

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

Before Commissioners: Susan K. Duffy, Chair  
Dwight D. Keen  
Andrew J. French

In the Matter of the Audit of Q Link Wireless, LLC )  
by the Kansas Universal Service Fund (KUSF) )  
Administrator Pursuant to K.S.A. 2018 Supp. ) Docket No. 20-QLWZ-064-KSF  
66-2010(b) for KUSF Operating Year 22, Fiscal Year )  
March 2018-February 2019. )

**ORDER ADOPTING AUDIT REPORT**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On August 15, 2019, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Q Link Wireless, LLC (hereinafter referred to as “Q Link”) for Kansas Universal Service Fund (KUSF) purposes.

2. On June 17, 2020, GVNW filed its Audit Report, making two findings for Q Link as a result of the audit for Operating Year 22.<sup>1</sup> The GVNW Audit Report findings are as follows:

**Audit Finding No. 1:**

Q Link used the Federal Universal Service Fund (USF) Wireless Safe Harbor rate rather than the Kansas Wireless Safe Harbor rate to report revenues to the KUSF for the Fiscal Years from March 2013 through February 2020, including Fiscal Years 17-23.

**Audit Finding No. 2:**

Q Link incorrectly completed Box C of the annual Carrier Remittance Worksheets (CRWs) for the Fiscal Years from March 2013 through February 2020 for Fiscal Years 17-23.

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<sup>1</sup> Kansas Universal Service Fund Audit Report, Docket No. 20-QLWZ-064-KSF (June 17, 2020).

3. The Commission finds the GVNW Audit Report to be thorough and complete and accepts it as filed. The Audit Report provides a detailed analysis to support the GVNW findings. The Audit Report indicates Q Link incorrectly reported Kansas intrastate revenues for Fiscal Years 17 through 23 from March 2013 through February 2020 using the Federal rather than Kansas Wireless Safe Harbor rate. The Audit Report identifies Q Link not correctly reporting KUSF assessments collected from customers in Box C of the CRWs, but rather reporting the amount of the assessment owed to the KUSF. Accordingly, the Audit Report recommended Q Link remit \$1,587.31 to the KUSF as result of misapplying the Federal Wireless Safe Harbor rate, file an affidavit of a corporate officer attesting the Company corrected procedures to report Kansas retail revenue using the appropriate Safe Harbor rate and reflect the surcharge actually collected from customers in Box C of the CRWs, together with the dates on which the correction were made. GVNW also proposes that Q Link file annual True-ups for March 2013 through February 2020 (Fiscal Years 17-23) to show the KUSF surcharge collected from customers in Box C. The Audit Report indicates Q Link should take corrective actions within 30-days of an Order issued in this Docket. GVNW will then file a Compliance Report within 60-days of an Order in this Docket.

4. Q Link provides prepaid wireless telecommunication services in Kansas. Q Link is headquartered in Dania Beach, Florida. It is required to report revenue and pay related assessments to the KUSF on a monthly basis. It is an Eligible Telecommunications Carrier for the Federal Lifeline Program, but is not eligible for credits under the Kansas Lifeline Service Program.

5. Q Link offers bundled assessable and non-assessable services to its Kansas customers. It remits its assessment to the KUSF based on the total bundled price of the assessable services. Wireless intrastate assessable revenue is assigned to Kansas using the Wireless Safe Harbor rate. The same allocation methodology is also used for Federal Universal Service Fund.

6. Audit Finding No. 1 indicates Q Link failed to correctly allocate intrastate retail revenue to Kansas by using the inverse USF Safe Harbor rate for its wireless revenue and not using the Kansas Safe Harbor Wireless rate. This resulted in Q Link underpaying its assessment to the KUSF for period from March 2013 to February 2020 in the amount of \$1,587.31. GVNW recommends Q Link remit payment and file annual True-ups for the periods March 2013 through February 2020 for Fiscal Years 17-23 to properly reflect Kansas intrastate retail revenue for the applicable periods.

7. Audit Finding No. 2 indicates Q Link did not include amounts collected from customers in Box C of the CRWs but instead reported the amount of the assessment it owed to the KUSF. To correct this issue, GVNW recommends that Q Link file an affidavit of a corporate officer attesting to the correction of reporting procedures to provide for the inclusion of KUSF assessments actually collected from customers in Box C of Q Link's CRWs and the date the correction was made. Correspondingly, Q Link should correct the surcharge collected from customers as part of the True-ups filed in conjunction with Finding No. 1.

8. The Commission adopts the recommendations of GVNW in its Audit Report and Finding Nos. 1 and 2. Q Link is directed to file an affidavit by a corporate officer attesting to corrections it made to reporting procedures for allocating intrastate revenue using the correct Safe Harbor rate and the inclusion of actual surcharges collected from customer in Box C of the CRWs and the date the corrections were made. Q Link is also to file True-ups for Fiscal Years 17 through 23 to account for intrastate revenue using the correct Safe Harbor rate and the actual KUSF surcharge assessment collected from customers in Box C of the CRWS. These actions shall be completed within 30-days of the Commission's issuance of this Order and GVNW shall file a Compliance Report within 60-days of the issuance of this Order.

**IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report filed June 17, 2020.

B. Q Link Wireless, LLC shall file in this Docket an affidavit of a corporate officer attesting to corrections made to its reporting procedure for applying the correct Safe Harbor rate and recording actual KUSF surcharge assessments collected from customers in Box C of its CRWs and the date the corrections were made. Q Link shall file annual True-up Reports for the periods March 2013 through February 2020 to account for Kansas intrastate revenue and the actual KUSF surcharges collected from customers. Q Link is to pay \$1,587.31 to the KUSF. These actions shall be taken within 30-days of the issuance of this Order and GVNW shall file a Compliance Report within 60-days of the issuance of this Order.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>2</sup>

D. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

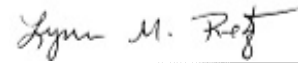
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<sup>2</sup> K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

**BY THE COMMISSION IT IS SO ORDERED.**

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 07/07/2020



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Lynn M. Retz  
Executive Director

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## CERTIFICATE OF SERVICE

20-QLWZ-064-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 07/07/2020.

ISSA ASAD  
Q LINK WIRELESS LLC  
499 E SHERIDAN ST STE 400  
DANIA BEACH, FL 33004  
legal@qlinkwireless.com

BRIAN G. FEDOTIN, GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3354  
b.fedotin@kcc.ks.gov

WALKER HENDRIX, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3354  
w.hendrix@kcc.ks.gov

SHOMARI JACKSON  
GVNW CONSULTING, INC.  
2930 MONTVALE DRIVE, STE. B  
SPRINGFIELD, IL 62704  
Fax: 719-594-5803  
sjackson@gvnw.com

HEATHER KIRBY, REGULATORY SPECIALIST  
LANCE J.M. STEINHART, P.C.  
1725 WINDWARD CONCOURSE  
SUITE 150  
ALPHARETTA, GA 30005  
Fax: 770-232-9208  
hkirby@telecomcounsel.com

DENNIS SMITH  
GVNW CONSULTING, INC.  
2930 MONTVALE DRIVE STE B  
SPRINGFIELD, IL 62704  
Fax: 719-594-5803  
dsmith@gvnw.com

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER  
GVNW CONSULTING, INC.  
2930 MONTVALE DRIVE, STE. B  
SPRINGFIELD, IL 62704  
Fax: 719-594-5803  
nstephens@gvnw.com

JUDI USHIO, MIDWEST DIVISION MANAGER  
GVNW CONSULTING, INC.  
2270 LA MONTANA WAY  
SUITE 100  
COLORADO SPRINGS, CO 80918  
Fax: 719-594-5803  
jushio@gvnw.com

/s/ DeeAnn Shupe  
DeeAnn Shupe