

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

Before Commissioners:                    Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Pat Apple

In the Matter of an Investigation to Determine the            )  
Assessment Rate and the Affordable Local Service            )  
Rates for Rate-of-Return Regulated Carriers for            )            Docket No. 13-GIMT-130-GIT  
the Seventeenth Year of the Kansas Universal                )  
Service Fund, Effective March 1, 2013.                        )

**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 25, 2013, GVNW Consulting, Inc. (GVNW), the Kansas Universal Service Fund (KUSF) Administrator, submitted its March 2013 through February 2014 (KUSF Year 17) Selections for Carrier Reviews, Revised Selection Criteria and Audit Procedures. GVNW's transmittal letter dated June 25, 2014 identifies sixteen (16) carriers selected for review and states that these carriers account for approximately \$24.7 million, or 40% of the total \$61.7 million KUSF Year 17 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, 2015. 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 for the KUSF Year 17 audits, the procedures for which have been modified to reflect the audit period, and other minor clarifying changes.

2. On July 14, 2014, the Commission Staff (Staff) submitted its Report and Recommendation dated July 7, 2014, recommending the Commission accept the companies identified by GVNW for KUSF audits and open a separate docket for each of the sixteen companies to be audited. Staff further recommends the Commission accept Attachments A and B to GVNW's June 25, 2014 letter. In addition to responding to the content of GVNW's June 25, 2014 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 August 21, 2012, the Commission opened Docket No. 13-GIMT-130-GIT to address the KUSF assessment rate and affordable local service rates for rate-of-return local exchange carriers (LECs) for KUSF Year 17, effective March 1, 2013 through February 28, 2014. On January 16, 2013, the Commission issued an Order in Docket No. 13-GIMT-130-GIT setting the KUSF Year 17 assessment rate at 6.42%. 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 notes that GVNW's selection indicates that several carriers subject to audit are affiliated companies, which should help reduce travel costs and company resources when performing the audits. 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 current audit period. Staff further confirms that its review of Attachment B revealed only minor clarifying changes, including recognition of the KUSF Year 17 assessment rate, the months contained within the audit period, an updated link to Kansas statutes, and

changes to regulatory reporting and KUSF requirements as a result of amendments to the Kansas Telecommunications Act, effective July 1, 2013. Staff recommends the Commission accept the companies identified by GVNW for KUSF audits and open a separate docket for each of the sixteen companies to be audited. Staff also recommends the Commission accept Attachments A and B to GVNW's transmittal letter of June 25, 2014. Report and Recommendation at pages 2 and 3.

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 25, 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 17 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 25, 2014, containing carrier selection criteria and carrier audit review procedures, respectively.

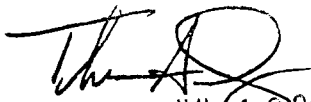
B. A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing, and three (3) days shall be added to the above time frame.

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.**

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated: JUL 17 2014

  
ORDER MAILED JUL 18 2014  
Thomas A. Day  
Acting Executive Director

oan

**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chair Shari Feist Albrecht  
Commissioner Jay Scott Emler  
Commissioner Pat Apple

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

**DATE:** July 7, 2014

**SUBJECT:** Docket Number: 13-GIMT-130-GIT  
*In the Matter of An Investigation to Determine the Assessment Rate and the Affordable Local Service Rates for Rate-of-Return Regulated Carriers for the Seventeenth Year of the Kansas Universal Service Fund, Effective March 1, 2013.*

**EXECUTIVE SUMMARY:**

On June 25, 2014, the Commission received a letter from GVNW Consulting, Inc. (GVNW), the Kansas Universal Service Fund (KUSF) administrator. GVNW identified sixteen companies that report and/or contribute to the KUSF and recommended these companies be audited for KUSF Year 17, effective March 2013 through February 2014.<sup>1</sup> Enclosed with GVNW's letter are 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 GVNW's recommendation for the sixteen identified companies to be audited for KUSF purposes for KUSF Year 17. Staff recommends that the Commission open a separate docket to address each carrier's audit.

<sup>1</sup> GVNW identified Southwestern Bell Telephone Company d/b/a AT&T Kansas (AT&T) be subject to audit. Staff clarifies that the company's local exchange carrier (LEC) operations be audited for KUSF Year 17 purposes. AT&T's LEC operations were last audited for KUSF Year 14 purposes in Docket No. 12-GIMT-019-GIT. An audit of AT&T's toll/Voice over Internet Protocol (VoIP) operations was performed for KUSF Year 16 purposes in Docket No. 14-SWBT-055-KSF.

Staff also recommends that the Commission accept the selection criteria and audit procedures attached to GVNW's letter.

### **BACKGROUND:**

On August 21, 2012, the Commission opened Docket No. 13-GIMT-130-GIT to address the KUSF assessment rate and affordable local service rates for rate-of-return local exchange carriers (LECs) for KUSF Year 17. On January 16, 2013, the Commission issued an Order setting the KUSF Year 17 assessment rate at 6.42%.

K.S.A. 2013 Supp. 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 KUSF administrator’s statutory responsibilities.<sup>2</sup> The Commission determined that the statute requires the KUSF administrator to perform audits of carriers to ensure their compliance with their KUSF obligations.

The first carrier audit dockets were opened by the Commission in May 1999. On October 14, 1999, the Commission adopted the National Exchange Carrier Association (NECA) audit report and recommendations.<sup>3</sup> 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.

Historically, the Commission has opened a separate audit docket for each company. Upon finishing the annual audits, the KUSF administrator submits an annual Summary Audit Report to: (1) identify the companies audited that year; (2) summarize the audit findings; and (3) identify any audit selection criteria or procedure that GVNW believes should be modified.

In its letter dated June 25, 2014, GVNW identified the sixteen carriers that it proposes be subject to audit for KUSF Year 17 purposes. Enclosed with the letter was Attachment A, which contains the criteria GVNW relied on to select the sixteen companies, and Attachment B, which contains the carrier audit review procedures GVNW proposes to use to perform the audits. GVNW states it is not proposing any modifications to Attachment A and the modifications to Attachment B reflect minor clarifying changes, including reflecting the correct audit period and KUSF assessment rate.

### **ANALYSIS:**

Staff’s review of GVNW’s proposed audit selections indicates the companies that GVNW propose be audited for KUSF Year 17 fall within the selection criteria for each relevant

<sup>2</sup> *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.

<sup>3</sup> *Id.*, October 14, 1999, Order Accepting NECA’s Final Audit Report and Recommendations.

group. GVNW's selection indicates that several carriers subject to audit are affiliated companies, which should help reduce travel costs and company resources when performing the audits. The selection criteria, contained in Attachment A, remain unchanged, except to update footnote 2 to reflect a more current period of time. Attachment B was also modified to recognize: (1) the KUSF Year 17 assessment rate; (2) the months contained within the audit period; (3) an updated link to Kansas statutes; and (4) changes to regulatory reporting and KUSF requirements as a result of amendments to the Kansas Telecommunications Act, effective July 1, 2013.<sup>4</sup>

**RECOMMENDATION:**

Staff recommends that the Commission accept GVNW's audit selection and open a separate docket for each of the sixteen companies to be audited. Staff also recommends that the Commission accept Attachments A and B to GVNW's letter.

---

<sup>4</sup> House Bill (HB) 2201 was signed into law on April 17, 2013.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
ROSE MULVANY HENRY, ATTORNEY BRADLEY ARANT BOULT CUMMINGS LLP 1600 DIVISION ST STE 700 PO BOX 340025 NASHVILLE, TN 37203-0025		
MICHAEL A. PIERCE, WIRELESS MANAGER CELLULAR NETWORK PARTNERSHIP D/B/A PIONEER CELLULAR RON COMINGDEER & ASSOCIATES 6011 N ROBINSON OKLAHOMA CITY, OK 73118		
NIKI CHRISTOPHER, ATTORNEY CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD RD TOPEKA, KS 66604 <b>***Hand Delivered***</b>		
DELLA SMITH CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD RD TOPEKA, KS 66604 <b>***Hand Delivered***</b>		
SHONDA SMITH CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD RD TOPEKA, KS 66604 <b>***Hand Delivered***</b>		
DAVID SPRINGE, CONSUMER COUNSEL CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD RD TOPEKA, KS 66604 <b>***Hand Delivered***</b>		

ORDER MAILED JUL 18 2014

The Docket Room hereby certified that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.



PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
SUSAN B. CUNNINGHAM, ATTORNEY DENTONS US LLP 7028 SW 69TH ST AUBURN, KS 66402-9421		
THOMAS E. GLEASON, JR., ATTORNEY GLEASON & DOTY CHTD PO BOX 6 LAWRENCE, KS 66049-0006		
DAVID G. WINTER, SENIOR CONSULTANT GVNW CONSULTING, INC. 2270 LA MONTANA WAY PO BOX 25969 COLORADO SPRINGS, CO 80936		
JAMES M. CAPLINGER, ATTORNEY JAMES M. CAPLINGER, CHARTERED 823 SW 10TH AVE TOPEKA, KS 66612-1618		
JAMES M. CAPLINGER, JR., ATTORNEY JAMES M. CAPLINGER, CHARTERED 823 SW 10TH AVE TOPEKA, KS 66612-1618		
COLLEEN R. JAMISON JAMES M. CAPLINGER, CHARTERED 823 SW 10TH AVE TOPEKA, KS 66612-1618		
MICHAEL NEELEY, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 <b>***Hand Delivered***</b>		
MARK E. CAPLINGER MARK E. CAPLINGER, P.A. 7936 SW INDIAN WOODS PL TOPEKA, KS 66615-1421		

ORDER MAILED JUL 18 2014

The Docket Room hereby certified that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
DIANE C. BROWNING, ATTORNEY NEXTEL WEST CORP. D/B/A NEXTEL 6450 SPRINT PKWY OVERLAND PARK, KS 66251		
RON COMINGDEER, ATTORNEY RON COMINGDEER & ASSOCIATES 6011 N ROBINSON AVE OKLAHOMA CITY, OK 73118		
BRUCE A. NEY, GENERAL ATTORNEY SOUTHWESTERN BELL TELEPHONE CO. D/B/A AT&T KANSAS 220 SE 6TH AVE RM 515 TOPEKA, KS 66603-3596		
SURAYA YAHAYA, VICE PRESIDENT - REGULATORY TW TELECOM OF KANSAS CITY LLC TIME WARNER TELECOM 10475 PARK MEADOWS DR LITTLETON, CO 80124		
TORRY R. SOMERS, ASSOCIATE GENERAL COUNSEL UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 6700 VIA AUSTI PKWY LAS VEGAS, NV 89119		

ORDER MAILED JUL 18 2014

The Docket Room hereby certified that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.