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BY OVERNIGHT DELIVERY

March 27, 2015

The Honorable Jocelyn G. Boyd
Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Lifeline Biennial Audit of Nexus Communications, Inc.
Independent Accountant's Report on Applying Agreed-Upon Procedures
Year Ended December 31, 2013

Dear Ms. Boyd:

Pursuant to paragraph 15(c) of the FCC's General Standard Procedures for the Lifeline Biennial Audit, Nexus Communications, Inc. hereby submits the enclosed final Independent Accountant's Report on Applying Agreed-Upon Procedures for the year ended December 31, 2013.

Kindly date-stamp as received the enclosed "Stamp & Return" copy, and return it to the undersigned in the Fed Ex envelope provided.

Please contact us if you have any questions about the report.

Sincerely,

Danielle Frappier

Danielle Frappier
James W. Tomlinson
Attorneys for Nexus Communications, Inc.

NEXUS COMMUNICATIONS, INC.
LIFELINE BIENNIAL AUDIT

Independent Accountant's Report
On Applying Agreed-Upon Procedures
Year Ended December 31, 2013

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

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McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Nexus Communications, Inc.'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.

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[1] *See Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).
[2] *See* U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).
[3] *See* 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

This report is intended solely for the information and use of the managements of Nexus Communications, Inc., 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. The final report is not confidential.

McBride, Lock & Associates, LLC

McBride, Lock & Associates, LLC
March 16, 2015

ATTACHMENT A

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

Objective 1: Carrier Obligation to Offer Lifeline

Procedure 1

McBride, Lock & Associates, LLC inquired of management on November 26, 2014 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 offering Lifeline service to qualifying low-income consumers.

McBride, Lock & Associates, LLC examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

McBride, Lock & Associates, LLC noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

Procedure 2

McBride, Lock & Associates, LLC inspected 8 examples of carrier marketing materials, which were determined to be the entirety of the carrier's marketing materials, describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan.

McBride, Lock & Associates, LLC noted the inspected marketing materials contained all required information.

No exceptions noted.

Procedure 3

McBride, Lock & Associates, LLC randomly selected 10 recorded calls out of the 50 recorded calls, servicing the ETC's Lifeline subscribers, as provided in response to Item 8 of Appendix A.

McBride, Lock & Associates, LLC's review of the recorded calls noted that the telephone number(s) did not involve the use of an interactive voice response (IVR) system. All calls included a live customer care operator. The time spent using the customer care telephone service on each call is as follows:

Call #	Call Duration	Call #	Call Duration
1	6:27	6	6:44
2	5:45	7	10:25
3	17:24	8	6:47
4	7:05	9	1:06
5	5:11	10	2:05

McBride, Lock & Associates, LLC also noted the customer care telephone numbers could be used by subscribers to notify the ETC of the subscriber's intent to cancel service or give notification that the subscriber is no longer eligible to receive service. McBride, Lock & Associates, LLC did not note any statements by an ETC representative in the recorded calls which misled the subscriber or conflicted with the Commission's rules.

No exceptions noted.

Procedure 4

McBride, Lock & Associates, LLC inspected 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. McBride, Lock & Associates, LLC inspected the ETC's policy 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 Item 4 of Appendix A.

   McBride, Lock & Associates, LLC noted that the ETC does not have a written policy, but the description of procedures detailing the process for communications between the subscriber and ETC regarding de-enrollment, included: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility.

   McBride, Lock & Associates, LLC did not identify any areas which were not in compliance with section 54.405(e)(1) of the Commission's rules.

   No exceptions noted.

b. McBride, Lock & Associates, LLC inspected the carrier's policy 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).

   McBride, Lock & Associates, LLC noted that the ETC does not have a written policy, but the description of procedures stated that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules.

   McBride, Lock & Associates, LLC also noted that the ETC provided a description of additional procedures used to prevent and eliminate duplicative support, such as automatic checks in its subscriber database to determine whether a subscriber with various combinations of the same name, address, date of birth, and/or last-four digits of his or her Social Security Number is already in the database, as well as additional, semi-automated reviews of subscriber lists (sorting the lists using different criteria, including name, address,

date of birth, and last four digits of the Social Security Number) to eliminate any duplicates not automatically eliminated by the database.

No exceptions noted.

c. McBride, Lock & Associates, LLC inspected the carrier's policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program. McBride, Lock & Associates, LLC used the list provided in response to Item 10 in Appendix A, and performed the following:

   i. For subscribers listed as de-enrolled or scheduled for de-enrollment, McBride, Lock & Associates, LLC selected a sample of 10 accounts and on December 30, 2014 requested copies of the non-usage termination notifications sent to the subscribers.

   ii. McBride, Lock & Associates, LLC examined the non-usage termination template provided in lieu of the individual notices. McBride, Lock & Associates, LLC verified the termination notification template explained that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.

   McBride, Lock & Associates, LLC also noted that the non-usage termination template included all information, as required by section 54.405(e)(3) of the Commission's rules.

   iii. McBride, Lock & Associates, LLC attached a sample non-usage termination notification(s). See Supplemental Information - Non-Usage Template.

No exceptions noted.

d. McBride, Lock & Associates, LLC reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process. For any subscribers identified in Item 9.i and .j of Appendix A, McBride, Lock & Associates, LLC selected a random sample of 30 and on December 30, 2014 requested copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and performed the following:

   i. McBride, Lock & Associates, LLC inspected the templates of notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification provided in lieu of individual notices. McBride, Lock & Associates, LLC verified the communications templates explained that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

   McBride, Lock & Associates, LLC noted that the communications templates referenced above did not notify to the subscriber that failure to respond to the re-

certification request within 30 days of the date of the request will trigger de-enrollment as required by 47 CFR 54.405(4).

ii. McBride, Lock & Associates, LLC reviewed the de-enrollment letters, and other forms of communications, and the carrier's responses to the background questionnaire and verified through observation that the de-enrollment letters, if that form of communication was used, were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).

iii. McBride, Lock & Associates, LLC has attached the template of notice of impending de-enrollment letter provided in lieu of individual letters, and attached the template of the text message communication provided to the subscriber. These were determined to be the entirety of the carrier's communications with the subscriber. See Supplemental Information - Impending De-Enrollment Template.

There is no monetary effect associated with the above finding.

Recommendation: **We recommend the carrier update the recertification request template to ensure all notifications required by 47 CFR 54.405(4) are made to the subscriber.**

Nexus Communication, Inc.: Going forward, Nexus will update its re-certification request template to include notification to subscribers that failure to respond to the re-certification request within 30 days will result in de-enrollment from the Lifeline program.

<u>OBJECTIVE II:</u> Consumer Qualification for Lifeline.

Procedure 1

McBride, Lock & Associates, LLC inquired of management on November 26, 2014 and obtained carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F).

McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule.

No exceptions noted.

Procedure 2

McBride, Lock & Associates, LLC reviewed procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. The carrier did not have such procedures. McBride, Lock & Associates, LLC inquired of management to describe the process for completing a FCC Form 497. McBride, Lock & Associates, LLC noted the following:

- Individuals in the carrier's IT Department are responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497 does not include the use of cut-off or billing cycle dates. The carrier reviews monthly reports generated from the BeQuick system to claim all subscribers who were enrolled and active in the Lifeline service during the month;
- The carrier's President's signature is required for the FCC Form 497;
- A verification process exists to perform an independent review; that is, the person reviewing or validating the form's data (the carrier's IT department), is different from the person completing the form (the carrier's President); and
- The process provided the name of the billing system used to generate completion of the form.

No exceptions noted.

Procedure 3
McBride, Lock & Associates, LLC obtained the Subscriber List in response to Item 1 of Appendix A and obtained the carrier's FCC Form 497(s) for study area 349015, 349019, 229012 and 249007 in the states of Illinois, Georgia and South Carolina for the selected month of February 2013.

McBride, Lock & Associates, LLC examined the number of subscribers claimed on the Form(s) 497. McBride, Lock & Associates, LLC compared the number of subscribers reported on the Form 497(s) to the number of subscribers contained on the Subscriber List for each study area.

McBride, Lock & Associates, LLC did not note any discrepancies in the number of subscribers.

No exceptions noted.

Procedure 4
McBride, Lock & Associates, LLC used computer-assisted audit techniques and examined the Subscriber List to note that there were 48 duplicate addresses with different subscribers. McBride, Lock & Associates, LLC created a list reflecting these results.

Procedure 5
McBride, Lock & Associates, LLC used the list completed in Procedure 4 above, and randomly selected 30 subscribers from the list and on December 30, 2014 requested copies from the ETC of the one-per-household certification form for each of the selected subscribers.

McBride, Lock & Associates, LLC verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet. McBride, Lock & Associates, LLC did not note any 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.[4]

No exceptions noted.

OBJECTIVE III: Subscriber Eligibility Determination and Certification.

Procedure 1
McBride, Lock & Associates, LLC inquired of management on November 26, 2014 and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F).

McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule. Specifically, McBride, Lock & Associates, LLC noted that policies and procedures:

a. included a procedure that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility.

b. included a procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions noted.

Procedure 2
McBride, Lock & Associates, LLC examined 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.

McBride, Lock & Associates, LLC noted that authorized ETC employees interact with the NLAD in accordance with the company's policies. The ETC's procedure is to limit access to NLAD to personnel who's specific job function requires access to the NLAD. The ETC ensures those personnel have been appropriately trained.

[4] The Commission requires that all ETCs collect the one-per-household worksheet when they learn that a subscriber resides in the same address as another Lifeline subscriber. *See Lifeline Reform Order,* 27 FCC Rcd at 6691, 6895-96, para. 78, App. C.

McBride, Lock & Associates, LLC noted that ETC employees are appropriately trained on the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service.

McBride, Lock & Associates, LLC noted that the ETC's procedure is for each new employee to undergo direct, hands-on training before undertaking any of the above tasks. Experienced personnel receive hands-on training and supervision as needed to ensure compliance with changes to rules and procedures.

No exceptions noted.

Procedure 3

McBride, Lock & Associates, LLC randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, McBride, Lock & Associates, LLC performed the test described below, for each of the subscriber's certification and recertification forms.[5] After performing the tests described below for the first 50 sampled subscriber, it was determined that the error rate was higher than 5 percent, so McBride, Lock & Associates, LLC applied the same procedure to the remaining 50 subscribers in the sample and recorded the results.

a. McBride, Lock & Associates, LLC examined the subscriber certification and recertification forms, if any, and verified the forms contained the required information. The results are as follows:
   i. All subscriber recertifications disclosed that Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program. **However, due to the use of an outdated certification form, 4 of 100 subscriber certifications did not include this disclosure.**

      The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

   ii. All subscriber certifications and recertifications disclosed that only one Lifeline service is available per household.

      No exceptions noted.

   iii. Not all subscriber certifications and recertifications disclosed that a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses. **7 of 100 subscriber certifications and 46 of 47 subscriber recertifications did not include this disclosure.**

[5] In the event the auditor chooses a sampled subscriber that enrolled in the program prior to June 1, 2012 (before the effective date of section 54.410 of the Commission's rules), the auditor should randomly select another subscriber that enrolled in the program after June 1, 2012. Subscribers enrolled in Lifeline service subsequent to June 1, 2012 are subject to the initial certification process but are not subject to the recertification process for that year.

Per the ETC, the exceptions noted in the subscriber certifications were due to the use of outdated certification forms. The exceptions noted in the subscriber recertifications were the result of an administrative oversight which, per the ETC, will be rectified going forward.

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

iv. All subscriber certifications and recertifications disclosed that a household is not permitted to receive Lifeline benefits from multiple providers;

No exceptions noted.

v. Not all subscriber certifications disclosed that violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program. **7 of 100 subscriber certifications and 46 of 47 subscriber recertifications did not include this disclosure.**

Per the ETC, the exceptions noted in the subscriber certifications were due to the use of outdated certification forms. The exceptions noted in the subscriber recertifications were the result of an administrative oversight which, per the ETC, will be rectified going forward.

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

vi. All subscriber recertifications disclosed that Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person. **However, due to the use of an outdated certification form, 4 of 100 subscriber certifications did not include this disclosure.**

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

vii. Except as noted below, all subscriber certifications and recertifications required each prospective subscriber to provide the following information:
   1. The subscriber's full name. No exceptions noted.
   2. The subscriber's full residential address. **2 of 47 subscriber recertifications did not include this information.**
   3. Whether the subscriber's residential address is permanent or temporary. **4 of 100 subscriber certifications and 2 of 47 subscriber recertifications did not include this information.**
   4. The subscriber's billing address, if different from the subscriber's residential address. **4 of 100 subscriber certifications and 2 of 47 subscriber recertifications did not include this information.**

5. The subscriber's date of birth. **2 of 47 subscriber recertifications did not include this information.**
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. **2 of 47 subscriber recertifications did not include this information.**
7. If the subscriber was seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits. **12 of 47 subscriber recertifications did not include this information.**
8. If the subscriber was seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household. No exceptions noted.

Per the ETC, the exceptions noted in the subscriber certifications were due to the use of outdated certification forms. The exceptions noted in the subscriber recertifications were the result of a glitch in the Interactive Voice Response ("IVR") system which, per the ETC, will be rectified going forward.

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

viii. Except as noted below, all subscriber certifications and recertifications required each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409. No exceptions noted.
2. 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. No exceptions noted.
3. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days. No exceptions noted.
4. 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. **3 of 100 subscriber certifications and 46 of 47 subscriber recertification's did not require the subscriber to certify to this requirement.**
5. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge. No exceptions noted.
6. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law. No exceptions noted.
7. 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 § 54.405(e)(4). **7 of 100**

subscriber certifications and 46 of 47 subscriber recertification's did not require the subscriber to certify to this requirement.

Per the ETC, the exceptions noted in the subscriber certifications were due to the use of outdated certification forms. The exceptions noted in the subscriber recertifications were the result of an administrative oversight which, per the ETC, will be rectified going forward.

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

ix. McBride, Lock & Associates, LLC compared the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409. McBride, Lock & Associates did not note any discrepancies.

No exceptions noted.

x. McBride, Lock & Associates, LLC verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.

McBride, Lock & Associates noted that 3 of 100 subscriber's certifications showed the subscriber did not complete all elements included on the form. Two subscribers did not identify the name of the qualifying assistance program they receive. One subscriber did not complete all checkbox requirements contained on the certification form.

The monetary effect associated with these exceptions is detailed after Objective III - 3 a.xi.

xi. McBride, Lock & Associates, LLC examined the subscriber's initial certification form to verify the initial certification form was dated prior to or on the same day as the Lifeline start date per the Subscriber List. The procedure would not have applied to subscribers enrolled prior to June 2012.

No exceptions noted.

With the exception of two subscriber certifications, the above exceptions are not of sufficient magnitude to render the subscriber's certification or recertification invalid. The total monetary effect of those two subscribers for the month of February 2013 was $18.50.

b. McBride, Lock & Associates, LLC reviewed the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility. McBride, Lock & Associates, LLC verified 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.

Recommendation: **We recommend the carrier update subscriber eligibility determination and certification procedures to ensure all subscriber certifications and recertifications are made in compliance with 47 CFR 54.410(4).**

Nexus Communication, Inc. Response: With respect to the initial enrollment forms, the report notes that two subscribers failed to identify the qualifying program on the form and one failed to complete all the certification checkboxes. Nexus notes that although the subscribers inadvertently failed to check the appropriate boxes, at the time of enrollment they provided documentary proof of enrollment in a qualifying program, which was reviewed by Nexus's representatives, and were made aware of all program requirements.

The overwhelming majority of the identified initial enrollment issues occurred when a subscriber executed an older version of Nexus's Lifeline application – in most cases, only a few months after the new requirements became effective on June 1, 2012 – and, due to administrative oversight, the forms were inadvertently accepted. This situation occurred in only seven instances overall. All but two of these subscribers successfully re-certified in 2013, thereby effectively curing any minor technical defect in the initial enrollment process. Under these circumstances, Nexus agrees that the proposed monetary findings are appropriate.

There were two basic issues identified in the re-certification process. First, in a few instances, Nexus's Interactive Voice Response ("IVR") system either: (1) skipped over or failed to record a portion of the information or (2) wrongly identified the qualifying program as "NA," when, in fact, Nexus's records include the qualifying program(s) for the relevant subscribers. Nexus will investigate and fix the source of this occasional system glitch. Second, although the re-certification IVR script failed to include a few pieces of information that was provided at the time of enrollment, such technical defects are minor. Nexus will correct its IVR system for future re-certifications. Finally, Nexus agrees with the conclusion of the report that these exceptions are not of sufficient magnitude to render the re-certifications invalid.

<u>OBJECTIVE IV:</u> Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.

Procedure 1

McBride, Lock & Associates, LLC inquired of management on November 26, 2014 and obtained carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission's rules, as provided in Item 12 of Appendix A. McBride, Lock & Associates, LLC examined the policies and procedures.

McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F).

McBride, Lock & Associates, LLC noted that the carrier did not have specific written policies related to the certifications required under sections 54.416 and 54.422. Review of carrier policies and management responses did not note any discrepancies with the Commission's rules.

No exceptions noted.

Procedure 2

McBride, Lock & Associates, LLC examined the ETC's FCC Form 555 that was filed the January following the audit period.[6] McBride, Lock & Associates, LLC verified the carrier made all of the required certifications. The President of the ETC certified that 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;
b. Is in compliance with all federal Lifeline certification procedures; and
c. There were no instances where the ETC confirmed 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.

No exceptions noted.

Procedure 3

McBride, Lock & Associates, LLC examined the ETC's organizational chart provided in response to Item 5 of Appendix A. McBride, Lock & Associates, LLC verified that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.

No exceptions noted.

Procedure 4

McBride, Lock & Associates, LLC verified that the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February Form 497.

No exceptions noted.

Procedure 5

For the month of February, McBride, Lock & Associates, LLC: randomly selected Georgia, which was one of the three states or territories where the ETC received the largest amount of Lifeline support and is responsible for the annual recertification process; and randomly selected Illinois and South Carolina as the two additional states or territories where the ETC is responsible for the annual recertification process (Recertification Sample).

[6] For the first biennial audit, the auditor would examine the Form 555 filed January 2014, which represents the subscribers recertified during calendar year 2013.

Using the Recertification Sample, McBride, Lock & Associates, LLC reviewed the ETC's recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period for those three randomly selected states, as provided in Item 9 of Appendix A.

McBride, Lock & Associates, LLC verified that the data reported on the FCC Form 555 for those states agreed with the detailed recertification results.

No exceptions noted.

Procedure 6
The non-usage rule applies to the ETC in the states of Georgia and Illinois.

McBride, Lock & Associates, LLC randomly selected February 2013, March 2013 and June 2013 as the three months during the audit period; and reviewed the ETC's detailed non-usage results of the individual subscribers reported on the FCC Form 555 for those three randomly selected months within the two selected states where the non-usage rule applied, as provided in Item 10 of Appendix A (Non-Usage Sample).

McBride, Lock & Associates, LLC verified that the data reported on the FCC Form 555 for the Non-Usage Sample agrees with the detailed non-usage results.

No exceptions noted.

Procedure 7
McBride, Lock & Associates, LLC reviewed the carrier's annual ETC certification, as provided in Item 13 of Appendix A.

McBride, Lock & Associates, LLC verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

No exceptions noted.

Procedure 8
McBride, Lock & Associates, LLC reviewed any supporting schedules related to the carrier's annual ETC certification, as provided in Item 13 of Appendix A.

McBride, Lock & Associates, LLC noted that none of the ETC's designations were made by the FCC, thus no supporting schedules were required.

No exceptions noted.

Procedure 9
McBride, Lock & Associates, LLC inquired of management on November 26, 2014 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 Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compare the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417.

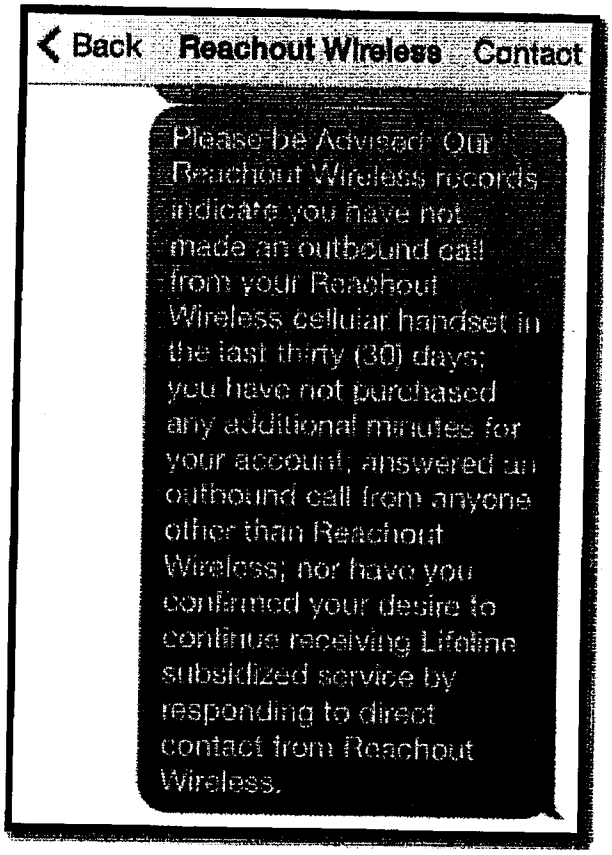
McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule.

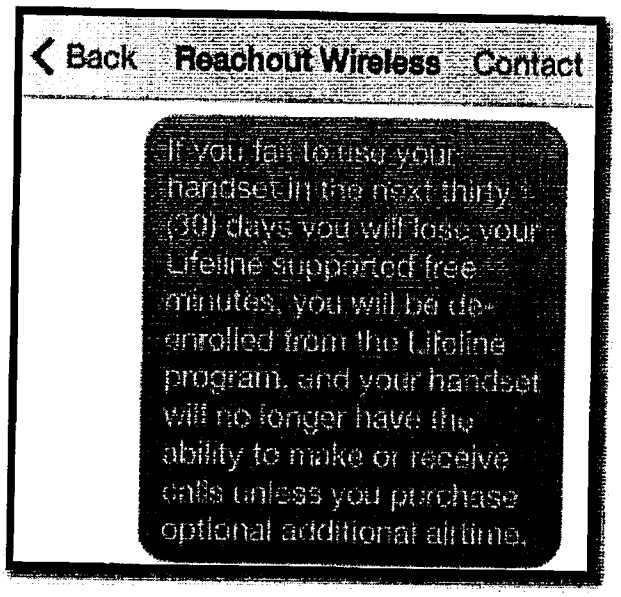
No exceptions noted.

SUPPLEMENTAL INFORMATION

Non-Usage Template

Nexus Communications, Inc. 60-Day Non-Usage Notice
Text Message





Impending De-Enrollment Template

ReachOut Wireless
LIFELINE WIRELESS SERVICE
www.Reachoutmobile.com

[redacted]

[redacted]

1 YOU HAVE NOT USED YOUR PHONE IN THE LAST 30 DAYS
Don't lose your free Lifeline Supported minutes!

In order to continue receiving your ReachOut Wireless Lifeline Wireless Service, you will need to:

A) You have not made an outbound call from your ReachOut Wireless cellular handset in the last thirty (30) days;
–OR–
B) You have not answered an inbound call from anyone other than ReachOut Wireless;
–OR–
C) You have not purchased any additional minutes for your ReachOut Wireless Lifeline account;
–OR–
D) You have failed to confirm your desire to continue receiving Lifeline subsidized service from ReachOut Wireless by responding to direct contact from Reachout Wireless.

IF YOU DO NOT USE YOUR HANDSET IN THE NEXT THIRTY (30) DAYS you will no longer receive your Free Wireless Lifeline service.

2 ANNUAL RE-CERTIFICATION EXPLAINED
You Are Required To Re-Certify Your Continued Eligibility

The rules of the Lifeline program require that it is your responsibility to make at least one (1) outbound call from your ReachOut Wireless cellular handset in the next thirty (30) days to continue to receive your Lifeline supported free minutes. If you do not use your ReachOut Wireless cellular handset's Lifeline minutes at least one time every sixty (60) days you will lose your Lifeline supported minutes and you will be De-Enrolled from the Lifeline program without further notice.

3 You Will Lose Your Lifeline Free Minutes

If you fail to use your ReachOut Wireless cellular handset's Lifeline minutes at least one time every sixty (60) days, ReachOut Wireless will be forced to De-Enroll you from the Lifeline program and you will lose your Lifeline supported free minutes. You will be de-enrolled from the Lifeline program without further notice and your handset will no longer have the ability to make or receive calls unless you purchase optional additional airtime.

If you require any additional information please contact ReachOut Wireless at **1-877-870-9444**

Nexus Communications, Inc., dba ReachOut Wireless
PO Box 247168
Columbus, OH 43224
Call Toll Free 1-877-870-9444

Nexus Communications, Inc. Re-Certification Notice
Text Message

Back Reachout Wireless Contact

Important Message from Reachout Wireless: As a Reachout Wireless Lifeline subscriber, the rules of the Lifeline program require that it is your responsibility to Re-Certify Your Eligibility to continue to receive your Lifeline supported free minutes at least one time every twelve (12) months.

Back Reachout Wireless Contact

The Lifeline program requires that annually or once every year, you will need to contact Reachout Wireless and Re-Certify your eligibility for Lifeline by confirming that you continue to receive Lifeline qualifying governmental assistance. To speak directly with a Reachout Wireless customer service representative that can assist you in confirming your continued qualifications to receive continued Lifeline supported services and to avoid being de-enrolled from the Lifeline program, please dial #022 on your Lifeline handset to speak with someone now.

Back Reachout Wireless Contact

If you fail to contact Reachout Wireless and Re-Certify your Eligibility for Lifeline, you will lose your Lifeline supported free minutes; you will be de-enrolled from the Lifeline program without further notice; and your handset will no longer have the ability to make or receive calls unless you purchase optional additional airtime.

ReachOut Wireless
LIFELINE WIRELESS SERVICE
www.reachoutmobile.com

[redacted]

[redacted]

1 ANNUAL RE-CERTIFICATION IS PAST DUE
Don't lose your free Lifeline Supported minutes!

In order to continue receiving your ReachOut Wireless Lifeline Wireless Service, you will need to:

A) Complete, sign and return the included form by checking the **ANNUAL RECERTIFICATION** box;
–OR–

B) You can complete you Service Renewal by calling **888-480-6915;** Or dial #022 on your Lifeline handset; Or go online to **http://www.reachoutmobile.com** ;
–OR–

C) You can **fax** your completed Re-Certification Form to **877-970-9333.**

IF YOU DO NOT COMPLETE YOUR ANNUAL RECERTIFICATION FORM you will no longer receive your Free Wireless Lifeline service.

2 ANNUAL RE-CERTIFICATION EXPLAINED
You Are Required To Re-Certify Your continued Eligibility receive your Lifeline supported free minutes

The rules of the Lifeline program require that it is your responsibility to Re-Certify your eligibility to continue to receive your Lifeline supported free minutes at least one time every twelve (12) months.

The Lifeline program requires that annually or once every year, you will need to contact ReachOut Wireless and Re-Certify your Eligibility for Lifeline by confirming that you continue to receive Lifeline qualifying governmental assistance. To speak directly with a ReachOut Wireless customer service representative that can assist you in confirming your continued qualifications to receive continued Lifeline supported services and to avoid being de-enrolled from the Lifeline program, please dial #022 on your Lifeline handset, or dial **888-480-6915** to speak with someone now.

3 You Will Lose Your Lifeline Free Minutes

If you fail to contact ReachOut Wireless and Re-Certify Your Eligibility for Lifeline, you will lose your Lifeline supported free minutes; you will be de-enrolled from the Lifeline program without further notice; and your handset will no longer have the ability to make or receive calls unless you purchase optional additional airtime.

If you require any additional information please contact ReachOut Wireless at **1-888-480-6915.**

Nexus Communications, Inc., dba ReachOut Wireless
PO Box 247168
Columbus, OH 43224
Call Toll Free 1-888-480-6915

Report of Management on Compliance with Applicable Requirements of 47 CFR Part 54 Of the Federal Communications Commission's Rules, Regulations and Related Orders

Nexus Communications, Inc.
ReachOut wireless

3629 Cleveland Ave., #C
P.O. Box 247168
Columbus, OH 43224
740-549-1092
740-548-1173 Fax
sfenker1@earthlink.net

Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Part 54 of the Federal Communications Commission's Rules, Regulations and Related Orders

Management of Nexus Communications, Inc. ("Nexus") is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission (FCC) rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.417 as well as related FCC Orders.

Management has performed an evaluation of the carrier's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.417, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the Universal Service Fund (USF) during the period January 1, 2013 through December 31, 2013 (audit period).

The Carrier makes the following assertions with respect to the provision of Lifeline service during the audit period:

A. Carrier Obligation to Offer Lifeline –Nexus asserts that it:

1. is an eligible telecommunications carrier (ETC) (47 C.F.R. §§ 54.201(a); *Definition of eligible telecommunications carriers, generally,* which discusses carrier eligibility) and provides the services required for eligibility (54.101(a): *Services designated for support*, and (b): *Requirement to offer all designated services*; which describe the services that an eligible carrier must offer to receive federal universal service support)

2. makes available Lifeline service, as defined in 54.401, to qualifying low-income consumers (47 C.F.R. § 54.405(a): *Carrier obligation to offer lifeline*, which discusses carriers' obligations to offer, publicize, notify and allow lifeline services)

3. publicizes the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service. (47 C.F.R. § 54.405(b): *Carrier obligation to offer lifeline.)* (47 C.F.R. § 54.201(d)(2): *Definition of eligible*

telecommunications carriers, generally, which requires the advertising of the availability of services)

4. indicates on all materials describing the service, using easily understood language, that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. For the purposes of this section, the term "materials describing the service" includes all print, audio, video, and web materials used to describe or enroll in the Lifeline service offering, including application and certification forms. (47 C.F.R. § 54.405 (c): *Carrier obligation to offer lifeline.*)

5. discloses the name of the eligible telecommunications carrier on all materials describing the service. (47 C.F.R. § 54.405(d): *Carrier obligation to offer lifeline.)*

B. Consumer Qualification for Lifeline –Nexus asserts that it:

1. maintains policies and procedures that are effectively implemented to review and certify consumer eligibility for Lifeline. (47 C.F.R. § 54.409: *Consumer Qualification for Lifeline,* which discusses the certification and verification requirements) This includes that an officer of the carrier:

   a. asserts that the carrier has implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services. (47 C.F.R. § 54.410: *Subscriber eligibility determination and certification,* which also requires compliance with state certification procedures to document consumer eligibility)

C. Submission of Lifeline Worksheet (Form FCC 497) –Nexus asserts that it:

1. submitted properly completed FCC Forms 497 for each month, representing discounts actually provided to subscribers, and has the required supporting documentation for the number of subscribers, rates and other information provided on the Form (47 C.F.R. § 54.407: *Reimbursement for offering Lifeline,* which discusses carrier reimbursement for providing Low Income Program support and requires the carrier to keep accurate records in the form directed by USAC and provide the records to USAC)

D. General Recordkeeping and Annual Certification Requirements –Nexus asserts that:

1. it maintains records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in § 54.410(d)

and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier. (47 C.F.R. § 54.417(a))

2. if it provides Lifeline discounted wholesale services to a reseller, it must obtain a certification from that reseller that it is complying with all Commission requirements governing the Lifeline and Tribal Link Up program. (47 C.F.R. § 54.417(b))

3. complied with the annual certifications by eligible telecommunication carriers. (47 C.F.R. §§ 54.416, 54.522)

Dated March 16, 2015

Steven Fenker
President and Senior Official responsible for
USF Compliance
Nexus Communications, Inc.