

Performance Audit of Charter Fiberlink CA-CCO, LLC

- California LifeLine Program

April 14, 2025





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April 14, 2025

Tommy Johnson, Senior Manager, Telephone Regulatory
Charter Fiberlink

Dear Mr. Johnson:

Final Report Transmittal Letter - Audit of Charter Fiberlink's California LifeLine Program for the period of July 1, 2022 through June 30, 2023

Crowe LLP (Crowe) was contracted by the California Public Utilities Commission (CPUC) to conduct a performance audit of Charter Fiberlink CA-CCO, LLC (Charter Fiberlink), in accordance with General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033, and other applicable California LifeLine Program rules, regulations, and requirements for the period of July 1, 2022 through June 30, 2023.

The results of our tests indicated that Charter Fiberlink did not meet Objectives 1 and 5 in all significant respects for the period of July 1, 2022 through June 30, 2023. Charter Fiberlink met Objectives 2, 3, 4, 6 and 7 in all significant respects. We identified one (1) finding in the Performance Audit Results section of this report. The final audit report will be available on the CPUC website¹.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bert Nuehring".

Bert Nuehring, Partner
Crowe LLP

¹ <https://www.cpuc.ca.gov/about-cpuc/divisions/utility-audits-risk-and-compliance-division/utility-audits-branch/audit-reports-by-industry>

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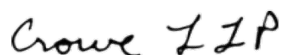
Independent Auditor's Report

Crowe LLP (Crowe) conducted a performance audit of Charter Fiberlink CA-CCO, LLC (Charter Fiberlink), in accordance with General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033, and other applicable California LifeLine Program rules, regulations, and requirements for the period of July 1, 2022 through June 30, 2023. The objectives of the audit are described in the Performance Audit Approach section of the report and evaluate whether Charter Fiberlink's claims from the California LifeLine Fund for the period of July 1, 2022 through June 30, 2023 are accurate, properly supported, for eligible customers, and for allowable costs and activities.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on our audit objectives. Our audit was limited to the objectives listed in the Performance Audit Approach section of this report.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Charter Fiberlink to determine the audit procedures that were appropriate for the purpose of providing a conclusion on the audit objectives, as specified, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any opinion on the internal control.

The results of our tests indicated that Charter Fiberlink did not meet Objectives 1 and 5 in all significant respects for the period of July 1, 2022 through June 30, 2023. Charter Fiberlink met Objectives 2, 3, 4, 6 and 7 in all significant respects.



Crowe LLP

Sacramento, CA

April 14, 2025

Executive Summary

Crowe LLP (Crowe) conducted a performance audit of Charter Fiberlink in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the U.S. General Accountability Office (GAO). The goal of the audit was to determine whether Charter Fiberlink's claims from the California LifeLine Fund for the period of July 1, 2022 through June 30, 2023 are accurate, properly supported, for eligible customers, and for allowable costs and activities, in accordance with General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033, and other applicable California LifeLine Program's rules, regulations, and requirements.

The audit objectives, shown in the Performance Audit Approach section of this report, were developed based on the requirements set forth in General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033.

Crowe identified one (1) finding, which is presented in **Exhibit 1**. Significant findings are defined as those items that are significant to the audit objectives and important enough to merit attention by those in charge of governance and should be prioritized for remediation. Further details of the findings are presented in the Performance Audit Results section of this report.

In performance audits, a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct (1) impairments of effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) noncompliance with provisions of laws, regulations, contracts, or grant agreements on a timely basis.

Exhibit 1 Finding and Control Evaluation

Finding	Control Evaluation ²	Audit Objective Impacted
1. CA LifeLine Discounts Were not Applied or Were Under-Applied to Eligible Accounts	<i>Significant Deficiency and Noncompliance</i>	1, 5

Project Background

California LifeLine Program

The California Public Utilities Commission (CPUC) created the Universal LifeLine Telephone Service program (now known as the California LifeLine program) pursuant to the Moore Universal Service Telephone Act. The California LifeLine Program (LifeLine) is a state program that provides discounted home phone and cell phone services to eligible households. General Order 153 (GO 153) implements the LifeLine program and provides guidance on the procedures for administration of the LifeLine program for telecommunications carriers operating in California.

LifeLine discounts help consumers lower the cost of their phone bills by offering discounts to qualified customers. Only one discount per household is allowed (except for teletypewriter users and for Deaf and Disabled Telecommunications Program participants). Each household must choose to apply the discount either on a home phone or on a cell phone, but not on both. Households must only receive the discount from one carrier and may lose eligibility for the discount if the one discount per household rule is violated.

A household includes adults and children who are living together at the same address as one economic unit. An economic unit consists of all adults (persons at least 18 years old unless emancipated) contributing to and sharing the household's income and expenses. To qualify for the LifeLine program,

² Where "significant deficiency" is a control deficiency that is significant to the audit objectives and "deficiency" in control is not considered significant to the audit objectives, but auditors otherwise wish to communicate to those in charge of governance.

California consumers must have a total gross annual income that does not exceed 150 percent of the Federal Poverty Guidelines or must be a participant in one of the following public assistance programs:

- Medi-Cal
- Women, Infants, and Children Program (WIC)
- Supplemental Security Income (SSI)
- National School Lunch Program (NSLP)
- Low Income Home Energy Assistance Program (LIHEAP)
- Cal Fresh, Food Stamps, or Supplemental Nutrition Assistance Program (SNAP)
- Federal Public Housing Assistance, or Section 8
- Federal Veterans and Survivors Pension Benefit Program
- Tribal Temporary Assistance for Needy Families (TANF)
- Head State Income Eligible (Tribal Only)
- Bureau of Indian Affairs General Assistance
- Food Distribution Program on Indian Reservations (FDPIR)
- Temporary Assistance for Needy Families (TANF)
 - California Work Opportunity and Responsibility to Kids (CalWORKs)
 - Stanislaus Work Opportunity and Responsibility to Kids (Stan Works)
 - Welfare-to-Work (WTW)
 - Greater Avenues for Independence (GAIN).

The CPUC is responsible for the oversight of the LifeLine program and maintaining an independent third-party administrator (TPA) to provide clearinghouse services for the LifeLine program. The role of the TPA is to qualify new applicants and to verify the continued eligibility of existing LifeLine subscribers.

Subscribers must verify eligibility annually to remain qualified to participate in the LifeLine program by submitting proof of eligibility to the TPA. The TPA collects, maintains, and provides important information such as the LifeLine subscriber weighted average counts, new connection counts, and disconnection and de-enrollment counts for Service Providers to prepare and submit their monthly LifeLine reimbursement claims to the CPUC. Service Providers submit reimbursement for the costs of providing services to LifeLine subscribers. We obtained and assessed the information provided by the TPA; however, we did not audit the TPA.

Service Providers apply discounts on LifeLine services to qualified customers on a monthly basis. Service Providers then submit reimbursement claims to the CPUC. Service Providers file reimbursement claims monthly to CPUC's Communications Division for review and approval. Service Providers may recover from the California LifeLine Fund up to the Specific Support Amount (SSA)³ per each eligible subscriber claimed, LifeLine non-recurring charges, applicable taxes/surcharges, interest, and administrative costs as set forth in GO 153.

Charter Fiberlink

Charter Fiberlink claimed and was reimbursed a total of \$285,382 in subsidy from the California LifeLine Fund during the audit period of July 1, 2022 through June 30, 2023. Monthly subscribers averaged 1,810 per month. **Exhibit 2** provides service recovery expense categories and amounts claimed for reimbursement for the audit period.

³ The rate that Service Providers use to compute and file claims for reimbursement.

Exhibit 2
Charter Fiberlink
Subsidy Amounts Claimed via Monthly Claim Forms
California LifeLine Program Reimbursement, by Expense Category
(July 1, 2022 to June 30, 2023)

Expense Category	Expense Amount Claimed
1. Allowable SSA for Flat Rate Service, F (Do not Meet Federal Broadband Standards)	\$249,974
2. Allowable SSA for Flat Rate Service, California-only (Do not Meet Federal Broadband Standards)	\$28,734
3. Allowable SSA for Flat Rate Service, California-only, TTY (Do not Meet Federal Broadband Standards)	\$6,307
4. Administrative Expense Cost Factor	\$367
Total	\$285,382

Performance Audit Approach

Crowe developed our audit plan and procedures to meet specific objectives identified by the CPUC. In developing this audit plan, among other factors, we primarily considered the requirements of the California LifeLine Program, as set forth by GO 153 Sections 5 and 9, Public Utilities Code Section 878, D.14-01-036 and D.10-11-033.

Objectives, Procedures and Conclusion

Crowe submitted several data requests to Charter Fiberlink which were progressively more focused throughout the engagement as we obtained more detailed data and information on the company's administration of the LifeLine Program. We conducted an internal controls assessment to obtain an understanding of Charter Fiberlink's internal controls as they related to enrolling, tracking, and monitoring customer program eligibility. Finally, we developed workpapers to document results of the performance audit.

The audit included seven (7) objectives, which we list with detailed procedures. The objectives of the audit were developed based on CPUC's request for Crowe to determine whether Charter Fiberlink's claims from the California LifeLine Fund for the period of July 1, 2022 through June 30, 2023 are accurate, properly supported, for eligible customers, and for allowable costs and activities, in accordance with General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033, and other applicable California LifeLine Program's rules, regulations, and requirements.

Objectives:

- 1. Determine if Charter Fiberlink's internal controls over operations related to its administration of the California LifeLine Program were operating effectively.**

Procedures

- Requested and obtained copies of documented policies and procedures related to governance of California LifeLine Program operations.
- Documented controls relevant to the California LifeLine Program.
- Tested that controls were operating effectively through our sampling and detailed procedures in Objectives 2 through 7. The sample selection was comprised of a random selection of sixty (60) customer accounts such that 15 accounts were randomly selected from each of August, November, February, and May of the audit period. The monthly population averaged 1,810 subscribers.

Conclusion: Objective not met in all significant respects. See Finding 1.

- 2. Determine if Charter Fiberlink utilized accurate subscriber counts in the Claim Forms submitted to the CPUC for reimbursement during the audit period.**

Procedures

- Requested and obtained all third-party administrator (TPA) Weighted Average Reports (WAR) for each month of the audit period of July 1, 2022 through June 30, 2023.
- For each data source, calculated the weighted average subscriber count by the attribute profile related to each reimbursement amount. Subscriber attributes include: service description, funding type, rate group, service type, tribal indicator, teletypewriter (TTY) indicator, and federal broadband standard indicator.
- Extracted the weighted average subscriber count from each Claim Form.
- Compared the weighted average subscriber counts, attribute profile, per the 1) WAR and 2) Claim Forms.

Conclusion: Objective met in all significant respects.

3. Determine if claimed administrative expenses were allowable in accordance with General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033, and other applicable California LifeLine Program's rules, regulations, and requirements.

Procedures

- Requested and obtained a schedule of administrative expenses claimed for reimbursement throughout each month of the audit period and related rationale for calculations.
- Determined that Charter Fiberlink claims reimbursement for administrative expense cost factor, which, per the California LifeLine Program policy, allows carriers to claim reimbursement for eligible expenses in the amount of \$0.03 per weighted average subscriber.
- Analyzed counts of monthly weighted average subscribers to verify that the requested reimbursement per subscriber did not exceed \$0.03 during any month during the audit period.

Conclusion: Objective met in all significant respects.

4. Determine if customers included in Claim Forms provided proof of eligibility.

Procedures

- Randomly selected a non-statistical sample of sixty (60) accounts. The population averaged 1,810 monthly subscribers during the 12-month audit period.
- Requested and obtained proof of California LifeLine Program eligibility.
- Reviewed proof of eligibility for each sampled account. If the subscriber was a first-time applicant, determined if proof exhibited participation in a qualifying public assistance program (e.g., Medi-Cal, Social Security Income, Women, Infants, and Children Program, etc.). If the subscriber was not a first-time applicant, determined if the Renewal Form included a self-certification of participation in a qualifying public assistance program.
- Reviewed and calculated the federal poverty threshold by household size, per the 2022 Federal Poverty Guidelines.
- For those first-time applicants using annual income to qualify for the program, determined that the customer's total annual gross income did not exceed 150% of the federal poverty threshold. If the subscriber was not a first-time applicant, determined that self-reported annual gross income did not exceed 150% of the federal poverty threshold.

Conclusion: Objective met in all significant respects.

5. Determine if California LifeLine discounts were accurately applied to customer accounts.

Procedures

- Randomly selected a non-statistical sample of sixty (60) accounts from the subscriber data. The monthly population averaged 1,810 subscribers.
- Requested invoices for the sampled accounts during the audit period to verify that benefit amounts claimed for reimbursement were related to active accounts and correctly applied to outstanding balances.

Conclusion: Objective not met in all significant respects. See Finding 1.

6. Determine if those customers who de-enrolled from the California LifeLine Program were removed from the Program in a timely manner.

Procedures

- Selected a non-statistical sample of 10 accounts from the subscriber data that de-enrolled from the California LifeLine Program. Accounts in this sample were randomly selected such that no more than one selection was derived from any particular month. De-enrolled accounts are a subset of the overall population that averaged 1,810 monthly subscribers during the 12-month audit period.
- Requested 1) the date of de-enrollment, 2) the reason for de-enrollment, and 3) the date in which program ineligibility was determined for the sampled accounts.
- Compared the date of de-enrollment to the date of program ineligibility, or the date in which de-enrollment from the program was otherwise determined to be necessary, to assess the timeliness of de-enrollment. For the purpose of this audit, Crowe defines timely as within 30 calendar days or by the end of the calendar month such that the customer was not included in the following month's claims form.

Conclusion: Objective met in all significant respects.

7. Determine if subscribers with duplicate addresses met the multiline consumer household eligibility.

Procedures

- Randomly selected a non-statistical sample of sixty (60) accounts from the subscriber data. The monthly population averaged 1,810 subscribers.
- Requested household worksheets for all 60 sampled accounts to verify that subscribers with duplicate address met the multiline consumer household eligibility.

Conclusion: Objective met in all significant respects.

Performance Audit Results

Our performance audit resulted in one (1) finding as presented. Findings include a recommendation to correct the issue, and are organized into the following six (6) components:

- *Condition* – includes the error observed based on facts revealed from the examination.
- *Criteria* – the basis for our evaluation; in this case a specific policy, procedure, or leading practice.
- *Cause* – the underlying reason for why the non-compliance or error occurred.
- *Effect* – the impact on the organization and/or the ratepayer from the error.
- *Recommendation* – a suggested action to correct the deficiency; or what can be done to address both the cause and condition.
- *Views of Responsible Officials* – an opportunity for the company to provide its response to the finding and/or recommendation.

Findings and recommendations from this performance audit are provided beginning on the next page. In **Exhibit 3** below we summarize each finding and related costs for prudence review.

Exhibit 3 Summary of Findings

Description of Finding	Questioned Costs
1. CA LifeLine Discounts Were not Applied or Were Under-Applied to Eligible Accounts	\$2,804.77
Total	\$2,804.77

Views of Responsible Officials

We discussed the audit results with Charter Fiberlink representatives at an exit conference held on 3/31/2025. At the exit conference, we stated that the final report will include the views of responsible officials.

Restricted Use

This audit report is intended solely for the information and use of Charter Fiberlink and the CPUC; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of the final audit report, which is a matter of public record and will be available on the CPUC website⁴.

⁴ <https://www.cpuc.ca.gov/about-cpuc/divisions/utility-audits-risk-and-compliance-division/utility-audits-branch/audit-reports-by-industry>

Finding #1 – CA LifeLine Discounts Were not Applied or Were Under-Applied to Eligible Accounts

Significant Deficiency and Noncompliance

Condition

Crowe randomly selected a non-statistical sample of 60 accounts that were active during the audit period. The monthly population averaged 1,810 subscribers. We requested invoices for the sampled accounts to determine that subscribers were active and received LifeLine discounts that accurately reduced their outstanding balances for services. We found the following:

1. Invoices were not provided for 4 of 60 sampled accounts.
2. LifeLine discounts were not applied to 14 of 56 remaining accounts where invoices were provided, totaling \$190.66 in related claimed reimbursements. If extrapolated across all months in which these sample accounts were eligible for the program and included in the TPA WAR, total claimed reimbursement not applied as LifeLine discounts would be \$1,846.21.
3. Crowe identified 22 instances, of the 56 accounts where invoices were provided, in which the amount requested for reimbursement exceeded the Lifeline discount issued to the customer, resulting in an under-application of the LifeLine discount of \$88.44.
 - a. For 10 instances, the amount requested for reimbursement was \$13.15 per subscriber and the amount issued to the subscriber was \$9.99. This generated an under-application of the LifeLine discount in the amount of \$3.16 per subscriber and \$31.60 in total.
 - b. For 12 instances, the amount requested for reimbursement was \$14.99 and the amount issued to the subscriber ranged between \$9.99 and \$13.15. This generated an under-application of the LifeLine discount in an amount ranging from \$1.84 to \$5.00 per subscriber and \$56.84 in total.
 - c. For each month during the audit period that the 22 exception accounts were included in the WAR, Crowe applied the dollar variance between the requested reimbursement amount and the LifeLine discount to assess the potential impact of under-applying LifeLine benefits in-full. This produced a total questioned cost of \$958.56.

Based on the questioned costs of \$1,846.21 and \$958.56 from parts 2 and 3c, respectively, total questioned costs are \$2,804.77. The associated interest penalty incurred is \$120.32⁵ as of January 24, 2025. CPUC's Communications Division (CD) will update the interest penalty amount as of the date of the remittance of the overclaimed LifeLine Funds.

Criteria

General Order (GO) 153 section 12.9 includes Carriers' record retention responsibilities for the LifeLine Program:

"Utilities shall retain all records related to a ULTS claim, including a true-up claim, for a period of five calendar years following the year in which the ULTS claim or true up claim is submitted, unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., record-retention requirements set forth in the uniform system of accounts). The records that utilities must retain for five calendar years include (i) customer certification and re-certification forms, (ii) ULTS Claim Forms and workpapers supporting the claim forms, and (iii) other documents and information on which the ULTS Claim Forms and workpapers are based."

General Order (GO) 153 section 9.2.1 includes the following regarding the recovery of reasonable costs that carriers incur to provide ULTS. The questioned cost related to Finding #1 is in excess of reasonable costs:

"A utility, regardless of whether or not it is an ETC, may recover from the ULTS Fund the reasonable

⁵ Interest penalty is calculated as the most recent daily AA financial three-month commercial paper rate, per the Federal Reserve, multiplied by the questioned costs.

costs and lost revenues that it incurs to provide ULTS to the extent that such costs and lost revenues meet all of the following criteria: (i) directly attributable to the ULTS program, (ii) would not otherwise be incurred in the absence of the ULTS program, (iii) not recovered from other sources, such as the rates and charges paid by ULTS customers, the utility's general rates, or subsidies from the federal Lifeline and Link Up programs, and (iv) specified in Sections 9.3 and 9.4 of this General Order...

GO 153, section 13.4, states, in part, that:

"California LifeLine Service Providers that promptly reimburse the California LifeLine Fund for an overpayment of California LifeLine claims found by a Commission audit shall pay interest on the amount of overpayment based on the Three-Month Commercial Paper Rate, unless there is malfeasance on the part of such entity, in which case the rate of interest shall depend on the law and circumstances existing at the time the malfeasance is discovered."

Cause

Charter Fiberlink was unable to locate and furnish invoices related to 4 sampled accounts. As a result, Crowe observed that Charter Fiberlink does not have policies and procedures in place that are sufficient enough to enable them to locate requested invoices, as in the case of an audit data request, and to ensure the appropriate retention of such invoices.

The absence of a LifeLine discount on 14 identified sampled invoices was initially thought to be due to the timing of the customer's enrollment in the system and lag within Charter Fiberlink's billing system. However, Charter Fiberlink was unable to provide invoices that included the discount at a later date, which indicates that the customer was not eligible for the program or Charter Fiberlink's billing system cannot properly display the LifeLine discount on all customer invoices.

Further, in relation to the 22 accounts that were found to have received a LifeLine discount in an amount lesser than the associated amount requested in reimbursement, Charter Fiberlink applied discounts based on the incorrect assignment of rate groups. Rate groups indicate the fee that a subscriber will be invoiced based on related services for which they sign up. A subscriber's rate group, in combination with other subscriber-specific attributes such as service type and funding type, is considered in determining the amount that a carrier may be reimbursed per subscriber. Although Charter Fiberlink requested reimbursements based on the accurate assignment of rate groups, subsequent discounts passed through to the referenced 22 subscribers were not. This resulted in discounts passed through to subscribers in amounts lesser than the related amounts requested for reimbursement.

Effect

Due to Charter Fiberlink's inability to locate and furnish invoices related to 4 sample accounts, Charter Fiberlink is unable to provide evidence that the associated customers received LifeLine benefits for which they are eligible. If LifeLine benefits were not passed-through to eligible customers, Charter Fiberlink may have over-claimed reimbursement.

The CA LifeLine benefit was not applied to 14 of the 56 accounts where invoices were provided as part of the sample. If extrapolated across all months in which these sampled accounts were eligible for the program and included in the TPA WAR, total claimed reimbursement not applied as LifeLine discounts would be \$1,846.21. Further, if this exception were extrapolated to the entire population during the audit period, the total questioned costs would be \$77,952.78. This assumes:

- an error rate of 25.0%, based on LifeLine discounts not applied to 14 of 56 sampled accounts where invoices were provided, assessed against the total population of 21,716.64 weighted average subscribers during the audit period.
- an average monthly claimed reimbursement of \$14.36 per weighted average subscriber, consistent with the exceptions noted in the sample population.

The interest penalty on the extrapolated amount would equal \$3,344.05 as of January 24, 2025.

Additionally, the CA LifeLine benefit was under-applied to 22 of 56 customer accounts where invoices were provided as part of the sample. If extrapolated across all months in which these sampled accounts were eligible for the program and included in the TPA WAR, total under-application of LifeLine discounts

would be \$958.56. Further, if this exception were extrapolated to the entire population during the audit period, the total questioned costs would be \$35,002.84. This assumes:

- an error rate of 39.3%, based on the under-application of LifeLine discounts to 22 of 56 sampled invoices, assessed against the total population of 21,716.64 weighted average subscribers.
- an average under-application of \$4.10 per weighted average subscriber, consistent with the exceptions noted in the sample population.

The interest penalty on the extrapolated amount would equal \$1,501.55 as of January 25, 2025.

Recommendation

Charter Fiberlink should develop and implement policies and procedures to comply with the requirements for records retention of customer invoices and the accurate application of LifeLine discounts to customer balances for services. LifeLine discount amounts may change on a monthly basis with changes to customer eligibility. As such, the review of discount eligibility and the accuracy of the calculation of discounts should be performed monthly to align with the frequency that the related Claim Forms are submitted for reimbursement. Charter Fiberlink should remit \$2,804.77 of overpaid LifeLine funds, plus the associated interest penalty, to the CPUC. Further, Charter Fiberlink should work with CPUC's CD to reimburse \$2,804.77 of overpaid LifeLine funds, in addition to the associated interest penalty, to the CPUC.

Views of Responsible Officials

Charter Fiberlink states the following regarding Finding #1:

"Finding #1 states that Charter Fiberlink: (1) did not produce certain requested invoices; (2) failed to apply Lifeline discounts to certain eligible customer accounts; and (3) under-applied Lifeline discounts to certain eligible customer accounts.

Since the Audit Period, Charter Fiberlink has developed and is currently implementing and operationalizing enhanced policies and procedures that address these findings. Specifically:

- We are developing automated processes to ensure that the California Lifeline Administrator's ("CLA") monthly snapshot of Lifeline subscribers aligns with Charter Fiberlink's billing data and system.
- We have reviewed the specific sample accounts referenced in Finding #1 and are taking corrective measures to ensure compliance with California Lifeline program rules.
- Internal policies and procedures are being refined to further improve the application of California Lifeline discounts and documentation retention processes.

Regarding the third item of Finding #1 (under-applied discounts), we note that, for the Audit Period:

- Charter Fiberlink does not have data that precisely correlates the Lifeline credit amount provided to each customer with the Lifeline reimbursement requests or amounts received for each customer.
- Additionally, we lack data from the California Public Utility Commission ("CPUC") that specifies reimbursement amounts for the sampled customers.

Despite these limitations, Charter Fiberlink is taking proactive measures to address this gap. Moving forward, we will:

- Implement a process to track and retain customer-specific reimbursement data to ensure alignment.
- Collaborate with the CPUC staff and the CLA to confirm that Lifeline credits and reimbursement requests align with program requirements.

Charter Fiberlink remains committed to full compliance with California Lifeline program requirements. Should there be any further questions or discussions required regarding the Draft Report, we are available to further meet and discuss with you to ensure that the above-mentioned points are reflected in the final report."

Appendix A – List of Records Examined

1. Third-Party Administrator (TPA) Weighted Average Reports (WAR).
2. California LifeLine Claim Forms submitted by Charter Fiberlink for reimbursement.
3. Written policies and procedures related to the Charter Fiberlink's California LifeLine Program administration.
4. California LifeLine Program customer applications.
5. Customer proof of eligibility documents.
6. Customer household worksheets.
7. Customer de-enrollment records.
8. Customer invoices.
9. General Order (GO) 153 Sections 5 and 9, Public Utilities Code Section 878, Decision (D.) 14-01-036 and D.10-11-033.

Appendix B – Views of Responsible Officials



Michael R. Moore
GVP Law – Telephone Regulatory
12405 Powerscourt Drive
Saint Louis, MO 63131
314-394-9007 (Office)

April 14, 2025

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Suite 1400
Sacramento, CA 95814-4498

RE: Response of Charter Fiberlink CA-CCO, LLC (Charter Fiberlink) to Performance Audit of Charter Fiberlink LLC California LifeLine Program Draft Report

To whom it may concern:

Charter Fiberlink CA-CCO, LLC ("Charter Fiberlink") appreciates the opportunity to address Finding #1 of the draft report titled Performance Audit of Charter Fiberlink LLC California LifeLine Program ("Draft Report").¹

For the period of July 1, 2022 to June 30, 2023, (the "Audit Period") the auditors evaluated seven objectives. Charter Fiberlink met five of these objectives in all significant respects. However, as set out in Finding #1, the audit identified deficiencies in two objectives:

1. Internal controls over operations related to Charter Fiberlink's administration of the California LifeLine Program (Objective 1); and
2. Accurate application of LifeLine discounts to customer accounts (Objective 5).

Finding #1 states that Charter Fiberlink: (1) did not produce certain requested invoices; (2) failed to apply Lifeline discounts to certain eligible customer accounts; and (3) under-applied Lifeline discounts to certain eligible customer accounts.

Since the Audit Period, Charter Fiberlink has developed and is currently implementing and operationalizing enhanced policies and procedures that address these findings. Specifically:

- We are developing automated processes to ensure that the California LifeLine Administrator's ("CLA") monthly snapshot of LifeLine subscribers aligns with Charter Fiberlink's billing data and system.

¹ The Draft Report references "Charter Fiberlink LLC" several times and appears to mistakenly imply that Charter Fiberlink LLC is the entity that received California LifeLine support for the Audit Period and the subject of the audit. Charter Fiberlink CA-CCO, LLC is the correct name of the entity that participated in the California LifeLine program during the Audit Period and is the subject of the audit.

**Michael R. Moore**

GVP Law – Telephone Regulatory
12405 Powerscourt Drive
Saint Louis, MO 63131
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April 14, 2025

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- We have reviewed the specific sample accounts referenced in Finding #1 and are taking corrective measures to ensure compliance with California LifeLine program rules.
- Internal policies and procedures are being refined to further improve the application of California LifeLine discounts and documentation retention processes.

Regarding the third item of Finding #1 (under-applied discounts), we note that, for the Audit Period:

- Charter Fiberlink does not have data that precisely correlates the LifeLine credit amount provided to each customer with the LifeLine reimbursement requests or amounts received for each customer.
- Additionally, we lack data from the California Public Utility Commission ("CPUC") that specifies reimbursement amounts for the sampled customers.

Despite these limitations, Charter Fiberlink is taking proactive measures to address this gap. Moving forward, we will:

- Implement a process to track and retain customer-specific reimbursement data to ensure alignment.
- Collaborate with the CPUC staff and the CLA to confirm that LifeLine credits and reimbursement requests align with program requirements.

Charter Fiberlink remains committed to full compliance with California LifeLine program requirements. Should there be any further questions or discussions required regarding the Draft Report, we are available to further meet and discuss with you to ensure that the above-mentioned points are reflected in the final report.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Moore", with a long, sweeping horizontal line extending to the right.

Michael R. Moore
Group Vice President – Telephone Regulatory