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Received
Kansas Corporation Commission
/S/ Patrice Petersen-Klein

Ms. Patrice Petersen-Klein, Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

JAN 26 2012

by
State Corporation Commission
of Kansas

Dear Ms. Petersen-Klein:

RE: Docket No. 12-CNPZ-028-KSF, Cellular Network Partnership d/b/a Pioneer Cellular

In its July 21, 2011 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Cellular Network Partnership d/b/a Pioneer Cellular (Pioneer) 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 Pioneer'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. Pioneer's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Pioneer 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,

David Winter
Senior Consultant

cc: Sandy Reams

Enclosures

Kansas Universal Service Fund Audit Report

Docket No.: 12-CNPZ-028-KSF
Cellular Network Partnership d/b/a Pioneer Cellular

Prepared For: Kansas Corporation Commission
Kansas Universal Service Fund

Prepared By: David Winter
GVNW Consulting, Inc.

Audit Period: March 1, 2010, through February 28, 2011
Kansas Operating Year 14 (KUSF Year 14)

Date of On-Site Audit: December 7, 2011

Date Submitted to Company: January 2, 2012

Company Representatives: Kathy Kunc
Brenda Walta

Audit Summary

Cellular Network Partnership d/b/a Pioneer Cellular (Pioneer or Company) should be required to issue a refund of \$5,787.46 through one-time, equal billing credits to its current customers, with the Kansas Universal Service Fund (KUSF) refunding \$5,787.46 to the Company to correct the following reporting deficiencies:

- Pioneer over reported \$5,787.46 in miscellaneous revenues to the KUSF.

The Company modified its KUSF reporting procedures, effective December 2011. On December 16, 2011, Pioneer submitted a revised True-up for Operating Year 14 and quarterly True-ups for Operating Year 15 to report the corrected miscellaneous revenues reported to the KUSF. GVNW has reviewed the Company's submissions and verifies it is now in compliance with the noted audit finding.

Background

Pioneer is a wireless service provider headquartered in Kingfisher, Oklahoma. The Company is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.¹ Pioneer is authorized to collect an amount equal to or less than its assessment from customers,² and does so.

On November 21, 2006, Pioneer was designated as an eligible telecommunications carrier (ETC) for Lifeline purposes.³ As an ETC, Pioneer is required to offer and

¹ Docket No. 06-GIMT-332-GIT, January 23, 2006 Order Setting the Kansas Universal Service Fund Assessment Rate For Year Ten and Establishing Reporting Requirements.

² K.S.A. 66-2008.

³ Docket No. 06-CNPZ-1028-1028-ETC November 21, 2006 Order the Application of Cellular Network Partnership d/b/a Pioneer Cellular or Designation as an Eligible Telecommunications Carrier for Federal Universal Service Fund Support.

advertise Lifeline services to its customers.⁴ The Company offers Lifeline services to its customers, but has not requested Lifeline credits from the KUSF.

On July 21, 2011, the Kansas Corporation Commission (KCC or Commission) issued Order No. 1 in Docket No. 12-CNPZ-028-KSF (Docket 12-028) directing GVNW to conduct an audit for KUSF purposes.

Current KUSF Obligations

Pioneer is current with its KUSF obligations.

Audit Findings

GVNW conducted the audit of Pioneer in accordance with the KUSF Carrier Review Procedures adopted by the KCC in Docket 09-272⁵ and as revised and filed by GVNW in Docket 10-188⁶. The focus of the audit is to ensure that the data submitted and assessments paid to the KUSF, along with the calculation and application of the KUSF assessment collected from Pioneer's customers, are accurate. Based on the referenced procedures, GVNW identified the following audit finding and provides the following recommendation:

Audit Finding No. 1

Standard: Wireless carriers should identify intrastate revenues by applying: (a) the 62.9% intrastate Safe Harbor (inverse of the FCC's Safe Harbor percent), (b) a company-specific traffic study, subject to KCC approval, or (c) direct assignment of intrastate revenue, subject to KCC approval.⁷

Finding: Pioneer reported 100% of miscellaneous revenues to the KUSF instead of applying the 62.9% intrastate Safe Harbor percent to allocate miscellaneous revenues for KUSF purposes. Pioneer views "miscellaneous revenues as local services performed and considers it 100% reportable to KUSF."⁸ As a result, it over-paid and over-collected \$5,787.46 in KUSF assessments. The Company modified its KUSF reporting procedures effective December 2011.

Recommendation: On December 16, 2011, Pioneer submitted Audit True-ups for KUSF Year 14 and quarterly True-ups for KUSF Year 15 to report the corrected miscellaneous revenues reported to the KUSF. The KCC should direct the KUSF Administrator to refund the Company \$5,787.46 from the KUSF and Pioneer should be required to issue \$5,787.46 in refunds to customers through one-time equal bill credits

⁴ Docket No. 94-GIMT-478-GIT, December 27, 1996, Order.

⁵ Docket No. 09-GIMT-272-GIT (Docket 09-272), February 23, 2011, Order Adopting Year 13 Carrier Selection for Carrier Reviews and Proposed Revised Selection Criteria and Audit Procedures (February 2011, Order).

⁶ Docket No. 10-GIMT-188-GIT (Docket 10-188), GVNW Consulting, Inc.'s Letter dated June 28, 2011, Containing a List of Proposed Companies for Kansas Operating Year 14 and Proposed Modified KUSF Carrier Review Procedures.

⁷ 9/8/2006 Order, Docket No. 06-GIMT-332-GIT

⁸ Response to Data Request No. 2.

within a specified time frame. When the refunds are completed, Pioneer should file an affidavit attesting that the \$5,787.46 was refunded to its customers. Once Pioneer complies with the Commission's directives, GVNW will submit an update to the Commission.

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day January 2012, the original and seven (7) copies of the above and foregoing were sent via U.S. Mail, first class postage prepaid to:

Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604

And an electronic copy to:

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David G. Winter