

of the Commission's Order. After GVNW has reviewed Nex-Tech's submission and the company has paid \$19,462.99 to the KUSF, GVNW will submit a Compliance Report.

Audit Finding No. 2: For customers that purchased Nex-Tech's Freedom Plan, the billing system applied the KUSF surcharge as if the customer purchased the higher priced Smartphone II service plan. This pricing error occurred because the tax module in Nex-Tech's billing system did not recognize the new Freedom Plan pricing, thus, the KUSF Assessment to the customer was incorrect. This resulted in an over-collection of the KUSF surcharge from the company's Freedom Plan customers in the amount of \$17,750.88. Nex-Tech corrected this reporting deficiency effective with the July 2015 data reported in August 2015.

Recommendation: Nex-Tech should be required to issue \$17,750.88 in refunds to its current Freedom Plan customers through one-time equal billing credits. Nex-Tech should be directed to complete the one-time refund within sixty (60) days from the date of the Commission's Order and provide GVNW with a signed affidavit attesting to the refund. Nex-Tech should also be directed to provide copies of customer bills to GVNW within sixty (60) days substantiating that Nex-Tech issued the refunds. In the event Nex-Tech is unable to complete the ordered refunds within the 60-day period, the company should be directed to file in this docket, an explanation explicitly explaining why the company is unable to comply with the 60-day refund requirement and the timeframe within which the company expects the refund to be completed. Upon GVNW's review and verification of the refunds, GVNW will provide a Compliance Report to the Commission.

Audit Finding No. 3: The price of Nex-Tech's Freedom Plan was not properly recorded in the company's general ledger used for KUSF reporting purposes. This issue stemmed from the billing system reporting the difference in pricing between Nex-Tech's Smartphone II service plan and the Freedom Plan instead of the higher assessable Freedom Plan charges to the KUSF. Consequently, Nex-Tech under-reported revenues and under-paid its assessment to the KUSF by \$29,282.46. Nex-Tech discontinued this practice effective with the January 2016 data reported in February 2016.

Recommendation: Nex-Tech should be directed to submit Audit True-ups for KUSF Operating Years 18 and 19 (March 2015-February 2016) to correct this audit deficiency. Further, Nex-Tech should be directed to submit its True-ups within sixty (60) days of issuance of a Commission Order. Upon GVNW's review of the company's submission and Nex-Tech's payment of \$29,282.46 to the KUSF, GVNW will submit a Compliance Report.

Audit Finding No. 4: Nex-Tech collected more from its customers via the KUSF surcharge than it paid to the KUSF. After correcting for the noted audit deficiencies, Nex-Tech still collected \$48,709.89 more in KUSF assessments than what it owed to the KUSF for the period March 2014 through December 2015. GVNW's audit work confirmed that there were no other over-collections from Nex-Tech's customers and that additional audit steps that proved to be inconclusive were also conducted. According to

Nex-Tech, it has worked diligently with its billing vendor to correct the audit findings and represents that after correcting errors in discounts, Freedom Plan assessments and GL (general ledger) issues, it is no longer over-collecting from customers. GVNW notes that its additional audit work failed to affirm Nex-Tech's assertions.

Recommendation: Nex-Tech should be directed to (1) refund \$48,709.89 to its current customers through one-time equal bill credits within sixty (60) days from the date of the Commission's Order; (2) provide GVNW with a signed affidavit attesting to completion of the refunds and amount of refunds; and (3) provide GVNW with copies of customer bills substantiating that Nex-Tech issued the refunds. In the event Nex-Tech is unable to complete the ordered refunds within the 60-day period, it should be directed to file in this docket an explanation explicitly explaining why the company is unable to comply within the 60-day period and the timeframe within which the company expects the refund to be completed. Nex-Tech should also be directed to file in this docket an affidavit, executed by an officer of the company, attesting that the company has implemented processes to stop the aforementioned practice and will continue to monitor Nex-Tech's monthly Carrier Remittance Worksheet (CRW) filing for customer over-collections. Upon GVNW's review and verification of the required refund, it will provide a Compliance Report to the Commission. GVNW further recommends that Nex-Tech be subject to an Operating Year 20 (March 2016-February 2017) KUSF Audit.

GVNW also included in its June 1, 2016 Audit Report a follow-up to Audit Findings 1, 2, and 3 identified in a prior KUSF Audit of Nex-Tech conducted in Docket No. 13-NTWZ-092-KSF, determining that the company is in compliance with remedial steps required under that audit.¹

3. The Commission has reviewed GVNW's KUSF Audit Report filed in this matter on June 1, 2016, and finds that it should accept the Audit Report and adopt GVNW's recommendations, with one exception – the \$17,750.88 over-collected from Freedom Plan customers should be refunded to the current Freedom Plan subscribers.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts GVNW Consulting, Inc.'s KUSF Audit Report for Nex-Tech Wireless, L.L.C. filed in this docket on June 1, 2016.

B. In accord with GVNW's recommendation with respect to Finding No. 1 of its

¹ June 1, 2016 Audit Report, pages 3-6.

Audit Report, Nex-Tech is directed to submit Audit True-ups for KUSF Operating Year 18 and pay \$19,462.99 to the KUSF within sixty (60) days from the date of this Order. Upon GVNW's review of the Audit True-ups and Nex-Tech's payment of \$19,462.99 to the KUSF, GVNW is directed to submit a Compliance Report to this docket.

C. In accord with GVNW's recommendation with respect to Audit Finding No. 2 of its Audit Report, Nex-Tech is directed to issue \$17,750.88 in refunds to its current Freedom Plan subscribers through one-time equal billing credits. Nex-Tech is further directed to provide GVNW with an affidavit executed by an officer of the company attesting to completion of the refund and also provide GVNW with copies of customer bills substantiating the refund. Said subscriber refunds and submission of the required affidavit and copies of customer bills shall be accomplished within sixty (60) days from the date of this Order. In the event Nex-Tech is unable to complete the ordered refunds within the 60-day period, it shall file in this docket an explanation explicitly explaining why the company is unable to comply with the 60-day refund requirement and the timeframe within which the company expects the refund to be accomplished. Upon GVNW's review and verification of the refunds and customer bills, GVNW is directed to submit a Compliance Report to this docket.

D. In accord with GVNW's recommendation with respect to Audit Finding No. 3 of its Audit Report, Nex-Tech is directed to submit Audit True-ups for KUSF Operating Years 18 and 19 (March 2015-February 2016) correcting this audit deficiency. Nex-Tech is further directed to pay the sum of \$29,282.46 to the KUSF. Nex-Tech's submission of the required True-ups and payment of \$29,282.46 to the KUSF shall be accomplished within sixty (60) days from the date of this Order. Upon GVNW's review and acceptance of the required True-ups and

Nex-Tech's payment of \$29,282.46 to the KUSF, GVNW is directed to submit a Compliance Report to this docket.

E. In accord with GVNW's recommendation with respect to Audit Finding No. 4 of its Audit Report, Nex-Tech is directed to (1) refund \$48,709.89 to its current customers through one-time equal bill credits; (2) provide GVNW with an affidavit executed by an officer of the company attesting to completion of the refunds and the amount of refunds; and (3) provide GVNW with copies of customer bills substantiating that Nex-Tech issued the refunds. The three aforesaid requirements shall be accomplished within sixty (60) days from the date of this Order. In the event Nex-Tech is unable to complete the ordered refunds within the 60-day period, it is directed to file in this docket an explanation explicitly stating why it is unable to comply within the 60-day period and the time frame within which the company expects the refunds to be accomplished. Nex-Tech is further directed to file in this docket an affidavit, executed by an officer of the company, attesting that the company has implemented processes to stop customer over-collections and that the company will continue to monitor its monthly CRW to ensure that over-collection from customers does not re-occur. Upon Nex-Tech's completion of the foregoing requirements, GVNW is directed to submit a Compliance Report to this docket.

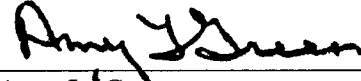
F. It is further ordered that Nex-Tech Wireless, L.L.C. shall be subject to an Operating Year 20 (March 2016-February 2017) KUSF Audit.

G. The Commission retains jurisdiction over Nex-Tech Wireless, L.L.C. and the subject matter of this docket for the purpose of issuing such additional orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: **JUN 21 2016**

A handwritten signature in black ink, appearing to read "Amy L. Green", written over a horizontal line.

Amy L. Green
Secretary to the Commission

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CERTIFICATE OF SERVICE

16-NTWZ-030-KSF

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on **JUN 22 2016**.

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/S/ DeeAnn Shupe

DeeAnn Shupe

Order Mailed Date

JUN 22 2016