



# CALIFORNIA TELECONNECT FUND PERFORMANCE AUDIT

CVIN, LLC dba Vast Networks (U-7216-C)

July 1, 2022, through June 30, 2023

Utility Audits, Risk and Compliance Division  
Utility Audits Branch  
August 25, 2025



## **MEMBERS OF THE TEAM**

**Angie Williams, Director**

**Masha Vorobyova, Assistant Director**

**Sharmin Wellington, Program and Project Supervisor**

**Thong Thao, Lead**

**Cheryl Livingston, Staff**

**A digital copy of this report can be found at:**  
[Audit Reports by Industry \(ca.gov\)](#)

**You can contact our office at:**  
**California Public Utilities Commission**  
**Utility Audits, Risk and Compliance Division**  
**400 R Street, Suite 221**  
**Sacramento, CA 95811**

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Transmitted via e-mail

August 25, 2025

David Nelson, Chief Executive Officer  
CVIN, LLC dba Vast Networks  
7447 N. Palm Bluffs Avenue, Suite 105  
Fresno, CA 93711

Dear David Nelson:

**Final Report Transmittal Letter—Audit of CVIN, LLC dba Vast Networks’  
California Teleconnect Fund (CTF) Program for the Period of July 1, 2022, Through  
June 30, 2023**

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) has completed its audit of CVIN, LLC dba Vast Networks’ (Vast Networks) California Teleconnect Fund (CTF) program claims reported for the period of July 1, 2022, through June 30, 2023. The final audit report is enclosed.

UAB issued the draft audit report on July 23, 2025. Vast Networks did not provide a written response to the draft audit report; therefore, we are issuing the report as final. We will post the final audit report on our website at [Audit Reports by Industry \(ca.gov\)](https://www.cpuc.ca.gov/AuditReportsbyIndustry).

Please provide a Corrective Action Plan (CAP) addressing the finding and recommendations by October 9, 2025, within 45 calendar days from the issuance of this final audit report. The CAP should include specific steps and target dates to correct the finding identified. Please submit the CAP to the Utility Audits Branch at: [UtilityAudits@cpuc.ca.gov](mailto:UtilityAudits@cpuc.ca.gov).

We appreciate Vast Networks’ assistance and cooperation during the engagement, and its willingness to implement corrective actions. If you have any questions regarding this report, please contact Sharmin Wellington, Supervisor, at (916) 928-9838.

Sincerely,

*Angie Williams*

Angie Williams, Director  
Utility Audits, Risk and Compliance Division

cc: See next page

David Nelson  
Chief Executive Officer  
CVIN, LLC dba Vast Networks  
August 25, 2025  
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cc: Jan Dubiakova, Chief Financial Officer, Vast Networks  
Mike Stewart, Director of Marketing & Business Development, Vast Networks  
Rachel Peterson, Executive Director, CPUC  
Kristin Stauffacher, Deputy Executive Director, Office of the Commission, CPUC  
Ana Maria Johnson, Deputy Executive Director, Broadband and Communications,  
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Sharmin Wellington, Program and Project Supervisor, UAB, CPUC  
Thong Thao, Senior Management Auditor, UAB, CPUC  
Cheryl Livingston, Senior Management Auditor, UAB, CPUC

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## EXECUTIVE SUMMARY

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The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) conducted a performance audit of the California Teleconnect Fund (CTF) program's claims reported by CVIN, LLC dba Vast Networks for the audit period of July 1, 2022, through June 30, 2023.

Our audit objectives were to determine whether Vast Networks' claims from the CTF were accurate, properly supported, incurred for eligible participants, services, and activities; and whether Vast Networks applied the applicable CTF discount to eligible participants, in accordance with Public Utilities (PU) Code sections 280 and 884, CPUC Decision (D.) 96-10-066, D.15-07-007, and D.19-04-013, and other applicable CTF program's rules, regulations, and requirements.

Based on the procedures performed, samples tested, and evidence gathered, we found an instance of noncompliance with requirements for the audit period July 1, 2022, through June 30, 2023. This instance is described in the Finding and Recommendations section of this audit report. The audit finding is summarized as follows:

- **Finding: Overclaimed CTF Program Funds Totaling \$82,197 for Ineligible Participants**  
Vast Networks overclaimed \$82,197 from CTF for ineligible participants during the audit period due to claiming participants beyond the end of their eligibility period.

We issued a draft report on July 23, 2025. Vast Networks did not provide a written response to the draft audit report.



## AUDIT REPORT

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### Background

#### California Teleconnect Fund Program

The California Public Utilities Commission (CPUC) implemented the California Teleconnect Fund (CTF) in 1996 pursuant to Public Utilities (PU) Code section 280(a). CPUC D.96-10-066 created the CTF program to promote innovation in the delivery and use of advanced communication services, encourage the diversity of choices among services and providers, and ensure affordable and widespread access to California's broadband networks and technology. CTF program aims to bring every Californian direct access to advanced communication services in their local communities, particularly those with lower rates of internet adoption and greater financial need.

CTF program provides support for the cost of advanced communication services to approved participants, including schools, libraries, hospitals, health clinics, community colleges, 2-1-1 referral providers, and community-based organizations (CBOs). Participants receive a 50 percent discount on monthly recurring charges (MRC) of eligible services, such as Ethernet and Fiber Optics. CTF support is adjusted to account for federal E-rate program support for all participants in the following categories: Public Schools, Private Schools, Libraries, and approved Rural Health Care Program (RHCP) participants. The CTF discount is applied to the balance of eligible charges remaining after the federal E-rate and federal RHCP support is applied. Service providers apply the discount within participants' monthly bills, then submit claims for reimbursement to the CPUC Communications Division (CD). CTF program is funded by California ratepayers through a surcharge assessed on revenues collected by telecommunications companies for intrastate telecommunications' products and services or the number of active access lines that a telephone corporation operates in California<sup>1</sup>.

The CPUC's CD administers the CTF program in coordination with the CTF Administrative Committee. CD processes applications from entities requesting eligibility for the program, processes claims for reimbursement from carriers, prepares annual budgets, proposes changes to the surcharge, and performs other administration tasks. The CTF Administrative Committee advises CPUC regarding the development, implementation, and administration of the program.

#### CVIN, LLC dba Vast Networks

CVIN, LLC (CVIN) was organized in 1995 in California. CVIN is comprised of affiliates of several independent telephone companies located in Central and Northern California, offering a full line of network services to other telecommunications companies. In November 2017, CVIN submitted an advice letter informing CPUC that the company was conducting business under the name Vast Networks. CPUC approved the advice letter with an effective date of November 01, 2017.

Vast Networks claimed \$1,418,824 but was reimbursed \$1,405,929, due to CPUC's CD administering disallowances of \$395 in December 2022 and \$12,500 in January 2023, from CTF during the audit period of July 1, 2022, through June 30, 2023. Vast Networks had approximately 64 participants per month, of which some participants had services at multiple locations. Claims for reimbursement are summarized in Table 1 below:

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<sup>1</sup> Effective April 1, 2023, pursuant to D.22-10-021.

Table 1. Vast Networks' Claim Information During Audit Period

Claim Period	Claimed Amount	Reimbursed Amount	Variance
July 2022	\$ 95,775	\$ 95,775	\$ -
August 2022	96,910	96,910	-
September 2022	98,420	98,420	-
October 2022	116,192	116,192	-
November 2022	118,764	118,764	-
December 2022	126,293	125,898	(395)
January 2023	128,167	115,667	(12,500)
February 2023	127,270	127,270	-
March 2023	127,378	127,378	-
April 2023	132,138	132,138	-
May 2023	128,777	128,777	-
June 2023	122,740	122,740	-
Total	<u>\$ 1,418,824</u>	<u>\$ 1,405,929</u>	<u>\$ (12,895)</u>

## Audit Authority

UAB conducted this audit under the general authority outlined in the PU Code sections 270-274, 314.5, 314.6, 581, 582, and 584. UAB is authorized to verify the CTF program claims for the purposes of ensuring regulatory compliance of the CTF program.

## Objective and Scope

Our audit objectives were to determine whether Vast Networks' claims from the CTF were accurate, properly supported, incurred for eligible participants, services and activities; and to determine whether Vast Networks applied the applicable CTF discount to the eligible participants, in accordance with PU Code sections 280 and 884, CPUC D.96-10-066, D.15-07-007, and D.19-04-103, and other applicable CTF program's rules, regulations, and requirements.

The scope of our audit covered Vast Networks' claims from the CTF totaling \$1,418,824, for the audit period of July 1, 2022, through June 30, 2023.

## Methodology

In planning our audit, we gained an understanding of the CTF program and Vast Networks' operations and identified relevant criteria, by reviewing Vast Networks' policies and procedures, relevant PU Code sections, rules, regulations, CPUC decisions, resolutions, orders, directives, and interviewing Vast Networks' personnel.

We conducted a risk assessment, including evaluating whether Vast Networks' key internal controls relevant to our audit objectives were properly designed, implemented, and operating effectively. Our assessment included conducting interviews, observing processes or performing walkthroughs, and testing transactions. Deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.



Additionally, we assessed the reliability of the data extracted from Vast Networks' billing system. Our assessment included examining extracted reports, tracing data between differing report formats to verify completeness, and tracing report data to source documents. We determined the data to be sufficiently reliable to address the audit objectives.

We developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. To achieve our audit objectives, we did the following:

- Reviewed applicable PU Code sections, CPUC decisions and resolutions to gain an understanding of CTF program, including eligibility and the claim filing process.
- Reviewed Vast Networks' background information including its policies and procedures to gain an understanding of the nature of the utility and its responsibility over CTF program.
- Determined there were no prior audit reports significant to our audit objectives that required our follow-up.
- Assessed significance by performing analyses of reimbursement claims data and evaluating program requirements.
- Obtained an understanding of Vast Networks' key internal controls relevant to CTF program, such as reviewing its processes over reimbursement claims and participant billings and discounts, and assessed the design, implementation, and operating effectiveness of selected controls that are significant to the audit objectives by:
  - interviewing key personnel and administering an internal control questionnaire;
  - reviewing Vast Networks' policies and procedures, and specifically assessing the recording and reporting of CTF claims data;
  - performing walkthroughs of the reimbursement claims; and
  - tracing selected transactions to source documents.
- Conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- Selected November 2022 and April 2023 claims totaling \$118,764 and \$132,138, respectively; within these two months, haphazardly selected 20 unique participants out of approximately 64 total participants performed substantive testing procedures, as shown in Table 2 below:

Table 2. Vast Networks' Claims Selected for Testing

Months Selected	Claimed Amount	Percent of Total Claims	Participants Selected and Tested	Percent of Total Participants
November 2022	\$ 118,764	8.4%	19	29.7%
April 2023	132,138	9.3%	20	31.3%
Total Sampled	\$ 250,902	17.7%	20*	
Total Claimed**	<u>\$ 1,418,824</u>		<u>64</u>	

\* Haphazardly selected 20 of 64 unique participants but each month tested did not include all selected participants.

\*\* For the selected samples, errors found, if any, were not projected to the intended (total) population.

- For the selected months and participants, performed substantive testing procedures including the following:
  - Verifying claims were approved, accurately computed, and properly supported:
    - requested the E-rate supporting documentation for eligible participants to identify the approved federal discount amounts;
    - recalculated the total monthly CTF claimed amounts submitted to CPUC for reimbursement to verify the claimed amounts were accurate;
    - obtained the service order contracts for the selected participants to verify the MRC claimed amounts were accurate; and
    - recalculated the CTF amounts claimed for the selected participants to verify the claimed amounts were accurate.
  - Ensuring discounts (E-rate and CTF) were properly applied:
    - traced the approved E-rate support amount to the reimbursement claims to identify any disparity in the percentages; and
    - recalculated the CTF discount on the participants' billing invoices to verify that the correct discount was applied.
  - Ensuring adjustments were properly applied:
    - determined the service month the adjustment was correcting to verify the adjustment was applied to the correct service month;
    - obtained the participants' bills and service contracts to verify the correct MRC and CTF discount amount was applied; and
    - recalculated the adjustment amount to verify accuracy.

- Verifying eligible services and participants were claimed:
  - obtained and reviewed service provider's list of offered services to verify the services were CTF eligible;
  - compared the CPUC's CTF eligible services list to the participant's service types on the claims to determine only eligible services were claimed;
  - obtained and reviewed CPUC's CTF Participant Report to verify the participants were approved for the CTF program; and
  - verified the participants' eligibility start and end dates on the CTF Participant Report, to assess whether the participants were eligible for the CTF discount during the audit period.

We did not audit Vast Networks' financial statements. Our audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that Vast Networks' claims from the CTF were accurate, properly supported, incurred for eligible participants, services, and activities; and to determine whether Vast Networks applied the applicable CTF discount to eligible participants, in accordance with the applicable PU Code sections, CPUC decisions, and other applicable CTF program's rules, regulations, and requirements. We considered Vast Networks' internal controls only to the extent necessary to plan the audit and achieve our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Conclusion

Based on the procedures performed, samples tested, and evidence gathered, we found an instance of noncompliance with requirements for the audit period of July 1, 2022, through June 30, 2023. This instance is described in the Finding and Recommendations section of this audit report.

We also identified a deficiency in internal controls that is significant to the audit objectives and warrants the attention of Vast Networks' management. This deficiency is also described in the Finding and Recommendations section of this audit report.

## Follow-up on Prior Audit Findings

We have not previously conducted an audit of Vast Networks' CTF program claims within the last ten years. Furthermore, Vast Networks did not identify any prior engagements that are significant within the context of our audit objectives that would require us to determine if appropriate corrective actions have been taken to address potential findings and recommendations.

## Views of Responsible Officials

We issued a draft report on July 23, 2025. Vast Networks did not provide a written response to the draft audit report.

## Restricted Use

This audit report is intended solely for the information and use of Vast Networks and 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 this audit report, which is a matter of public record and will be available on the CPUC website at [Audit Reports by Industry \(ca.gov\)](#).

*Angie Williams*

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Angie Williams, Director  
Utility Audits, Risk and Compliance Division

## FINDING AND RECOMMENDATIONS

### Finding: Overclaimed CTF Program Funds Totaling \$82,197 for Ineligible Participants

#### Condition:

Vast Networks overclaimed \$82,197 from the CTF program for including ineligible participants in its reimbursement claims for the period of July 1, 2022, through June 30, 2023. Specifically, Vast Networks overclaimed \$72,197 for ineligible participant A whose eligibility ended September 1, 2022, but was claimed for the entire month of September through the end of May 2023. Additionally, Vast Networks overclaimed \$10,000 for ineligible participant B whose eligibility ended February 1, 2023, but was claimed for the entire month of February through the end of June 2023, as shown in Table 3 below:

Table 3. Participants Claimed Beyond Eligibility Date

Description of Errors	Number of Ineligible Months	Overclaimed Amount
Ineligible Participant A	9	\$ 72,197
Ineligible Participant B	5	10,000
Total*		<u>\$ 82,197</u>

\* CPUC's CD administered prior disallowances of \$395 in December 2022 and \$12,500 in January 2023, totaling \$12,895 for the audit period. These prior adjustments fall within the same months of ineligibility identified during this audit. It is unclear whether CD's prior adjustments relate to the overclaimed amounts outlined in Table 3 above.

#### Criteria:

CTF Service Provider Manual, version 4, states, in part, that:

#### Section 5.B.2

Verify the eligibility status of the participant and/or service address by referencing the CTF Participant Report. Within that report, refer to the Eligibility Start Date and Eligibility End Date to determine the periods during which a participant is/was eligible. Service providers can only apply CTF discounts to services provided on or after a participant's Eligibility Start Date and on or prior to the participant's Eligibility End Date.

#### Cause:

Vast Networks stated they inadvertently claimed ineligible participants due to human error. Vast Networks lacked adequate policies, procedures, and a review process to verify participants' CTF eligibility prior to filing the claim for reimbursement to ensure only eligible participants were claimed within the eligibility window.

#### Effect:

As the CTF program is funded by ratepayers, Vast Networks has the fiduciary duty to ensure that the funds are utilized as intended, for eligible participants. When the funds are used on ineligible

participants, the errors adversely affect availability of funds allocated to support local communities or other eligible participants.

**Recommendations:**

Vast Networks should:

- Strengthen its policies, procedures, and review processes to include routine participant eligibility checks by Vast Networks' staff to ensure only eligible participants are being claimed within their eligibility window, and to prevent overclaiming from the CTF.
- Remit \$82,197 for overclaimed CTF funds back to the CPUC by working with CPUC's CD to reimburse the appropriate amount with consideration of any prior adjustments that have been made by CD for Vast Networks overclaiming ineligible participants from the CTF program.