

June 24, 2024

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

RE: Docket No. 24-GCPT-115-KSF (Company Code KS006351)

In the Matter of the Audit of GC Pivotal, 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

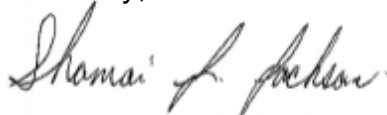
Dear Ms. Retz:

In its August 17, 2023 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of GC Pivotal, LLC (GC Pivotal 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 GC Pivotal'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. GC Pivotal's audit does not require a separate confidential report; therefore, only the enclosed public audit report for GC Pivotal 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 -steve.garrett@ks.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of June, 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:

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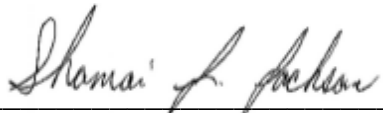
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Shomari Jackson

Vantage Point Solutions, Inc.
Audit Report for
GC Pivotal, LLC

From: Shomari Jackson, Auditor

Company Personnel: Brian Kim, Director, State & Local Tax
Leslie Blair, Vice President, Tax
Lucy Malcolm, Senior Vice President, Legal

Date: June 4, 2024

On-Site Visit Date: April 10-11, 2024

KUSF Status: Current with Reporting & Payment obligations

Re: Docket No. 24-GCPT-115-KSF

In the Matter of the Audit GC Pivotal, 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 17, 2023 Order, Vantage Point Solutions, Inc. (VPS) conducted an audit of GC Pivotal, LLC (GC Pivotal or Company) based on the Kansas Universal Service Fund (KUSF) Audit Procedures adopted for KUSF Fiscal Year 26 (FY 26).¹ VPS identified four (4) findings resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact of an increase of \$6,812.65 to the KUSF. The Company is current with its KUSF obligations.

- **Finding No. 1** – GC Pivotal did not report its intrastate and intralata usage, POTS revenues, or VoIP service revenues, resulting in an underpayment of \$5,421.08 to the KUSF.
- **Finding No. 2** – GC Pivotal did not report the following miscellaneous fees: Remote Call Forwarding Fees, Non-published listing fees, Non-listed Fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees. This resulted in an underpayment of \$2,490.00 to the KUSF.
- **Finding No. 3** – GC Pivotal reported and collected the KUSF surcharge on its Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges. However, the result was immaterial.

¹ 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).

- **Finding No. 4** – GC Pivotal did not report revenues in the periods in which they were earned and did not correct its reporting via Quarterly or Annual True-Ups for FYs 25, 26, and 27 (March 2021 – February 2024), resulting in an overpayment of \$1,098.43 to the KUSF.

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

1. File audit True-ups for FYs 25, 26, and 27, and revised CRWs for March and April 2024, to correctly report its actual revenues for the periods in which they were earned, to exclude Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges revenues from its reporting, and to include its POTS service revenues, VoIP Revenues, Remote Call Forwarding Fees, Non-published listing fees, Non-listed fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees;
2. Update its billing system to include KUSF surcharge collection of POTS revenues, VoIP service revenues, Remote Call Forwarding Fees, Non-published listing fees, Non-listed fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees, and exclude KUSF surcharge collection from Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges;
3. Update its KUSF reporting procedures to include reporting of POTS revenues, VoIP service revenues, Remote Call Forwarding Fees, Non-published listing fees, Non-listed fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees, and exclude reporting of Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges;
4. Remit \$6,812.65 to the KUSF; and
5. File an affidavit, signed by an officer of the Company, attesting that the Company:
 - a. Corrected its KUSF reporting procedures to include POTS revenues, VoIP service revenues, Remote Call Forwarding Fees, Non-published listing fees, Non-listed fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees in its reporting revenues;
 - b. Corrected its KUSF reporting procedures to exclude Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges from its reporting revenues;

- c. Corrected its billing system to include KUSF surcharge collection from POTS revenues, VoIP service revenues, Remote Call Forwarding Fees, Non-published listing fees, Non-Listed Fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees;
- d. Corrected its billing system to exclude KUSF surcharge collection from Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges; and
- e. Remitted \$6,812.65 to the KUSF.

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

VPS recommends GC Pivotal 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.

GC Pivotal agrees with the Audit Report.

Background

During the course of the audit, VPS issued 21 Data Requests (DRs) to GC Pivotal. DR No. 19 is included as Attachment A.

GC Pivotal operates as a provider of switched local exchange and exchange access services² and an interexchange services provider³. The Company is headquartered in Arlington, VA.

GC Pivotal is required to report its revenue and pay the related assessments to the KUSF on an annual basis.⁴ The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.⁵ The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline services to its customers.

² Order Approving GC Pivotal Application for Certificate of Convenience and Authority – CLEC, Docket No. 11-GCPT-632-COC, Apr. 28, 2011 (11-632 Order).

³ Order Approving GC Pivotal Application for Certificate of Convenience and Authority – IXC, Docket No. 11-GCPT-633-COC, Docket No. 11-GCPT-633-COC, Apr 28, 2011 (11-633 Order).

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 (06-332 Order).

⁵ K.S.A. 66-2008(a).

Pursuant to Commission Order,⁶ VPS confirmed that GC Pivotal does not offer assessable and non-assessable services in a bundle. The Company states it uses this same allocation methodology for Federal USF (FUSF) and KUSF purposes.⁷

Current KUSF Obligations

The Company is current with its KUSF obligations.⁸

Current Audit Findings

VPS conducted the audit of GC Pivotal in accordance with the KUSF Audit Procedures adopted by the KCC.⁹ Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

Audit Finding No. 1

Standard: Carriers are required to report actual intrastate retail revenues, and may report uncollectible revenue written-off, to the KUSF to determine their KUSF assessment obligation.¹⁰

Finding 1: GC Pivotal did not report its intrastate and intralata voice usage revenues, POTS, or VoIP service revenues.¹¹ As a result, GC Pivotal under-reported its intrastate retail revenues for March 2021 – February 2024 (FYs 25, 26, and 27) and March – April 2024, by \$5,421.08.

Recommendation: VPS recommends that GC Pivotal be directed to file Audit True-ups for FYs 25, 26, and 27, and revised CRWs for March and April 2024 to include its intrastate, intralata, POTS and VoIP service revenues in its reporting.

VPS also recommends the Company be directed to file an affidavit, signed by an officer of the Company, attesting the Company corrected its KUSF reporting policies to report its intrastate, intralata, POTS, and VoIP revenues to the KUSF.

VPS recommends GC Pivotal 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.

⁶ Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

⁷ GC Pivotal's response to DR 12.

⁸ Confirmed with the KUSF Administrator on May 22, 2024.

⁹ 22-142 Order.

¹⁰ K.S.A. 66-2008(a), and Order, ¶ 108-110, Dec. 27, 1996; Order and Attachment, Feb. 3, 1997; Order, ¶9, 31, 56, March 25, 1999, Docket No. 94-GIMT-478-GIT. See *also*, Order, Docket No. 16-GIMT-517- GIT, Feb. 17, 2017.

¹¹ Attachment A.

Audit Finding No. 2

Standard: Miscellaneous recurring and non-recurring intrastate retail revenues are Kansas intrastate retail revenues subject to the KUSF.¹²

Finding: GC Pivotal did not report the following miscellaneous revenues to the KUSF: Remote Call Forwarding Fees, Non-published listing fees, Non-listed Fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees.¹³ As a result, GC Pivotal under-reported its intrastate retail revenues for March 2021 – February 2024 (FYs 25, 26, and 27) and March – April 2024, by \$2,490.00

Recommendation: VPS recommends that GC Pivotal be directed to file Audit True-ups for FYs 25, 26, and 27, and revised CRWs for March and April 2024, to include Remote Call Forwarding Fees, Non-published listing fees, Non-listed Fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees revenues in its reporting.

VPS also recommends the Company be directed to file an affidavit, signed by an officer of the Company, attesting the Company corrected its KUSF reporting policies to report its miscellaneous revenues, including Remote Call Forwarding Fees, Non-published listing fees, Non-listed Fees, Account Maintenance Fees, Additional Listing Charges, and Directory Assistance Fees revenues to the KUSF.

VPS recommends GC Pivotal 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.

Audit Finding No. 3

Standard: Non-voice service revenues will not be included in carriers' retail revenues.¹⁴ Flow-through charges and Federal charges are not included in Kansas revenues.¹⁵

Finding: GC Pivotal reported and collected the KUSF surcharge on its Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges.¹⁶ As a result, the Company over-collected its intrastate revenues, and overpaid its KUSF contributions for March 2021 – February 2024 (FYs 25, 26, and 27) and March – April 2024. However, the result of this finding is immaterial.

¹² Order Accepting VPS' KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 22-GIMT-142-GIT, Jun. 27, 2023. See also KUSF Carrier Remittance Instructions, Plan Year 2022-2023; (CRW Instructions), II.A., available for viewing at:

https://www.vantagepnt.com/wpcontent/uploads/2022/02/kusf_instructions_fy26_final.pdf.

¹³ Attachment A.

¹⁴ Order Granting Requests of Joint Petitioners, Docket No. 06-GIMT-943-GIT, Sep. 7, 2006.

¹⁵ Kansas Universal Service Fund Instructions, Attachment E.

¹⁶ Attachment A.

Recommendation: VPS recommends that GC Pivotal be directed to file an affidavit, signed by an officer of the Company, attesting the Company has corrected its KUSF reporting procedures to omit the reporting of Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges, and the Company has corrected its billing system to omit the KUSF surcharge collection on its Preferred Interexchange Carrier Charges (PICC) and End User Common Line Charges.

VPS recommends GC Pivotal 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.

Audit Finding No. 4

Standard: Carriers are required to report actual intrastate retail revenues, and may report uncollectible revenue written-off, to the KUSF to determine their KUSF assessment obligation.¹⁷ Carriers who report estimated revenue or revenues in arrears are to file Quarterly True-ups to report their actual revenue within 45-days of the end of each quarter.¹⁸

Finding: GC Pivotal did not report revenues for the periods in which they were earned. Instead, the Company reported revenues one (1) month in arrears.¹⁹ The Company did not file Quarterly True-ups within 45-days of the end of the quarter. Therefore, the Company over-reported its intrastate retail revenues for March 2021 – February 2024 (FYs 25, 26, and 27) and March – April 2024, resulting in an underpayment of \$1,098.43.

Recommendation: VPS recommends that GC Pivotal be directed to file Audit True-ups for FYs 25, 26, and 27, and revised CRWs for March and April 2024, to correctly report revenues in the period that they were earned. VPS also recommends that GC Pivotal be directed to file an affidavit, signed by an officer of the Company, attesting that the Company has corrected its reporting procedures by reporting its actual revenues in the appropriate period in which they were earned, and the date the new procedures were implemented 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.

¹⁷ K.S.A. 66-2008(a), and Order, ¶ 108-110, Dec. 27, 1996; Order and Attachment, Feb. 3, 1997; Order, ¶9, 31, 56, March 25, 1999, Docket No. 94-GIMT-478-GIT. See also, Order, Docket No. 16-GIMT-517- GIT, Feb. 17, 2017.

¹⁸ Order Setting the Kansas Universal Service Fund Assessment Rate for Year Fourteen and Canceling January 20, 2010 Technical Hearing, Docket No. 10-GIMT-188-GIT, Jan. 13, 2010 (Year 14 Order).

¹⁹ Attachment A

KUSF Carrier Audit Information Request

Submitted By: Shomari Jackson

Submitted To: Brian Kim
Orvin Moore

Company Name: GC Pivotal, LLC

Docket Number: 24-GCPT-115-KSF

Request Date: April 11, 2024

Due Date: **April 22, 2024**

Data Request No. 19**RE: Confirmation of Auditor Understanding**

Please confirm the auditor's understanding of the following items. If the statement is incorrect, please provide clarification.

- The Company does not report the following revenues to the KUSF:
 - Voice Usage Intrastate
 - Voice Usage Intralata
 - POTS
 - Remote Call Forwarding Fees
 - Non-published Listing Fees
 - Non-listed Fees
 - Account Maintenance Fees
 - Additional Listing Charges
 - Voice Usage Calling Features
 - SIP Trunking Revenues (VoIP)
 - Directory Assistance Fees

- The Company did not collect the KUSF surcharge on the following revenues:
 - Voice Usage Intrastate
 - Voice Usage Intralata
 - POTS
 - Remote Call Forwarding Fees
 - Non-published Listing Fees
 - Non-listed Fees
 - Account Maintenance Fees
 - Additional Listing Charges
 - Voice Usage Calling Features
 - SIP Trunking Revenues (VoIP)
 - Directory Assistance Fees

KUSF Carrier Audit Information Request

- The Company reported the following revenues to the KUSF:
 - Preferred Interexchange Carrier Charges (PICC)
 - End User Common Line Charge
- The Company collects the KUSF surcharge on the following revenues:
 - Preferred Interexchange Carrier Charges (PICC)
 - End User Common Line Charges
- The Company files its revenues one month in arrears, but it does not file quarterly or annual true-ups to report its actual revenues in the appropriate periods.

Response

- GC Pivotal did not report revenues and collect the KUSF surcharges on the following items:
 - Voice Usage Intrastate
 - Voice Usage Intralata
 - POTS
 - Remote Call Forwarding Fees
 - Non-published Listing Fees
 - Non-listed Fees
 - Account Maintenance Fees
 - Additional Listing Charges
 - Voice Usage Calling Features
 - SIP Trunking Revenues (VoIP)
 - Directory Assistance Fees
 - Preferred Interexchange Carrier Charges (PICC)
 - End User Common Line Charge
- KUSF was incorrectly collected on PICC and End User Common Line Charges, rather than FUSF. However, GC Pivotal did not consistently report or remit the collected surcharges on PICC and End User Common Line Charges. The company is conducting a comprehensive review and is working to resolve the issue.
- GC Pivotal files its revenues one month in arrears and does not file quarterly or annual true-up report currently.

KUSF Carrier Audit Information Request

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 – DR19

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: *Brian Kim*

Date: 05/15/2024