

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, D.C. 20007-5108

(202) 342-8400

FACSIMILE

(202) 342-8451

www.kelleydrye.com

JOHN J. HEITMANN

DIRECT LINE: (202) 342-8544

EMAIL: JHEITMANN@KELLEYDRYE.COM

NEW YORK, NY
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ
BRUSSELS, BELGIUM

AFFILIATE OFFICES
MUMBAI, INDIA

March 31, 2015

BY 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: i-wireless, LLC's 2013 Lifeline Biennial Audit Final Report

Dear Messrs. Tyler and Buckley,

Please find attached i-wireless's Lifeline Biennial Audit Final Report. i-wireless has already filed the final report via email to both the Federal Communications Commission ("Commission") and the Universal Service Administrative Company ("USAC").

i-wireless separately filed comments with the Commission and USAC regarding the draft report with a request for confidential treatment on February 27, 2015.

KELLEY DRYE & WARREN LLP

Charles Tyler and Thomas Buckley
Page Two
March 31, 2015

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

Respectfully submitted,



John J. Heitmann
Joshua Guyan
Counsel to i-wireless, LLC

i-wireless

Lifeline Assistance Program

Independent Accountants' Report
on Applying Agreed-Upon Procedures

March 2, 2015

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

i-wireless, Federal Communications Commission, and
Universal Service Administrative Company

We have performed the procedures contained in the Lifeline Biennial Audit Plan, which were agreed to by i-wireless ("Carrier"), Federal Communications Commission ("FCC"), and Universal Service Administrative Company ("USAC") (the specified parties), solely to assist you with respect to determining compliance with the Lifeline Assistance Program for the year ended December 31, 2013. i-wireless's management is responsible for compliance with the Lifeline Assistance Program. This agreed-upon procedures engagement was conducted in accordance with U.S. generally accepted government auditing standards as established by the Government Accountability Office, which incorporate attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure: Inquired of management and obtained carrier policies and procedures for offering Lifeline service to qualifying low-income consumers. Examined the carrier policies and procedures, and compared management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

Results: No exceptions noted.

2. Procedure: Inspected 10 examples of carrier marketing materials describing the Lifeline service to ensure they included 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. i-wireless's name or other brand names used to market the service.

Results: No exceptions noted.

one east fourth street, suite 1200
cincinnati, OH 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

3. Procedure: Randomly selected 10 recorded calls servicing i-wireless's Lifeline subscribers out of the 50 recorded calls provided by i-wireless. Listened to the calls to note:
 - a. The telephone number(s) involve the use of interactive voice response (IVR) system;
 - b. A live customer care operator is available;
 - c. The time spent using the customer care telephone service; and
 - d. Whether the customer care telephone number(s) can be used by subscribers to notify i-wireless of the subscriber's intent to cancel service or give notification that the subscriber is no longer eligible to receive service.

Results: No exceptions noted.

4. Procedure: Inspected applicable policies and procedures regarding de-enrollment from the program, including when i-wireless will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.

Inspected i-wireless's policy and procedures for de-enrollment where i-wireless 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. Noted whether the policy and procedures detail the process for communications between the subscriber and i-wireless regarding de-enrollment, including, but not limited to:

- a. Notifying subscribers of impending termination of service;
- b. Allowing subscriber to demonstrate continued eligibility; and
- c. Termination of service for failure to demonstrate eligibility.

Inspected i-wireless's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another eligible telecommunications carrier or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). Noted if the policy and procedures state that i-wireless will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules.

Inspected i-wireless's policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors the identifies subscribers who are non-users of Lifeline service but enrolled in the program. Using a list of subscribers provided by i-wireless:

- a. For subscribers listed as de-enrolled or scheduled for de-enrollment, selected a sample of 10 accounts and requested copies of the non-usage termination notifications sent to the subscribers.
- b. Examined the non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.
- c. Attached a sample of non-usage termination notifications as Attachment 1 to this report.

Reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process. Selected a random sample of 30 subscribers and requested copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and performed the following:

- a. Inspected the sampled notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification to verify if the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

- b. Reviewed the de-enrollment letters, and other forms of communications, and the carrier's responses to the background questionnaire and verified through observation that the de-enrollment letters, if that form of communication was used, were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).
- c. Attached a random sample of 5 examples of the impending de-enrollment letters to this report as Attachment 2.

Results: No exceptions noted.

- 5. Procedure: Inquired of management and obtained i-wireless policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier. Examined the policies and procedures. Compared management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in 54.409(c).

Results: No exceptions noted.

- 6. Procedure: Reviewed procedures i-wireless has in place to ensure it has accurately completed the FCC Form 497. Ensured the procedures or process included the following:
 - a. The position title of the person responsible for obtaining data for the FCC Form 497;
 - b. The process for determining which subscribers should be included monthly in the FCC Form 497. Verified the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
 - c. That a corporate officer signature is required for the FCC Form 497;
 - d. 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;
 - e. Provides the billing system name used to generate completion of the form; and
 - f. If applicable, describes the process for completing the Tribal Link Up portions of the FCC Form 497.

Results: No exceptions noted.

- 7. Procedure: Obtained the subscriber list and obtained i-wireless's FCC Form 497s for Illinois, Kentucky, and Kansas. Examined the number of subscribers claimed on the Forms 497. Compared the number of subscribers reported on the Form 497s to the number of subscribers contained on the subscriber list for each study area.

Results: No exceptions noted.

- 8. Procedure: Used computer-assisted audit techniques to examine the subscriber list for duplicate addresses with different subscribers. Created a list of subscribers with duplicate addresses.

Results: No exceptions noted.

- 9. Procedure: From the list created in Procedure #8, randomly selected 30 subscribers and requested copies from i-wireless of the one-per-household certification form for each of the selected subscribers. Verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per-household worksheet.

Results: No exceptions noted.

10. Procedure: Inquired of management and obtained i-wireless policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier. Examined the policies and procedures. Compared management responses and i-wireless policies and procedures with the FCC's Lifeline rules set forth in section 54.410.

Inspected i-wireless's policies and looked for evidence as to whether it includes a policy that i-wireless does not retain copies of subscribers' proof of income or program based eligibility.

Inspected i-wireless's policies and looked for evidence as to whether it includes a policy or procedure that i-wireless must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that i-wireless 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.

Results: No exceptions noted.

11. Procedure: Examined i-wireless's policies and procedures for training employees and agents for ensuring that i-wireless's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

Noted the following related to training:

i-wireless conducts a comprehensive training program for all employees, agents and/or third parties acting on behalf of the company on the various processes and validation checkpoints designed to ensure only eligible consumers enroll in the Lifeline program. Updates to training materials are incorporated on an as-needed basis to reflect any changes or modifications to the Lifeline program rules, requirements or enrollment process. Training materials include: NLAD Information and Data Exchange, CGM Enrollment Compliance Platform for Tablets and Web-Based devices, Real-Time-Review Queue Process, State Eligibility Database Query Process, Kroger Event Best Practices and Call Center scripts for onboarding new customers. All of these materials are included in the i-wireless Policies & Procedures Guidebook. In addition to these materials being provided to all employees and third party agents, new employees receive hands on, on the job training and agents receive update webinars at least monthly.

Results: No exceptions noted.

12. Procedures: Randomly selected 50 subscribers from the subscriber list and performed the following tests:

Examined the subscriber certification and recertification forms, if any, to verify the forms contained the following information:

- a. 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;
- b. Only one Lifeline service is available per household;
- c. 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;
- d. A household is not permitted to receive Lifeline benefits from multiple providers;
- e. 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;
- f. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
- g. Require each prospective subscriber to provide the following information:
 - i. The subscriber's full name;
 - ii. The subscriber's full residential address;

- iii. Whether the subscriber's residential address is permanent or temporary;
 - iv. The subscriber's billing address, if different from the subscriber's residential address;
 - v. The subscriber's date of birth;
 - vi. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 - vii. If the subscriber is seeking to qualify for Lifeline under the program based criteria, as set forth in §54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 - viii. If the subscriber is seeking to qualify for Lifeline under the income based criterion, as set forth in § 54.409, the number of individuals in his or her household.
- h. Require each prospective subscriber to certify, under penalty of perjury, that:
- i. The subscriber meets the income based or program based eligibility criteria for receiving Lifeline, provided in § 54.409;
 - ii. The subscriber will notify i-wireless 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;
 - 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 i-wireless 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 recertify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to recertify 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).
- i. Compared i-wireless's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in 47 CFR § 54.409.
- j. Verified the subscriber completed all the required elements, including signature and initialing/checkbox requirements contained in the certification and recertification forms.
- k. Examined 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.
- l. If applicable, verified subscribers who received Tribal Lifeline support certified to residing on Tribal lands.

Reviewed the list of the data source or documentation i-wireless reviewed to confirm the subscriber's eligibility. Verified the recorded data sources are eligible data sources per 47 CFR § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

Results: Two out of 50 (4%) certification and recertification forms did not document whether the address provided was permanent or temporary. No other exceptions noted.

13. Procedure: Inquired of management and obtained carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications require under sections 54.416 and 54.422 of the FCC's rules. Examined the policies and procedures. Compared management responses and carrier policies and procedures with the FCC's Lifeline rules set forth in sections 54.416 and 54.522.

Results: No exceptions noted.

14. Procedure: Examined i-wireless's FCC Form 555 that was filed the January following the audit period (January 2014). Verified the carrier made all of the following certifications. An officer of each eligible telecommunications company must certify that he or she understands the FCC's Lifeline rules and requirements and that the carrier:
- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
 - b. Is in compliance with all federal Lifeline certification procedures; and
 - c. In instances where i-wireless confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 CFR § 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.

Results: No exceptions noted.

15. Procedure: Examined i-wireless's organizational chart. Verified that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.

Results: No exceptions noted.

16. Procedure: Verified that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the February Form 497.

Results: No exceptions noted.

17. Procedure: Reviewed the recertification results for Illinois, Kentucky and Kansas of individual subscribers reported on the FCC Form 555 filed the January following the audit period. Verified the data reported on the FCC Form 555 for those states agree with the detailed recertification results.

Results: Information reported in Column I on the Form 555 for Illinois, Kentucky and Kansas did not agree to supporting schedules prepared by i-wireless. The amounts reported in Column I for Illinois, Kentucky, and Kansas are 33,941, 12,007, and 1,151, respectively. However, the amount that should have been reported and the amount supported by i-wireless schedules is 0, for each of the states tested. No other exceptions noted.

18. Procedure: Reviewed i-wireless's detailed non-usage results of the individual subscribers reported on the FCC Form 555 during March, June, and October in Illinois, Kentucky and Kansas. Verified that the data reported on the FCC Form 555 for the Non-Usage Sample agrees with the detailed non-usage results.

Results: No exceptions noted.

19. Procedure: Reviewed i-wireless's annual ETC certification. Verified that i-wireless reported all the information and made all the certifications required by 47 CFR § 54.422(a)(b).

Results: No exceptions noted.

20. Procedure: Reviewed supporting schedules related to i-wireless's annual ETC certification. Verified that the data reported on the annual ETC certification agrees with the supporting schedules.

Results: Information reported in Column I on the Form 555 for Illinois, Kentucky and Kansas did not agree to supporting schedules prepared by i-wireless. The amounts reported in Column I for Illinois, Kentucky, and Kansas are 33,941, 12,007, and 1,151, respectively. However, the amount that should have been reported and the amount supported by i-wireless schedules is 0, for each of the states tested. No other exceptions noted.

21. Procedure: Inquired of management and obtained i-wireless policies and procedures for maintaining records that document compliance with the Lifeline program rules. Examined the policies and procedures. Compared the management responses and carrier policies with recordkeeping rules set forth in 47 CFR § 54.417.

Results: No exceptions noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 i-wireless, FCC, and USAC and is not intended to be and should not be used by anyone other than those specified parties. This report becomes a matter of public record when the final report is filed with the FCC.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio

March 2, 2015

**ATTACHMENT 1
SAMPLE NON-USAGE TERMINATION NOTIFICATION**

The following is a sample e-mail termination notification:



Dear Access Wireless Customer,

Our records indicate that you have not used your Access Wireless phone in the past 60 days. In order to maintain your Lifeline benefit, you MUST show active use on your account indicating your desire to continue receiving your free monthly allotment of airtime. Failure to use your phone in the next 30 days will result in the termination of your Lifeline service and de-enrollment from the Lifeline program for non-usage.

Any of the following activities constitutes use of your Access Wireless phone and will allow you to continue receiving your free monthly Lifeline benefit:

- Make an outbound phone call or dial 611
- Add airtime to your account
- Answer an incoming call from someone other than Access Wireless
- Respond to direct contact from Access Wireless confirming your desire to continue receiving your monthly Lifeline benefit

If you have questions regarding your Access Wireless service, please contact Customer Care by dialing 611 from your Access Wireless phone or by calling 1-866-594-3644 from any touch-tone phone.

Thank you for choosing Access Wireless.

Kind Regards,
Access Wireless Lifeline Administrator

Access wireless is a service provider for the government-funded Lifeline Assistance Program. Lifeline service is provided by i-wireless, LLC, d/b/a Access Wireless, which is an eligible telecommunications carrier. Lifeline service is non-transferable. Only one Lifeline discount may be received per household. A household is defined, for the purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses. A household is not permitted to receive benefits from multiple providers. Violation of the one-per-household rule constitutes a violation of FCC rules, and will result in the customer's de-enrollment from Lifeline. Only eligible customers may enroll in the program. Consumers who willfully make a false statement in order to obtain the Lifeline benefit can be punished by fine or imprisonment, or can be barred from the program. Customers must present proper documentation confirming eligibility for the Lifeline program. Your information will be validated against public records and any discrepancies could result in delays in your approval or rejection of service.

ATTACHMENT 1
SAMPLE NON-USAGE TERMINATION NOTIFICATION

The following is a sample post card termination notification:



www.accesswireless.com



Keep
Your
Service
Active!



Dear Access Wireless Customer,

Our records indicate that you have not used your Access Wireless phone in the past 60 days. In order to maintain your Lifeline benefit, you **MUST show active use on your account** indicating your desire to continue receiving your free monthly allotment of airtime. Failure to use your phone in the next 30 days will result in termination of your Lifeline service and de-enrollment from the Lifeline program for non-usage.

Any of the following activities constitutes use of your Access Wireless phone and will allow you to **continue receiving your free monthly Lifeline benefit:**

- Add airtime to your account by calling 611
- Make a phone call

If you have questions regarding your Access Wireless service, please contact Customer Care by dialing 611 from your Access Wireless phone.

Kind regards,
Access Wireless Lifeline Administrator

Access Wireless is a service provider for the government-funded Lifeline Assistance Program. Lifeline service is provided by i-wireless, LLC, d/b/a Access Wireless, which is an eligible telecommunications carrier. Lifeline service is non-transferable. Only one Lifeline discount may be received per household. A household is defined, for the purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses. A household is not permitted to receive benefits from multiple providers. Violation of the one-per-household rule constitutes a violation of FCC rules, and will result in the customer's de-enrollment from Lifeline. Only eligible customers may enroll in the program. Consumers who willfully make a false statement in order to obtain the Lifeline benefit can be punished by fine or imprisonment, or can be barred from the program. Customers must present proper documentation confirming eligibility for the Lifeline program.



ATTACHMENT 2
FIVE SAMPLE IMPENDING DE-ENROLLMENT NOTIFICATIONS

i-wireless sends the following text messages to notify subscribers of impending de-enrollment regarding the recertification process:

1. "You must renew your eligibility for Lifeline service in the next 60 days. Call 611 now to keep Access Wireless phone active."
2. "Renew your free Access Wireless service for another year by calling 611 to confirm your eligibility to receive Lifeline assistance."
3. "You must re-certify your eligibility to receive Lifeline assistance. Call 611 to keep your Access Wireless phone active for another year."
4. "Renew your Access Wireless service for 1 year by calling 611 and confirming your eligibility to continue receiving Lifeline assistance."
5. "Call 611 to keep your free Access Wireless service for another year by recertifying your eligibility to receive Lifeline assistance."