

COMMISSIONERS:
ROD JOHNSON
CRYSTAL RHOADES
MARY RIDDER
TIM SCHRAM
DAN WATERMEIER



[Date]

[Regulatory Contact]
[Name of Company], [NE Code]
[Address]
[City], [State] [Zip Code]

SENT VIA CERTIFIED MAIL AND ELECTRONIC MAIL TO [EMAIL]

NOTICE OF NEBRASKA UNIVERSAL SERVICE FUND PAYMENT AUDIT

Pursuant to Neb. Rev. Stat. § 86-324 and the Rules and Regulations of the Nebraska Universal Service Fund (NUSF), all information that a telecommunications company provides to the Nebraska Public Service Commission (Commission) for the purposes of calculating NUSF payments, must be independently audited. As set forth in 291 Neb. Admin. Code § 10-004.07:

“A telecommunications company that receives NUSF funding shall have an independent third party perform, and attest to the validity of, an audit pursuant to the requirements in this Rule.”

To review this rule in its entirety, please follow this link to the NUSF Rules and Regulations website:
https://psc.nebraska.gov/sites/psc.nebraska.gov/files/doc/rules_nusf.pdf

[NAME OF COMPANY] IS REQUIRED TO FILE A NEBRASKA UNIVERSAL SERVICE FUND (NUSF) PAYMENT AUDIT FOR CALENDAR YEAR 2021 DATA PERIOD. THE REQUIRED AUDIT IS DUE ON OR BEFORE DECEMBER 31, 2022.

Our records indicate [Name of Company] received NUSF funding in 2021, and therefore is required to submit an independent third-party audit to the Commission. The required audit must be performed at the cost of the carrier by an independent third-party certified public accountant and must use the agreed-upon procedures set forth in the Draft Report of Independent Public Accountants attached hereto.

Also attached hereto is a sample letter with attestation language that is acceptable to the Commission. The independent third-party certified public accountant that you have selected to conduct the agreed-upon procedures should complete the attestation letter and submit it to the Nebraska Universal Service Fund Director by November 1, 2022, in order for it to be reviewed for appropriateness, signed and returned to the independent third party, prior to commencement of the audit.

Thomas W. Golden, Executive Director
Public Service Commission

P.O. Box 94927 OFFICE 402-471-3101 FAX 402-471-0254
300 The Atrium, 1200 N Street CONSUMER HOTLINE 800-526-0017
Lincoln, Nebraska 68509

psc.nebraska.gov

The agreed upon procedures contains four sections. One or all sections of the agreed upon procedures may apply to your company, depending on the type(s) of NUSF support received by your company in 2021. Use the following guidelines to determine the sections that are applicable to your company and which requirements to submit to the Commission:

- All Recipients of High Cost Support – Complete Section A
- Rate of Return Recipients of High Cost Support – Complete Sections A and B
- Recipients of NTAP (Lifeline) Support – Complete Section C

Companies that submit an audit with exceptions in Section B must also file a revised EARN form, with applicable changes, to the **Commission with their final audit report and send an electronic copy of their revised EARN form to the department.** Failure to do so may result in administrative fines.

The independent third-party conducting this audit exam must be an auditing firm, an accounting firm, or a Certified Public Accountant (CPA) firm that does not perform, nor has been engaged to perform or assist with the preparation of the NUSF EARN form or the Lifeline/NTAP claims filing for the Company, and is not an affiliate or subsidiary of the Company.

Companies not in compliance with Commission Orders may be subject to an administrative fine, pursuant to Neb. Rev. Stat. § 75-156 which authorizes the Commission to assess fines in an amount up to \$10,000 per violation and up to \$2 million per year. Each day of non-compliance constitutes a separate violation. To avoid the potential assessment of a civil penalty, you must provide the required audit to the Commission by close of business on December 31, 2022.

Electronic copies of the attestation language and Sample Report of Independent Public can be found on the Commission's website at <https://psc.nebraska.gov/telecommunications/nebraska-universal-service-fund>. **All completed attestation letters, and final reports should be sent to: psc.nusf@nebraska.gov.**

Should you have further questions, please contact us at psc.nusf@nebraska.gov.

Sincerely,



Cullen Robbins, Director
Nebraska Universal Service Fund

CR/bz

Enclosures

[SAMPLE]

(Date)

Mr. Cullen Robbins, Director
Nebraska Universal Service Fund Department
Nebraska Public Service Commission
300 The Atrium, 1200 'N' Street
Lincoln, NE 68508

Dear Mr. Robbins:

In connection with the information provided to you by _____ **(Company Name)** (“the company”), as related to the NUSF payment for the period _____ **(First Day of Period)** through _____ **(Last Day of Period)** (“the audit period”) and to verify compliance with certain requirements to receive Nebraska Universal Service Fund (“NUSF”) funding for the company, we have been engaged by the company to perform the agreed-upon procedures enumerated in the Attachment to this letter.

We will perform this engagement and report our findings in accordance with attestation standards established by the American Institute of Certified Public Accountants. We have not been engaged to, and will not, perform an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accuracy of the information provided as related to the NUSF payment for the audit period for the company. Accordingly, we will not express such an opinion.

The procedures set forth in the Attachment to this letter have been agreed upon by the company and you. The purpose of this letter is to obtain agreement to the procedures and acknowledgement that the procedures are appropriate for the purposes of the Commission. The Commission acknowledges that we have no responsibility for verification of any underlying data. Consequently, we make no representation regarding the appropriateness of the procedures either for the purpose of this engagement or for any other purpose. If we were to perform additional procedures, other matters might come to our attention that would be reported to you.

We are required to be independent of **(Company Name)** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

If you accept responsibility for the appropriateness of the procedures enumerated in the Attachment to this letter for your purposes and wish to be named as a designated user of our report, please sign one copy of this letter in the space provided below and return it to us.

Sincerely,

(Name and Company Name of Examiner)

We accept responsibility for the appropriateness of the procedures enumerated in the Attachment to this letter for our purposes.

Nebraska Universal Service Fund, of the
Nebraska Public Service Commission

By:

Cullen Robbins, Director
Nebraska Universal Service Fund

Date

DRAFT

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To: _____ (Company Name) and the
Nebraska Public Service Commission

We have performed the procedures enumerated below, which were agreed to by _____ (Company Name) (“the company”) and the Nebraska Public Service Commission (“PSC”), together defined herein as the Specified Users, with respect to the accuracy of certain information provided to and/or used by the Nebraska Public Service Commission (“the Commission”) to determine Nebraska Universal Service Fund (“NUSF”) funding for the period _____ (First Day of Period) through _____ (Last Day of Period) (“the audit period”) for _____ the company.

The company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting in assessing the accuracy of the information provided in the monthly Worksheets for the audit period. The report may not be suitable for any other purpose. Additionally, the Nebraska Public Service Commission (“the Commission”) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

The findings below have been reported by type of NUSF funding received by the company, as applicable.

The procedures and the associated findings are as follows:

Section A – All Recipients of High Cost Support:

1. Obtain a list from the PSC of service rates and trace and agree all rates to the applicable supporting records of the company. Management of the company has represented to us that such rates were billed to customers during the audit period.

Findings:

2. Obtain and include with this report, a list from the company of all bundled service plans offered by the company and a detailed breakdown of how these revenues are allocated between each service element and rate element for each bundled service plan. Also, obtain and include with this report, a sample bill copy of each bundled service plan reviewed. Trace and agree these amounts to the billing records of the company.

Findings:

Section B – Rate of Return Recipients of High Cost Support:

1. Obtain copies from the company of the three year average EARN-Forms including underlying years that pertain to the audit period for the company. The EARN forms for this review should be the forms originally submitted to the PSC on or before the July 31st due date. Revised copies of the EARN form that were created after the July 31st due date should not be used in this review unless it has been discussed with and approved by the NUSF department.

Findings:

2. Verify the clerical accuracy of the Forms by recalculating all applicable amounts, rows and columns.

Findings:

3. Trace and agree all amounts included in columns “Total Company Form M,” “Other Excluded Services,” and “Other Adjustments” (if applicable). shown on the NUSF-EARN forms obtained in step 1 above, to the applicable data supporting records of the company. This should include the applicable state and federal tax rate amounts for each underlying year in addition to a review of all other relevant financial categories. Provide an explanation regarding the methodology used to trace the data included in Line 20a to the supporting records of the company. Management of the company has represented to us that such data was included in the consolidated financial statements of the company, which were audited by **(us or other independent accountants)**.

Findings:

4. Obtain and include with this report an explanation from management regarding any federal loan forgiveness granted during the audit period, including but not limited to loan forgiveness through the federal Paycheck Protection Program (PPP) and/or the COVID-19 Economic Injury Disaster Loan (EIDL) advance as provided by the Small Business Association (SBA). Specifically, management should describe the source of the loan, the original loan amount, the amount of loan forgiveness granted, and how any loan forgiveness amounts are being accounted for within the audit period.

Findings:

Section C – Recipients of Lifeline Support:

1. For data periods January 2021 through December 2021:
 - A. Obtain from the PSC a listing of monthly Nebraska Telephone Assistance Program (NTAP) payments made to the company, by customer account, during the audit period.

Findings:

- B. Verify all discounts were applied to customer accounts by comparing the information on the listing obtained in step 1 to the monthly billing records of the company.

Findings:

2. Obtain and include with this report, a list from company billing records showing Lifeline support discounts provided by customer ID for the audit period. The list should not include personal customer information, but should include customer ID, data year, data month, service type, tribal/non-tribal indicators, and discount rate. Please submit the list electronically to: psc.nusf@nebraska.gov, in XLS or XLSX format.

Findings:

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accuracy of the information provided for determination of NUSF funding for the audit period for the company. Accordingly, we will not express such an opinion or conclusion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **(Company Name)** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the Specified Users and should not be used by anyone other than these specified parties.

Signature of the practitioner's firm

Examiner's Name

Name of Company

Date of the practitioner's report