

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
 Thomas E. Wright
 Shari Feist Albrecht

In the Matter of the General Investigation to)
Determine the Assessment Rate for the Sixteenth) Docket No. 12-GIMT-168-GIT
Year of the Kansas Universal Service Fund,)
Effective March 1, 2012.)

ORDER ACCEPTING AND APPROVING GVNW SELECTION CRITERIA

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On June 27, 2013, GVNW Consulting, Inc. (GVNW), the Kansas Universal Service Fund (KUSF) Administrator, submitted its March 2012/February 2013 (KUSF Year 16) Selections for Carrier Reviews, Revised Selection Criteria and Audit Procedures. GVNW's transmittal letter dated June 26, 2013 identifies sixteen (16) carriers selected for review and states that these carriers account for approximately \$7.9 million of the total \$62.2 million KUSF Year 16 contribution base. GVNW states that it will begin preliminary audit work by contacting companies, preparing audit packets, including questionnaires and requests for information, etc., and commence actual audit work upon the Commission's issuance of orders directing it to do so. GVNW commits to completion of the reviews as expeditiously as possible, and to file the resulting audit reports no later than June 30, 2014. GVNW's Selection Criteria included in Attachment A to its submission contains the applicable selection criteria, modified to reflect the audit period data. GVNW indicates it has not made any changes to these criteria and proposes no changes. GVNW further indicates that the KUSF Carrier Review Procedures included in

Attachment B to its submission provide the proposed KUSF carrier audit plan, the procedures for which have been modified to reflect the audit period, and other minor clarifying changes.

2. On July 10, 2013, the Commission Staff (Staff) submitted its Report and Recommendation dated July 8, 2013, recommending the Commission accept the companies identified by GVNW for KUSF audits and open a separate docket for each carrier audit. Staff further recommends the Commission accept and approve Attachments A and B to GVNW's transmittal letter of June 26, 2013. In addition to responding to the content of GVNW's June 26 letter and Attachments, Staff provides a detailed history of the origin and conduct of annual KUSF Audits which were first opened in May 1999, as well as a discussion of the continuing administration of the KUSF. On September 29, 2011, the Commission opened Docket No. 12-GIMFT-168-GIT to address the KUSF assessment rate for the sixteenth operating year, effective March 1, 2012 through February 28, 2013 (KUSF Year 16). On January 24, 2012, the Commission issued an Order in Docket No. 12-GIMT-168-GIT setting the KUSF Year 16 assessment rate at 6.13%. In its analysis of GVNW's filing, Staff concludes that the sixteen carriers identified by GVNW for KUSF audits fall within the criteria for each relevant group. Staff confirms that the selection criteria included in GVNW's Attachment A remain unchanged from the prior year's KUSF audit, other than to reflect the applicable audit period. Staff further confirms that its review of Attachment B revealed only minor clarifying changes, including reflection of the correct audit period and KUSF Year 16 assessment rate. Staff recommends the Commission accept the companies identified by GVNW for KUSF audits and open a separate docket for each carrier audit. Staff also recommends the Commission accept Attachments A and B to GVNW's transmittal letter of June 26, 2013. Report and Recommendation at pages 1 and 2.

3. The Commission adopts Staff's analysis and recommendations of July 8, 2013, as stated in its Report and Recommendation, which is attached hereto and made a part hereof, and finds that GVNW's selection of companies identified for KUSF Year 16 audits should be approved and a separate docket opened for each KUSF audit. The Commission further finds that GVNW's Attachments A and B to its transmittal letter of June 26, 2013, containing carrier selection criteria and carrier audit review procedures, respectively, should be accepted and approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and approves GVNW Consulting, Inc.'s selection of the sixteen carriers identified by GVNW for KUSF Year 16 audits. A separate docket shall be opened for each KUSF audit. The Commission further accepts and approves Attachments A and B to GVNW's transmittal letter of June 26, 2013, containing carrier selection criteria and carrier audit review procedures, respectively.

B. A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing, and three (3) days shall be added to the above time frame.

C. The Commission retains jurisdiction over the subject matter of this Docket for the purpose of issuing such additional orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Dated: JUL 16 2013


ORDER MAILED JUL 16 2013

; Executive Director

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Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chairman Mark Sievers
Commissioner Thomas E. Wright
Commissioner Shari Feist Albrecht

FROM: Sandy Reams, Assistant Chief of Telecommunications
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: July 8, 2013

DATE SUBMITTED TO LEGAL: 7/9/13

DATE SUBMITTED TO COMMISSIONERS: 7/10/13

SUBJECT: Docket Number: 12-GIMT-168-GIT
In the Matter of A General Investigation to Determine the Assessment Rate for the Sixteenth Year of the Kansas Universal Service Fund, Effective March 1, 2012.

EXECUTIVE SUMMARY:

On June 27, 2013, the Commission received a letter from GVNW Consulting, Inc. (GVNW). GVNW's letter identifies sixteen companies that report and/or contribute to the Kansas Universal Service Fund (KUSF), which GVNW proposes be audited for KUSF Year 16 purposes. GVNW enclosed two attachments: Attachment A contains the criteria used to select the sixteen companies; and Attachment B includes the carrier audit review procedures GVNW proposes to use to perform the audits. GVNW states that it is not proposing any modifications to the selection criteria and that the proposed audit review procedure modifications are limited to changes that reflect the correct KUSF assessment rate, months within the audit period time, and other minor clarifying changes.

Staff recommends that the Commission accept the companies identified by GVNW for audits and open a separate docket for each carrier audit. Staff also recommends that the Commission accept the selection criteria and audit procedures attached to GVNW's letter.

BACKGROUND:

On September 29, 2011, the Commission opened Docket No. 12-GIMT-168-GIT to address the KUSF assessment rate for the sixteenth operating year, effective March 1, 2012, through February 28, 2013 (KUSF Year 16). On January 24, 2012, the Commission issued an Order setting the KUSF Year 16 assessment rate at 6.13%.

K.S.A. 66-2010(b)(1) states that the KUSF administrator is responsible for “[c]ollecting and auditing” the information submitted by companies receiving funds from, or contributing funds to, the KUSF.

On October 30, 1998, the Commission issued an Order addressing numerous KUSF-related issues, including the statutory requirements of the KUSF administrator.¹ The Commission determined that the statute was unambiguous and that the KUSF administrator must perform the carrier audits.

On October 14, 1999, the Commission adopted the National Exchange Carrier Association (NECA) audit report and recommendations.² The Commission determined it would continue to audit sixteen carriers per year, allow desk audits of companies that do not have any KUSF assessable revenues, and allow the audits to be conducted over a 12 month period.

The first carrier audit dockets were opened by the Commission in May 1999.

The Commission opens a separate audit docket for each company. In addition, the KUSF administrator submits an annual summary audit report that identifies the sixteen companies audited that year, a summary of the audit findings, and any audit selection criteria or procedure modifications proposed by the administrator.

On November 19, 2012, GVNW submitted the KUSF Year 14 annual Audit Report in Docket No. 10-GIMT-188-GIT.³ The KUSF Year 14 annual Audit Report did not include any recommendations to revise the KUSF carrier audit selection criteria or procedures, other than to recognize the Year 14 time period, assessment rate, and other minor clarifying language.

In a letter dated June 26, 2013, GVNW identified the sixteen carriers that it recommends be subject to audit for KUSF Year 16 purposes. Attachment A to the letter contains the criteria GVNW relied on to select the sixteen companies. Attachment B contains the carrier audit review procedures GVNW proposes to use to perform the audits. GVNW states that it is not proposing any modifications to Attachment A. GVNW modified Attachment B to reflect minor clarifying changes, including reflecting the correct audit period and KUSF assessment rate.

¹ *In the Matter of a General Investigation into Competition Within the Telecommunications Industry in the State of Kansas*, Docket 94-GIMT-478-GIT (Docket 94-478), October 30, 1998, Order. NECA was the initial KUSF Administrator.

² *Id.*, October 14, 1999, Order Accepting NECA's Final Audit Report and Recommendations.

³ *In the Matter of a General Investigation to Determine the Assessment Rate for the Fourteenth Year of the Kansas Universal Service Fund Effective March 1, 2010*, Docket No. 10-GIMT-188-GIT.

ANALYSIS:

Staff's review of GVNW's proposed audit selections indicates the carriers fall within the selection criteria for each relevant group. The selection criteria, contained in Attachment A, remain unchanged. The review of Attachment B indicates that the only changes proposed by GVNW include modifications to recognize the KUSF Year 16 assessment rate and the months contained within the audit period.

RECOMMENDATION:

Staff recommends that the Commission accept the companies identified by GVNW for audits and open a separate docket for each carrier audit. Staff also recommends that the Commission accept Attachments A and B to GVNW's letter.

CERTIFICATE OF SERVICE

JUL 16 2013

12-GIMT-168-GIT

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Order Accepting and Approving GVNW Selection Criteria was served by electronic service on this 16th day of July, 2013, to the following parties who have waived receipt of follow-up hard copies.

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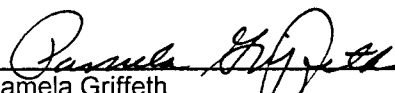
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