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April 6, 2020

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

RE: Docket No. 20-TFWZ-054-KSF
In the Matter of the Audit of TracFone Wireless, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2018 Supp. 66-2010(b) for KUSF Fiscal Year 22, March 2018-February 2019

Dear Ms. Retz:

In its August 15, 2019 Order, the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of TracFone Wireless, Inc. (TracFone 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 TracFone'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. TracFone's audit does not require a separate confidential report; therefore, only the enclosed public audit report for TracFone 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 horizontal line.

Dennis Smith
Consultant

cc w/encl: Sandy Reams

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of April, 2020, 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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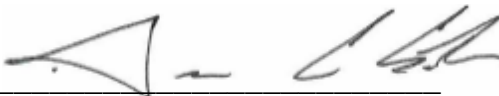
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Dennis Smith

**GVNW Consulting, Inc.
Audit Report for
TracFone Wireless, Inc.**

From: Dennis Smith, Auditor

Company Personnel: Scott Myott, Senior Tax Manager
Chesley Dillon, VP – Corp Tax.

Date: March 6, 2020

On-Site Visit Dates: January 28-29, 2020

KUSF Status: Current with Reporting & Payment obligations

Re: Docket No. 20-TFWZ-054-KSF

In the Matter of the Audit of TracFone Wireless, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2018 Supp. 66-2010(b) for KUSF Fiscal Year 22, March 2018 – February 2019.

EXECUTIVE SUMMARY:

Pursuant to the Kansas Corporation Commission’s (KCC or Commission) August 15, 2019 Order, GVNW Consulting, Inc. (GVNW) conducted an audit of TracFone Wireless, Inc. (TracFone or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 22.¹ GVNW did not identify any KUSF reporting deficiencies during the course of the audit of TracFone and the Company is current with its KUSF obligations.

TracFone agrees with this Audit Report.

GVNW recommends the Commission issue an Order to: (1) adopt this Audit Report; and (2) close this Docket.

BACKGROUND:

During the course of the audit, GVNW issued twenty (20) Data Requests (DRs) to TracFone.

TracFone is a reseller of prepaid commercial mobile radio services (CMRW) in Kansas, and is headquartered in Miami, FL.

¹ Order Accepting GVNW’s KUSF Year 22 Audit Selections, Docket No. 18-GIMT-084-GIT, August 8, 2019 (18-084 Order).

TracFone is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.² The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers,³ but has elected not to do so. The Company is a designated Eligible Telecommunications Carrier (ETC) for the Federal Lifeline Program in Kansas,⁴ therefore, it offers Lifeline services to its customers,⁵ but is not eligible to request Lifeline credits from the KUSF.

Pursuant to Commission Order,⁶ GVNW confirmed that TracFone offers bundled assessable and non-assessable services to its Kansas customers. The Company reports revenue and remits assessments to the KUSF based on the service price of the assessable service subject to the KUSF assessment. Intrastate assessable revenues are directly assigned to the intrastate jurisdiction and reported to the KUSF. The Company uses these same allocation methodologies for Federal Universal Service Fund (USF) purposes.⁷

FOLLOW-UP DOCKET 17-TFWZ-022-KSF AUDIT COMPLIANCE (August 15, 2017):⁸

The following findings were adopted by the Commission in Docket 17-022:

Finding No. 1: TracFone did not report the gross monthly recurring charge prior to recognizing federal or state Lifeline credits.

Audit Finding Compliance: The Company did not deduct any assessable portion of Lifeline credits from its reportable revenues. This finding has been resolved.

² Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 06-GIMT-332-GIT, January 23, 2006 (06-332 Order).

³ K.S.A. 66-2008(a).

⁴ Order Granting in Part and Denying in Part Amended Application of TracFone for Designation as ETC for the Limited Purpose of Offering Lifeline Service to Qualified Households, Docket No. 09-TFWZ-945-ETC, December 14, 2010.

⁵ The Kansas Intrastate portion of assessable Federal Lifeline revenues was reported for KUSF purposes.

⁶ Order Determining KUSF Contribution Methodology, ¶127, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

⁷ TracFone's response to GVNW DR No. 20.

⁸ Order Accepting and Adopting Compliance Report and Closing Docket, August 15, 2017.

From: [Dawn Cartellone](#)
To: "[Walker Hendrix](#)"; [Brian Fedotin](#); "rsalzman@tracfone.com"; "sathanson@tracfone.com"; "[Scott Myott](#)"
Cc: [Nicole Stephens](#); [Shomari J. Jackson](#); [Dennis C. Smith](#); [Judi Ushio](#)
Subject: Kansas USF FY22 - TracFone
Date: Monday, April 6, 2020 9:44:00 AM
Attachments: [TracFone FY22 Final Audit Report 2020-04-06 EFILED.pdf](#)

The attached Kansas USF FY22 Audit Report was filed with the Kansas Corporation Commission.

Dawn Cartellone

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