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June 15, 2021

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

RE: Docket No. 21-SCCC-065-KSF (Company Code KS003391)
In the Matter of the Audit of Sprint Communications Company LP by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for Fiscal Year 23, March 2019 - February 2020.

Dear Ms. Retz:

In its August 18, 2020 Order, the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Sprint Communications Company LP (Sprint Communications 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 Sprint Communications' customers, if applicable, are appropriate and accurate.

The KCC directed GVNW to file two (2) versions of the audit report with the KCC; one (1) version containing confidential information and one (1) version with the confidential data redacted for public disclosure. Sprint Communications' audit does not require a separate confidential report; therefore, only the enclosed public audit report for Sprint Communications 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 that reads "Shomari L. Jackson". The signature is written in a cursive style with a large initial "S".

Shomari Jackson

Attachments

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of June, 2021, 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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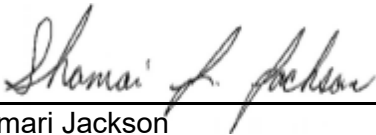
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Shomari Jackson

**GVNW – A Vantage Point Company
Audit Report for
Sprint Communications Company**

From: Shomari Jackson, Auditor

Company Personnel: Al Clark, Analyst – Regulatory Reporting

Date: April 30, 2021

Microsoft Teams Meeting Date: March 17, 2021

KUSF Status: Current with Reporting & Payment obligations

Re: Docket No. 21-SCCC-065-KSF

In the Matter of the Audit of Sprint Communications Company by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Fiscal Year 23, March 2019 – February 2020.

EXECUTIVE SUMMARY:

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 18, 2020 Order, GVNW – A Vantage Point Company (GVNW) conducted an audit of Sprint Communications Company (Sprint Communications or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 23 (FY 23).¹ GVNW identified two (2) findings resulting from the Company's non-compliance with the Commission's KUSF policies resulting in the Company owing an additional \$510.20 to the KUSF. The Company has a credit on its KUSF account, which will be used to offset the additional assessment owed. The Company is current with its KUSF obligations.

Finding 1 – Sprint Communications combined the KUSF surcharge collected from customers with other states' USF surcharges. The Company has modified its billing systems to separately identify the KUSF surcharge.

Finding 2 – Sprint Communications under-reported its revenues and under-paid its assessments for January and February 2018, resulting in the Company owing and paying an additional \$510.20 to the KUSF.

GVNW recommends the Commission to issue an Order to: (1) adopt this Audit Report and the identified findings; (2) direct Sprint Communications to separately identify the KUSF surcharge on the subscriber's bill; (3) require the Company to file an affidavit,

¹ Order Accepting GVNW'S KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 19-GIMT-056-GIT, July 21, 2020 (19-056 Order).

signed by an officer of the Company, in this Docket, attesting to the completion of its billing system update to include a line item charge for the KUSF and the date the billing system update was completed; (4) provide ten (10) copies of customer bills to GVNW that clearly demonstrate the KUSF surcharge, as a separate line item; and (5) file Revised CRWs for January and February 2018 to correctly report the revenues, within 60-days of the issuance of a Commission Order.

BACKGROUND:

During the course of the audit, GVNW issued 22 Data Requests (DRs) to Sprint Communications. GVNW is including the response to DR 22 as Attachment A to support its finding.

Sprint Communications was a provider of domestic and international wireline data, Competitive local exchange, long distance, and SIP² trucking services in Kansas. Effective March 2021, the Company provides services via interconnected Voice over Internet Protocol (VoIP).³

Sprint Communications is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.⁴ The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.⁵ The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline services to its customers.

Pursuant to Commission Order,⁶ GVNW confirmed that Sprint Communications does not bundle the services that are offered to its Kansas customers. The Company reports revenue and remits assessments to the KUSF based on the stand-alone price of the unbundled service subject to the KUSF assessment. The Company states it uses this same allocation methodology for Federal Universal Service Fund (FUSF) and KUSF purposes.⁷

² Session Initiation Protocol Trunk. A virtual circuit setup on an internet access line, and over which VoIP calls travel from the customer's internet protocol PBX to the outside world via the customer's VoIP provider which uses peering arrangements with other VoIP operators and/or interconnections with the PSTN to send the call to the destination network.

³ Order Granting Application to Cancel IXC Certificate, Docket No. 21-SCCC-316-CCS (IXC), March 11, 2021; and Order Granting Application to Cancel CLEC Certificate, Docket No. 21-SCCC-317-CCS (CLEC), March 11, 2021.

⁴ 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).

⁵ K.S.A. 66-2008(a).

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

⁷ Sprint Communications' response to DR 15.

FINDINGS AND RECOMMENDATIONS:

1. Any federal, state, local government and/or regulatory taxes, fees, and/or surcharges, shall be itemized on a subscriber's bill and be clearly identified.⁸

The Company has not clearly identified the KUSF surcharge on its subscriber's bills. The KUSF surcharge is combined in the line item entitled "State Universal Svc Fund" that also includes other states' Universal Service Fund (USF) surcharges.⁹ The Company states it is currently modifying its billing system to include a separate line-item charge for the KUSF.¹⁰

GVNW recommends that the KCC direct Sprint Communications to clearly identify the KUSF surcharge as a separate line item on a subscriber's bill. The Company is in the process of updating its billing system, therefore, GVNW recommends the Commission require the Company to file an affidavit, signed by an officer of the Company, in this Docket, attesting to the completion of its billing system update to include a line item charge for the KUSF and the date the billing system update was completed. GVNW also recommends that the KCC direct Sprint to provide ten (10) copies of customer bills to GVNW that clearly demonstrate the KUSF surcharge as a separate line item within 60-days of an issuance of a Commission Order.

Management Response

With respect to Finding No. 1 that Sprint Communications combines the KUSF surcharge collected from customers with other states' USF surcharges, the Company concurs that its invoicing combined the KUSF surcharges with other state USF surcharges. However, recent updates to the Company's invoicing now enable it to distinguish the Kansas USF surcharge on customer invoices.

2. Carriers are required to report actual intrastate retail revenues, and may report uncollectible revenue written-off, to the KUSF to determine their KUSF assessment obligation.¹¹

Sprint Communications did not report all revenue to the KUSF for January and February 2018. GVNW identified variances between the revenues the Company reported to the KUSF for January – December 2018 on the Carrier Remittance Worksheets (CRWs) and

⁸ Second Report and Order, Declaratory Ruling and Second Further Notice of Proposed Rulemaking, Federal Communications Commission (FCC), CC Docket No. 98-170, CG Docket No. 04-208, March 10, 2005 (FCC Second Order). The FCC removed the exemption of Commercial Mobile Radio Service from its Truth In Billing Standards (47 CFR 64.2401). Section 64.2401(b) states, in part, "Charges contained on telephone bills must be accompanied by a brief, clear, non-misleading plain language description of the service or services rendered."

⁹ Attachment A

¹⁰ *Id.*

¹¹ K.S.A. 66-2008(a), and Order, ¶ 108-110, Dec. 27, 1996; Order and Attachment, Feb. 3, 1997; Order, ¶¶ 9, 31, 56, March 25, 1999, Docket No. 94-GIMT-478-GIT. See also Order, Docket No. 16-GIMT-517-GIT, Feb. 17, 2017.

the revenue the Company reported to the Commission in its 2018 Annual Interrogatory. The Company identified that it had not reported all revenues to the KUSF for January and February 2018, resulting in the Company submitting Revised CRWs to correct its reported revenues and owing an additional \$510.20 to the KUSF. Because the Company currently has a credit balance on its KUSF account, it will offset the \$510.20 that is owed to the KUSF.

The Company filed Revised CRWs for January and February 2018 to report actual intrastate retail revenues to the KUSF on May 19, 2021. As a result of the revisions, the Company owed an additional \$510.20 to the KUSF. The Company currently has a credit balance on its account, therefore, the additional assessments owed were applied against the credit balance.

Management Response

With respect to Finding No. 2 that Sprint Communications under-reported its revenues and under-paid its assessments for January and February 2018, resulting in the Company owing and paying an additional \$510.20 to the KUSF, the Company concurs that updated information for January and February 2018 was filed which resulted in the Company owing and subsequently paying an additional \$510.20 to the KUSF.

FOLLOW-UP DOCKET 17-SCCC-024-KSF:¹²

Finding No. 1: Sprint Communications does not report actual Kansas specific uncollectible revenues to the KUSF since the Company does not have an internal process to separately identify Kansas specific uncollectible revenues.

Audit Finding Compliance: This finding has been resolved.

¹² Order Accepting and Adopting GVNW Consulting, Inc.'s Audit Report and Closing Docket, Docket No. 17-SCCC-024-KSF, April 18, 2017.

KUSF Carrier Audit Information Request

Submitted By: Shomari Jackson
Submitted To: Andrew Lancaster
Company Name: Sprint Communications
Docket Number: 21-SCCC-065-KSF
Request Date: March 31, 2021
Due Date: **April 9, 2021**

Request No. 22

RE: Confirmation of Auditor Understanding

Please confirm the auditor's understanding of the following item. If the statement below is incorrect, indicate as such and provide clarification.

- The Company combines the KUSF Surcharge with other states' surcharges.

It is confirmed that during the audit period that the KUSF Surcharge was combined for Sprint Communications Company, L.P. It is also confirmed that the billing system is being updated to include a bill literal specific to KUSF.

NOTE: If for some reason, the above information cannot be provided by the date requested, your Company must submit a Request for Additional Time.

Verification of Response – DR22

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to GVNW's auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: Andrew M Lancaster  Digitally signed by Andrew M Lancaster
Date: 2021.04.05 08:41:46 -05'00'

Date: 04/05/2021