

**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 Consolidated                      )  
Communications Enterprise Services, Inc.                      )  
by the Kansas Universal Service Fund (KUSF)                      )                      Docket No. 18-COSC-045-KSF  
Administrator Pursuant to K.S.A. 2016 Supp.                      )  
66-2010(b) for KUSF Operating Year 20, Fiscal                      )  
Year March 2016-February 2017.                      )

**ORDER ADOPTING GVNW CONSULTING, INC.'s COMPLIANCE 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 Consolidated Communications Enterprise Services, Inc. (CCES) for Kansas Universal Service Fund (KUSF) purposes.

2.        On February 23, 2018, GVNW filed its Audit Report, including Attachments A and B, dated February 22, 2018, indicating its finding that CCES is current with its KUSF obligations. GVNW's Audit Report identified and described in detail two reporting deficiencies, including the applicable reporting standards. GVNW's findings and recommendations included the following:

Audit Finding No. 1:

Finding: CCES reported revenues to the KUSF net of discounts for the period of March through June 2016 and underpaid \$5,910.74 in KUSF assessments.

Recommendation: The company should be directed to submit Audit True-ups for the period March through June 2016 and pay the additional \$5,910.74 to the KUSF within 30 days of the Commission's issuance of an Order in this Docket.

Audit Finding No. 2:

Finding: The company failed to file updated VoIP traffic studies, including an affidavit from an officer of CCES to verify that the company is using this same methodology for both Federal Universal Service Fund (Federal USF) and KUSF purposes since 2014.

Recommendation: The Commission should direct CCES to submit a pleading, accompanied by an affidavit executed by an officer of the company, to update its traffic study methodology and intrastate factors for KUSF purposes for the periods of April 2015 through current 2018. The company should verify that it applies the inverse of the Federal USF factor for KUSF reporting purposes and identify the time period for each applicable factor.<sup>1</sup> The Commission should remind the company to submit annual updates in accordance with Commission Orders. The Commission may wish to consider the assessment of fines pursuant to K.S.A. 66-138 for non-compliance with Commission Orders.<sup>2</sup>

3. On March 8, 2018, the Commission issued an Order Accepting and Adopting GVNW Consulting, Inc.'s February 22, 2018 Audit Report and Recommendations. Respecting Audit Finding No. 1, the Commission directed CCES to submit Audit True-ups for the period March through June 2016 to correct this Audit deficiency and repay \$5,910.74 to the KUSF within 30 days from the date of the Order. Respecting Audit Finding No. 2, the Commission assessed CCES a monetary penalty of \$300.00 for each of the three years affected by the company's non-compliance with the Commission's August 19, 2014 Order issued in Docket No. 14-GIMT-105-GIT, for a total monetary penalty of \$900.00. Upon CCES' compliance with the foregoing requirements, GVNW was directed to provide an update to the Commission.

4. On April 11, 2018, GVNW submitted a Compliance Report of even date confirming that CCES, in compliance with the Commission's March 8, 2018 Order, submitted the required Audit True-ups to GVNW and, on April 6, 2018, remitted payment of \$5,910.47 in additional

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<sup>1</sup> Satisfied by CCES's February 20, 2018 submission in this Docket of *Response of Consolidated Communications Enterprise Services, Inc. to Findings of Audit of Year 20 of the Kansas Universal Service Fund*.

<sup>2</sup> Audit Report, page 4.

assessments to the KUSF, and on April 9, 2018, paid the \$900.00 monetary penalty to the Commission. Concluding its Compliance Report, GVNW recommends that this Docket be closed.

5. The Commission has reviewed GVNW's April 11, 2018 Compliance 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 April 11, 2018 Compliance Report. This Docket is hereby closed.

B. The Commission retains jurisdiction over Consolidated Communications Enterprise Services, Inc. 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: 04/19/2018



Lynn M. Retz  
Secretary to the Commission

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## **CERTIFICATE OF SERVICE**

18-COSC-045-KSF

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 04/19/2018.

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\*\*\*Hand Delivered\*\*\*

/S/ DeeAnn Shupe

DeeAnn Shupe