

April 25, 2024

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

**RE: Docket No. 24-USCZ-106-KSF (Company Code KS005703)**

***In the Matter of the USCOC of Nebraska/Kansas LLC by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for Fiscal Year 26, March 2022 - February 2023***

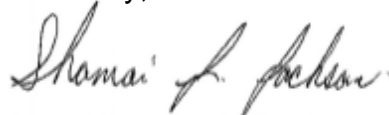
Dear Ms. Retz:

In its August 15, 2023 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of USCOC of Nebraska/Kansas LLC (USCOC 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 USCOC'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. USCOC's audit does not require a separate confidential report; therefore, only the enclosed public audit report for USCOC 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 - [s.garrett@kcc.ks.gov](mailto:s.garrett@kcc.ks.gov)

## CERTIFICATE OF SERVICE

I hereby certify that on this 25<sup>th</sup> day of April, 2024, 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 Road  
Topeka, Ks 66604

Brett W. Berry  
Litigation Counsel  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
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[b.berry@kcc.ks.gov](mailto:b.berry@kcc.ks.gov)

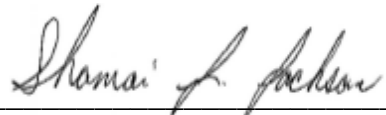
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Shomari Jackson

**Vantage Point Solutions, Inc.**  
**Audit Report for**  
**USCOC of Nebraska/Kansas LLC**

**From:** Shomari Jackson, Auditor

**Company Personnel:** Sara Potoczek, Manager of Tax Compliance  
Laura La Porte, Lead Accountant - Regulatory

**Date:** March 22, 2024

**On-Site Visit Date:** December 19-20, 2023

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

**Re:** Docket No. 24-USCZ-106-KSF

*In the Matter of the Audit of USCOC of Nebraska/Kansas LLC by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 26, Fiscal Year March 2022 – February 2023.*

**Audit Summary**

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 15, 2023 Order, Vantage Point Solutions, Inc. (VPS) conducted an audit of USCOC of Nebraska/Kansas LLC (USCOC or Company) based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures adopted for KUSF Fiscal Year 26 (FY 26).<sup>1</sup> VPS identified one (1) finding resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact of a decrease of \$2,236.20 to the KUSF. The Company is current with its KUSF obligations.

- **Finding No. 1** – USCOC reported and collected the KUSF surcharge on its international calling usage, resulting in an overpayment of \$2,236.20 to the KUSF.

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

1. File audit True-ups for FYs 25, 26, and 27 to exclude its international calling usage revenues from its reporting;
2. Issue one-time billing credits in the amount of \$2,236.20 to its affected customers, on a pro-rata basis;
3. Update its billing system to exclude KUSF surcharge collection from international calling usage revenues;

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<sup>1</sup> Order Accepting VPS' KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 22-GIMT-142-GIT, Jun. 27, 2023 (22-142 Order).

4. Update its KUSF reporting procedures to exclude reporting of international calling usage 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 exclude international calling usage revenues from its reporting revenues;
  - b. Corrected its billing system to exclude KUSF surcharge collection from international calling usage revenues; and
  - c. Issued refunds through one-time billing credits, totaling \$2,236.20, to its affected customers, on a pro-rata basis.

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

VPS recommends USCOC 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.

USCOC agrees with the Audit Report.

### **Background**

During the course of the audit, VPS issued eighteen (18) Data Requests (DRs) to USCOC.

USCOC operates as a wireless service provider and is headquartered in Chicago, IL.

USCOC is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.<sup>2</sup> The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.<sup>3</sup> The Company is a designated Eligible Telecommunications Carrier (ETC) in Kansas for the Federal Programs only.<sup>4</sup>

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<sup>2</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>3</sup> K.S.A. 66-2008(a).

<sup>4</sup> Order Granting in Part the Application of USCOC of Nebraska/Kansas, LLC for Designation as an Eligible Telecommunications Carrier for Federal Universal Service Fund Support, Docket No. 06-USCZ-5 19-ETC, Feb. 10, 2006; Order Granting USCOC of Nebraska/Kansas LLC's Petition for Reconsideration, March 30, 2006.

Therefore, it offers Lifeline service to its customers, but it is not eligible to request Lifeline credits from the KUSF.

Pursuant to Commission Order,<sup>5</sup> VPS confirmed that USCOC 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 KUSF assessment. The Company states it uses this same allocation methodology for Federal USF (FUSF) and KUSF purposes.<sup>6</sup>

### **Current KUSF Obligations**

The Company is current with its KUSF obligations.<sup>7</sup>

### **Current Audit Findings**

VPS conducted the audit of USCOC in accordance with the KUSF Audit Procedures adopted by the KCC.<sup>8</sup> Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

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

**Standard:** Interstate and international charges are not applicable to the KUSF.<sup>9</sup>

**Finding 1:** USCOC reported its international calling usage revenues and collected the KUSF surcharge for international calling usage revenues.<sup>10</sup> As a result, USCOC over-reported its intrastate retail revenues for March 2021 – January 2024 (FYs 25, 26, and 27) in the amount of \$2,236.20.

**Recommendation:** VPS recommends that USCOC be directed to correct its KUSF reporting and collection procedures to exclude its international calling usage revenues.

VPS also recommends the Company 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 policies to exclude the reporting of its international usage revenues, and the Company has corrected its billing system to exclude the KUSF surcharge collection on its international calling usage revenues. VPS also recommends that USCOC provide VPS with ten (10) customer bills to verify completion of the customer refunds.

VPS recommends USCOC 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>5</sup> Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

<sup>6</sup> USCOC's response to DR 12.

<sup>7</sup> Confirmed with the KUSF Administrator on Feb. 26, 2024.

<sup>8</sup> 22-142 Order.

<sup>9</sup> K.S.A. 66-2008(a).

<sup>10</sup> Attachment A.

**Management's Response**

The company agrees with the auditor's finding. The company is currently implementing changes to its processes so that it will no longer report any portion of its long-distance toll revenue as intrastate for KUSF purposes and will no longer assess KUSF fees on the charges for toll service on customer bills. The company will be prepared to complete the steps set forth in the Recommendation, but more than 60 days will be needed to process the changes in the billing system and issuing of the refunds.

# KUSF Carrier Audit Information Request

**Submitted By:** Shomari Jackson  
**Submitted To:** Laura LaPorte  
Sara Potoczek  
**Company Name:** USCOC of Nebraska/Kansas LLC  
**Docket Number:** 24-USCZ-106-KSF  
**Request Date:** February 9, 2024  
**Due Date:** **February 20, 2024**

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## Data Request No. 17

### RE: Confirmation of Auditor Understanding

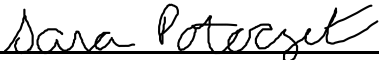
Please confirm the auditor's understanding of the following item(s):

- The Company reports International Calling Usage to the KUSF. [Confirmed](#)
- The Company collects the KUSF surcharge on its International Calling Usage. [Confirmed](#)

**NOTE:** If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

### Verification of Response – DR17

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

Sign: 

Date: 2/13/2024