



GVNW CONSULTING, INC.

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May 2, 2018

Ms. Lynn M. Retz
Secretary to the Commission
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Docket No. 18-TRCT-046-KSF
In the Matter of the Audit of The Tri-County Telephone Association, Inc. – Council Grove Study Area by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2015 Supp. 66-2010(b) for KUSF Operating Year 20, Fiscal Year March 2016-February 2017

Dear Ms. Retz:

In its August 1, 2017 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of The Tri-County Telephone Association, Inc. – Council Grove Study Area (Council Grove 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 Council Grove's customers, if applicable, are appropriate and accurate.

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

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

Sincerely,

A handwritten signature in black ink that reads "Blake Young".
Blake Young
Consultant

cc w/encl: Sandy Reams

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

In the Matter of the Audit of Tri-County)	
Telephone Association, Inc. – Council)	
Grove Study Area by the Kansas)	Docket No. 18-TRCT-046-KSF
Universal Service Fund (KUSF))	(LEC)
Administrator Pursuant to K.S.A. 2016)	
Supp. 66-2010(b) for KUSF Operating)	
Year 20, Fiscal Year March 2016-)	
February 2017)	

KANSAS UNIVERSAL SERVICE FUND AUDIT REPORT

Prepared By: Blake R. Young
GVNW Consulting, Inc.

Company Representatives: Dale L. Jones – Chief Executive Officer
Jason C. Pettit - Controller

Date of On-Site Visit: March 27 and 28, 2018

Date Submitted to Company: April 23, 2018

Audit Summary

Based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures for Operating Year 20,¹ GVNW Consulting, Inc. (GVNW) did not identify any KUSF reporting deficiencies regarding Tri-County Telephone Association, Inc. - Council Grove Study Area (Council Grove) and recommends this Docket be closed.

Current KUSF Obligations

The Council Grove study area is current with its KUSF obligations.²

Background

Council Grove is a separate study area owned by Tri-County Telephone Association, Inc., a rural incumbent local exchange carrier (ILEC) headquartered in Council Grove, Kansas.³ The Company is required to report the Council Grove study area revenues and

¹ Order Accepting GVNW's KUSF Year 20 Audit Selections, Proposed Revisions to Selection Criteria and Audit Review Procedures, Docket No. 16-GIMT-067-GIT, July 25, 2017 (16-067 Order).

² The latest revenue submission was confirmed with the KUSF Administrator on April 23, 2018.

³ Order Cancelling Council Grove Telephone Company's Certificates of Convenience and Order Amending Tri-County Telephone Association, Inc.'s Certificated Area to Include the Council Grove Exchange, Docket No. 11-CGTT-370-CCS, April 28, 2011.

pay the related assessments to the KUSF on a monthly basis.⁴ Council Grove is authorized to collect an amount equal to or less than its assessment from customers,⁵ and does so. The Company is an Eligible Telecommunications Carrier (ETC) for federal and state low-income Lifeline program purposes and is eligible for Kansas Lifeline Service Program (KLSP) credits from the KUSF. As an ETC, Council Grove is required to offer and advertise Lifeline services to its Council Grove study area customers,⁶ which it does.

The Company bundles assessable and non-assessable services and reports the related revenues to the KUSF based on the service price of the assessable service.⁷ The Company does *not* reduce the revenues reported to recognize customer discounts (*emphasis added*). Council Grove uses the same bundled service and discount methodologies to identify, report, and allocate revenue to the KUSF and the Federal Universal Service Fund (Federal USF) for the Council Grove study area.⁸

On August 1, 2017, the KCC issued Order No. 1 in Docket No. 18-046 directing GVNW to conduct an audit for KUSF purposes.

Audit Findings

GVNW conducted the audit of the Council Grove study area in accordance with the KUSF Carrier Review Procedures adopted by the KCC.⁹

GVNW did not identify any KUSF audit deficiencies related to the current audit period and recommends closing this Docket.

⁴ 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.

⁵ K.S.A. 66-2008.

⁶ Order, 47 C.F.R. 214(e)(1), Docket No. 94-GIMT-478-GIT, December 27, 1996 (94-478 Order).

⁷ Order Determining KUSF Contribution Methodology, ¶27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016..

⁸ Effective July 1, 2016, pursuant to K.S.A. 66-2008(a): "The commission shall not require any provider to contribute to the KUSF under a different contribution methodology than such provider uses for purposes of the federal universal service fund, including for bundled offerings."

⁹ 16-067 Order.

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of May 2018, 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:

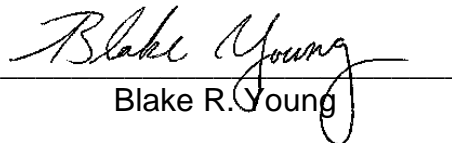
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Blake R. Young