



GVNW CONSULTING, INC.

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April 12, 2017

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

RE: Docket No. 17-PLTT-030-KSF
*In the Matter of the Audit of Peoples Telecommunications, LLC by the Kanas
Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2015 Supp. 66-
2010(b) for KUSF Operating Year 19, Fiscal Year March 2015-February 2016*

Dear Ms. Green:

In its August 2, 2016 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Peoples Telecommunications, LLC (Peoples ILEC 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 Peoples ILEC'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. Peoples ILEC's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Peoples ILEC 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 "Jim Worlton", is written over a faint, circular blue stamp.

Jim Worlton
Consultant

cc w/encl: Sandy Reams
DW/dc – Encl.

KANSAS UNIVERSAL SERVICE FUND AUDIT REPORT

Docket No: 17-PLTT-030-KSF
Peoples Telecommunications LLC (LEC)

Prepared For: Kansas Corporation Commission
Kansas Universal Service Fund

Prepared By: Jim Worlton
GVNW Consulting, Inc.

Audit Period: March 1, 2015 through February 29, 2016
Kansas Operating Year 19 (Operating Year 19)

Company Representatives: Kathy Billinger
Megan Rice

Date of On-Site Visit: December 1 and 2, 2016

Date Submitted to Company: April 11, 2017

Audit Summary

Based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures for Operating Year 19,¹ GVNW Consulting, Inc. (GVNW) did not identify any KUSF deficiencies regarding Peoples Telecommunications, LLC (LEC) (Peoples LEC or Company) and recommends this Docket be closed.

Current KUSF Obligations

Peoples LEC is current with its KUSF obligations.²

Background

Peoples LEC is a rural Incumbent Local Exchange Carrier (ILEC) headquartered in La Cygne, Kansas. The Company is required to report its revenues and pay the related assessments to the KUSF on a monthly basis.³ For the period of March 2015 to November 2015, Peoples LEC was authorized to collect and pay its KUSF assessment based on an approved per-line rate.⁴ For the remaining period of December 2015 through February 2016, the Company paid its assessment to the KUSF using the percentage assessment methodology.⁵ Peoples LEC is authorized to collect an amount

¹ Docket No. 15-GIMT-073-GIT (Docket 15-073), July 14, 2016, Order Accepting GVNW's KUSF Year 19 Audit Selections, Proposed Revisions to Selection Criteria and Audit Review Procedures.

² Confirmed on March 13, 2017 with the KUSF Administrator.

³ Docket No. 06-GIMT-332-GIT (Docket 06-332), January 23, 2006, Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements.

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

⁵ Docket 15-073, May 21, 2015, Order Eliminating KUSF Local Service Per Line Rates.

equal to or less than its assessment from customers,⁶ and does so. Peoples LEC is required to offer and advertise Lifeline services to its customers⁷, and does so. The Company also claims monthly Lifeline credits from the KUSF. GVNW advises the Kansas Corporation Commission (KCC or Commission) that Peoples LEC reports bundled service revenue to the KUSF based on the stand-alone service allocation methodology⁸ and does not recognize end-user discounts for KUSF reporting purposes.⁹

On August 2, 2016, the KCC issued Order No. 1 in Docket No. 17-PLTT-030-KSF (Docket 17-030) directing GVNW to conduct an audit for KUSF purposes.

Audit Findings

GVNW conducted the audit of Peoples LEC in accordance with the KUSF Carrier Review Procedures adopted by the KCC.¹⁰

GVNW did not identify any KUSF audit deficiencies related to the current audit period and recommends closing this Docket.

⁶ K.S.A. 66-2008.

⁷ Docket 94-478, December 27, 1996, Order.

⁸ Peoples LEC response to DR No. 3 Part C.

⁹ Peoples LEC response to DR No. 11.

¹⁰ Docket 15-073, July 14, 2016, Order.

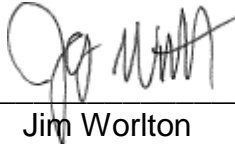
CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of April 2017, 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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Jim Worlton