Legal Department
Stephen Athanson, Senior Attorney – Regulatory
9700 NW 112th Avenue | Miami, FL 33178
E-Mail: Stephen.athanson@verizon.com

November 14, 2022

VIA ELECTRONIC FILING

Reece McAlister
Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334

Re: TracFone Wireless Inc. 2019 Lifeline Biennial Audit Final Report
Docket No. 26282

Dear Mr. McAlister:

TracFone Wireless Inc. ("TracFone") hereby submits its 2019 Lifeline Biennial Audit Final Report. As required, TracFone also submitted its filing to the Universal Service Administrative Company.

You may reach me at (786) 449-6807 if you have any questions.

Sincerely,



Stephen Athanson
Counsel

Enc.

AGREED UPON PROCEDURES
RELATED TO THE FCC LIFELINE PROGRAM
TRACFONE WIRELESS, INC.

Ernst & Young LLP



TracFone Wireless, Inc.
Agreed-Upon Procedures
Related to the FCC Lifeline Program
December 31, 2019

Contents

Independent Accountants' Report……..4
Attachment A – Results of Agreed Upon Procedures……..……..6

Ernst & Young LLP
One Manhattan West
New York, New York 10001

Tel: +1 212 773 3000
www.ey.com

Report of Independent Accountants on Applying Agreed-Upon Procedures

To the Management of TracFone Wireless, Inc. (TracFone), 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 TracFone, the Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) related to TracFone's compliance with certain regulations and orders governing the Lifeline Program of the USAC, 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, 2019. TracFone's management is responsible for its compliance with the Rules. 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 described 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 attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in Government Auditing Standards, established by the Government Accountability Office. 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 Rules. Accordingly, we do not express such an opinion or conclusion, respectively. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

TracFone is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those described in Attachment A, including procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.[1]

Furthermore, we undertake no responsibility to update this report for events and circumstances occurring after the date of the report.

We are required to be independent of TracFone 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 TracFone, USAC, and the FCC. It is not intended to be and should not be used by anyone other than the specified parties.

---

[1] *See* 18 U.S.C. § 1028(d)(7) (definition of means of identification); 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information). ETCs and auditors are required to have sufficient safeguards in place to maintain the proprietary or personal nature of subscriber information subject to the audit. *See id*.; *see also* 18 U.S.C. § 1028(d)(7).

This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Ernst & Young LLP

October 27, 2022

Attachment A – Results of Agreed Upon Procedures

Attachment A enumerates the agreed-upon procedures for TracFone Wireless, Inc.'s eligible telecommunications carriers (ETCs) and the associated results.

The procedures shown in italics within this appendix are specifically listed in *Section II – Engagement Plan and Section III – Fieldwork Testing Procedures* in FCC WC Docket No. 11-42, *Attachment 3 – Biennial Audit Plan, Universal Service Fund – Lifeline Program, General Standard Procedures for Biennial Independent Audits Required Under the Lifeline Reform Order*, as revised in 2019. All references to "Appendix" within the procedures refer to those included within the General Standard Procedures (GSP) of the Lifeline Program.

OBJECTIVE I: Carrier Obligation to Offer Lifeline

Procedure 1**:** *Inquire of management and obtain carrier policies and procedures for making Lifeline service available to qualifying low-income consumers as provided by the carrier in response to Request #4 of Appendix A (Requested Documentation). Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in Appendix F. Note any discrepancies between the policies and procedures and the Commission's rules.*

Result: We inquired of management and obtained copies of the policies and procedures for making Lifeline service available to qualifying low-income consumers in response to Request#4 of Appendix A (Requested Documentation) and management's response to the background questionnaire defined in Appendix B (Background Questionnaire). We inspected the policies and procedure, including management's response to the background questionnaire in Appendix B and related inquiries with management, and compared such policies and procedures with the Commission's Lifeline rules set forth in Appendix F. No exceptions noted.

Procedure 2**:** *Inspect 10 examples of carrier 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, and application and certification forms), as provided in response to Request #4, #6 and #7 of Appendix A, and note if the materials do not include the following:*

i. The service is a Lifeline service, which is a government assistance program;
ii. The service is non-transferable;
iii. Only eligible subscribers may enroll;
iv. Only one Lifeline discount is allowed per household; and
v. The ETC's name or any brand names used to market the service.

If all of the examples do not include this required information, identify and note the specific element(s) that are missing from each example. In the event the ETC does not have 10 different examples of marketing materials, it should submit all materials that it uses to advertise the ETC's Lifeline service plans.

Result: We inspected 10 examples of carrier marketing materials describing the Lifeline service, which included 2 radio audio materials, 2 TracFone's website service descriptions and 6 print materials for the lifeline service offering, provided in response to Request #6 of Appendix A (Requested Documentation). We also obtained and inspected TracFone's policies and procedures as provided in response to Request #4 of Appendix A (Requested Documentation) and TracFone's Lifeline website as provided in responses to Request #7 of Appendix A (Requested Documentation). No exceptions noted.

Procedure 3a: *Review the ETC'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. Verify these policies are designed to: (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv); and (2) prevent the carrier from claiming ineligible subscribers on the monthly Snapshot Report or subscribers who wish to cancel service.*

Result: We reviewed TracFone's response to the background questionnaire regarding TracFone's policies for: (1) how subscribers notify TracFone 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. We

verified that the policies are designed to: (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv); and (2) prevent the carrier from claiming ineligible subscribers on the monthly Snapshot Report or subscribers who wish to cancel service. No exceptions noted.

Procedure 3b**:** *In addition, call the customer care numbers provided in response to Request #8 of Appendix A, as well as any customer care numbers identified in the marketing materials provided in response to Request #6 of Appendix A or on the websites provided in response to Request #7 of Appendix A. Document in the report whether: (1) each telephone number is operational; and (2) if it involves the use of an interactive voice response (IVR) system, that it is possible for an individual to reach a live customer care operator.*

Result: We called the customer care numbers provided in response to Item 8 of Appendix A (Requested Documentation), as well as the customer care numbers identified in the marketing material provided in response to Item 6 of Appendix A (Requested Documentation) and on the website provided in response to Item 7 of Appendix A (Requested Documentation). We observed that all the telephone numbers were operational and that if it involved the use of an interactive voice response system, we were able to reach a live customer care operator. No exceptions noted.

Procedure 4**:** *If the eligible telecommunications carrier offers Lifeline service but does not collect and assess a monthly fee from its subscribers, inspect the customer's usage records for two months, as provided in response to Request #3 of Appendix E. Determine if the customer used the service, as defined by 47 C.F.R §54.407(c)(2), within 30 days. The 60 customers sampled for Objective III, Procedure 2 should be used to complete the test.*

Result: Tracfone offers Lifeline service but does not collect and assess a monthly fee from its subscribers. As such, for the 60 customers sampled for Objective III, Procedure 2, we inspected the customer's usage records for two months (April and November), as provided in response to Request #3 of Appendix E (Requested Documentation: Subscriber Sample).

For each of the 60 sample selections made for these selections that Lifeline benefit is through usage, we obtained and inspected the subscriber usage/activity detail which enables us to determine the following activities:

- Call history such as answering or completing inbound or outbound calls;
- Phone numbers called;
- Length of calls
- Purchase of minutes from your company to add to the subscriber's service plan;
- Texts received/sent

Based on our sample testing procedures performed, we observed that 35 of the 60 sample customers used the service for both of the two months (April and November) selected, as defined by 47 C.F.R §54.407(c)(2), within 30 days, and 13 of 60 samples did not have usage within the 30-day period for the month of April. Per our inquiry with management, we noted that 10 of the 13 subscribers that did not have usage activity within the month of April 2019, were new subscribers who did not enroll into the lifeline program until post the month of April, thus the related usage for such subscribers were not expected for the month of April. For 1 of 13 subscribers, who was enrolled in April 2019 with a service initiation date of April 30, 2019 per NLAD snapshot report, as the individual did not have any usage in April, TracFone excluded the individual from the LCS claim for the month of April using error code of U6 (Other). Based on our inquiries, the remaining 2 of the 13 subscribers are de-enrolled prior to the months of April, thus the related usages for the month of April were not expected.

Further, we observed 17 of the 60 samples did not have usage within the 30-day period for the month of November 2019. Per our inquiry with management, 16 of 17 samples were de-enrolled from the program prior to the month of November 2019, so usage is no longer expected for such subscribers. Further, for the remaining 1 of 17 subscribers, based on our inquiry with management, we noted the subscriber did not have usage within the 30-day period for the month of November, but had usage activities in early December, and was considered by management, as cured within the 15 day period following the date of the impending termination notification to use the Lifeline service as allowed by section 54.405(e)(3) of the Commission's rules.

As part of TracFone's response to Appendix B (Background Questionnaire) and Appendix C (Internal Control Questionnaire) and based on our inquiry procedures performed, for the 2019 period under the agreed-upon procedures, TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

Procedure 5**:** *Inspect applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.*

a) Inspect the ETC's policies and procedures for de-enrollment where the ETC 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 Request #4 of Appendix A, as well as de-enrollment letters provided in response to Request #11 of Appendix A. Note whether the policies and procedures detail the process for communications between the subscriber and ETC regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscribers to demonstrate continued eligibility in 30 days for failure to demonstrate eligibility; (3) de-enrolling the subscriber from Lifeline service in five business days for failure to demonstrate eligibility, (4) and removal from NLAD within one business day of de-enrollment. Identify any areas that are not in compliance with section 54.405(e)(1) of the Commission's rules.

Result: We inspected TracFone's policies and procedures for de-enrollment where TracFone 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 Request #4 of Appendix A (Requested Documentation), as well as a sample of de-enrollment letters provided in response to Request #11 of Appendix A (Requested Documentation). We observed the policies and procedures detail the process for communications between the subscriber and TracFone regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscribers to demonstrate continued eligibility in 30 days for failure to demonstrate eligibility; (3) de-enrolling the subscriber from Lifeline service in five business days for failure to demonstrate eligibility, (4) and removal from NLAD within one business day of de-enrollment. We further inspected a sample of 12 de-enrollment letters provided in response to Request #11 of Appendix A (Requested Documentation). No exceptions noted.

Procedure 5**:**

b) Inspect the carrier's policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). Note if the policies and procedures state that the ETC will de-enroll subscribers from Lifeline service in 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. Also note if the policies and procedures require the removal from NLAD within one business day of de-enrollment from the Lifeline service.

Result: We inspected TracFone's policies and procedures in response to Request #4 of Appendix A (Requested Documentation) for written policies and procedures specific to de-enrollment for subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We observed that the policies and procedures state that TracFone will de-enroll subscribers from Lifeline service in 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. We also observed that the policies and procedures require the removal from NLAD within one business day of de-enrollment from the Lifeline service. No exceptions noted.

***Procedure 5*:**

c) Inspect the carrier's policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 30 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Request #17 of Appendix A. Examine the policies and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 15 days following the date of the impending termination notification to use the Lifeline service. Identify any areas that are not in compliance with section 54.405(e)(3) of the Commission's rule. In addition, confirm the policies and procedures also address the carrier's responsibility to de-enroll the subscriber after the 15 day non-usage period.

Result: We inspected TracFone's policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 30 consecutive days), including the process of how TracFone monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as a sample of 12 non-usage termination notifications provided in response to Request #17 of Appendix A (Requested Documentation). We further examined the policies and procedures and the non-usage termination notifications to verify that the termination notifications explained that these subscribers have 15 days following the date of the impending termination notification to use the Lifeline service. We confirmed that the policies and procedures also addressed the TracFone's responsibility to de-enroll the subscriber after the 15 day non-usage period.

Consistent with our observation within Objective I, Procedure 4 (Page 8 of this report), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

***Procedure 5*:**

d) Review the carrier's policies 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 well as recertification requests provided in response to Request #18 of Appendix A. Examine the policies and procedures and recertification requests to verify if the communications explain that the subscriber has 60 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service and de-enroll the subscriber within five business days after the expiration of the subscriber's time to respond to the re-certification efforts. Confirm the policies and procedures also require the carrier to remove the subscriber from NLAD within one business day of de-enrollment from the Lifeline service. In addition, examine the recertification requests and the carrier's responses to the background questionnaire and verify that the recertification requests were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier). Identify any areas that are not in compliance with section 54.405(e)(4) of the Commission's rules.

Result: We inspected TracFone's policies and procedures for de-enrolling a Lifeline subscriber that does not respond to TracFone's attempts to obtain recertification, as part of the annual eligibility recertification process, as well as recertification requests provided in response to Request #18 of Appendix A (Requested Documentation) for a sample of 5 recertification requests sent to subscribers, and we observed that the policies and procedures and the communications explained that the subscriber has 60 days following the date of the notice to demonstrate continued eligibility or TracFone will terminate the subscriber's Lifeline service and de-enroll the subscriber within five business days after the expiration of the subscriber's time to respond to the re-certification efforts. We further observed that the policies and procedures also require TracFone to remove the subscriber from NLAD within one business day of de-enrollment from the Lifeline service. In addition, we examined the recertification requests and the TracFone responses to the background questionnaire (Appendix B) and verified that the recertification requests were sent by a method separate from the subscriber's bill. No exceptions noted.

Procedure 5:

e) Review the carrier's policies and procedures for de-enrolling a Lifeline subscriber at the customer's request. Confirm the policies and procedures require de-enrollment from Lifeline service within two business days and removal from NLAD within one business day after de-enrollment from the Lifeline service.

Result: We reviewed TracFone's policies and procedures for de-enrolling a Lifeline subscriber at the customer's request, including information obtained based on our inquiries with management. We observed the policies and procedures required de-enrollment from Lifeline service within two business days and removal from NLAD within one business day after de-enrollment from the Lifeline service. No exceptions noted.

Objective II: Consumer Qualification for Lifeline

Procedure 1**:** *Review procedures the carrier has in place to ensure it has accurately completed the Snapshot Report in LCS. If the carrier does not have such procedures, inquire of management to describe the process for completing the Snapshot Report in LCS. The procedures or process should include the following:*

• The process for determining how to ensure accurate claims for subscribers are reflected on the monthly Snapshot reports. Document whether the procedures include cut-off or billing cycle dates, subscribers active as of the start or end of the month, and attaching the correct reason codes when not claiming a subscriber listed on the Snapshot Report, etc.;

• The process for determining the accurate claim amount of non-Tribal Lifeline, Tribal Lifeline, and Tribal Link Up; and

• 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.

Document any exceptions and include in the audit report.

Result: We inspected and reviewed the TracFone policies and procedures in place and performed further inquiries with TracFone to ensure it has accurately completed the Snapshot Report in LCS, TracFone included processes and procedures in place that included the following:

- The process for determining how to ensure accurate claims for subscribers are reflected on the monthly Snapshot reports. Such processes and procedures include cut-off or billing cycle dates, subscribers active as of the start or end of the month, and attaching the correct reason codes when not claiming a subscriber listed on the Snapshot Report, etc.;
- The process for determining the accurate claim amount of non-Tribal Lifeline, Tribal Lifeline, and Tribal Link Up; and
- That a verification process exists to perform an independent review of the Snapshot Report in LCS; that is, the person reviewing or validating the form's data is different from the person completing the form.

Consistent with our observation within Objective I, Procedure 4 (Page 8 of this report), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

Procedure 2: *Obtain the Lifeline Claims System (LCS) Snapshot Report or Subscriber Listing (Opt-Out States) from the ETC in response to Request #1 of Appendix A and compare its total number of subscribers to the number of subscribers reported on the Final Combined Master List created in the Sample Selection section. Confirm agreement of data where there is overlap of data. Note any discrepancies in the number of subscribers or data. Investigate reasoning and update Combined Master file if necessary.*

Result: We obtained the Lifeline Claims System (LCS) Snapshot Report and Subscriber Listing for California and Texas, which were the two Opt-out States applicable for TracFone, in response to Request #1 of Appendix A (Requested Documentation). We obtained an electronic subscriber list of the subscribers claimed for the 2019 with the following data as part of the Subscriber List:

a. Study area code
b. NLAD Subscriber ID
c. Subscriber first and last name;
d. Subscriber address (physical/service address);
e. Subscriber apartment, unit, or lot number (as applicable);
f. Subscriber city, state, and zip code;
g. Subscriber telephone number;
h. Subscriber date of birth;
i. Last four digits of the subscriber's Social Security Number or tribal identification number (please do not provide full SSN or full Tribal identification number);
j. Service start date (i.e., when the subscriber first obtained service) if the subscriber initiated service on or after June 2012;
k. Lifeline start date (i.e., when the subscriber first began receiving low-income discounts) if the start date occurred on or after June 2012;
l. Lifeline disconnect date (if applicable); and
m. Service type provided (voice, broadband or bundle).

We further compared the total number of subscribers per the LCS Snapshot Report to the number of subscribers reported on the Subscriber Listing, which is also compiled for the Final Combined Master List created as part of the sample selection process. We noted no discrepancies in the number of subscribers claimed or data.

Further, consistent with our observation within Objective I, Procedure 4 (Page 8 of this report), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

Procedure 3**:** *Obtain from USAC the NLAD Snapshots for subscribers active for each study area for each month selected in the sampling section described at Section II, item #23 of the Biennial Audit Plan. Compare the USAC provided NLAD Snapshot to the Subscriber listing and Combined Master Listing created in the sampling section described above at Section II, item #23 of the Biennial Audit Plan. Note any discrepancies in number of subscribers, amount of claims in total, and PII information (name, date of birth, social security number, address).*

Result: We obtained from USAC the NLAD Snapshots for subscribers active for each of the study area for the period subject to this procedure.

We followed the sampling section described at Section II, item #23 of the Biennial Audit Plan to select the specific months for each study area. Based on Section II, item #23 of the Biennial Audit Plan, we randomly selected non-consecutive months that are dependent on hard launch dates that occurred in 2019. For each of the study area, which TracFone was not converted to the National Verifier (NV) for the:
1. twelve-month audit period, we selected four months from each quarter of the audit period.
2. first nine months of the audit period, we selected three months from Quarters 1, 2, and 3 of the audit period.
3. first six months of the audit period, we selected two months from Quarters 1 and 2 of the audit period.
4. first three months of the audit period, we selected one month from Quarter 1 of the audit period.

For each month selected of each of the study areas, we compared the USAC provided NLAD Snapshot to the Subscriber listings and Combined Master Listing created as part of the sampling section described above at Section II, item #23 of the Biennial Audit Plan. Based on the procedures performed, we did not note any discrepancies in number of subscribers, amount of claims in total, and PII information for each of the month selected for each of the study areas.

As part of our procedures, we observed that for the data month of November, there are 2 subscribers from Ohio, 5 subscribers from Florida, and 1 subscriber from Illinois with service initiation dates of December 1, 2019 per the NLAD Snapshot but there were claims processed for these subscribers in the month of November 2019.

Based on our inquiries with management, they indicated the individuals had program start dates of November 30, 2019 per management's records, thus are properly claimed in the month of November.

Similarly, we observed that for the data month of December 2018 in Maryland, there is 1 subscriber with service initiation date of January 13, 2019 per the NLAD Snapshot, but the subscriber has claims processed in the month of December 2018. Based on our inquiries with management, they indicated the individual from Maryland had service initiation date of March 11, 2013 per management's records, thus are properly claimed in the month of December 2018.

Procedure 4**:** *Inquire of management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Request 4 of Appendix A. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in section 54.409(c) (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rule.*

Result: We inquired of management and obtained TracFone's policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Request 4 of Appendix A (Requested Documentation). We examined and compared TracFone's policies and procedures, including any management responses based on our inquiries, with the Commission's Lifeline rules set forth in section 54.409(c) (Appendix F- Compliance Requirements). No exceptions noted.

Procedure 5**:** *Using computer-assisted audit techniques, examine the Combined Master Listing created per Section II, item #23 in the Lifeline Biennial Audit Plan and note if there are any duplicate addresses with different subscribers. Determine where these subscribers were claimed for the same month. Create a list reflecting these results.*

Result: We used computer-assisted audit techniques and followed the instructions per Section II, item #23 in the Lifeline Biennial Audit Plan to create a combined master listing, which included the following procedures*:*

a. We obtained from TracFone the Lifeline Claims System (LCS) Snapshot Report for each of the study areas for the twelve months of the audit period. These reports were the accepted submission to USAC via the LCS.
b. We Combined the Snapshot Reports using computer assisted analytics tools to create a Combined Master Listing of subscribers by subscriber ID, including fields that calculate the months of coverage, total amount claimed by claim type (Lifeline, Tribal, Tribal Link Up) and the study area code. The report was organized so that there is one record per subscriber on one line of data.
c. We added additional and pertinent subscriber information to the subscriber records on the Combined Master Listing at b above. Relevant information to add includes the service initiation date, date of birth, and last four digits of the social security number. We used the subscriber listing obtained in Appendix A, Request #1, to add the data.
d. We obtained from TracFone a list of those states or territories in which the state or territory, or a state or territory Lifeline administrator, is responsible for obtaining all the ETC's subscribers' Lifeline certification forms and performs the annual recertification process.
e. We obtained a list from the USAC website of hard launch and soft launch dates for the National Verifier. And determined the dates for states/territories where TracFone operates. We confirmed with the last batch of recertifications that they conducted for each of the state/ territories.
f. We removed the subscribers that reside in the states or territories identified in d. above from the list created in c.
g. For TracFone's states converted to the National Verifier within the audit period or prior to the audit period, we removed the following subscribers from the master listing at (f) above:
- Subscribers who established service after the hard launch date; and
- Subscribers whose annual recertification was due during the time period in which the ETC did not have responsibility to conduct recertifications.

h. We saved the final Combined Master Listing created at (g) above. Then created two separate listings as follows from the data listed on the Final Combined Master: (1) subscribers who were subject to annual recertification within the audit period; and (2) subscribers who established initial service during the audit period.

i. For the purpose of making sample selections for Objective III, Procedure 2, we determined the proportion of total certifications and total recertifications completed during the audit period by dividing the total counts per the listings created at (h) above to the total count of the Final Combined Master Listing at (h). We randomly selected a sample of [60] subscribers by subscriber form type (certification vs. recertification) using the calculated proportions. We ensured as many study areas as possible are represented in the sample selection, as TracFone has multiple study areas.

We inspected the Combined Master Listing obtained based on the procedures performed above for duplicate addresses with different subscribers and identified duplicate addresses). We created a list reflecting these results to complete Objective II, Procedure 6 below.

Procedure 6**:** *From the list completed in #5 directly above, randomly select subscribers from the list and request copies from the ETC of the one-per-household certification form for each of the selected subscribers using Appendix D.*

a. *Because subscribers must only complete a one-per-household certification form if existing Lifeline recipients reside at the same address, the selected subscribers should not be the first subscribers residing at the address based on the Lifeline start date in the subscriber listing (i.e., the selected subscribers should be the second or subsequent subscribers residing at the address based on the Lifeline start date in the subscriber listing). Verify that the subscriber accurately completed a one-per-household certification on the correct form, FCC Form 5631, the Lifeline Program Household Worksheet.*

Note the number of missing or incomplete certifications. Even if subscribers enrolled in the program prior to June 2012, the effective date of the one-per-household requirement, at least one subscriber at each address is required to complete a one-per-household worksheet.

Result: From the list completed in #5 directly above, we randomly select 60 subscribers from the list and request copies from TracFone the one-per-household certification form for each of the selected subscribers using Appendix D (Requested Documentation: One-Per-Household Sample), which included one-per-household worksheet/form and the initial subscriber certification form obtained at subscriber enrollment for the sample of subscribers. Based on our inspection of the supporting documents for each of the selected subscribers, we noted no missing or incomplete certifications. No exceptions noted.

Objective III: Subscriber Eligibility Determination and Certification

Procedure 1**:** *Inquire of management and obtain carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Request #4 of Appendix A. In addition, obtain the ETC's policies and procedures for training employees and agents for ensuring that the ETC's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.409 and 54.410 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rules.*

a. Inspect the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC must verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer or providing that consumer with an activated device intended to enable access to Lifeline service.

Result: We inquired of management and obtained TracFone's policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by TracFone in response to Request #4 of Appendix A. In addition, we obtained TracFone's policies and procedures for training employees and agents for ensuring that TracFone's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how TracFone ensures its employees and agents have completed the training. We further examined and compared TracFone's policies and procedures, including any management responses based on our inquires, with the Commission's Lifeline rules set forth in sections 54.409 and 54.410 (Appendix F- Compliance

Requirements). Based on our procedures performed, we did not note any discrepancies between the policies and procedures and the Commission's rules.

We further inspected TracFone's policies and looked for evidence as to whether it includes a policy or procedure that TracFone must verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer or providing that consumer with an activated device intended to enable access to Lifeline service. No exceptions noted.

Procedure 1:

b. Inspect the ETC's policies to determine the process for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service.

Result: We inspected TracFone's policies and procedures as obtained in Objective I, Procedure 1 in response to Item 4 of Appendix A (Requested Documentation) for written policies and procedures specific to the process for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. We observed that TracFone's policies were consistent with the Commission's Lifeline rules set forth in sections 54.509 and 54.410. No exceptions noted.

Procedure 1:

c. Inspect the ETC's policies for information regarding the timing, frequency and evidence of completion of the initial and any subsequent Lifeline subscriber eligibility and certification trainings required of the ETC's employees.

Result: We inspected TracFone's policies and procedures as obtained in Objective I, Procedure 1 in response to Item 4 of Appendix A (Requested Documentation) for written policies and procedures specific to the process for training required of TracFone's employees. We observed that TracFone's policies included guidance on training for its employees, including initial and subsequent Lifeline subscriber eligibility and certification trainings. No exceptions noted.

Procedure 1:

e. If the ETC operates in a state that participates in NLAD, inspect the ETC's policies regarding:

i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with the NLAD, including limiting access to NLAD to select individuals.

ii. *The process for ensuring only subscribers vetted* by NLAD are claimed for reimbursement on the Snapshot Report.

Result: We inspected TracFone's policies and procedures as obtained in Objective I, Procedure 1 in response to Item 4 of Appendix A (Requested Documentation), and observed that TracFone has related policies and procedures in place, regarding its training requirements and its policies for ensuring employees and agents are trained on the use and interaction with the NLAD, including limiting access to NLAD to select individuals. TracFone also has a process in place for ensuring only subscribers vetted by NLAD are claimed for reimbursement on the Snapshot Report. No exceptions noted.

Procedure 1:

f. If the ETC operates in NLAD opt-out states, inspect the ETC's policies regarding: [2]

i. Training requirements and ETC policies for ensuring employees and agents are trained on the use and interaction with state administrators and/or databases, including limiting access to any databases to select individuals.

ii. The process for ensuring only subscribers vetted by a state administrator are claimed for reimbursement on the FCC Form 497.

[2] In 2019, the NLAD opt-out states were California, Oregon, and Texas.

Result: For each of the appliable NLAD opt-out states, California and Texas, we inspected TracFone's policies and procedures as obtained in Objective I, Procedure 1 in response to Item 4 of Appendix A (Requested Documentation). We and observed that TracFone has related policies and procedures in place, regarding its training requirements and its policies for ensuring employees and agents are trained on the use and interaction with state administrators and/or databases, including limiting access to any databases to select individuals. We also observed TracFone has a process for ensuring only subscribers vetted by a state administrator are claimed for reimbursement on the FCC Form 497. No exceptions noted.

Procedure 2: *Randomly select at least 60 subscribers from the two listings created out of the Combined Master Listing and sampling section pursuant to Section II, item #23 above. Perform the test described below for each of the subscriber's certification/recertification forms obtained using Appendix E.*

a. Examine the subscriber certification and recertification forms to verify the forms used were on either the FCC Form 5629, Lifeline Program Application Form, or the FCC Form 5630, Lifeline Program Annual Recertification Form, as applicable.

Result: We selected 60 subscribers from the two listings created out of the Combined Master Listing and sampling section pursuant to Section II, item #23, which is described in detail in procedures performed related to Objective II, Procedure 5 above. For each selected subscriber, we obtained the most recent subscriber certification or recertification documentation (e.g., certification form, recertification form, IVR, etc.), which was specified within Item 1 of Appendix E (Requested Documentation: Subscriber Sample). We examined each of the subscriber certification and recertification forms to verify the forms used were on either the FCC Form 5629, Lifeline Program Application Form, or the FCC Form 5630, Lifeline Program Annual Recertification Form, as applicable.

23 of the 60 selected subscribers are related to certifications. Based on our procedures performed, no exceptions noted on the certifications through inspection of the FCC Form 5629, Lifeline Program Application Form.
37 of the 60 selected subscribers are related to re-certifications. Based on our procedures performed, no exceptions noted on the recertifications through inspection of the FCC Form 5630, Lifeline Program Annual Recertification Form.

Procedure 2:

b. Verify the subscriber completed all the required elements as identified below, including signature and initialing/checkbox requirements contained in the certification and recertification forms:

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 section 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits;*
8. *If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in section 54.409, the number of individuals in his or her household; and*
9. *Initials indicating the subscriber certifies under penalty of perjury, to the following:*
    - i. *The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in section 54.409;*
    - ii. *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.*

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 section 54.400(e);*
iv. *If the subscriber moves to a new address, he or she will provide that new address to the ETC 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 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 section 54.405(e)(4).*

Result: We obtained each selected subscriber's recertification and certification form, as applicable, and verified that all criteria 1.-9. listed above were met, including subscriber's initials indicating the subscriber certifies under penalty of perjury listed in 9.i through 9.viii above. No exceptions noted.

Procedure 2:

c. *Examine the subscriber's certification/recertification form to verify the forms are dated prior to the end of the selected Claims Template data month. If the provided subscriber certification/recertification form is the subscriber's initial certification form, verify the form is dated prior to or on the same day as the Lifeline start date per the subscriber listing.*

Result: We obtained each selected subscriber's recertification and certification form, as applicable. 23 of 60 selected subscribers were related to certifications. Through examining such subscribers' certification forms, we verified the form is dated prior to or on the same day as the Lifeline start date per the subscriber listing. No exception of noted.
37 of the 60 selected subscribers were related to recertifications. Through examining such subscribers' recertification forms, we observed that 17 of 37 were re-certified after the anniversary date of the selected subscriber. Through our inquiry procedures performed, management indicated that these recertification samples are properly recertified based on the management's internal data records' program start date. This data variance is because of the inconsistency between the NLAD data (service initiation date) and management's internal data (program start date), and TracFone elected to re-certify such subscribers based on management's internal data. According to management, they have communicated to USAC about the nature of the data inconsistencies related to the service initiation date. TracFone believes that the subscribers' program start date is the effective date to initiate the 2019 annual recertification outreach effort due to the date discrepancies observed.

Procedure 2:

d. *If applicable, verify subscribers who received Tribal Lifeline support certified to residing on Tribal lands.*

Result: None of the 60 selected subscribers were related to these who received Tribal Lifeline support, we waived on further procedures.

Procedure 2:

e. *Review the eligibility documentation the ETC reviewed to confirm the subscriber's eligibility obtained using Appendix E. Verify 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.*

Result: We obtained each selected subscriber's recertification and certification form. We further obtained the eligibility documentation TracFone reviewed to confirm the subscriber's eligibility obtained. For each of the 60

selections, we verified 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. No exceptions noted.

Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers

Procedure 1**:** *Inquire of management and obtain carrier policies and procedures for ensuring that 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. Examine and compare the carrier policies and procedures, including any management responses, with the Commission's Lifeline rules set forth in sections 54.416 and 54.422 (Appendix F). Note any discrepancies between the policies and procedures and the Commission's rules.*

Result: We inquired of management and obtained TracFone's policies and procedures for ensuring that 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 as obtained in Objective I, Procedure 1. We inspected TracFone's written policies and procedures and management responses and compared them to TracFone's written policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F- Compliance Requirements). No exceptions noted.

Procedure 2**:** *Examine the ETC's FCC Form 555 that was filed the January following the audit period provided by the carrier in response to Request #12 of Appendix A. Verify the carrier made all of the following certifications. An officer of each ETC must certify that s/he understands the Commission'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;*
  - *i. 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;*
- *b) Is in compliance with all federal Lifeline certification procedures; and*

Result: We obtained and inspected TracFone's FCC Form 555 in response to Request#12 of Appendix A (Requested Documentation) and observed that an officer of TracFone certified that he understands the Commission's Lifeline rules and requirements and that TracFone has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services; and the officer also attested as to what specific data sources TracFone used to confirm eligibility. Further, the officer certified that TracFone is in compliance with all federal Lifeline certification procedures. No exceptions noted.

Procedure 3: *Examine the ETC's organizational chart provided by the carrier in response to Request #5 of Appendix A. Verify that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.*

Result: We inquired of management and obtained TracFone's organizational chart in response to Request #5 of Appendix A (Requested Documentation). We inspected the FCC Form 555 and the organization chart. We observed that the Form 555 was certified by an officer from TracFone per the organizational chart. No exceptions noted.

Procedure 4**:** *Verify that the subscriber count per the FCC Form 555 agrees with the total subscriber count per the selected month's Snapshot Reports provided by the carrier in response to Request #14 of Appendix A.*[3]

Result: We obtained the Snapshot Report submitted and accepted through the Lifeline Claims System (LCS) for each of TracFone's study areas as provided by TracFone in response to Request #14 of Appendix A

[3] The FCC Form 555 should be completed with zeros in the applicable sections for time periods after USAC became responsible for the recertification process (after the National Verifier soft and hard launch dates).

(Requested Documentation). Refer to **Exhibit I** – Summary of Objective IV, Procedure 4 results, for our observations based on procedures performed.

Procedure 5**:** *Verify that the recertification data reported on the FCC Form 555 agrees with the detailed recertification results provided by the carrier in response to Request #9 of Appendix A.*

Result: We obtained the recertification data reported on the FCC Form 555 for each state. We further obtained electronic subscriber list of the subscribers reported for the audit period for each of our selected month for each state with the following data:

a. Subscriber first and last name;
b. Subscriber address (physical/service address);
c. Subscriber apartment, unit, or lot number (as applicable);
d. Subscriber city, state, and zip code;
e. Subscriber telephone number;

On the subscriber list, please identify each subscriber as follows:

f. Lines provided to wireline reseller (FCC Form 555 Column B);
g. Subscribers enrolled in January or February of the audit period (FCC Form 555 Column C);
h. Subscribers de-enrolled prior to recertification attempt (FCC Form 555 Column D);
i. Subscribers contacted directly to recertify eligibility (FCC Form 555 Column F);
j. Subscribers who responded to direct contact to recertify eligibility (FCC Form 555 Column G);
k. Subscribers who responded to direct contact that they are no longer eligible (FCC Form 555 Column I);
l. Subscribers whose eligibility was reviewed by a state administrator, USAC program management, or via access to eligibility data (FCC Form 555 Column K); and
m. Subscribers whose eligibility was reviewed by a state administrator, USAC program management, or via access to eligibility data who were found to be ineligible (FCC Form 555 Column L).

We then verified that the subscriber counts agree with the detailed recertification results provided by TracFone in response to Request #9 of Appendix A (Requested Documentation), with the exception of the observations noted below:

For the Texas study area, for each of the selected months of January, June and August, we observed that the subscriber counts in terms of both the subscribers eligible for recertification by anniversary month (Block A) and total number of subscribers TracFone is responsible for recertifying (Block C) per the detailed recertification results are different from the FCC Form 555 by 48, 53, and 42, respectively.

Further, consistent with our observation within Objective I, Procedure 4, as part of TracFone's response to Appendix B (Background Questionnaire) and Appendix C (Internal Control Questionnaire), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

Procedure 6**:** *Verify that the non-usage data reported on the FCC Form 555 for the selected months agrees with the detailed non-usage results provided by the carrier in response to Request #10 of Appendix A.*

Result: We obtained the recertification data reported on the FCC Form 555 for each state. We further obtained an electronic list of the subscribers reported as de-enrolled for non-usage on the FCC Form 555 due the January following the audit period for 2019 for each study area (Non-usage Sample) with the following data:

a. Subscriber first and last name;
b. Subscriber address (physical/service address);
c. Subscriber apartment, unit, or lot number (as applicable);
d. Subscriber city, state, and zip code; and
e. Subscriber telephone number.

We observed that for the state of California, for each of the selected months of January, August and December, the count of the subscribers reported on the FCC Form 555 as de-enrolled for non-usage and detailed non-usage results provided by the TracFone is different by 1.

Further, consistent with our observations within Objective 1, Procedure 4 (Page 8 of this report), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods.

Procedure 7: *Review the carrier's FCC Form 481, as provided by the carrier in response to Request #13 of Appendix A. Verify that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a), (b).*

Result: We obtained TracFone's FCC Form 481 filed during the audit period for each study area provided by TracFone in response to Request #13 of Appendix A (Requested Documentation). We further verified that TracFone reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a), (b). No exceptions noted.

Procedure 8 – *Review any supporting schedules related to the carrier's FCC Form 481, as provided by the carrier in response to Requests #15 and #16 of Appendix A. Verify that the data reported on the FCC Form 481 agrees with the supporting schedules.*

Result: We obtained the supporting schedules related to the TracFone's FCC Form 481, as provided by the carrier in response to Requests #15 and #16 of Appendix A (Requested Documentation) for the detailed schedules supporting the outages and complaints reported. We noted that as TracFone considered itself as a reseller instead of a carrier, the outages data are considered not applicable per the instruction of FCC Form 481. Further procedures are waived.

Procedure 9**:** *Inquire of management and obtain 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. Examine and compare the carrier policies and procedures, including any management responses, with recordkeeping rules set forth in 47 C.F.R. § 54.417. Note any discrepancies between the policies and procedures and the Commission's rules.*

Result: We inquired of management and obtained TracFone's policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by TracFone in response to Request #4 of Appendix A (Requested Documentation). We further examined and compared TracFone's policies and procedures, including any management responses based on our inquiries, with recordkeeping rules set forth in 47 C.F.R. § 54.417. No exceptions noted.

Exhibit I – Summary of Objective IV, Procedure 4 results

The Schedule below summarized our observation based on the procedures performed as part of Objective IV, Procedure 4

Study Area	Study Area Code	Selected month	Recertification count per FCC Form 555 (Block C)**	Subscribers Eligible for Recertification based on Anniversary Month (NLAD Snapshot report)***	Variance
Maine	109008	February	608	384	224
Maine	109008	April*	-	840	(840)
Massachusetts	119002	March	5,134	2,237	2,897
Massachusetts	119002	June	4,265	2,073	2,192
Massachusetts	119002	August	3,863	1,738	2,125
Massachusetts	119002	October	3,507	1,595	1,912
New Hampshire	129004	January*	-	200	(200)
Connecticut	139002	February	3,859	1,849	2,010
Connecticut	139002	May	2,303	6,504	(4,201)
Connecticut	139002	August*	-	1,225	(1,225)
Connecticut	139002	October*	-	1,182	(1,182)
Vermont	149006	May	4	3	1
Vermont	149006	August*	-	3	(3)
New York	159016	February	23,154	12,997	10,157
New York	159016	May	16,358	44,867	(28,509)
New York	159016	August*	-	9,870	(9,870)
New York	159016	October*	-	8,657	(8,657)
New Jersey	169001	March	5,689	2,226	3,463
New Jersey	169001	June	5,081	2,187	2,894
New Jersey	169001	August	5,155	1,959	3,196
New Jersey	169001	October	4,451	1,905	2,546
Pennsylvania	179011	February*	-	4,981	(4,981)
Maryland	189006	March	2,277	637	1,640
Maryland	189006	June	2,391	925	1,466
Maryland	189006	August	3,080	722	2,358
Maryland	189006	October	3,454	1,436	2,018
Virginia	199010	February	3,842	2,082	1,760
Virginia	199010	May	3,699	10,581	(6,882)
Virginia	199010	August*	-	1,813	(1,813)
Virginia	199010	October*	-	1,903	(1,903)
West Virginia	209013	February	1,559	648	911
West Virginia	209013	May	1,324	5,589	(4,265)
West Virginia	209013	August*	-	639	(639)
West Virginia	209013	October*	-	564	(564)

Study Area	Study Area Code	Selected month	Recertification count per FCC Form 555 (Block C)**	Subscribers Eligible for Recertification based on Anniversary Month (NLAD Snapshot report)***	Variance
Florida	219003	January	15,433	6,059	9,374
Florida	219003	June	17,243	7,567	9,676
Florida	219003	August	16,454	5,848	10,606
Florida	219003	December	13,529	15,005	(1,476)
Georgia	229010	February	6,853	3,209	3,644
Georgia	229010	May	6,062	18,463	(12,401)
Georgia	229010	August*	-	3,479	(3,479)
Georgia	229010	October*	-	3,652	(3,652)
North Carolina	239010	February*	-	3,095	(3,095)
South Carolina	249012	March	1,694	659	1,035
South Carolina	249012	June	2,127	891	1,236
South Carolina	249012	August	1,724	822	902
South Carolina	249012	October	1,719	821	898
Alabama	259021	March	3,896	1,417	2,479
Alabama	259021	June	3,909	658	3,251
Alabama	259021	August	4,078	695	3,383
Alabama	259021	October	3,457	636	2,821
Kentucky	269025	January	2,496	1,030	1,466
Kentucky	269025	May*	-	9,055	(9,055)
Louisiana	279026	March	3,190	1,351	1,839
Louisiana	279026	June	5,183	2,404	2,779
Louisiana	279026	August	4,138	1,707	2,431
Louisiana	279026	October	3,733	1,591	2,142
Tennessee	299011	February*	-	2,785	(2,785)
Ohio	309002	January	5,374	2,081	3,293
Ohio	309002	June	5,956	2,731	3,225
Ohio	309002	August	5,742	2,381	3,361
Ohio	309002	December	5,434	6,614	(1,180)
Michigan	319021	January	4,101	1,602	2,499
Michigan	319021	May*	-	15,328	(15,328)
Indiana	329012	January	1,925	724	1,201
Indiana	329012	May*	-	5,959	(5,959)
Wisconsin	339025	January	3,199	1,154	2,045
Wisconsin	339025	June	3,487	1,447	2,040
Wisconsin	339025	August	3,413	1,465	1,948
Wisconsin	339025	December	2,790	2,848	(58)
Illinois	349021	January	9,771	3,595	6,176

Study Area	Study Area Code	Selected month	Recertification count per FCC Form 555 (Block C)**	Subscribers Eligible for Recertification based on Anniversary Month (NLAD Snapshot report)***	Variance
Illinois	349021	June	11,607	5,438	6,259
Illinois	349021	August	8,524	3,965	4,559
Illinois	349021	December	8,573	9,217	96440
Iowa	359127	February	820	532	288
Iowa	359127	May	1,916	4,239	(2,323)
Iowa	359127	August*	-	819	(819)
Iowa	359127	October*	-	606	(606)
Minnesota	369032	January	228	87	141
Minnesota	369032	June	299	107	192
Minnesota	369032	August	266	112	154
Minnesota	369032	December	253	286	(33)
Arkansas	409014	March	1,370	569	801
Arkansas	409014	June	1,684	798	886
Arkansas	409014	August	1,785	843	942
Arkansas	409014	October	1,333	483	850
Kansas	419031	February	1,049	478	571
Kansas	419031	May	977	2,468	(1,491)
Kansas	419031	August*	-	441	(441)
Kansas	419031	October*	-	480	(480)
Missouri	429010	February*	-	307	(307)
Oklahoma	439067	March	3	2	1
Oklahoma	439067	June	5	3	2
Oklahoma	439067	August	10	8	2
Oklahoma	439067	October	17	9	8
Texas	449058	January	5,003	2,931	2,072
Texas	449058	June	7,849	4,744	3,105
Texas	449058	August	8,781	4,725	4,056
Texas	449058	December	3,257	3,999	(742)
Arizona	459008	February	1,838	252	1,586
Arizona	459008	May	1,122	1,723	(601)
Arizona	459008	August*	-	543	(543)
Arizona	459008	October*	-	551	(551)
Idaho	479021	January*	-	12	(12)
Washington	529012	March	2,360	916	1,444
Washington	529012	June	2,270	971	1,299
Washington	529012	August	2,545	1,030	1,515
Washington	529012	October	1,893	933	960

Study Area	Study Area Code	Selected month	Recertification count per FCC Form 555 (Block C)**	Subscribers Eligible for Recertification based on Anniversary Month (NLAD Snapshot report)***	Variance
California	549028	January	15,415	2,538	12,877
California	549028	June	17,951	7,178	10,773
California	549028	August	21,197	6,561	14,636
California	549028	December	12,563	30,438	(17,875)
Nevada	559006	February	848	456	392
Nevada	559006	May	922	2,621	(1,699)
Nevada	559006	August*	-	491	(491)
Nevada	559006	October*	-	443	(443)
Delaware	569002	February	368	153	215
Delaware	569002	April	-	497	(497)
Washington DC	579001	February	735	280	455
Washington DC	579001	April*	-	885	(885)
Rhode Island	589002	February	203	53	150
Rhode Island	589002	April*	-	217	(217)
Hawaii	629005	January*	-	12	(12)
Puerto Rico	639009	March	3,893	532	3,361
Puerto Rico	639009	June	3,911	567	3,344
Puerto Rico	639009	August	7,421	832	6,589
Puerto Rico	639009	October	6,151	897	5,254

*For the selected months, TracFone has zero recertification per the Form 555 recertification count. Based on our inquiries with management, these represent the months post the soft launch dates for the National Verifier of the respective study area, where USAC assumes the responsibilities for recertifications of the subscribers post the soft launch dates.
** This represents the total number of subscribers TracFone is responsible for recertifying for the selected month of the respective state, which is captured at block C of the Annual Recertification section of Form 555.
*** This represents the total number of subscribers for the selected month who are eligible for recertification based on the anniversary month of the service initiation date field included in the NLAD Snapshot report.

Per our inquires with management, they represent that the differences between the LCS data and Form 555, partially, is due to the inconsistency between the NLAD data (service initiation date) and management's internal data (program start date), and TracFone elected to re-certify such subscribers based on management's internal data (program start date). Such data inconsistencies have been communicated with USAC. TracFone believes that the subscribers' program start date is the effective date to initiate the 2019 annual recertification outreach effort due to the date discrepancies observed.

Further, consistent with our observation within Objective I, Procedure 4 (Page 8 of this report), TracFone is planning to update its application of the Lifeline usage rule for its subscribers (e.g. 47 C.F.R. 54.405(e)(3) and 54.407(c)(2)). Based on our inquiries, as of the date of this report, TracFone is expected to make certain revisions to certain filed forms with the USAC and make reimbursements to the Universal Service Fund, based on the changes of such rules for certain historical periods