



**GVNW CONSULTING, INC.**

2270 LA MONTANA WAY #100  
COLORADO SPRINGS, CO 80918  
TEL. 719.594.5800  
[www.gvnw.com](http://www.gvnw.com)

January 4, 2019

Ms. Amy L. Green  
Secretary to the Commission  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

RE: Docket No. 19-CVCV-035-KSF  
*In the Matter of the Audit of Covoda Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2015 Supp. 66-2010(b) for KUSF Operating Year 21, Fiscal Year March 2017-February 2018*

Dear Ms. Green:

In its August 21, 2018 Order, the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Covoda Communications, Inc. (Covoda 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 Covoda'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. Covoda's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Covoda 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 4<sup>th</sup> day of January, 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

Nicole Stephens, KUSF Administrator Manager  
GVNW Consulting, Inc.  
2930 Montvale Dr., Ste. B  
Springfield, IL 62704  
Email: [nstephens@gvnw.com](mailto:nstephens@gvnw.com)

Judi Ushio, Midwest Division Manager  
GVNW Consulting, Inc.  
2270 La Montana Way #100  
Colorado Springs, CO 80918  
Email: [jushio@gvnw.com](mailto:jushio@gvnw.com)

Walker Hendrix, Litigation Counsel  
Kansas Corporation Commission  
1500 SW Arrowhead Rd  
Topeka, KS 66604  
Email: [w.hendrix@kcc.ks.gov](mailto:w.hendrix@kcc.ks.gov)

Mark Sutto, Vice President  
Covoda Communications, Inc.  
1005 West Indiantown Rd #201  
Juniper, IL 33458  
Email: [Mark.suto@tolydigital.net](mailto:Mark.suto@tolydigital.net)

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  
Covoda Communications, Inc.**

**From:** Dennis Smith, Auditor

**Company Personnel:** Zach LaHood, POA

**Date:** January 2, 2019

**On-Site Visit Dates:** Desk Audit

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

**Re:** Docket No. 19-CVCV-035-KSF

*In the Matter of the Audit of Covoda Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2017 Supp. 66-2010(b) for KUSF Operating Year 21, Fiscal Year March 2017 – February 2018.*

**EXECUTIVE SUMMARY:**

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 21, 2018 Order, GVNW Consulting, Inc. (GVNW) conducted an audit of Covoda Communications, Inc. (Covoda or Company), based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures adopted for KUSF Operating Year 21.<sup>1</sup> GVNW did not identify any findings.

GVNW's audit, supported by an affidavit from an officer of the Company,<sup>2</sup> validates that Covoda has not generated any intrastate retail revenues that are subject to the KUSF reporting requirements. Covoda should be directed to continue to remit its Annual Company Identification and Operations Form, referred to as Attachment B, to the KUSF Administrator and report intrastate retail revenue to the KUSF Administrator at any point in time that it does generate Kansas intrastate retail revenues that are subject to the KUSF. Alternatively, if Covoda does not anticipate offering service in Kansas, it may remit a letter to the KCC and GVNW, on company letterhead and signed by an officer of the Company, stating it is not operating in Kansas.

Covoda agrees with this audit report.

GVNW recommends this Docket be closed.

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<sup>1</sup> Order Accepting GVNW's KUSF Year 21 Audit Selections; Proposed Revisions to Selection Criteria and Audit Review Procedures, Docket No. 17-GIMT-008-GIT, July 24, 2018 (17-008 Order).

<sup>2</sup> Attachment A.

## **BACKGROUND**

During the course of the audit, GVNW issued 16 Data Requests (DRs) to Covoda that support GVNW's finding.

Covoda, headquartered in Jupiter, Florida, provides Voice over Internet Protocol (VoIP) services to its subscribers. The Company states it has not generated any Kansas intrastate retail revenue subject to the KUSF; therefore, it is not required to report revenue and pay assessments to the KUSF until such time as revenue is generated.<sup>3</sup>

The KUSF Administrator's records show that the Company reported minimal Kansas retail revenues to the KUSF for March 2016 through February 2017 (Operating Year 20). Covoda's signed Attachment B for Operating Years 21 (March 2017-February 2018), and 22 (March 2018-February 2019) state the Company is not generating Kansas intrastate retail revenue.

## **FINDINGS AND RECOMMENDATIONS:**

GVNW performed its audit consistent with the Kansas Corporation Commission's (KCC or Commission) KUSF audit procedures. Whenever a Company reports that it has not generated any intrastate retail revenues subject to the KUSF,<sup>4</sup> an officer of the Company is to remit an affidavit to that fact. The Company provided a notarized affidavit, included as Attachment A to this report, verifying that Covoda does not have any Kansas intrastate retail revenues subject to the KUSF for the audit period and through present, as of the date of the inquiry.

GVNW also reviewed the Company's revenue reporting records as a further test of Covoda's representation that it did not generate any Kansas intrastate retail revenues. No discrepancies were noted.

Covoda's Corporate Annual Report, filed with the Kansas Secretary of State's Office, states that the Company is incorporated in the state of Florida. Covoda is registered with the Kansas Secretary of State as a "Foreign For Profit" company and is currently listed as "active and in good standing."<sup>5</sup>

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<sup>3</sup> Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 16-GIMT-067-GIT, July 25, 2017 (16-067 Order).

<sup>4</sup> KCC Approved Audit Review Procedures, Section IX.B(1)(c), page 13.

<sup>5</sup><https://www.kansas.gov/bess/flow/main.jsessionid=9155C92E3EF6D6A3389CBDE0E4FC765B.apr03-inst0?execution=e1s5>, last viewed on January 2, 2019.

The Federal Communications Commission's (FCC) Form 499-A Database<sup>6</sup> specifies that the Company is a Holding Company of a Toll Reseller in Kansas (Toly Digital Networks Inc.)<sup>7</sup> and provides service in a total of 37 states and territories.

Covoda should continue to file an Annual Attachment B as long as it anticipates offering services in Kansas. If the Company does not plan to offer services in Kansas, it may remit a letter to the KCC and GVNW, on company letterhead and signed by an officer of the Company, stating it is not operating in Kansas. GVNW recommends that Covoda be directed to report to the KUSF Administrator at any point in time that it generates intrastate retail revenues subject to the KUSF reporting requirements. GVNW further recommends that this docket be closed.

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<sup>6</sup> <http://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=820904>, last viewed on January 2, 2019.

<sup>7</sup> Toly Digital Networks, Inc. filed an Application requesting a Certificate of Convenience and Authority in Docket No. 08-TDNC-491-COC. The KCC did not grant the Application since the Company stated it is a wholesale provider; not a retail long distance service provider. Order Closing Docket, Docket No. 08-TDNC-491-COC, July 10, 2008.

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

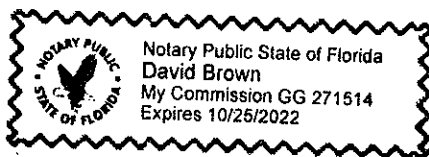
In the Matter of the Audit of Covoda )  
Communications, Inc. by the Kansas )  
Universal Service Fund (KUSF) )  
Administrator Pursuant to K.S.A. 2017 )  
Supp. 66-210(b) for KUSF Operating Year )  
21, Fiscal Year March 2017 – February )  
2018. )

Docket No. 19-CVCV-035-KSF

Declaration of Mark Suto  
(Name)

I am Vice President (Position) of Covoda Communications, Inc., ("Covoda") and authorized to provide this affidavit on its behalf, and the facts set forth herein are true and correct to the best of my knowledge.

1. Covoda is a provider of VoIP services in the state of Kansas.
2. Covoda does not have any intrastate telecommunications customers with a primary service or billing address in the state of Kansas.
3. Covoda certifies that it did not generate any Kansas intrastate retail telecommunications revenues to include local exchange, intrastate switched access toll or VoIP services for the periods March 1, 2017 through February 28, 2018; and March 1, 2018 to present; from telecommunications services subject to the Kansas Universal Service Fund contribution requirements.
4. Covoda shall report all revenues and pay any assessments to the Kansas Universal Service Fund, should the Company generate intrastate retail revenues subject to the KUSF rules.



Name: [Signature]  
Date: 11/2/18

Subscribed and sworn to before me this 2nd day of November, 2018.

My Commission expires: 10/25/2022

[Signature] David Brown  
Notary