



**GVNW CONSULTING, INC.**

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December 17, 2019

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

RE: Docket No. 20-USCZ-053-KSF  
*In the Matter of the Audit of USCOC Nebraska/Kansas, LLC by the Kansas  
Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2018 Supp. 66-  
2010(b) for KUSF Fiscal Year 22, March 2018-February 2019*

Dear Ms. Retz:

In its August 15, 2019 Order, the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of USCOC 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 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. 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 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, appearing to read "Dennis Smith", is written over a faint, stylized graphic element.

Dennis Smith  
Consultant

cc w/encl: Sandy Reams

## CERTIFICATE OF SERVICE

I hereby certify that on this 17<sup>th</sup> day of December, 2019, 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 S.W. ARROWHEAD ROAD  
TOPEKA, KS 66604

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A handwritten signature in black ink, appearing to read "Dennis Smith", is written over a horizontal line.

Dennis Smith

**GVNW Consulting, Inc.  
Audit Report for  
USCOC Nebraska/Kansas, LLC**

**From:** Dennis Smith, Auditor

**Company Personnel:** Jeffrey Sorensen  
Ada Cardona

**Date:** December 16, 2019

**On-Site Visit Dates:** December 10 - 11, 2019

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

**Re:** Docket No. 20-USCZ-053-KSF

*In the Matter of the Audit of USCOC Nebraska/Kansas, LLC by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2018 Supp. 66-2010(b) for KUSF Fiscal Year 22, March 2018 – February 2019.*

**EXECUTIVE SUMMARY:**

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 15, 2019 Order, GVNW Consulting, Inc. (GVNW) conducted an audit of USCOC Nebraska/Kansas, LLC (USCOC or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 22.<sup>1</sup> GVNW did not identify any KUSF reporting deficiencies during the course of the audit of USCOC and the Company is current with its KUSF obligations.

GVNW recommends the Commission issue an Order to: (1) adopt this Audit Report; and (2) close this Docket.

USCOC agrees with this Audit Report.

**BACKGROUND:**

During the course of the audit, GVNW issued seventeen (17) Data Requests (DRs) to USCOC.

USCOC, headquartered in Chicago, IL, provides wireless services in Kansas.

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<sup>1</sup> Order Accepting GVNW's KUSF Year 22 Audit Selections, Docket No. 18-GIMT-084-GIT, August 8, 2019 (18-084 Order).

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. The Company is a designated Eligible Telecommunications Carrier (ETC) for the Federal Programs in Kansas,<sup>3</sup> therefore, it offers Lifeline service to its customers,<sup>4</sup> but is not eligible to request Lifeline credits from the KUSF.

Pursuant to Commission Order,<sup>5</sup> GVNW 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 the KUSF assessment. Intrastate revenues are determined by multiplying the assessable service price by the Company's intrastate allocation factor (traffic factor) filed annually with the Commission,<sup>6</sup> and reported to the KUSF. The Company uses these same allocation methodologies for Federal Universal Service Fund (USF) purposes.

#### **FOLLOW-UP DOCKET 15-USCZ-046-KSF AUDIT COMPLIANCE (July 21, 2015):**<sup>7</sup>

The following findings were adopted by the Commission in Docket 15-046:

**Finding No. 1:** USCOC reported calculated, not actual, revenue to the KUSF and did not file quarterly True-ups for Operating Year 17, due to conversion to a new billing system.

**Audit Finding Compliance:** The Company no longer reports calculated revenue. Instead, the Company reports the KUSF assessable portion of bundled plans, which are multiplied by the Company's intrastate allocation factor, which is filed annually with the Commission. The Company also submits quarterly True-ups. This finding has been resolved.

**Finding No. 2:** USCOC used its approved Kansas Fiscal Year 16 intrastate allocation factor to report revenues to the KUSF for the period of March through December 2013.

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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, January 23, 2006 (06-332 Order).

<sup>3</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.

<sup>4</sup> The Kansas Intrastate portion of KUSF assessable Federal Lifeline revenues was correctly reported for KUSF purposes.

<sup>5</sup> Order Determining KUSF Contribution Methodology, ¶127, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

<sup>6</sup> Order Approving Traffic Factors for USCOC of Nebraska/Kansas, LLC and Kansas 15, LP, d/b/a US Cellular, Docket No. 18-GIMT-084-GIT, November 27, 2018.

<sup>7</sup> Order Accepting GVNW Consulting, Inc.'s Audit Update and Closing Docket, July 21, 2015.

**Audit Finding Compliance:** The Company used the intrastate allocation factor for the correct years when determining the intrastate portion of KUSF reportable revenues for the audit period. This finding has been resolved.

**Finding No. 3:** GVNW identified that USCOC reports revenue to the KUSF net of customer discounts.

**Audit Finding Compliance:** K.S.A. 66-2008(a), effective July 1, 2016, was modified to authorize companies to report revenues net of discounts. The Commission recognized this in Docket 14-105.<sup>8</sup> This finding has been resolved.

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<sup>8</sup> Order Closing Docket, Docket No. 14-GIMT-105-GIT, July 19, 2016.