

# Performance Audit of Time Warner Cable Information Services California LifeLine Program

February 8, 2024





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February 8, 2024

Tiffany West Smink, VP Law, Telephone Regulatory  
Time Warner Cable Information Services (California), LLC

Dear Ms. Smink:

**Final Report Transmittal Letter - Audit of Time Warner Cable Information Services' California LifeLine Program for the period of July 1, 2020, through June 30, 2021**

Crowe LLP (Crowe) was contracted by the California Public Utilities Commission (CPUC) to conduct a performance audit of Time Warner Cable Information Services (TWCIS), 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, 2020 through June 30, 2021.

The results of our tests indicated that TWCIS did not meet Objectives 1, 5, and 7 in all significant respects for the period of July 1, 2020 through June 30, 2021. TWCIS met Objectives 2, 3, 4 and 6 in all significant respects. We identified two findings on pages eleven (11) through fifteen (15). The final audit report will be available on the CPUC website<sup>1</sup>.

Sincerely,

A handwritten signature in blue ink that reads "Bert Nuehring".

Bert Nuehring, Partner  
Crowe LLP

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<sup>1</sup> <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

Independent Auditor's Report Crowe LLP (Crowe) conducted a performance audit of Time Warner Cable Information Services (TWCIS), 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, 2020 through June 30, 2021. The objectives of the audit are described on pages eight (8) through ten (10) and evaluate whether TWCIS's claims from the California LifeLine Fund for fiscal year 2020-21 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 on pages 7 through 9 of this report.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of TWCIS 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 assurance on the internal control.

The results of our tests indicated that TWCIS did not meet Objectives 1, 5, and 7 in all significant respects for the period of July 1, 2020 through June 30, 2021. TWCIS met Objectives 2, 3, 4 and 6 in all significant respects.

*Crowe LLP*

Crowe LLP  
Sacramento, CA  
February 8, 2024

# Executive Summary

Crowe LLP (Crowe) conducted a performance audit of TWCIS 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 TWCIS’s claims from the California LifeLine Fund for the period of July 1, 2020 through June 30, 2021 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 on pages eight (8) through ten (10) 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 two (2) findings, which are 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 finding are presented on pages eleven (11) through fifteen (15) 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 <sup>2</sup>	Audit Objective Impacted
1. CA LifeLine Discounts Were not Applied to All Eligible Accounts	<i>Significant Deficiency and Noncompliance</i>	1, 5
2. Insufficient documentation was provided to determine whether no more than one LifeLine discount was awarded per household.	<i>Significant Deficiency and Noncompliance</i>	1, 7

<sup>2</sup> 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.

## 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, 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)
- TANF, California Work Opportunity and Responsibility to Kids (CalWORKs), Stanislaus Work Opportunity and Responsibility to Kids (Stan Works), Welfare-to-Work (WTW), or 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. 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)<sup>3</sup> per each eligible subscriber claimed, LifeLine non-recurring charges, applicable taxes/surcharges, interest, and administrative costs as set forth in GO 153.

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<sup>3</sup> The rate that Service Providers use to compute and file claims for reimbursement.

Time Warner Cable Information Services

TWCIS claimed and was reimbursed a total of \$1,117,198 in subsidy from the California LifeLine Fund during the audit period of July 1, 2020 through June 30, 2021. Monthly subscribers averaged 10,671 per month. **Exhibit 2** provides service recovery expense categories and amounts claimed for reimbursement for the audit period.

**Exhibit 2****Time Warner Cable Information Services****Subsidy Amounts Claimed via Monthly Claim Forms****California LifeLine Program Reimbursement, by Expense Category****(July 1, 2020 to June 30, 2021)**

Expense Category	Expense Amount Claimed
1. Allowable SSA for Flat Rate Service	\$676,499
2. Allowable SSA for Flat Rate Service, California-only Eligibility	\$403,093
3. Allowable SSA for Flat Rate Service, Do Not Meet Federal Broadband Standards	\$33,765
4. Administrative Expense Recovery	\$3,841
<b>Total</b>	<b>\$1,117,198</b>

## 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 TWCIS 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 reviewed policies and procedures to understand TWCIS's use of supporting information systems. We conducted an internal controls assessment to obtain an understanding of TWCIS'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 TWCIS's claims from the California LifeLine Fund for fiscal year 2020-21 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 TWCIS 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 controls were operating effectively through our sampling and detailed testing in Objectives 2 through 7. The sample selection was comprised of a random selection of sixty customer accounts such that 5 accounts were randomly selected from each of the 12 months of the audit period. The monthly population averaged 10,671 subscribers.

*Conclusion: Objective not met in all significant respects. See Findings 1 and 2.*

#### **2. Determine if TWCIS 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, 2020 through June 30, 2021.
- For each data source, calculated the weighted average subscriber count by two funding types: (1) California-only and (2) Federal & California.
- Extracted the weighted average subscriber count from each Claim Form.
- Compared the weighted average subscriber counts, by funding type, 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 and rationale for calculations.
- Determined that TWCIS claims the administrative expense cost factor, which, per the California LifeLine Program policy, allows carriers to claim \$0.03 per weighted average subscriber.
- Analyzed counts of monthly weighted average subscribers to verify that the requested reimbursement per subscriber equaled \$0.03.
- Reviewed GO 153, section 8.4 to establish which types of expenses are considered allowable for reimbursement.
- Confirmed all expenses included in requests for reimbursement did not fit the description of any unallowable expense claims as described in GO 153, section 8.4.

*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 10,671 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 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 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 2021 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 10,671 subscribers.
- Requested invoices for the sampled accounts during the audit period.
- Of the sixty (60) sample invoices requested, four (4) invoices were not provided. Exception noted.
- Reviewed invoices to determine that discounts related to the California LifeLine Plan were calculated accurately.
- Reviewed each invoice that was provided to determine that discounts related to the California LifeLine Plan were applied accurately and properly netted against the California LifeLine Plan charge. Of the fifty-six (56) invoices provided, eleven (11) invoices were provided that did not display a LifeLine discount and two (2) invoices were provided that displayed a LifeLine discount applied against \$0 in gross billings for voice services. Exceptions noted.

- Matched subscriber profiles across the attributes of (1) funding type, (2) service group, (3) TTY indicator, (4) tribal lands indicator, and (5) rate group to those subscribers contained in the Claim Forms submitted to the CPUC for reimbursement. Determined that LifeLine discounts displayed on customer invoices varied, but did not exceed in total, from the rates provided in the SSA and Claim Forms. However, TWCIS claimed the appropriate reimbursement amount on Claim Forms and thus did not overstate claims to-be reimbursed by CPUC.

*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***

- Judgmentally 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 10,671 monthly subscribers during the 12-month audit period.
- Requested proof of program de-enrollment for the sampled accounts.
- Crowe determined that, by comparing the de-enrollment request date to the de-enrollment date, all sampled de-enrollees were removed in a timely manner.

*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 10,671 subscribers.
- For first-time applicants in the sample, requested Household Worksheets.
- Reviewed Household Worksheets to determine if customers certified that there were multiple households at the service address.
- TWCIS did not provide a household worksheet for 22 of the 42 first-time applicant forms. Exception noted.
- For the 20 household worksheets provided, no exceptions were noted.

*Conclusion: Objective not met in all significant respects. See Finding 2.*

# Performance Audit Results

Our performance audit resulted in two (2) findings as presented. Findings include a recommendation to correct the issue, and is 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.
- *Management Response* – 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 to All Eligible Accounts	\$549.72
2. Insufficient documentation was provided to determine whether no more than one LifeLine discount was awarded per household.	N/A
<b>Total</b>	<b>\$549.72</b>

### Views of Responsible Officials

We discussed the audit results with TWCIS representatives at an exit conference held on December 21, 2023. 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 TWCIS 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 website<sup>4</sup>.

<sup>4</sup> <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 to All 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 10,671 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 voice services. We found the following:

1. Invoices were not provided for 4 of 60 sample accounts.
2. CA LifeLine discounts were not applied on 11 of 56 invoices that were provided totaling \$49.71 in claimed reimbursements that were not applied properly. Total claimed reimbursement not applied properly for all months in which these sample accounts were eligible for the program and included in the TPA WAR was \$549.72.
3. LifeLine discounts were applied against \$0 in billings on 2 of 56 invoices that were provided, which resulted in a customer credit.

Based on the total questioned costs of \$549.72, the associated interest penalty incurred is \$29.90 as of November 22, 2023. CPUC's Communication 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.

Section 12.9 states the following regarding carriers' responsibility to retain all records related to a claim: *"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."*

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**

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

#### **Effect**

The CA LifeLine benefit was not applied properly to eleven eligible customer accounts identified as part of the sample. TWCIS did not properly apply a total of \$549.72 in CA LifeLine discounts to the eleven customer accounts for the audit period.

If the finding was to be extrapolated to the entire population, the total questioned costs for this finding would be \$104,537.24. This assumes an error rate of 19.6% (based on underpayment to 11 of 56 of the

sampled accounts) or 2,092 accounts per month (based on an average of 10,671 accounts per month) and an average annual benefit of \$49.97 (based on underpayment to the 11 of 56 sampled accounts). The interest penalty on the extrapolated amount would equal 5,685.92 as of November 22, 2023.

**Recommendation**

TWCIS 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 voice services. Specifically, 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.

Further, TWCIS should remit \$549.72 of overpaid LifeLine funds and associated interest penalty to the CPUC, and work with CPUC's CD to reimburse the appropriate amount.

**Management Response**

Pages 11-12 of the Draft Report describe the audit's finding regarding the application of California LifeLine discounts to certain accounts. TWCIS has requested the specific sample accounts referenced in the Draft Report and will take steps to ensure that those accounts are being handled correctly and in accord with California LifeLine program rules. Additionally, TWCIS is working to automate the process of ensuring the California LifeLine Administrator's ("CLA") monthly snapshot of LifeLine subscribers is consistent with the data in its billing system. Further, TWCIS is reviewing the company policies and procedures to identify any further improvements to the processes for submitting reimbursement claims and providing California LifeLine discounts to eligible customers. TWCIS believes that these measures will resolve the concerns presented in Finding #1 and help ensure TWCIS's full compliance with the applicable rules.

## Finding #2 – Insufficient documentation was provided to determine whether no more than one LifeLine discount was awarded per household.

### *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 10,671 subscribers. We requested household worksheets for the 42 first-time applicants within the sample to determine that no more than one subscriber per household receives a LifeLine discount. We found that household worksheets were not provided for 22 of 42 first-time applicants in the sample.

#### **Criteria**

California Public Utilities Code 878 Section (a) states the following regarding a maximum of one lifeline subscription per household: “A lifeline telephone service subscriber shall be provided with one lifeline subscription, as defined by the commission, at the subscriber’s principal place of residence, and no other member of that subscriber’s family or household who maintains residence at that place is eligible for lifeline telephone service.” GO 153 section 2.29 defines a Household as any individual or group of individuals who are living together as one economic unit in the same residence.

FCC’s DA-14-785, states, in part, that:

*The FCC granted a waiver of sections 54.407(d), 54.410(c) that governs the requirements for LifeLine administrators to provide LifeLine subscriber certification forms to ETCs and for ETCs to obtain such forms prior to seeking reimbursement from the federal universal fund.*

47 Code of Federal Regulations (CFR) sections 54.407(d), 54.410(c) state, in part, that:

*(d) In order to receive universal service support reimbursement, an officer of each eligible telecommunications carrier must certify, as part of each request for reimbursement, that:*

- (1) The eligible telecommunications carrier is in compliance with all of the rules in this subpart;*
- (2) The eligible telecommunications carrier has obtained valid certification and recertification forms to the extent required under this subpart for each of the subscribers for whom it is seeking reimbursement.*

*(c) An eligible telecommunications carrier must securely retain all information and documentation provided by the state Lifeline administrator or other state agency consistent with § 54.417.*

#### **Cause**

TWCIS stated that household worksheets were not obtained due to no prior LifeLine benefit activity at the service address. However, no supporting documentation was provided and a determination of this claim could not be determined by Crowe. Further, TWCIS provided household worksheets for the remaining 20 of the 42 first-time applicants who would not have had prior LifeLine benefit activity at their service address.

#### **Effect**

TWCIS is not able to properly verify that no more than one subscriber per household receives LifeLine benefits. This may result in in-eligible persons receiving CA LifeLine benefits.

#### **Recommendation**

TWCIS should implement a process to identify high risk applicants (e.g., a single address tied to multiple customer accounts) and conduct steps to validate eligibility. In particular, TWCIS should ensure all subscribers tied to duplicate addresses complete household worksheets. If these are submitted to the TPA, TWCIS should obtain and review the household worksheets from the TPA to ensure the subscribers meet eligibility requirements. This should include an assessment of renewals, as program eligibility can change year-over-year.

### **Management Response**

Page 13 of the Draft Report describes the audit's finding regarding the verification process to ensure that there is no more than one California LifeLine discount awarded per household. However, the finding appears to misconstrue the use of the household worksheet ("Household Worksheet") in the California LifeLine initial eligibility determination process.

Under General Order ("G.O.") 153, it is the CLA, not TWCIS, that is tasked with "qualify[ing] new Applicants and ... verify[ing] the continued eligibility of existing California LifeLine Subscribers."<sup>5</sup> As a part of its duties, the CLA is responsible for furnishing the relevant applications and forms and conducting all necessary reviews to determine the eligibility of prospective subscribers.<sup>6</sup> One of the CLA's obligations is to determine if there are multiple California LifeLine participants in one household and at one address.<sup>7</sup> Based on our understanding of CLA's procedures, when the CLA processes an enrollment request, if it determines that there may be an existing California LifeLine subscriber associated with applicant's service address, then it will send the applicant in question a Household Worksheet to evaluate the household's compliance with the one-per-household requirement.<sup>8</sup> To be clear, it is only necessary for a LifeLine applicant to complete a Household Worksheet if there is already an active LifeLine subscriber at the same service address. If there is no active LifeLine subscriber at the applicant's service address, then no Household Worksheet needs to be completed. As a result, the absence of a Household Worksheet for any given LifeLine customer is not, standing alone, evidence of non-compliance with California LifeLine Program rules. Instead, it can simply be a reflection of an initial determination by the CLA that there was no active LifeLine subscriber at the applicant's address, and thus no Household worksheet was required for that applicant.

Further, the Household Worksheet is issued, received, and evaluated by the CLA,<sup>9</sup> and TWCIS is not empowered to "obtain and review" the Household Worksheet during the eligibility determination process as the Finding suggests. Such a Finding would appear to override CLA's role in the eligibility determination process. Only after the CLA makes its eligibility determination, does the California LifeLine enrollment process return to TWCIS.<sup>10</sup>

Therefore, Finding #2 and the related recommendations should be removed from the Draft Report or, at a minimum, corrected to reflect that the CLA is the entity tasked with identifying duplicate households, administering household worksheets, and assessing the eligibility of California LifeLine participants, including compliance with the one-per-household rule.

TWCIS appreciates this opportunity to confirm its compliance with California LifeLine requirements, and it is available to further meet and discuss the audit with you to ensure that the above-mentioned points are reflected in the final report.

### **Crowe Rebuttal**

Crowe agrees with TWCIS that the CA LifeLine Third Party Administrator (TPA) is the entity tasked with identifying duplicate households, administering household worksheets, and assessing the eligibility of California LifeLine participants, including compliance with the one-per-household rule. However, pursuant to 47 CFR section 54.410 (c), 54.407 (d) and 54.417 carriers are required to request all application and certification information from the CA Lifeline administrator or TPA and retain the information in their files as noted in the Criteria section of this finding.

<sup>5</sup> General Order ("G.O.") 153, § 6.1.1; see also § 2.10 (defining the CLA as a "third-party administrator designated by the Commission to qualify Applicants and verify the continued eligibility of Subscribers.").

<sup>6</sup> See *id.* at § 6.1.1; § 6.1.1.1 (requiring the CLA to furnish forms and instructions to customers in their language of sale),

<sup>7</sup> See *id.* at § 5.4.2.4 (setting forth the requirements for the LifeLine eligibility application, including a provision regarding one LifeLine service per household).

<sup>8</sup> A sample form can be found on the California LifeLine website: [https://www.californialifeline.com/assets/pdf/English/EN\\_I EH.pdf](https://www.californialifeline.com/assets/pdf/English/EN_I EH.pdf).

<sup>9</sup> 5 See *id.* (setting forth the instructions for completing the form).

<sup>10</sup> 6 See G.O. 153, § 6.4 ("The California LifeLine Administrator shall notify California LifeLine Applicants and Subscribers in writing of the final decision of their California LifeLine eligibility"); see also §§ 4.2.1.2.1.1, 4.2.1.2.2.1 (setting forth the responsibilities of LifeLine service providers in the application process, which include instructing prospective customers regarding the need to complete forms and provide documentation, but not that providers review the forms themselves).

## Appendix A – List of Records Examined

1. Third-Party Administrator (TPA) Weighted Average Reports (WAR).
2. California LifeLine Claim Forms submitted by TWCIS for reimbursement.
3. Written policies and procedures related to the TWCIS's California LifeLine Program administration.
4. Invoices/billings/statements to customers.
5. California LifeLine Program customer applications.
6. Customer proof of eligibility documents.
7. Customer Household Worksheets.
8. 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 – Management Response



**MICHAEL R. MOORE**

Group Vice President Law -  
Telephone Regulatory

January 19, 2024

Crowe LLP  
400 Capitol Mall  
Suite 1400  
Sacramento, CA 95814-4498

**Re: Time Warner Cable Information Services (California), LLC's Response to the Performance Audit of Time Warner Cable Information Services – California LifeLine Program Draft Report**

To whom it may concern:

Time Warner Cable Information Services (California), LLC ("TWCIS") seeks to address the draft report titled *Performance Audit of Time Warner Cable Information Services – California LifeLine Program* ("Draft Report"). TWCIS has identified certain issues regarding how the Draft Report describes TWCIS and its operations, and requests that the final report correct those deficiencies. Charter addresses each of these issues as follows:

### 1. Identification of the Correct Entity

On Page 5, the Draft Report references "Charter Communications, Inc." several times and appears to mistakenly imply that Charter Communications, Inc. is the fictitious business name for TWCIS. However, TWCIS and Charter Communications, Inc. are not the same entity but rather Charter Communications Inc. is the ultimate parent company to TWCIS. Charter Communications, Inc. does not provide voice service or participate in California LifeLine program nor was it the subject of the audit, but rather TWCIS was the focus of the audit. Discussion of Charter Communications, Inc. or any of TWCIS's affiliates in the Draft Report is extraneous to the performance audit. Therefore, the Draft Report should be revised to remove all discussion of TWCIS's parent company and affiliates from the Draft Report, including the following instances:

- Page 3: Crowe LLP (Crowe) conducted a performance audit of Time Warner Cable Information Services ~~(California), LLC, dba Charter Communications, Inc.~~ (Charter), in accordance with...

- Page 5:

~~Charter Communications, Inc.~~

~~*Charter Communications, Inc. (Charter) is the fifth largest telephone provider of residential lines in America. Charter provides data and internet, voice, digital cable, and other services to thirty two million customers across 41 states through its Spectrum*~~

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~~branded services. Charter was established in 1993 and maintains a headquarters in Stamford, Connecticut.~~

*Exhibit 2*

~~Charter Communications, Inc.~~

## **2. Finding #1 (Application of Discounts)**

Pages 11-12 of the Draft Report describe the audit's finding regarding the application of California LifeLine discounts to certain accounts. TWCIS has requested the specific sample accounts referenced in the Draft Report and will take steps to ensure that those accounts are being handled correctly and in accord with California LifeLine program rules. Additionally, TWCIS is working to automate the process of ensuring the California LifeLine Administrator's ("CLA") monthly snapshot of LifeLine subscribers is consistent with the data in its billing system. Further, TWCIS is reviewing the company policies and procedures to identify any further improvements to the processes for submitting reimbursement claims and providing California LifeLine discounts to eligible customers. TWCIS believes that these measures will resolve the concerns presented in Finding #1 and help ensure TWCIS's full compliance with the applicable rules.

## **3. Finding #2 (One-Per-Household Verification)**

Page 13 of the Draft Report describes the audit's finding regarding the verification process to ensure that there is no more than one California LifeLine discount awarded per household. However, the finding appears to misconstrue the use of the household worksheet ("Household Worksheet") in the California LifeLine initial eligibility determination process.

Under General Order ("G.O.") 153, it is the CLA, not TWCIS, that is tasked with "qualify[ing] new Applicants and ... verify[ing] the continued eligibility of existing California LifeLine Subscribers."<sup>1</sup> As a part of its duties, the CLA is responsible for furnishing the relevant applications and forms and conducting all necessary reviews to determine the eligibility of prospective subscribers.<sup>2</sup> One of the CLA's obligations is to determine if there are multiple California LifeLine participants in one household and at one address.<sup>3</sup> Based on our understanding of CLA's procedures, when the CLA processes an enrollment request, if it determines that there may be an existing California LifeLine subscriber associated with applicant's service address, then it will send the applicant in question a Household Worksheet to evaluate the household's compliance with the one-per-household requirement.<sup>4</sup> To be clear, it is only necessary for a

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<sup>1</sup> General Order ("G.O.") 153, § 6.1.1; *see also* § 2.10 (defining the CLA as a "third-party administrator designated by the Commission to qualify Applicants and verify the continued eligibility of Subscribers.").

<sup>2</sup> *See id.* at § 6.1.1; § 6.1.1.1 (requiring the CLA to furnish forms and instructions to customers in their language of sale),

<sup>3</sup> *See id.* at § 5.4.2.4 (setting forth the requirements for the LifeLine eligibility application, including a provision regarding one LifeLine service per household).

<sup>4</sup> A sample form can be found on the California LifeLine website:  
[https://www.californialifeline.com/assets/pdf/English/EN\\_IJH.pdf](https://www.californialifeline.com/assets/pdf/English/EN_IJH.pdf).

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LifeLine applicant to complete a Household Worksheet if there is already an active LifeLine subscriber at the same service address. If there is no active LifeLine subscriber at the applicant's service address, then no Household Worksheet needs to be completed. As a result, the absence of a Household Worksheet for any given LifeLine customer is not, standing alone, evidence of non-compliance with California LifeLine Program rules. Instead, it can simply be a reflection of an initial determination by the CLA that there was no active LifeLine subscriber at the applicant's address, and thus no Household worksheet was required for that applicant.

Further, the Household Worksheet is issued, received, and evaluated by the CLA,<sup>5</sup> and TWCIS is not empowered to "obtain and review" the Household Worksheet during the eligibility determination process as the Finding suggests. Such a Finding would appear to override CLA's role in the eligibility determination process. Only after the CLA makes its eligibility determination, does the California LifeLine enrollment process return to TWCIS.<sup>6</sup>

Therefore, Finding #2 and the related recommendations should be removed from the Draft Report or, at a minimum, corrected to reflect that the CLA is the entity tasked with identifying duplicate households, administering household worksheets, and assessing the eligibility of California LifeLine participants, including compliance with the one-per-household rule.

TWCIS appreciates this opportunity to confirm its compliance with California LifeLine requirements, and it is available to further meet and discuss the audit with you to ensure that the above-mentioned points are reflected in the final report.

Sincerely,

/s/ Michael R. Moore

Michael R. Moore  
Group Vice President, Law – Telephone Regulatory  
Charter Communications

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<sup>5</sup> See *id.* (setting forth the instructions for completing the form).

<sup>6</sup> See G.O. 153, § 6.4 ("The California LifeLine Administrator shall notify California LifeLine Applicants and Subscribers in writing of the final decision of their California LifeLine eligibility"); see also §§ 4.2.1.2.1.1, 4.2.1.2.2.1 (setting forth the responsibilities of LifeLine service providers in the application process, which include instructing prospective customers regarding the need to complete forms and provide documentation, but not that providers review the forms themselves).