

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

In the Matter of the Audit of Boomerang Wireless, LLC)
by the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 2017 Supp.) Docket No. 19-BOWZ-032-KSF
66-2010(b) for KUSF Operating Year 21, Fiscal Year)
March 2017 -February 2018.)

ORDER ADOPTING AUDIT REPORT

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 August 16, 2018, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Boomerang Wireless, LLC (hereinafter referred to as “Boomerang”) for Kansas Universal Service Fund (KUSF) purposes.

2. On May 13, 2019, GVNW filed its Audit Report dated April 25, 2019, making two findings for Boomerang as a result of the audit for Operating Year 21.¹ The GVNW Audit Report findings are as follows:

Audit Finding No. 1:

Boomerang did not report low-income subscriber revenue recovered from the Federal Lifeline program as KUSF revenue on its Operating Year 22 Carrier Remittance Worksheets (CRW) and has submitted revisions to correct this finding. The same reporting deficiency existed for the Company’s Original Operating Year 21 CRWs and was corrected prior to the audit, and

¹ Kansas Universal Service Fund Audit Report, Docket No. 19-RWLZ-033-KSF (January 10, 2019).

Audit Finding No. 2:

Boomerang incorrectly completed Box C on the monthly CRWs and the Annual KUSF Assessment True-up for KUSF Operating Years 21 and 22.

GVNW also did testing regarding Boomerang's documentation for eligibility under the federal Lifeline program and noted some concerns involving the verification process used to identify a subscriber's qualification for discounted telecommunication service under the program.

3. The Commission finds the GVNW Audit Report to be thorough and complete and accepts it as filed. The Audit Report provides a detailed analysis to support the GVNW findings. It recommends Boomerang file revised annual True-ups for Operating Year 21 and 22 to report the actual amount of KUSF assessments collected from subscribers in Box C of its CRWs and Annual True-ups. The Audit Report recommends Boomerang provide an affidavit executed by an officer of the Company, attesting to the correct revenue reported to the KUSF as stated in the revised CRWs for the period of March through September 2018. The Audit Report also recommends Boomerang file an affidavit affirming procedures were implemented to ensure it reports the surcharge amount collected from subscribers in Box C of the monthly CRWs and the Annual True-up reflect actual amounts collected from subscribers, an explanation of the procedures and the date the procedures were implemented. The Commission now addresses the GVNW recommendations.

4. Boomerang is a subsidiary of HH Ventures, LLC and is headquartered in Hiawatha, Iowa. It collects its KUSF assessments from its Kansas customers. It is required to report revenue and pay related assessments to the KUSF on a monthly basis. Boomerang is a federal Lifeline-only Eligible Telecommunications Carrier (ETC) in Kansas, but is not an ETC for state Lifeline purposes or the Kansas Lifeline Service Program. In determining revenue for KUSF purposes, Boomerang applies a Commission approved intrastate factor to its total revenue earned in Kansas

and then it applies a factor to allocate the revenue to voice, text, and data services, with intrastate voice revenue being reported to the KUSF. It also uses the same approach for Federal Universal Service Fund purposes.

5. Audit Finding No. 1 indicates Boomerang did not report the monthly recurring service revenue reimbursed by the Federal Lifeline Program for the months of March through September 2018 and only reported “top up” service revenue to the KUSF. The same method was used for Operating Year 21. The Company self-corrected its reporting for Operating Year 21 in its annual True-up and filed corrected Operating Year 22 CRWs to report the intrastate portion of the federal Lifeline subsidies to the KUSF. The net impact of the under-reporting was \$679.10 in assessments paid to the KUSF. GVNW recommends Boomerang filing an affidavit executed by a corporate officer within 60-days from the date of the Commission’s Order in this Docket, attesting to the revised CRWs for the period of March through September 2018 that were used in reporting the correct revenue to the KUSF.

6. Audit Finding No. 2 addresses Boomerang’s incorrect reporting of its actual KUSF assessments collected from subscribers in Box C for Operating Years 21 and 22. Boomerang had reported the assessment amount paid to the KUSF rather than the amount collected. Apparently, Boomerang did not collect the KUSF assessment from Lifeline subscribers for the monthly recurring service charge, but did collect its KUSF assessment from subscribers for the revenue earned from “top-up” services for additional data/voice services purchased. Boomerang then reported the assessments it paid to the KUSF in Box C of the CRWs instead of the amount collected from subscribers. Boomerang became aware of its mistake on September 24, 2018 and directed its accounting firm to record the correct amount going forward. In its Audit Report, GVNW recommended Boomerang file revised annual True-ups for Operating Years 21 and 22 to report

the actual amount of the KUSF assessments collected from subscribers in Box C. GVNW advised it should be notified of the submissions to permit it to verify the accuracy of the revisions. GVNW also advised having Boomerang file an affidavit executed by a corporate officer within 60-days of the Commission's Order in this Docket to explain procedures that were put into place to ensure the amounts in Box C properly reflect the surcharge amount actually collected from subscribers, an explanation of the procedures and the date of the implementation of the procedures

7. The Commission adopts the recommendations of GVNW in Finding Nos. 1 and 2. This would entail Boomerang filing an affidavit of a corporate officer to attest to the accuracy of the revised CRWs submitted for the period of March through September 2018 and confirmation that the correct revenue was reported to the KUSF. This also requires Boomerang filing revised True-ups for Operating Years 21 and 22 with the actual amount of its KUSF assessments collected from subscribers in Box C and notifying GVNW of its filing to allow GVNW to confirm the accuracy of the revisions. Moreover, Boomerang is required to file an affidavit of a corporate officer to attest to procedures it has put into effect to record amounts collected from subscribers in Box C of its CRWs and Annual True-ups as well as an explanation of the procedures and the date the procedures were implemented. To confirm Boomerang has made the revisions and filed appropriate affidavit attestations, GVNW is directed to file a Compliance Report confirming the remedies set forth in this Order have been completed within 90 days of this Order.

8. The Audit Report makes reference to an auditing concern regarding the verification of eligibility for the federal Lifeline program. Boomerang accepts the Kansas Benefits Card for the Supplemental Nutrition Assistance Program as documentation for eligibility. In testing Boomerang's procedure for documenting eligibility, GVNW found that a copy of the front of the card was the only record maintained to establish a recipient's qualification. The Kansas Benefits

Card is acceptable documentation, but the front of the card only lists the card number. The back of the card provides for the recipient's signature. By not maintaining copies of the back of the Kansas Benefits Card, it is not possible to validate the name of the cardholder or to confirm whether the recipient was entitled to Lifeline eligibility at the time of an application for Lifeline service. In conjunction with a review of the process for Boomerang determining Lifeline eligibility, the Commission Staff prepared a comprehensive memorandum regarding various procedures used in validating eligibility. Based on the memorandum, the Commission deems it appropriate to use the Kansas Benefits Card as acceptable documentation for Lifeline eligibility, but on a going forward basis, directs Boomerang to retain both the front and the back of the card with a recipient's signature to permit verification. Boomerang has indicated that current procedures for determining eligibility for Lifeline service in Kansas will be supplanted by the National Verifier Standards implemented by the Federal Communications Commission and would establish appropriate guidelines and procedures for determining eligibility going forward. It also disagrees with the assessment regarding the need to retain both the front and the back of the card with the recipient's signature. Notwithstanding, until such time as the National Verifier Standards are implemented in Kansas, Boomerang is to retain both the front and the back of the card with the recipient's signature. Once the National Verifier is implemented for Kansas, it will be responsible for determining and verifying eligibility.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

- A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report filed May 13, 2019.
- B. Boomerang Wireless, LLC is directed to file revised annual True-ups for Operating Years 21 and 22 to report the actual amount of the KUSF assessments collected from subscribers in Box C and to notify GVNW to permit it to review the revisions.

C. Boomerang Wireless, LLC, is directed to have an officer file an affidavit attesting to the procedures and processes put into place to correct the error associated with reporting the actual amount of its KUSF assessments collected from subscribers in Box C and to confirm the revised CRWs for the period of March through September 2018 properly report the correct intrastate revenue to the KUSF. The affidavit or affidavits should be filed within 60-days of the Commission's Order.

D. Boomerang Wireless, LCC is directed to implement procedures to ensure it retains copies of both the front and the back with a recipient's signature on the Kansas Benefits card to verify an applicant is eligible for the Federal Lifeline Program until such time as the National Verifier is implemented in Kansas.

E. GVNW Consulting, Inc., shall file a Compliance Report once Boomerang Wireless, Inc. has addressed the requirements of this Order, but no later than 90 days from this Order.

F. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²

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

² K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 05/23/2019



Lynn M. Retz
Secretary to the Commission

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CERTIFICATE OF SERVICE

19-BOWZ-032-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 05/23/2019.

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