. 0.459.*

**Objective IV:**

**Procedure 1-Annual Certification**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 12 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for Annual Certifications.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

**No Exceptions Noted**

**Procedure 2-FCC Form 555 Completion**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for Form 555 Completion.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

The Firm inspected the Carrier's Form 555s, as provided in response to Procedure 10 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. Form 555s tested were reviewed to ensure proper certification and reconciliation to Form 497s provided in response to Procedure 14 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

**AGREED-UPON PROCEDURES REPORT – ATTACHMENT A**  
**EASY TELEPHONE SERVICE COMPANY**  
*(Concluded)*

**Objective IV:** *(Concluded)*

**Procedure 2-FCC Form 555 Completion** *(Concluded)*

The Firm noted the inspected Form 555s tested were properly approved and reconciled to Form 497s without exception.

**No Exceptions Noted**

**Procedure 3-FCC Form 481 Completion**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for Form 481 Completion.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

The Firm inspected the Carrier's Form 481, as provided in response to Procedure 13 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. The Carrier's Form 481 was inspected for required information about the Carrier and telephone service plans offered to Lifeline Program subscribers.

**No Exceptions Noted**

**Procedure 4-Record Retention**

The Firm inquired of management during field work and obtained the Carrier's policies and procedures in response to Procedure 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for Record Retention.

The Firm examined the Carrier's policies and procedures, documented specific aspects of those policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F (Requested Documents) of the Lifeline Biennial Audit Plan.

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

**No Exceptions Noted**