



**GVNW CONSULTING, INC.**

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May 2, 2018

Ms. Lynn M. Retz  
Secretary to the Commission  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

RE: Docket No. 18-TRCT-037-KSF  
*In the Matter of the Audit of The Tri-County Telephone Association, Inc. by the  
Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2015  
Supp. 66-2010(b) for KUSF Operating Year 20, Fiscal Year March 2016-February  
2017*

Dear Ms. Retz:

In its August 1, 2017 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of The Tri-County Telephone Association, Inc. (Tri-County LEC 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 Tri-County LEC'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. Tri-County LEC's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Tri-County LEC 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 "Blake Young".  
Blake Young  
Consultant

cc w/encl: Sandy Reams

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Audit of Tri-County	)	
Telephone Association, Inc. by the	)	
Kansas Universal Service Fund	)	Docket No. 18-TRCT-037-KSF
(KUSF) Administrator Pursuant to	)	(LEC)
K.S.A. 2016 Supp. 66-2010(b) for	)	
KUSF Operating Year 20, Fiscal Year	)	
March 2016-February 2017	)	

**KANSAS UNIVERSAL SERVICE FUND AUDIT REPORT**

**Prepared By:** Blake R. Young  
GVNW Consulting, Inc.

**Company Representatives:** Dale L. Jones – Chief Executive Officer  
Jason C. Pettit – Controller

**Date of On-Site Visit:** March 27 and 28<sup>th</sup>, 2018

**Date Submitted to Company:** April 23, 2018

**Audit Summary**

Based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures for Operating Year 20,<sup>1</sup> GVNW Consulting, Inc. (GVNW) did not identify any KUSF deficiencies regarding Tri-County Telephone Association, Inc. (Tri-County LEC) and recommends this Docket be closed.

**Current KUSF Obligations**

Tri-County LEC is current with its KUSF obligations.<sup>2</sup>

**Background**

Tri-County LEC is a rural Incumbent Local Exchange Carrier (ILEC) headquartered in Council Grove, Kansas. The Company is required to report its revenues and pay the related assessments to the KUSF on a monthly basis.<sup>3</sup> Tri-County LEC is authorized to collect an amount equal to or less than its assessment from customers,<sup>4</sup> and does so.

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<sup>1</sup> Order Accepting GVNW's KUSF Year 20 Audit Selections, Proposed Revisions to Selection Criteria and Audit Review Procedures, Docket No. 16-GIMT-067-GIT, July 25, 2017 (16-067 Order).

<sup>2</sup> Confirmed with the KUSF Administrator on April 23, 2018.

<sup>3</sup> Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 06-GIMT-332-GIT, Jan. 23, 2006.

<sup>4</sup> K.S.A. 66-2008.

The Company is an Eligible Telecommunications Carrier (ETC) for federal and state low-income Lifeline program purposes and is eligible for Kansas Lifeline Service Program (KLSP) credits from the KUSF. As an ETC, Tri-County LEC is required to offer and advertise Lifeline services to its customers,<sup>5</sup> which it does.

Tri-County LEC bundles assessable and non-assessable services and reports the related revenues to the KUSF based on the service price of the assessable service.<sup>6</sup> The Company does *not* reduce the revenues reported to recognize customer discounts (*emphasis added*). Tri-County LEC uses the same bundled service and discount methodologies to identify, report, and allocate revenue to the KUSF and the Federal Universal Service Fund (Federal USF).<sup>7</sup>

On August 1, 2017, the KCC issued Order No. 1 in Docket No. 18-037-KSF directing GVNW to conduct an audit for KUSF purposes.

### **Audit Findings**

GVNW conducted the audit of Tri-County LEC in accordance with the KUSF Carrier Review Procedures adopted by the KCC.<sup>8</sup>

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

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<sup>5</sup> Order; 47 C.F.R. 214(e)(1), Docket No. 94-GIMT-478-GIT, December 27, 1996 (94-478 Order).

<sup>6</sup> Order Determining KUSF Contribution Methodology, ¶27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

<sup>7</sup> Effective July 1, 2016, pursuant to K.S.A. 66-2008(a): "The commission shall not require any provider to contribute to the KUSF under a different contribution methodology than such provider uses for purposes of the federal universal service fund, including for bundled offerings."

<sup>8</sup> 16-067 Order.

## CERTIFICATE OF SERVICE

I hereby certify that on this 2<sup>nd</sup> day of May 2018, 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:

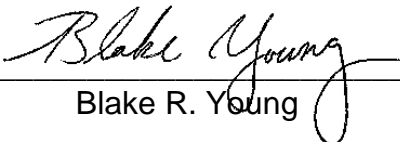
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Blake R. Young