



Wayne M. Scott
Vice President

November 12, 2008

RE: FCC Inspector General Universal Service Fund Audits – Round 3 (2008-2009)

Dear High Cost Program Beneficiary:

The Universal Service Administrative Company (USAC) has engaged the services of professional public accounting firms (audit firms) to perform examinations of recipients of Universal Service Fund (USF) High Cost Program (HCP) funds. These examinations are being conducted under the direction of the Federal Communications Commission (FCC) Office of Inspector General (OIG) principally to assess compliance with FCC Rules and to address requirements related to the Improper Payment Information Act (IPIA).¹ The examination of your company relates to compliance with FCC Rules and HCP disbursements for the period July 1, 2007 through June 30, 2008. The efficiency of the examination will depend on your availability, the availability of your staff and the condition of the documentation made available prior to and during the course of the examination.

Nature of the examination

As more fully described in Governmental Auditing Standards and AICPA Standards (Section AT 601), a compliance attestation examination requires that management:

- 1) Perform an evaluation of its compliance with 47 C.F.R Part 54, Subparts C, D, J and K and Part 36, Subpart F Rules and other applicable rules or FCC orders ("Rules and Orders")
- 2) Acknowledge (in the form of an assertion letter, an example assertion letter is attached for reference) responsibility for compliance with applicable requirements of the Rules and Orders; and
- 3) Provide a management representation letter to the audit firm performing the examination. The form and content of the management representation letter will be discussed with management at the inception of this examination.

Contact Information

The audit firm will provide you with contact information of audit firm personnel responsible for conducting the audit. If you have any questions or concerns that the audit firm cannot address, please contact the following USAC personnel:

¹ Public Law 107-300, Stat. 2350, November 26, 2002.

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Name	Company	Position	Phone Number	Email
Jeff Mitchell	USAC	Director, Outsourced Audit Services	202-776-0200	jmitchell@usac.org
Wayne M. Scott	USAC	Vice President, Internal Audit	202-776-0200	wscott@usac.org

Other matters:

Please recognize that the audit firm has the same authority as USAC's Internal Audit Division to request and view documents.

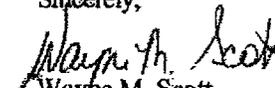
The results of the audit firm's work including your management's written response will be presented in a draft report to USAC and the FCC Office of Inspector General (FCC OIG). Upon review and approval of the report by USAC in consultation with FCC OIG, the report will be distributed to appropriate parties.

The following USAC website may answer some of your general questions regarding the High Cost Program:

<http://www.universalservice.org/hc>

If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to call Mr. Jeff Mitchell or myself.

Sincerely,



Wayne M. Scott

Vice President, Internal Audit Division
Universal Service Administrative Company

Attachment: Example Assertion Letter

5/18/2011

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Mobi PCS Mail - info needed

ATTACHMENT 3
Aug. 10, 2012 Letter - Att. 7 (pt. 2)



Peter Gose <peter.gose@mobipcs.com>

info needed

1 message

Morris, Brian R (US - Washington D.C.) <brimorris@deloitte.com>

Fri, Feb 27, 2009 at 3:14 PM

To: "Peter.gose@mobipcs.com" <Peter.gose@mobipcs.com>, "barry.rinaldo@mobipcs.com" <barry.rinaldo@mobipcs.com>

Hi Peter/Barry,

I called and left a v-m earlier but I wanted to send an email in case you didn't get it yet. I am working on the testing of your line count file, "addresses for geocoding.xls". We need to have phone numbers & exchange data fields in the file as well. We need to be able to tie the file to the line count that was submitted. Also we need your Form 507's. We have the form 525. If you have questions you can reach me at 571-276-3720 or just reply to my email.

Regards,

Brian

Brian Morris

Audit & Enterprise Risk Services
Deloitte & Touche, LLP

Tel: +1 202 572 7674

Fax: +1 202 661 1717

Mobile: +1 571 276 3720

brimorris@deloitte.com

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Any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited. [v.E.1]

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ATTACHMENT 3

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Mobi PCS Mail - Coral Wireless Line co...

ATTACHMENT 4

Aug. 10, 2012 Letter - Att. 7 (pt. 2)



Peter Gose <peter.gose@mobicps.com>

Coral Wireless Line count file & geocoding

1 message

Morris, Brian R (US - Washington D.C.) <brimorris@deloitte.com>

Fri, Feb 27, 2009 at 4:21 PM

To: Barry Rinaldo <barry.rinaldo@mobicps.com>, Peter Gose <Peter.gose@mobicps.com>, "DiMaria, Patricia (US - McLean)" <pdimaria@deloitte.com>, "Armstrong, Shawna (US - Washington D.C.)" <sharmstrong@deloitte.com>, "Doroh, Jeffrey (US - Washington D.C.)" <jdoroh@deloitte.com>

When: Monday, March 02, 2009 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).

Where: 1(888)998-2663 code= 2763720

~~*~*~*~*~*~*~*~*

Hi all,

This call is to discuss the line count files provided by Coral Wireless and geocoding of the addresses to derive the line count submitted on the Form 525.

Peter and I had a discussion this afternoon about a couple of issues related to the address (line count) spreadsheets submitted to Deloitte and the Forms 525/507. Peter cleared up the confusion I had around the 525 & 507 forms. The only other issue I have is the line count file. That is, 1. We need the phone number in the file and 2. The issue around geocoding to determine line count.

Thanks for your call Peter and all your help. I hope everyone has a good weekend and I'll see you on the call Monday.

Regards,
Brian

Brian Morris
Audit & Enterprise Risk Services
Deloitte & Touche, LLP

Tel: +1 202 572 7674
Fax: +1 202 661 1717
Mobile: +1 571 276 3720
brimorris@deloitte.com

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ATTACHMENT 5



USF Participation Methodology

Peter Gose

Mobi PCS – Director Regulatory Affairs

733 Bishop Street, Suite 1200

Honolulu, Hawaii 96813

(808) 723-2072

peter.gose@mobipcs.com

Simple. Different. Better.



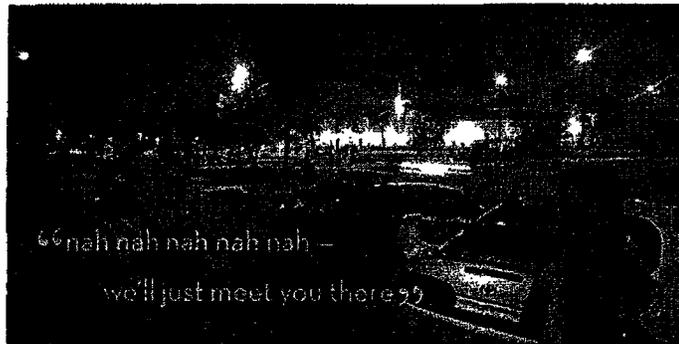
March 02, 2009

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Mobi PCS Introduction



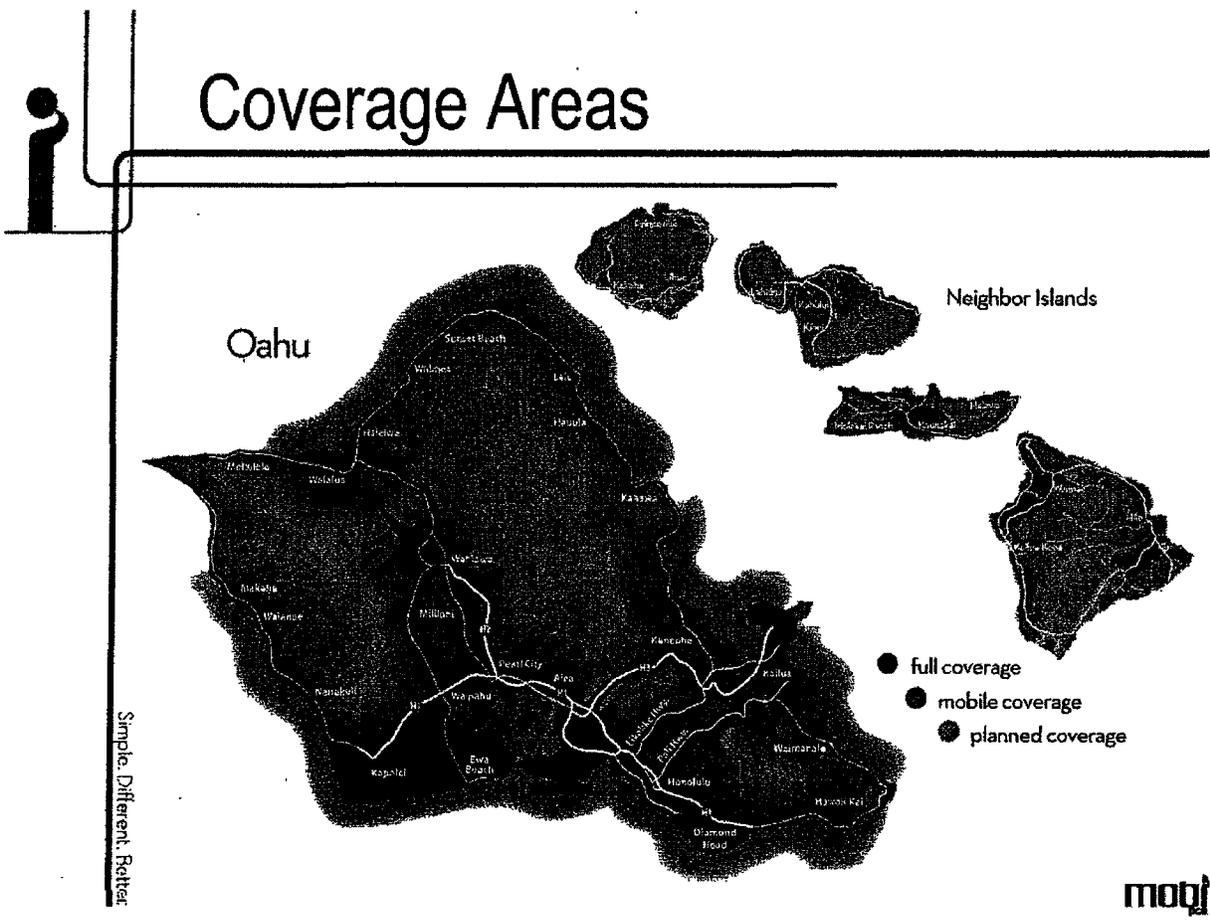
- Coral Wireless LLC founded in 2003
 - Operates as Mobi PCS
- CMRS provider serving State of Hawaii
- Mobi built its own network featuring the latest in CDMA technology
- Oahu service launched January 2006
 - Neighbor Island service began in December 2007
- First wireless carrier in Hawaii to offer
 - Unlimited calling
 - No contracts
 - No credit checks
 - Low flat rate service

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Required Forms

USAC
Helping Keep Americans Connected

High Cost

About High Cost:

- Overview of the Program
- Overview of the Process
- USAC FCC #page
- Site Maps
- Understanding Aerials
- Understanding Disaggregation
- Filing Appeals
- Real Time Status (FCC site)
- Requesting Confidential Information

High Cost Tools:

- Filing Requirements and Deadlines
- SES-Online
- Disaggregation Data Search
- Certification Search
- File Center - UNE Zone Reports
- US Maps
- HCL ELLIS
- Disaggregation Maps
- Disaggregation Checklist
- Progress Compliance - Disaggregation Hotline
- Submitting a Complaint
- Required Forms
- Latest News

Required Forms

High Cost Forms

The following forms collect data necessary for USAC to administer the High Cost Program. Forms are available in two formats: Adobe Acrobat and Microsoft Excel.

High Cost Forms

High Cost Forms	Additional Forms
	• E-File Forms 498-D, 499-A, 498, 499
	• Downloaded Forms 498-D, 499-A, 498
	• Certification Sample Letters
	• Notification Sample Letters

High Cost Tools:

LSSc:
Local Reporting Support Reporting Worksheet for Cell Companies

LSSa:
Local Reporting Support Reporting Worksheet for Average Subscriber Companies

Form 507:
Interstate Common Line Support Worksheet Line Court Report

Form 508:
KLS Required Annual Common Line Revenue Requirement

Form 509:
KLS Annual Common Line Adverse Call Data Collection

Form 625:
To be used by competitive centers to report HCL, LSS, HCLM, IAS, and KLS Line Courts and UNE information

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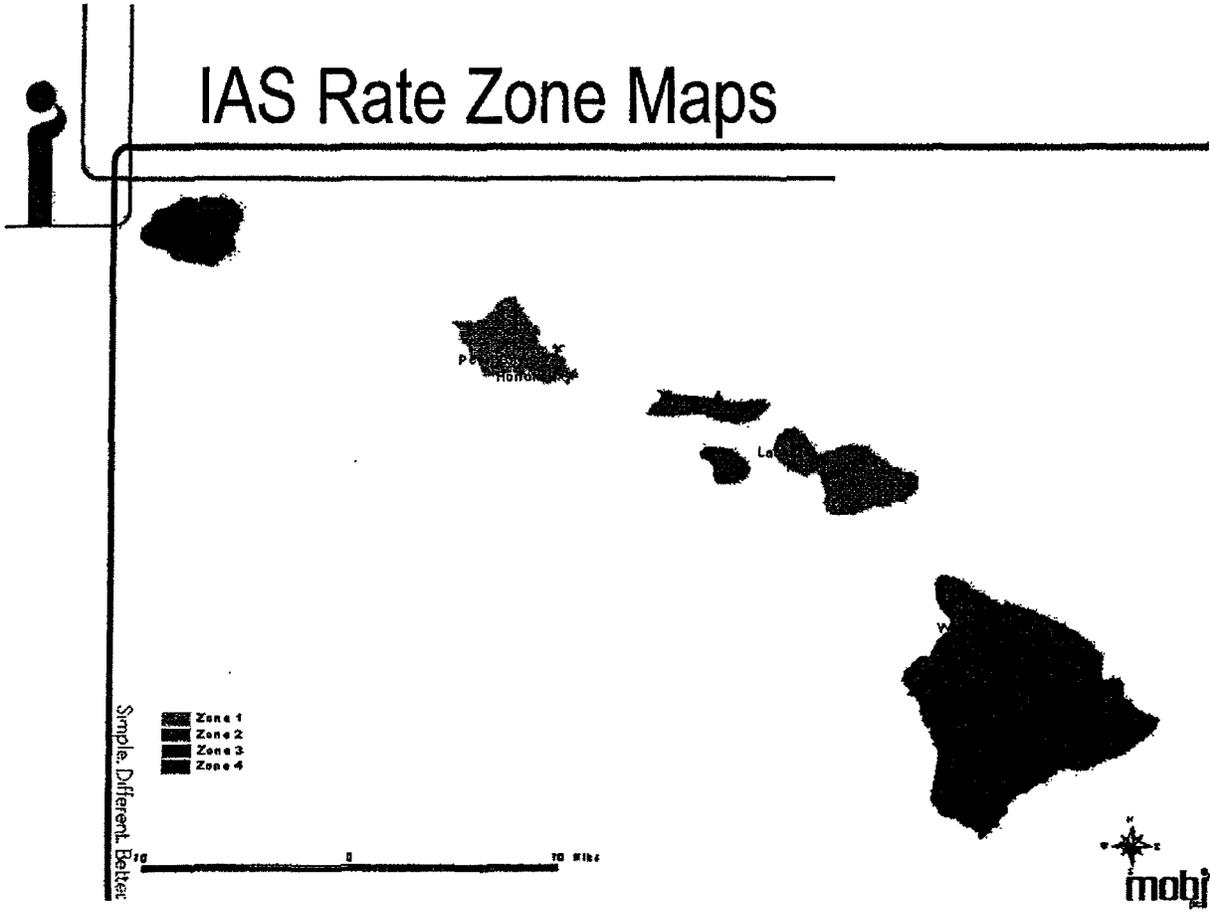
Incumbent ETCs

CETCs

mob

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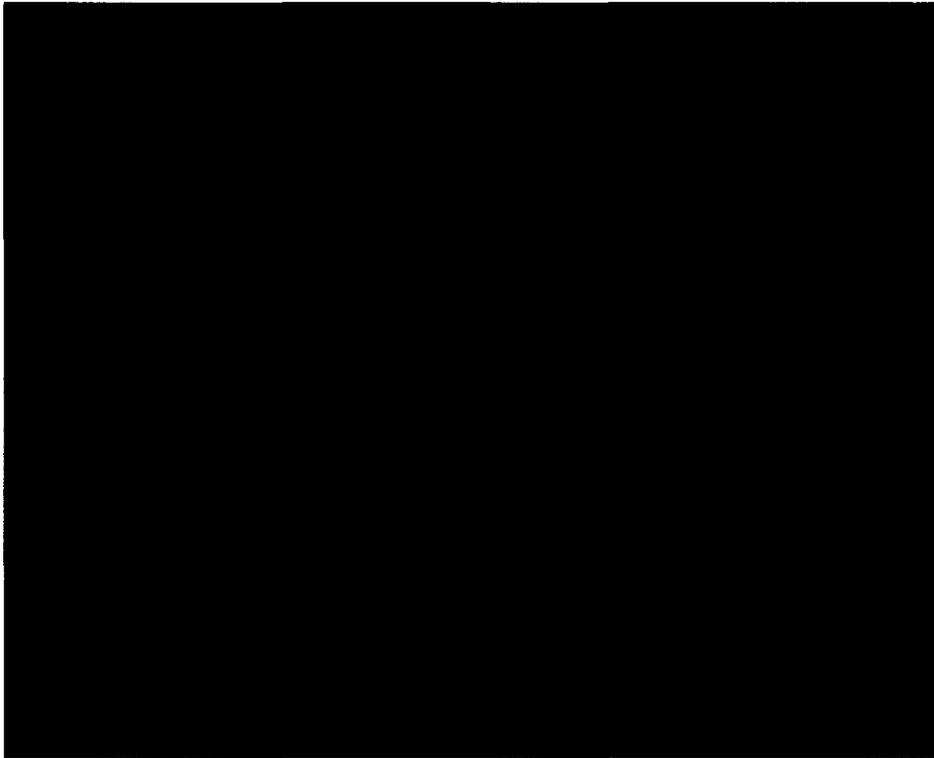


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Customer Location Methodology



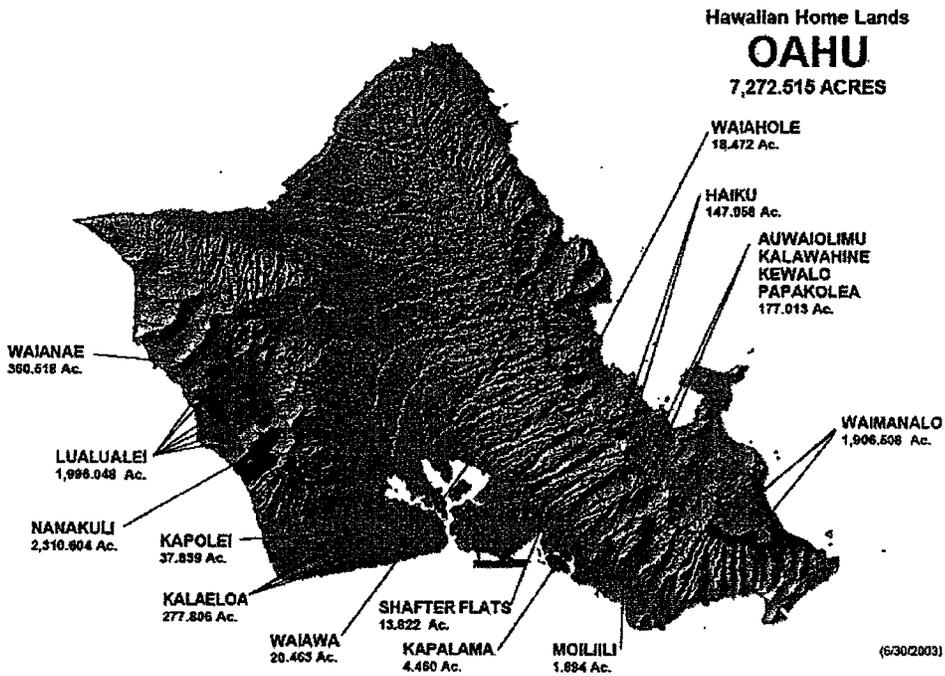
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mobj

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SIC - ILEC Serving Areas



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(63022003) **mobj**

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Specific Example



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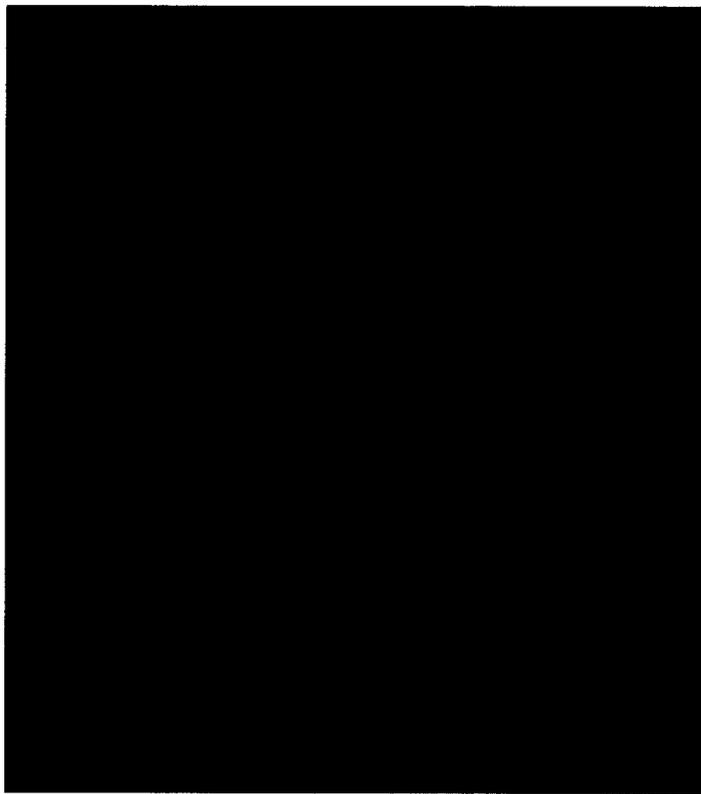
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Specific Example



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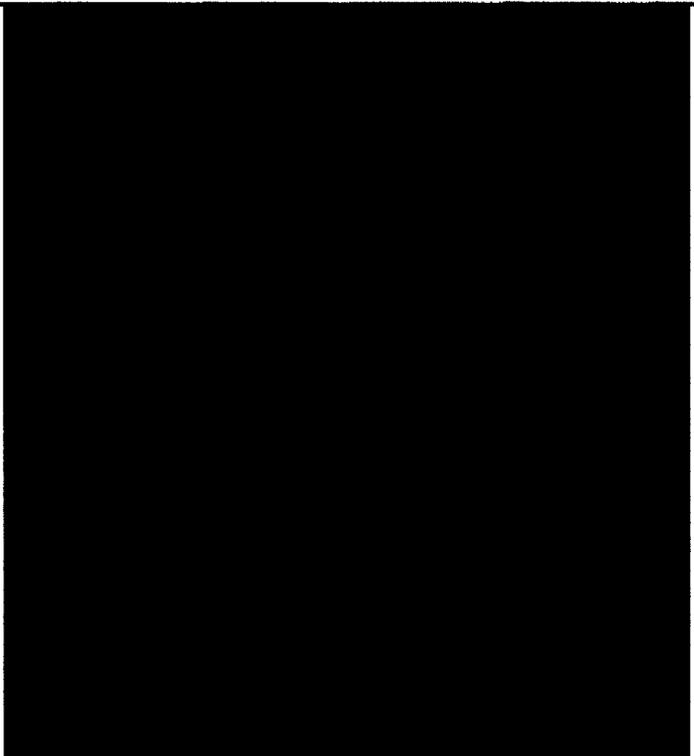
moji

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Specific Example

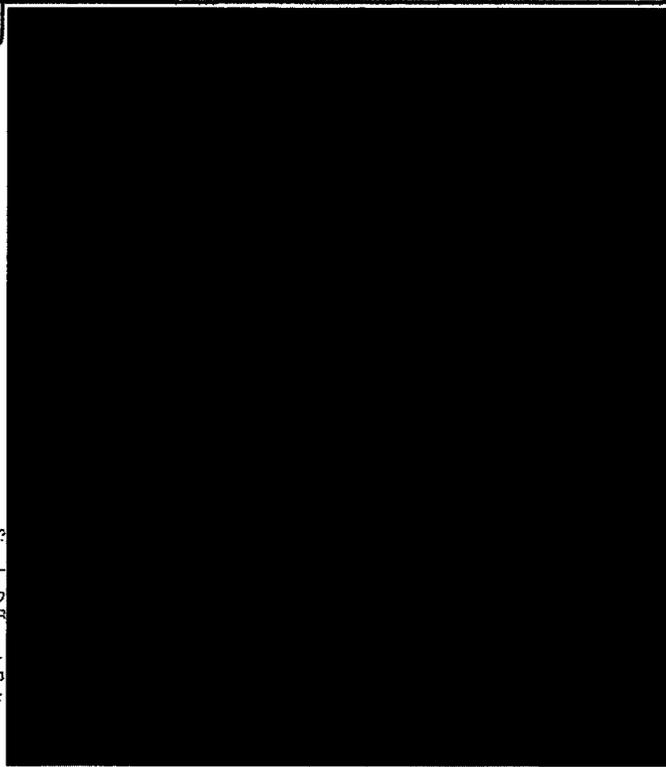


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Specific Example

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Customer Location Issue

- 47 CFR § 54.307 (b)
 - Competitive eligible telecommunications carriers providing mobile wireless service in an incumbent LEC's service area shall use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area.
- Large sections of Hawaii rely on a post office box addressing system
- Post office boxes do not provide an adequate point to geocode customer locations to correct ILEC serving territories

Simple. Different. Better.

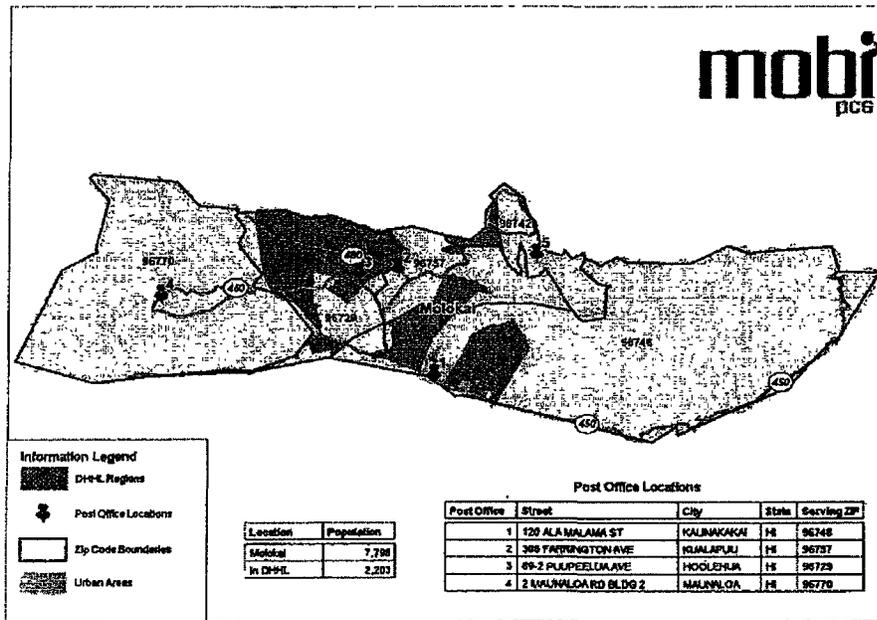
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Specific Example

Molokai DHH Regions and US Postal Codes



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pc6

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Mobi PCS Mail - USAC Audit

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Aug 10, 2012 Letter - Att. 7 (pt. 2)



Peter Gose <peter.gose@mobipcs.com>

USAC Audit

1 message

DiMaria, Patricia (US - McLean) <pdimaria@deloitte.com>
To: Peter Gose <peter.gose@mobipcs.com>
Cc: "DiMaria, Patricia (US - McLean)" <pdimaria@deloitte.com>

Mon, Sep 14, 2009 at 2:20 PM

Peter-

Hope all is well.

I have attached the following documents to this e-mail:

Draft Audit report

Management Representation Letter

With respect to the audit report, 2 findings have been identified. Please prepare management's response to these findings and we will include in the report. Please forward your response to me.

With respect to the management representation letter, if you would please print the letter on Coral letterhead and ask Mr. Rinaldo to sign the letter. Please add Mr. Rinaldo's proper title to the end of the letter where his signature would go. Once signed, you may fax the letter to myself at 703-943-0082 or scan and email me the document. Please mail the original to the following address:

Deloitte & Touche, LLP
1750 Tysons Blvd.

Suite 800

McLean, VA 22102

Attn: Patricia DiMaria, AERS Senior Manager, 9th floor

Thank you so much and please let me know if you have any questions.

Tricia

Patricia DiMaria

<https://mail.google.com/mail/?ui=2&ik...>

1/2

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Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Federal AERS Senior Manager
Deloitte & Touche, LLP

Tel: +1 703 251 3519

Main: +1 703 251 1000

Fax: +1 703 332 7414

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McLean, VA 22102-4219
USA

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2 attachments

 **Coral management representation letter.doc**
62K

 **Coral draft audit report.doc**
64K

***Universal Service
Administrative Company
High Cost Support
Mechanism***

*Independent Accountants' Report on Compliance
Relating to High Cost Support Received by Coral
Wireless LLC d/b/a Mobi PCS (HC-2008-126) for the
Year Ended June 30, 2008*

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INDEPENDENT ACCOUNTANTS' REPORT

Universal Service Administrative Company
Federal Communications Commission

We have examined the compliance of management of Coral Wireless LLC d/b/a Mobi PCS ("Management"), and Coral Wireless LLC d/b/a Mobi PCS ("Beneficiary"), relative to Study Area Code No. 629002, with 47 C.F.R. Part 54, Subparts C and D of the Federal Communications Commission's ("FCC") Rules and related Orders governing Universal Service Support for the High Cost Program ("HCP") relative to disbursements of \$14,971,972 for telecommunication services made from the Universal Service Fund during the year ended June 30, 2008. Management of the Beneficiary is responsible for the Beneficiary's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the Beneficiary's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the Beneficiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Beneficiary's compliance with specified requirements.

[REDACTED] However, the support received for Local Switching Support ("LSS") and High Cost Loop ("HCL") was calculated based upon the previous quarter's line count reported of [REDACTED] resulting in a monetary impact on support of an underpayment of LSS and HCL in the amount of \$43,551 and \$492,810 respectively. [REDACTED]

[REDACTED] The line count was used in the calculation of the Beneficiary's Universal Service Support, which totaled \$14,971,972 for the year ended June 30, 2008.

[REDACTED]

[REDACTED]

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This report is intended solely for the information and use of the Universal Service Administrative Company and the Federal Communications Commission, and is not intended to be and should not be used by anyone other than these specified parties.

September 9, 2009

cc: Management of the Beneficiary

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ATTACHMENT 7

Aug. 10, 2012 Letter - Att 7 (pt. 2)

ATTACHMENT:
FINDING