

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

Before Commissioner

Jay Scott Emler, Chairman
Shari Feist Albrecht
Pat Apple

In the Matter of the Audit of Time Warner Cable)
Business, LLC by the Kansas Universal Service)
Fund (KUSF) Administrator Pursuant to K.S.A.) Docket No. 16-TWBC-036-KSF
2014 Supp. 66-2010(b) for KUSF Operating Year)
18, Fiscal Year March 2014-February 2015.)

**ORDER ACCEPTING AND ADOPTING GVNW CONSULTING, INC.'s
AUDIT REPORT AND RECOMMENDATIONS**

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 July 30, 2015, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Time Warner Cable Business, LLC (TWC Business) for Kansas Universal Service Fund (KUSF) purposes.

2. On June 22, 2016, GVNW filed its Audit Report of even date covering GVNW's audit of TWC Business stating that the company is current with its KUSF obligations. GVNW's Audit Report identifies and describes in detail two reporting deficiencies, including the applicable reporting standards, resulting in the following audit findings and recommendations:

Audit Finding No. 1:

Standard: Carriers are required to report actual revenues, and may report uncollectible revenue written off, to determine their KUSF assessment obligation.

Finding: TWC Business did not report actual intrastate revenues as recorded in the company's internal financial record to the KUSF. Instead, the company reported calculated revenues by dividing the total KUSF surcharge billed to its customers by the approved KUSF assessment rate. TWC Business stated that it provides the surcharge collected from its customers to its third party vendor who, in-turn, calculates the revenues for the monthly Carrier Remittance Worksheet (CRW) submittal. This procedure is

allowable for monthly KUSF reporting as long as a quarterly True-up is submitted to report actual Kansas intrastate revenues. The company states it did not file quarterly True-ups due to a general ledger service code issue discovered in November 2013. The service code incorrectly mapped intrastate revenues to an interstate account within the general ledger; consequently, the intrastate revenue in the general ledger is understated and implies that TWC Business over-collected the KUSF surcharge from its customers. The company states that the charge collected from its customer is correct; therefore, TWC Business did not file quarterly True-ups to reflect actual revenues to the KUSF. GVNW's audit indicated that there were no over-collections from TWC Business' customers thus, given the company's representations; the calculated revenue reported appears to be more accurate than that recorded in the general ledger. The service code issue was resolved in February 2016.

Recommendation: GVNW recommends that the Commission remind the company that it is to submit Quarterly True-ups within 45 days at the end of each KUSF quarter.

Audit Finding No. 2:

Standard: Other miscellaneous charges, including non-recurring late payment charges, service initiation, activation, disconnection and early termination charges, return check charges, and other customer charges are to be included in assessable revenues reported to the KUSF.

Finding: TWC Business did not report non-recurring late payment charge revenues associated with its Metro E service to the KUSF, resulting in the company under-reporting KUSF revenues, effective March 2014 and continuing through current 2016, to the KUSF. For the period of March 2014 through April 2016, the company owes an additional \$12,322.08 to the KUSF. The company started reporting non-recurring late payment charges to the KUSF with the May 2016 revenue reported in June 2016.

Recommendation: On June 2, 2016, TWC Business submitted the Audit True-ups for Operating Years 18 and 19 (March 2015-February 2016) and a quarterly True-up for the months of March 2016-May 2016 in KUSF Operating Year 20 (March 2016-February 2017). On June 21, 2016, the company paid the \$12,322.08 to the KUSF and is now compliant with the audit finding.

3. The Commission has reviewed GVNW's KUSF Audit Report filed in this matter on June 22, 2016, and finds that it should accept the Audit Report and adopt GVNW's recommendations.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts GVNW Consulting, Inc.'s KUSF Audit Report and recommendations for Time Warner Cable Business, LLC filed in this docket on June 22, 2016.

B. In accord with GVNW's recommendation with respect to Finding No. 1 of its Audit Report, TWC Business is directed to submit Quarterly True-ups within 45 days at the end of each KUSF quarter.

C. In accord with GVNW's recommendation with respect to Audit Finding No. 2, TWC Business has submitted the required Audit True-ups and paid the sum of \$12,322.08 to the KUSF and is now compliant with the audit finding.

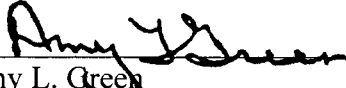
D. This docket is closed.

E. The Commission retains jurisdiction over TWC Business 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: JUL 12 2016


Amy L. Green
Secretary to the Commission

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Order Mailed Date

JUL 13 2016

CERTIFICATE OF SERVICE

16-TWBC-036-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 JUL 12 2016.

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/S/ DeeAnn Shupe

DeeAnn Shupe

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