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April 26, 2024

Chief Clerk  
NC Utilities Commission  
430 North Salisbury Street  
Raleigh, NC 27603-5918

RE Docket P-100-Sub 133F  
Independent Accountants' Report over the Lifeline Biennial Audit Plan for Windstream

Please find the attached independent accountant's report on applying agreed-upon procedures over the lifeline biennial audit plan for the year ended December 31, 2021 for Windstream Holdings, Inc. submitted on behalf of Windstream North Carolina, LLC, Windstream Concord Telephone, LLC, and Windstream Lexcom Communications, LLC.

Please note the report is being provided to you as required by the Lifeline Biennial Audit Plan and that no action is needed on your part.

Sincerely,

*Stephanie D. Marsh*

Stephanie D. Marsh

Attachment

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Apr 26 2024

**WINDSTREAM HOLDINGS, INC.**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
OVER THE LIFELINE BIENNIAL AUDIT PLAN**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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Apr 26 2024



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## INDEPENDENT ACCOUNTANT'S REPORT

To the Management of Windstream Holdings, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment I to this report, which were established by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the General Standard Procedures for Biennial Independent Audits Required under the Lifeline Reform Order for the period January 1 through December 31, 2021 (Lifeline Biennial Audit Plan), or as otherwise directed by the Commission, solely to assist you in evaluating Windstream Holdings, Inc.'s (Windstream, Carrier, or ETC) compliance with certain regulations and orders governing the Lifeline Program of the Universal Service Fund, set forth in 47 C.F.R. Part 54, (the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2021. Windstream's management is responsible for compliance with the Rules. This agreed-upon procedures engagement 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 of the Government Accountability Office. The sufficiency of these procedures is solely the responsibility of the FCC, USAC, and Windstream. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment I to this report 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 I 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.

We were not engaged to, and did not, conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or conclusion on Windstream'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.

We are required to be independent of the responsible parties (FCC, USAC, and Windstream) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of Windstream, 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 the public record upon filing of the final report with the FCC.



April 12, 2024  
Little Rock, Arkansas

## **Attachment I – Agreed-Upon Procedures And Associated Findings – Lifeline Biennial Audit Plan**

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

Objective I: Carrier Obligation to Offer Lifeline. To determine if the ETC has procedures in place to make Lifeline services available to qualifying low-income consumers with mandated disclosures regarding requirements to participate in the Lifeline program and procedures for de-enrolling subscribers when they are no longer eligible to receive Lifeline services.

### *Procedure 1*

HoganTaylor LLP (HoganTaylor) inquired of management and obtained the Carrier's policies and procedures for making Lifeline services available to qualifying low-income consumers in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

HoganTaylor 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 Rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

No exceptions noted.

### *Procedure 2*

HoganTaylor inspected a sample of ten of the Carrier's marketing materials describing the Lifeline service (i.e., print, audio, video, and internet materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6, and 7 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan.

HoganTaylor noted the inspected marketing materials contained the required information as set forth in Objective I, Procedure 2 of the Lifeline Biennial Audit Plan.

No exceptions noted.

### *Procedure 3a*

HoganTaylor obtained the Carrier's responses to the background questionnaire regarding the carrier's policies for: (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service; and (2) when de-enrollment for such notifications occurs.

No exceptions noted.

### *Procedure 3b*

HoganTaylor called the customer care number to determine if the number was operational and possible to reach a live customer care operator.

HoganTaylor called the customer care number on December 5, 2023, and successfully reached a live customer care operator.

No exceptions noted.



*Procedure 4*

HoganTaylor noted that this procedure, related to inspecting subscribers' usage records, was not applicable to Windstream because Windstream assesses and collects a monthly fee from Lifeline Program subscribers, consistent with the regulations in 47 C.F.R. § 54.405.

*Procedure 5*

HoganTaylor noted that this procedure, related to de-enrolling subscribers for nonusage, was not applicable to Windstream because Windstream assesses and collects a monthly fee from Lifeline Program subscribers, consistent with the regulations in 47 C.F.R. § 54.405.

*Procedure 6*

HoganTaylor inspected the subscriber's invoices or billing reports for two months, as provided in response to Request #2 of Appendix E to determine if the carrier passed through the full benefit claimed from USAC to the subscriber.

**Finding #2021-1:**

HoganTaylor randomly selected 60 subscribers from the listing created out of the Combined Master Listing and obtained two months of invoices for each of the 60 subscribers. HoganTaylor noted the benefit shown on the invoices exceeded the amount claimed by Windstream from USAC for the respective month and subscriber for each of the selections with the exception of the following:

The benefit shown on one of the subscriber bills tested was pro-rated based on a partial month; however, the full benefit was claimed from USAC. The credit shown on the invoice was \$4.74 and the benefit claimed was \$5.25, for a difference of \$0.51.

*Procedure 7a*

HoganTaylor obtained the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for de-enrollment where the Carrier 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.

HoganTaylor inspected the Carrier's policies and procedures, noting they detailed the process for communications between the subscriber and Carrier regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; (3) de-enrolling the subscriber in five business days for failure to demonstrate eligibility; and (4) removal from NLAD within one business day of de-enrollment.

No exceptions noted.

*Procedure 7b*

HoganTaylor requested the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for de-enrolling subscribers that are receiving Lifeline service from another carrier or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

No exceptions noted.

*Procedure 7c*

HoganTaylor noted that this procedure, related to de-enrolling subscribers for nonusage, was not applicable to Windstream because Windstream assesses and collects a monthly fee from Lifeline Program subscribers, consistent with the regulations in 47 C.F.R. § 54.405.

*Procedure 7d*

HoganTaylor obtained the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for de-enrolling a Lifeline subscriber at the customer's request.

**Finding #2021-2:**

HoganTaylor noted no discrepancies between the Carrier's policies and procedures, management's responses to the inquiries, and the Commission's Rules with the exception of the following:

The Carrier's policy for de-enrollment and removal from NLAD is a weekly process and would not meet the requirement of de-enrollment from Lifeline service within two business days and removal from NLAD within one business day after de-enrollment from the Lifeline service.

Windstream Response: Windstream revised their process to now complete the process on Tuesday and Thursday of each week instead of once a week to ensure compliance with this requirement effective March 2024.

Objective II: Consumer Qualification for Lifeline. To determine if the ETC has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

*Procedure 1*

HoganTaylor inquired of management and obtained the Carrier's policies and procedures related to completing the LCS Claims Report.

HoganTaylor inspected the Carrier's policies and procedures, noting they detailed the process for completing the LCS Claims Report, including, but not limited to: (1) how to ensure accurate claims for subscribers are reflected on the monthly Claims reports; (2) how to ensure the accurate claim amount of non-Tribal Lifeline, Tribal lifeline, and Tribal Link Up; and (3) the verification process to perform an independent review.

No exceptions noted.

*Procedure 2*

HoganTaylor obtained the LCS Report and Subscriber Listing (Opt-Out States) from the Carrier and USAC and compared the total number of subscribers to the Final Combined Master List created by HoganTaylor in testing procedures. HoganTaylor noted the only Opt-Out State for the Carrier is Texas.

HoganTaylor noted no discrepancies in number of subscribers between the reports other than those described below. Based on the nature of the differences, this is not considered a finding.

HoganTaylor noted the Subscriber Listing for Texas was for the period January 2021 – December 2021 while the LCS Report was for December 2020 – November 2021. This caused minimal discrepancies due to timing. There were 1,926 subscribers included in the LCS Report for the period of December 2020 that were on the LCS Report, but not on the Texas Subscriber listing as it began on January 2021. Additionally, there were 1,656 subscribers included in the Texas Subscriber listing for the period of December 2021, but not on the LCS Report as it ended November 2021. The total net difference between the two reports was 270 subscribers. There were no other discrepancies noted.

#### *Procedure 3*

HoganTaylor obtained the LCS Report and NLAD Snapshots from USAC. HoganTaylor compared the reports for discrepancies related to (1) no rate claimed but subscriber is still active; (2) subscriber was claimed, however, NLAD indicates that service was not initiated or no record in NLAD; and (3) higher rate claimed for subscriber than is justified given the subscriber's service type or status.

No exceptions noted.

#### *Procedure 4*

HoganTaylor inquired of management and obtained the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for limiting Lifeline support to a single subscription per household.

HoganTaylor 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 Rules set forth in 54.409(c) of Appendix E of the Lifeline Biennial Audit Plan.

No exceptions noted.

#### *Procedure 5*

HoganTaylor used computer-assisted audit techniques to examine the combined LCS and NLAD Snapshot Reports in order to identify any duplicate addresses with different subscribers.

HoganTaylor created a list of these results noting eight instances of duplicate address with different subscribers.

#### *Procedure 6*

From the list completed above in Procedure 5, HoganTaylor requested copies from the Carrier of the one-per-household certification form for each of the subscribers in the list.

HoganTaylor noted there was one missing certification and no incomplete certifications. Per inquiry with the carrier, for the one missing certification, these individuals were in the state of Ohio and therefore, the one-per-household certification would have been processed by the USAC National Verifier.

No exceptions noted.

Objective III: Subscriber Eligibility Determination and Certification. To determine if the ETC implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.



*Procedure 1*

HoganTaylor inquired of management and obtained the Carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for ensuring that its Lifeline subscribers are eligible to receive Lifeline services.

HoganTaylor 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 Rules set forth in sections 54.409 and 54.410 of Appendix F of the Lifeline Biennial Audit Plan.

No exceptions noted.

Objective IV: Activities of Enrollment Representatives. To determine if the ETC implemented policies and procedures for ensuring that their Enrollment Representatives comply with program rules.

*Procedure 1*

HoganTaylor inquired of management and obtained the Carrier's policies and procedures related to ensuring that their enrollment representatives follow FCC rules including (1) representatives register with USAC before interacting with the NLAD or the National Verifier; (2) there is no payment of commission compensation based on the number of consumers who apply for or are enrolled in the Lifeline program; and (3) there is no indication that payments will be issued based on Lifeline customer enrollment volume to third-party marketing organizations.

HoganTaylor 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 Rules set forth in sections 54.406 of Appendix F of the Lifeline Biennial Audit Plan.

No exceptions noted.

Objective V: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers. To determine if ETCs have made and submitted to USAC the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

*Procedure 1*

HoganTaylor inquired of management and obtained the Carrier's policies and procedures in place to ensure the carrier has made and submitted the annual certifications required under sections 54.416 (i.e., FCC Form 555) and 54.422 (i.e., FCC Form 481) of the Commission's rules, as provided by the carrier in response to Request #4 of Appendix A.

HoganTaylor 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 Rules set forth in sections 54.416 and 54.422 of Appendix F of the Lifeline Biennial Audit Plan.

No exceptions noted.

*Procedure 2*

HoganTaylor examined the Carrier's FCC Form 555 that was filed the January following the audit period. HoganTaylor verified that an officer of the Carrier made all the required certifications.

No exceptions noted.

*Procedure 3*

HoganTaylor examined the Carrier's organizational chart provided in response to Item 5 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan. HoganTaylor verified that the FCC Form 555 was certified by an officer of Windstream per the organizational chart or other publicly available documents.

No exceptions noted.

*Procedure 4*

HoganTaylor noted that this procedure, related to comparing the subscriber count per the FCC Form 555 to the LCS Claims Report, was not applicable to the Carrier since the COVID-19 waivers that were extended to December 31, 2021, resulted in FCC Form 555 documents appearing to not include total subscriber count for the year in audit.

*Procedure 5*

HoganTaylor noted that this procedure, related to nonusage data reported on the FCC Form 555, was not applicable to Windstream because Windstream assesses and collects a monthly fee from Lifeline Program subscribers, consistent with the regulations in 47 C.F.R. § 54.405.

*Procedure 6*

HoganTaylor reviewed the carrier's FCC Form 481, as provided by the carrier in response to Request #12 of Appendix A.

**Finding #2021-3:**

HoganTaylor noted the carrier reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a), (b) with exception of the following:

There was no emergency situation certification for one SAC, #159003.

There was no information provided for complaints, compliance with service quality standards, or outages.

Windstream Response: At the time of the audit, Windstream was an ETC for lifeline only and the emergency section only applied if the carrier was getting high-cost support. This SAC was not getting high-cost support so that section would not appear for this SAC. Windstream further noted that the sections for complaints, compliance with service quality standards, and outages did not appear for Windstream to complete while filling out the Form 481 for the 2021 year and therefore were left blank on the Form 481.

*Procedure 7*

HoganTaylor reviewed supporting schedules related to the carrier's FCC Form 481, as provided by the carrier in response Requests #14 and #15 of Appendix A.

HoganTaylor noted the data reported on the FCC Form 481 agrees with the supporting schedules, except as noted in Finding #2021-3 where this data was not provided.

*Procedure 8*

HoganTaylor inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Request #4 of Appendix A.

HoganTaylor compared the carrier policies and procedures, including any management responses, with recordkeeping rules set forth in 47 C.F.R. § 54.417 and noted no discrepancies between the policies and procedures and the Commission's rules.

No exceptions noted.