

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

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

In the Matter of the Audit of CenturyLink)
Communications, LLC by the Kansas Universal)
Service Fund (KUSF) Administrator Pursuant) Docket No. 16-QWCT - 032-KSF
to K.S.A. 2014 Supp. 66-2010(b) for KUSF)
Operating Year 18, Fiscal Year March 2014-)
February 2015.)

**ORDER TO KANSAS UNIVERSAL SERVICE FUND ADMINISTRATOR
TO COMMENCE AUDIT OF CENTURYLINK COMMUNICATIONS, LLC
AND ORDER SETTING PROCEDURAL SCHEDULE**

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. As required by K.S.A. 66-2002(h), the Commission established the Kansas Universal Service Fund (KUSF) by Order dated December 27, 1996, in Docket No. 94-GIMT-478-GIT (94-478 Docket). Through the competitive bidding process required by K.S.A. 2010 Supp. 66-2010, the Commission selected a third party to administer the KUSF. The current third party administrator is GVNW Consulting, Inc. (GVNW).

2. K.S.A. 2014 Supp. 66-2010(b) provides that GVNW shall be responsible for:

- (1) Collecting and auditing all relevant information from all qualifying telecommunications public utilities, telecommunications carriers or wireless telecommunications service providers receiving funds from or providing funds to the KUSF;
- (2) verifying, based on the calculations of each qualifying telecommunications carrier, telecommunications public utility or wireless telecommunications service provider, the obligation of each such qualifying carrier, utility or provider to generate the funds required by the KUSF;

- (3) collecting all moneys due to the KUSF from all telecommunications public utilities, telecommunications carriers and wireless telecommunications service providers in the state; and
- (4) distributing amounts on a monthly basis due to qualifying telecommunications public utilities, wireless telecommunications service providers and telecommunications carriers receiving KUSF funding.

3. In the 94-478 Docket, the Commission clarified that to fulfill its K.S.A. 66-2010(b) obligations, the KUSF administrator should conduct audits of selected carriers' relevant revenue information to verify such carriers are reporting revenue information in a consistent manner.

4. The Commission opened Docket No. 14-GIMT-105-GIT in order to determine the assessment percentage for KUSF Year 18, beginning March 1, 2014. On June 26, 2015, in that docket, GVNW filed a letter in which it listed sixteen companies selected for KUSF Year 18 carrier audits pursuant to the current selection criteria.¹ Carriers were selected for audit depending upon whether the carrier qualifies as a Group One, Two, Three, or Four Company.

5. Group One is comprised of one to three companies which each contribute an amount greater than five percent of the yearly KUSF receipts. Each Group One carrier will be audited at least every four years. Group Two, from which the KUSF administrator will audit one to three companies each year, is comprised of companies with contributions to the KUSF representing the next 50% of yearly KUSF receipts after removing Group One. Group Three, with eight to thirteen companies to be audited each year, is comprised of the remaining companies contributing to the KUSF. Group Four is comprised of companies claiming no Kansas retail revenue, one of which will be randomly selected each KUSF audit year. The Commission intends to audit all companies at some point in time and it may adjust or supplement its selection criteria over time to ensure this result. Additional audits, supplementary to those

¹ Docket No. 12-GIMT-168-GIT, July 16, 2013 Order.

identified above, may be performed if GVNW or Commission Staff observes reporting abnormalities, significant discrepancies between KUSF-reported revenues and Commission or public reports or other inconsistencies.

6. If material deficiencies are found in a carrier's KUSF reporting procedures, it will be scheduled for audit in KUSF Year 20 to ensure that corrections have been implemented to cure deficiencies.

7. CenturyLink Communications, LLC (CenturyLink Communications) falls into Group 3. GVNW shall audit CenturyLink Communications, which shall assemble the information requested by GVNW so that GVNW may complete the audit and file its Audit Report by Thursday, June 30, 2016. The information provided to GVNW is subject to the provisions of the Kansas Open Records Act,² K.S.A. 66-1220a, and K.A.R. 82-1-221a.³ GVNW will use generally accepted accounting practices in the performance of the audit.

8. After GVNW has completed the audit, it shall file a report in this docket containing the results of the audit and any recommendation it deems appropriate and serve a copy of the report on CenturyLink Communications. The report shall be provided in two versions if necessary. One version shall contain any confidential information and one version shall have any confidential information redacted for public disclosure. CenturyLink Communications may file with the Commission a response to GVNW's audit report no later than thirteen (13) days from the date GVNW files the report with the Commission. If a response is not filed within the thirteen-day time period, CenturyLink Communications is deemed to have fully concurred with GVNW's report. If CenturyLink Communications disputes the

² K.S.A. 2014 Supp. 66-2010(c).

³ 94-478 Docket, October 30, 1998 Order.

recommendations and results contained in GVNW's report and has filed its response in a timely manner, it may request a hearing.

9. The Commission finds and concludes that GVNW shall begin an audit of CenturyLink Communications as directed above.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

A. GVNW Consulting, Inc. shall begin an audit of CenturyLink Communications, LLC to verify that its revenues are accurate and are reported in a consistent manner. GVNW shall file its Audit Report and recommendations no later than Thursday, June 30, 2016, and CenturyLink Communications shall file its response to the report no later than thirteen (13) days from the date on which GVNW files the Audit Report with the Commission.

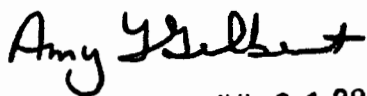
B. The parties have fifteen days, plus three days if service of this order is by mail, from the date this Order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2014 Supp. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

JUL 30 2015


ORDER MAILED JUL 31 2015
Amy L. Gilbert
Secretary to the Commission

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

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
JOHN R. IDOUX, STATE DIRECTOR REGULATORY AFFAIRS EMBARQ COMMUNICATIONS, INC. D/B/A CENTURYLINK COMMUNICATIONS KSOPKJ0401 5454 W 110TH ST OVERLAND PARK, KS 66211		
DAVID G. WINTER, SENIOR CONSULTANT GVNW CONSULTING, INC. 2270 LA MONTANA WAY PO BOX 25969 COLORADO SPRINGS, CO 80936		
OTTO NEWTON, LITIGATION COUNSEL 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		

ORDER MAILED JUL 31 2015

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.