THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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

ORDER ACCEPTING AND ADOPTING GVNW CONSULTING, INC.'s AUDIT REPORT AND RECOMMENDATIONS

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 July 30, 2015, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of CenturyLink Communications, LLC (CenturyLink Communications) for Kansas Universal Service Fund (KUSF) purposes.
- 2. On June 20, 2016, GVNW filed its Audit Report of even date covering GVNW's audit of CenturyLink Communications stating that the company is current with its KUSF obligations. GVNW's Audit Report identifies and describes in detail two reporting deficiencies, including the applicable reporting standard for each, resulting in the following audit findings and recommendations:

Audit Finding No. 1:

<u>Standard</u>: Pass-through charges, fees, assessments and taxes are excluded from KUSF assessments.

<u>Finding</u>: CenturyLink Communications reported fees for Federal USF and KUSF surcharges, interstate prescribed line charges, interstate carrier cost recovery fees and other non-assessable revenues to the KUSF. As a result, CenturyLink Communications

over-paid \$59,675.48 in KUSF assessments. The company modified its reporting to the KUSF, effective with the January 2015 revenues reported in February 2015.

Recommendation: On March 17, 2015, CenturyLink Communications submitted Audit True-ups for Operating Year 18 to support the refund recommended by GVNW. The Commission should direct the KUSF Administrator to refund \$59,675.48 to the company.

<u>Audit Finding No. 2</u>:

<u>Standard</u>: Carriers contributing to the KUSF are to report gross revenues prior to any service discounts for KUSF reporting purposes.

<u>Finding</u>: CenturyLink Communications reported revenues gross of end-user discounts to the KUSF, with the exception of a handful of discounts recognized for KUSF reporting purposes. For the period March 2014 through September 2015, by recognizing discounts, CenturyLink Communications reported less Kansas intrastate revenues to the KUSF and under-paid its KUSF assessments by approximately \$763.47. Due to the legal and regulatory uncertainties regarding this issue, CenturyLink Communications has not made any changes to its KUSF reporting processes.

Recommendation: GVNW recommends that CenturyLink Communications be directed to submit Audit True-ups for March 2014 through September 2015 to correct this audit deficiency within sixty (60) days of the issuance of an Order. Any amount owed to the KUSF should be netted against the Audit Finding No. 1 recommended refund. After GVNW has reviewed the company's submission, GVNW will submit a Compliance Report.

3. The Commission has reviewed GVNW's KUSF Audit Report filed in this matter on June 20, 2016, and finds that it should accept the Audit Report and adopt GVNW's recommendations,

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

- A. The Commission accepts and adopts GVNW Consulting, Inc.'s KUSF Audit

 Report and recommendations for CenturyLink Communications, LLC filed in this docket on

 June 20, 2016.
- B. In accord with GVNW's recommendation with respect to Finding No. 1 of its Audit Report, the company is owed a refund of \$59,675.48 from the KUSF. With respect to Finding No. 2 of GVNW's Audit Report, CenturyLink Communications is directed to submit

Audit True-ups for March 2014 through September 2015 to GVNW in order to correct this audit

deficiency and to remit payment of the estimated \$763.47 of additional assessments owed to the

KUSF within sixty (60) days from the date of this Order. Any amount owed by CenturyLink

Communications to the KUSF shall be netted against the Audit Finding No. 1 recommended

refund due CenturyLink Communications from the KUSF. Upon CenturyLink Communications'

completion of the foregoing submission and payment, GVNW is directed to submit a

Compliance Report to this docket.

C. The parties have fifteen (15) days, plus three (3) 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. 2015 Supp. 77-

529.

D. The Commission retains jurisdiction over CenturyLink Communications, LLC

and 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.

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: JUL 1 2 2016

Secretary to the Commission

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Order Mailed Date

JUL 13 2016

CERTIFICATE OF SERVICE

I, the undersigned, certify that the true copy of the attached	Order has been served to the following parties by means of
first class mail/hand delivered on	
JOHN R. IDOUX, DIRECTOR KANSAS GOVERNMENTA AFFAIRS CENTURYLINK COMMUNICATIONS, LLC 600 NEW CENTURY PKWY NEW CENTURY, KS 66031 Fax: 303-896-0233 john.idoux@centurylink.com DAVID G. WINTER, SENIOR CONSULTANT GVNW CONSULTING, INC. 2270 LA MONTANA WAY, Ste 200 COLORADO SPRINGS, CO 80918 Fax: 719-594-5803 dwinter@gvnw.com	AL OTTO NEWTON, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 Fax: 785-271-3167 o.newton@kcc.ks.gov ****Hand Delivered***
	/S/ DeeAnn Shupe
	Deeann Shube

Order Mailed Date

JUL 13 2016