



GVNW CONSULTING, INC.

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May 29, 2014

Kim Christiansen, Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Docket No 13-CRCZ-712-KSF, Cricket Communications, Inc.

Dear Ms. Christiansen:

Attached is GVNW Consultants, Inc.'s Reply to Cricket Communication Inc.'s Response to Kansas Universal Service Fund Audit Report for filing in the referenced docket.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert C. Schoonmaker", is written over a light blue horizontal line.

Robert C. Schoonmaker
Senior Vice President

DW/dc – Encl.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of Cricket)
Communications, Inc. by the Kansas Universal)
Service Fund (KUSF) Administrator Pursuant to) Docket No. 13-CRCZ-712-KSF
K.S.A. 2012 Supp. 66-2010(b) for KUSF)
Operating Year 16, Fiscal Year March 2012 –)
February 2013.)

**GVNW’S REPLY TO CRICKET COMMUNICATIONS, INC.’S RESPONSE TO
KANSAS UNIVERSAL SERVICE FUND AUDIT REPORT**

GVNW Consulting, Inc. (GVNW), the third-party administrator of the Kansas Universal Service Fund (KUSF) hereby states the following in reply to the Response to Kansas Universal Service Fund Audit Report (Audit Report), filed by Cricket Communications, Inc. (Cricket) on May 19, 2014 (Cricket Response):

1. On April 17, 2014, GVNW filed its Audit Report, noting one Audit Finding – Cricket reported revenue net of service discounts to the KUSF. GVNW recommended, consistent with Commission Orders, that Cricket report gross revenues to the KUSF prior to any discounts. GVNW noted that the Commission is currently considering this issue in Docket No. 14-GIMT-105-GIT (Docket 14-105) and recommended that the Commission consider this finding in light of the outcome of that investigation. Since the Commission Orders, however, currently require the reporting of gross revenues, GVNW recommended that the Commission may wish to consider assessing a penalty to Cricket, consistent with K.S.A. 66-138, for non-compliance with Commission Orders.

2. Cricket disagrees with the Audit Finding and claims that it should not be subject to any penalties.¹ Cricket claims that GVNW’s reference in its Audit Report to the August 13,

¹ Cricket Response, ¶ 6.

1999, Order in Docket No. 94-GIMT-478-GIT (Uncollectibles Order) is in error. Cricket asserts that neither the Uncollectible Order nor the Revenues to be Reported to the KUSF listing, attached to the Uncollectible Order, include any “reference, discussion, finding or conclusion,” that gross revenue, prior to any service discounts, are to be reported to the KUSF.² Cricket continues by stating that the Commission’s January 23, 2014, Order in Docket 14-105 is irrelevant because it was issued after the audit period addressed in the Audit Report.³ Cricket argues that reporting net revenue is consistent with the Federal Communications Commission’s (FCC) directives for Federal Universal Service Fund (FUSF) purposes and analogous to recognizing uncollectible revenue for KUSF purposes,⁴ and therefore, is consistent with the Commission’s directives. Cricket states that, “its billing systems are not currently capable of easily providing monthly Kansas revenues gross of any discounts,” and that such a requirement, “would impose significant costs upon Cricket to implement a Kansas specific regulatory mandate.”⁵

3. GVNW’s reference to the Uncollectible Order is to support that the Commission did not exclude revenues associated with a company’s management decision to offer customer discounts or the amount of customer discounts. The Uncollectible Order specifically stated that a company may recognize its own uncollectible revenue actually written off and that, “excluded from the KUSF assessment will be revenues from terminal equipment, paging, dispatch type radio systems and coin box collections from private coin.”⁶ The Revenue to be Reported list attached to the Uncollectible Order sets forth revenue categories to be reported to the KUSF and those to be exempted from the KUSF assessment. As explained in Staff’s Direct Testimony and

² *Ibid.*, ¶ 7.

³ *Ibid.*, ¶ 8.

⁴ *Ibid.*, ¶ 10.

⁵ *Ibid.*, ¶ 11.

⁶ Uncollectible Order, ¶ 14.

the attached Memorandum from GVNW in Docket 14-105, through the audit process, GVNW has observed many companies that do report gross revenue prior to recognizing any discounts.⁷ To ensure consistency between carriers, this issue was brought before the Commission and the Commission is currently investigating this reporting requirement in Docket 14-105. Cricket's claims that how it reports revenues for KUSF purposes is consistent with its reporting for FUSF purposes is irrelevant and remains so unless this Commission determines modification of its policy is appropriate. Cricket should be held to the same standards as other carriers reporting to the KUSF.

4. GVNW's Audit Report also discussed an issue related to the KUSF – Cricket's identification of the FUSF and KUSF surcharge on customer bills may be unclear. GVNW, therefore, recommended that the Commission remind the Company to ensure that the identification of the FUSF and KUSF surcharge on customer bills is in compliance with the FCC's requirements.

5. In its response, Cricket states that it is in compliance with the Truth-In-Billing requirements, as evidenced by its recent recertification by CTIA⁸ and requests that the Commission "find and conclude" that Cricket is in compliance with the Federal Truth-In-Billing requirements and CTIA's Consumer Code. Cricket also explained that it separately identifies the KUSF surcharge through a "WS" notation and the FUSF surcharge through a notation of "WN".

6. This issue was not a direct Audit Finding and contrary to Cricket's assertions, GVNW did not state this is a clear-cut violation of the Truth-In-Billing requirements. The Truth-In-Billing requirements provide that the charges must "be accompanied by a brief, clear non-


⁷ Docket 14-105, Direct Testimony of Sandra K. Reams on Behalf of the Kansas Corporation Commission Staff, December 19, 2013, p. 33 and Exhibit SKR-2.

⁸ Cricket's Response, ¶ 14.

misleading, plain language description,”⁹ with the description being clear and specific to ensure the consumer can “accurately assess that the service for which they are billed.” GVNW raised this issue to the Commission due to concerns that the notations “WS” and “WN” are not defined on a customer’s bill. Without such a definition or reference to the state and federal funds, it is likely that a customer would not understand that the terms “Universal Service Fund Surcharge (WN)” and “Universal Service Fund Surcharge (WS)” refer to the FUSF and KUSF surcharges, respectively. The Truth-In-Billing requirements are to help ensure customers understand the service charges, taxes, and fees, included on their phone bills.

WHEREFORE, GVNW requests that the Commission consider this Reply to Cricket’s Response.

GVNW Consulting, Inc.

By: 

Robert C. Schoonmaker
Senior Vice President

⁹ *Ibid.*, ¶ 15.

VERIFICATION

STATE OF COLORADO)
) ss
COUNTY OF EL PASO)

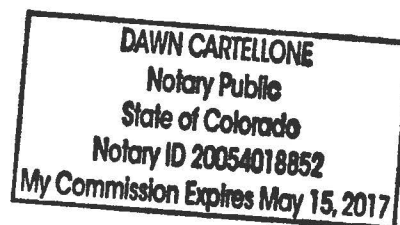
Robert C. Schoonmaker, of lawful age being first duly sworn upon oath states:

That he is the Senior Vice President for GVNW Consulting, Inc. in this matter; that he has read and is familiar with the foregoing Reply and that the statements made therein are true and correct to the best of his information, knowledge and belief.

Robert C. Schoonmaker
Robert C. Schoonmaker
Senior Vice President

Subscribed and sworn to before me 28 day of May, 2014.

Dawn Cartellone
Notary Public



CERTIFICATE OF SERVICE

I hereby certify that on this 29th day May 2014, the above GVNW Consultants, Inc.'s reply to Cricket Communication Inc.'s Response to 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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Robert C. Schoonmaker