



January 24, 2025

Ms. Lynn M. Retz  
Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

**Re:** Docket No. 25-GBCT-112-KSF

In the Matter of the Audit of GBT Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023 – February 2024

Dear Ms. Retz:

In its August 1, 2024 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of GBT Communications, Inc. (GBT or Company) to ensure that the data submitted to the KUSF via the KUSF CRWs, the assessments paid, and the calculation and application of the flow-through surcharge billed to and collected from GBT's customers, if applicable, are appropriate and accurate.

The KCC directed VPS to file two (2) versions of the audit report with the KCC; one (1) version containing confidential information and one (1) version with the confidential data redacted for public disclosure. GBT's audit does not require a separate confidential report; therefore, only the enclosed public audit report for GBT is being filed.

Copies of the supporting documentation, including VPS' audit work papers and information provided by the company, are not included with the audit report, but are available from VPS, upon request.

Sincerely,

Shomari Jackson

cc: Steve Garrett - [steve.garrett@ks.gov](mailto:steve.garrett@ks.gov)

## CERTIFICATE OF SERVICE

I hereby certify that on this 24<sup>th</sup> day of January 2025, the above Kansas Universal Service Fund Audit Report was e-filed with the Kansas Corporation Commission and a copy was sent via electronic mail and/or U.S. Mail to:

KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604


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\_\_\_\_\_  
Shomari Jackson

**Vantage Point Solutions, Inc.**  
**Audit Report for**  
**GBT Communications, Inc.**

**From:** Shomari Jackson, Auditor

**Company Personnel:** Drew Clarke, Controller  
Beau Rebel, General Manager

**Date:** January 22, 2025

**On-Site Visit Date:** December 10-11, 2024

**KUSF Status:** Current with Reporting & Payment obligations

**Re:** Docket No. 25-GBCT-112-KSF

*In the Matter of the Audit of GBT Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023 – February 2024*

**Audit Summary**

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 1, 2024 Order, Vantage Point Solutions, Inc. (VPS) conducted an audit of GBT Communications, Inc. (GBT or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 27 (FY27).<sup>1</sup> VPS identified three (3) findings resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact to the Fund of a decrease of \$20,887.10. The Company is current with its KUSF obligations.

- **Finding No. 1** – GBT reported and collected the KUSF surcharge on its Fax revenues. This resulted in the Company over-reporting its revenues and over-collecting the KUSF surcharge by \$18,665.10.
- **Finding No. 2** – GBT reported and collected the KUSF surcharge on its Voicemail revenues. This resulted in the Company over-reporting its revenues and over-collecting the KUSF surcharge by \$547.94.
- **Finding No. 3** – GBT reported its Hosted Phone Sales revenues to the KUSF. However, the Company did not collect the KUSF surcharge associated with the Hosted Phone Sale revenues from its Kansas customers. This resulted in the Company over-reporting its revenues and over-paying its KUSF assessments by \$1,674.06.

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<sup>1</sup> Order Accepting VPS' KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 23-GIMT-261-GIT, July 2, 2024 (23-261 Order).

VPS recommends the Commission issue an Order to adopt this Audit Report and the identified findings and direct GBT to:

1. File audit True-ups for FYs 26, 27, and 28, through December 2024, to exclude Fax revenue, Voicemail, and Hosted Phone Sale revenues from its reporting;
2. Issue one-time billing credits to customers, on a pro-rata basis, for a total amount of \$19,213.04;
3. Update its billing system to exclude KUSF surcharge collection from Fax and Voicemail revenues;
4. Update its KUSF reporting procedures to exclude Fax, Voicemail, and Hosted Phone Sale revenues;
5. Provide VPS with ten (10) customer bills supporting that the refund process has been completed; and
6. File an affidavit, signed by an officer of the Company, attesting that the Company:
  - a. Corrected its KUSF reporting procedures to omit Fax, Voicemail, and Hosted Phone Sale revenues from its reporting;
  - b. Corrected its billing system to exclude KUSF surcharge collection from Fax and Voicemail revenues;
  - c. Issued one-time billing credits to customers, on a pro-rata basis, for a total amount of \$19,213.04; and
  - d. Provided VPS with ten (10) customer bills verifying that the refund process has been completed.

The affidavit should provide the date the corrective actions were implemented.

VPS recommends GBT be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

The Company is current with its KUSF obligations.

GBT agrees with the Audit Report.

## **Background**

During the course of the audit, VPS issued seventeen (17) Data Requests (DRs) to GBT. DR No. 16 is included as Attachment A.

GBT operates as a provider of facilities-based and resold local exchange services<sup>2</sup> and a provider of interexchange services (IXC)<sup>3</sup>, and is headquartered in Rush Center, KS.

GBT is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.<sup>4</sup> The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers and does so.<sup>5</sup> The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline services to its customers.

Pursuant to Commission Order,<sup>6</sup> VPS confirmed that GBT offers bundled assessable and non-assessable services to its Kansas customers. The Company reports revenue and remits assessments to the KUSF based on the unbundled price of the assessable service subject to the KUSF assessment. The Company states it uses this same allocation methodology for Federal USF (FUSF) and KUSF purposes.<sup>7</sup>

## **Current KUSF Obligations**

The Company is current with its KUSF obligations.<sup>8</sup>

## **Current Audit Findings**

VPS conducted the audit of GBT in accordance with the KUSF Audit Procedures adopted by the KCC.<sup>9</sup> Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

### **Audit Finding No. 1**

**Standard:** Non-voice service revenues, including Fax services, will not be included in carriers' retail revenues.<sup>10</sup>

**Finding:** GBT reported its Fax revenues and collected the KUSF surcharge on its Fax revenues.<sup>11</sup> As a result, the Company over-collected the KUSF surcharge from its customers in the amount of \$18,665.10, over-reported its intrastate revenues, and

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<sup>2</sup> Order Granting Certificate, Docket No. 05-GBCT-1146-COC, June 29, 2005.

<sup>3</sup> Order Granting Certificate, Docket No. 08-GBCT-964-COC, May 23, 2008.

<sup>4</sup> Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 06-GIMT-332-GIT, Jan. 23, 2006 (06-332 Order).

<sup>5</sup> K.S.A. 66-2008(a).

<sup>6</sup> Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

<sup>7</sup> GBT's response to DR 11.

<sup>8</sup> Confirmed with the KUSF Administrator on January 10, 2025.

<sup>9</sup> 23-261 Order.

<sup>10</sup> Order Granting Requests of Joint Petitioners, Docket No. 06-GIMT-943-GIT, Sep. 7, 2006.

<sup>11</sup> Attachment A.

overpaid its KUSF contributions for the March 2022 – December 2024 Fiscal Years (FY 26, 27, and 28, through December 2024) in the amount of \$18,665.10.

**Recommendation:** VPS recommends that GBT be directed to file audit True-ups for FYs 26, 27, and 28, through December 2024, to omit Fax revenues from its reporting.

VPS recommends that GBT be directed to correct its KUSF reporting and collection procedures to exclude Fax revenues.

VPS also recommends that GBT be directed to issue refunds, to its affected customers, through a one-time billing credit, totaling \$18,665.10. VPS also recommends that GBT provide VPS with ten (10) invoices supporting completion of the customer refunds.

VPS recommends that GBT be directed to file an affidavit, signed by an officer of the Company, attesting to the amount and completion date of the customer refunds, the Company has corrected its KUSF reporting procedures to omit the reporting of Fax revenues, and the Company has corrected its billing system to omit the KUSF surcharge collection on its Fax revenues.

VPS recommends GBT be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

## **Audit Finding No. 2**

**Standard:** Non-voice service revenues, including Voicemail, will not be included in carriers' retail revenues.<sup>12</sup>

**Finding:** GBT reported its Voicemail revenues and collected the KUSF surcharge on its Voicemail revenues.<sup>13</sup> As a result, the Company over-collected the KUSF surcharge from customers in the amount of \$547.94, over-reported its intrastate revenues, and overpaid its KUSF contributions for the March 2022 – December 2024 Fiscal Years (FY 26, 27, and 28, through December 2024) in the amount of \$547.94.

**Recommendation:** VPS recommends that GBT be directed to file audit True-ups for FYs 26, 27, and 28, through December 2024, to omit Voicemail revenues from its reporting.

VPS recommends that GBT be directed to correct its KUSF reporting and collection procedures to exclude Voicemail revenues.

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<sup>12</sup> Order Granting Requests of Joint Petitioners, Docket No. 06-GIMT-943-GIT, Sep. 7, 2006.

<sup>13</sup> Attachment A.

VPS also recommends that GBT be directed to issue refunds, to its affected customers, through a one-time billing credit, totaling \$547.94. VPS also recommends that GBT provide VPS with ten (10) invoices supporting completion of the customer refunds.

VPS recommends that GBT be directed to file an affidavit, signed by an officer of the Company, attesting to the amount and completion date of the customer refunds, the Company has corrected its KUSF reporting procedures to omit the reporting of Voicemail revenues, and the Company has corrected its billing system to omit the KUSF surcharge collection on its Voicemail revenues.

VPS recommends GBT be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

### **Audit Finding No. 3**

**Standard:** Customer equipment, including phones & accessories, is non-assessable revenue.<sup>14</sup>

**Finding:** GBT reported its Hosted Phone System revenues to the KUSF. However, the Company did not collect the KUSF surcharge from its Kansas subscribers on the revenues from the sales of its Hosted Phone Systems.<sup>15</sup> As a result, the Company overpaid its KUSF contributions for December 2022 and January 2023.

**Recommendation:** VPS recommends that GBT be directed to file audit True-ups for FYs 26, 27, and 28, through December 2024, to omit Hosted Phone System revenues from its reporting.

VPS recommends that GBT be directed to correct its KUSF reporting procedures to exclude Hosted Phone System revenues.

VPS recommends that GBT be directed to file an affidavit, signed by an officer of the Company, attesting to the Company has corrected its KUSF reporting procedures to omit the reporting of its Hosted Phone System revenues.

VPS recommends GBT be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

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<sup>14</sup> Reportable Revenue, Attachment E  
[https://live-vantage-pnt.pantheonsite.io/wp-content/uploads/2024/02/Attachment\\_E\\_Reportable\\_Revenue-FY-28.pdf](https://live-vantage-pnt.pantheonsite.io/wp-content/uploads/2024/02/Attachment_E_Reportable_Revenue-FY-28.pdf)

<sup>15</sup> Attachment A.

**KUSF Carrier Audit Information Request**

Docket No. 25-GBCT-112-KSF

Page 1 of 2

**Submitted By:** Shomari Jackson

**Submitted To:** Drew Clarke  
Beau Rebel

**Company Name:** GBT Communications, Inc.

**Docket Number:** 25-GBCT-112-KSF

**Request Date:** December 19, 2024

**Due Date:** **December 31, 2024**

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**Data Request No. 16****RE: Confirmation of Auditor Understanding**

Please confirm that the auditor's understanding of the following items is correct. If the statements are incorrect, please provide clarification.

- The Company reports the following revenues to the KUSF:
  - Fax revenues *Correct*
  - Voice Mail Revenues *Correct*
- The Company collects the KUSF surcharge on the following revenues:
  - Fax Revenues *Correct*
  - Voice Mail Revenues *Correct*
- The Company reported revenues from its Hosted Phone sales. *Correct*
- The Company did not collect the KUSF surcharge on the Hosted Phone sale revenues. *Correct*

**NOTE:** If for some reason, the above information cannot be provided by the date requested, your Company must submit a Request for Additional Time.


**Verification of Response – DR16**

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to VPS' auditor any



**KUSF Carrier Audit Information Request**

matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Sign: 

Date: 1/7/25