

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Dwight D. Keen

In the Matter of the Audit of Fiber Network LLC)
by the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 2016 Supp.) Docket No. 18-KSFT-042-KSF
66-2010(b) for KUSF Operating Year 20, Fiscal)
Year March 2016-February 2017.)

ORDER ADOPTING AUDIT REPORT AND CLOSING DOCKET

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 1, 2017, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Kansas Fiber Network LLC (Kansas Fiber) for Kansas Universal Service Fund (KUSF) purposes.

2. On May 16, 2018, GVNW submitted its Audit Report of even date, indicating its finding that Kansas Fiber is current with its KUSF obligations. GVNW states that it identified one reporting deficiency; however, Kansas Fiber has corrected the deficiency and is now compliant with GVNW's Audit Finding. GVNW's Audit Report identifies and describes in detail the noted reporting deficiency, including the applicable reporting standard, resulting in the following audit finding and recommendation:

Audit Finding No. 1:

Standard: Carriers are required to report intrastate retail revenues, and may report uncollectible revenue written off to the KUSF to determine their KUSF assessment obligation.¹

¹ See K.S.A. 66-2008(a), Docket No. 94-GIMT-478-GIT, Dec. 27, 1996 Order, ¶108-110; Feb. 3, 1997 Order, Attachment; and March 25, 1999 Order, ¶9, 31, 56. See also Docket No. 16-GIMT-517-GIT, Feb. 17, 2017 Order.

Finding: Kansas Fiber reported interstate special access revenues to the KUSF. The company changed billing and accounting software, with the billing module inadvertently posting Federal Universal Service Fund (Federal USF) activity to the KUSF general ledger account and KUSF activity to the Federal USF general ledger account. Remittances to the KUSF and Federal USF were made according to the respective general ledger account balances. Kansas Fiber identified the deficiency in its billing system in March 2017. Subsequently, the company performed a Categorization Study to determine whether it properly identified the correct jurisdiction for each of its special access circuits. Based on the company's general ledger KUSF reporting error and the results of the Categorization Study, Kansas Fiber submitted an Annual KUSF True-up to the KUSF for Operating year 20 in April 2017 and refunded \$23,399 of assessments to the Kansas special access subscribers.

Recommendation: GVNW reviewed Kansas Fibers' general ledger corrections and the results of the Categorization Study and found no discrepancies. In addition, GVNW reviewed affected special access subscriber invoices to substantiate the amount of the over-collection and to verify that Kansas Fiber issued the \$23,399 in refunds. No discrepancies were noted. Kansas Fiber self-corrected its billing reporting error; therefore no further action is required on the part of the company. Concluding, GVNW recommends the Commission issue an Order adopting its Audit Report and close this docket.

3. The Commission has reviewed GVNW's May 16, 2018 Audit Report and concludes that it should adopt the same and close this docket.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report submitted May 16, 2018. This docket is hereby closed.

B. The Commission retains jurisdiction over Kansas Fiber Network LLC and the subject matter of this Docket for the purpose of issuing such additional orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 05/24/2018

A handwritten signature in cursive script, reading "Lynn M. Retz".

Lynn M. Retz
Secretary to the Commission

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CERTIFICATE OF SERVICE

18-KSFT-042-KSF

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on 05/25/2018.

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