



GVNW CONSULTING, INC.

2270 LA MONTANA WAY #100
COLORADO SPRINGS, CO 80918
TEL. 719.594.5800
www.gvnw.com

April 6, 2020

Ms. Lynn M. Retz
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Docket No. 20-GFNV-066-KSF
In the Matter of the Audit of Google Fiber North America by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2018 Supp. 66-2010(b) for Fiscal Year 22, March 2018-February 2019

Dear Ms. Retz:

In its August 15, 2019 Order, the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Google Fiber North America (Google Fiber 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 Google Fiber'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. Google Fiber's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Google Fiber 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, appearing to read "Dennis Smith", is written over a faint, stylized line drawing of a signature.

Dennis Smith
Consultant

cc w/encl: Sandy Reams

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of April, 2020, 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:

KANSAS CORPORATION COMMISSION
1500 S.W. ARROWHEAD ROAD
TOPEKA, KS 66604

WALKER HENDRIX, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
w.hendrix@kcc.ks.gov

XIXI TIAN
GOOGLE FIBER NORTH AMERICA INC. D/B/A FIBER PHONE
1600 AMPHITHEATRE PKWY
MOUNTAIN VIEW, CA 94043
YUXIT@GOOGLE.COM

SHOMARI JACKSON
GVNW CONSULTING, INC.
2930 MONTVALE DRIVE, STE. B
SPRINGFIELD, IL 62704
sjackson@gvnw.com

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER
GVNW CONSULTING, INC.
2930 MONTVALE DRIVE, STE. B
SPRINGFIELD, IL 62704
nstephens@gvnw.com

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


Dennis Smith

GVNW Consulting, Inc.
Audit Report for
Google Fiber North America dba Fiber Phone

From: Dennis Smith, Auditor

Company Personnel: Yuxi Tian (XiXi Tian), Associate Corporate Counsel
Erin Connell

Date: March 9, 2020

On-Site Visit Dates: February 25-27, 2020

KUSF Status: Current with Reporting & Payment obligations

Re: Docket No. 20-GFNV-066-KSF

*In the Matter of the Audit of Google Fiber North America (dba Fiber Phone) by the
Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2018
Supp. 66-2010(b) for KUSF Fiscal Year 22, March 2018 – February 2019.*

EXECUTIVE SUMMARY:

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 15, 2019 Order, GVNW Consulting, Inc. (GVNW) conducted an audit of Google Fiber North America dba Fiber Phone (Google Fiber or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 22.¹ GVNW identified two (2) findings resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact of a reduction of \$27,352.61 to the KUSF.

Finding 1 – Google Fiber used the Wireless Safe Harbor rate instead of the Voice over Internet Protocol (VoIP) Safe Harbor rate when reporting revenues to the KUSF, and

Finding 2 – Google Fiber incorrectly completed Box C of the monthly Carrier Remittance Worksheets (CRWs).

Google Fiber agrees with this Audit Report.

GVNW recommends the Commission issue an Order to: (1) adopt this Audit Report and the identified findings; (2) direct Google Fiber to file, in this Docket, an affidavit signed by an officer of the Company, attesting it corrected its KUSF reporting procedures to report the KUSF assessment collected from customers in Box C of its CRWs and the date the procedures were implemented; (3) direct Google Fiber to file annual True-ups for March

¹ Order Accepting GVNW's KUSF Year 22 Audit Selections, Docket No. 18-GIMT-084-GIT, August 8, 2019 (18-084 Order).

2016 – February 2017 (FY20), March 2017 – February 2018 (FY21), and March 2018 – February 2019 (FY22), and revised CRWs for March 2019 – January 2020, to correctly report intrastate revenues using the VoIP Safe Harbor rate and to correctly report the KUSF surcharge collected from customers in Box C. GVNW recommends Google Fiber be directed to take all corrective actions within 60-days from the date of the Commission's Order. The Commission's Order should direct GVNW, within 90-days of the Order, to file a Compliance Report.

BACKGROUND:

During the course of the audit, GVNW issued 19 Data Requests (DRs) to Google Fiber. GVNW is enclosing two (2) DR responses, as Attachment A, to support its Audit Findings.

Google Fiber provides interconnected VoIP services in Kansas,² and is headquartered in Mountain View, CA.

Google Fiber is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.³ The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.⁴ The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline service to its customers.

Pursuant to Commission Order,⁵ GVNW confirmed that Google Fiber offers unbundled assessable and non-assessable services to its Kansas customers. The Company reports revenue and remits assessments to the KUSF based on the service price of the assessable service subject to the KUSF assessment. Intrastate assessable revenues are separated from interstate revenues using the VoIP Safe Harbor rate for Federal Universal Service Fund (FUSF) purposes and the Company states it uses these same allocation methodologies for FUSF and KUSF purposes.⁶ Finding 1 identifies the Company did not use the VoIP Safe Harbor for KUSF purposes.

FINDINGS AND RECOMMENDATIONS:

1. A Company is to use the same allocation methodology to allocate revenues between the interstate and intrastate jurisdictions for FUSF and KUSF purposes.⁷

Google Fiber used the inverse of the Wireless Safe Harbor rate (62.9%) instead of the inverse of the VoIP Safe Harbor rate (35.1%) when calculating intrastate VoIP revenues to report to the KUSF,⁸ resulting in the Company over-reporting its

² Retrieved from <https://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=831529>, Feb. 25, 2020.

³ 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.

⁴ K.S.A. 66-2008(a).

⁵ Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

⁶ Google Fiber's response to DR 16.

⁷ Order, Jan. 24, 2012, and Amended Order, Feb. 1, 2012, Docket No. 12-GIMT-168-GIT.

⁸ Attachment A.

intrastate revenues. The Company uses the VoIP Safe Harbor when reporting for Federal USF purposes.

The Company collected the KUSF surcharge from customers based on the VoIP Safe Harbor rate, thus the KUSF surcharge was not over-collected from customers.

GVNW recommends Google Fiber file annual True-ups for March 2017 – February 2019, and file Revised CRWs for March 2019 – January 2020, to correctly report intrastate revenues using the VoIP Safe Harbor rate.

2. A Company is to report the amount of its actual KUSF assessments collected from customers in Box C of the CRW.⁹

Google Fiber did not report the monies actually collected from its customers in Box C for the months of March 2018 – February 2019; instead, the Company reported the amount of the assessment owed to the KUSF.¹⁰

GVNW recommends that Google Fiber file, in this Docket, an affidavit signed by an officer of the Company, attesting the Company corrected its KUSF reporting procedures to report the KUSF surcharge collected from customers in Box C of their monthly CRWs, and the date the new procedures were implemented, within 60-days from the date of the Commission's Order.

GVNW also recommends that Google Fiber correctly report the KUSF surcharge collected from customers in Box C of the annual audit True-ups for FY21 (March 2018 – February 2019) and Revised CRWs (March 2019 – January 2020) filed as part of the recommendation listed under Finding 1 of this report.

⁹ Order Adopting Audit Report, Docket No. 19-RWLZ-033-KSF, Jan. 24, 2019. See *also* KUSF Carrier Remittance Instructions, Plan Year 2018-2019; (CRW Instructions), II.A.

¹⁰ Attachment A.

KUSF Carrier Audit Information Request

Attachment A
Docket No. 20-GFNV-066-KSF
Page 1 of 2

Submitted By: Dennis Smith
Submitted To: Mark Lammert,
XiXi Tian
Company Name: Google Fiber North America d/b/a Fiber Phone
Docket Number: 20-GFNV-066-KSF
Request Date: February 25, 2020
Due Date: March 5, 2020

Request No. 18

RE: Confirmation of Auditor Understanding

Please confirm the auditor's understanding of the following items:

Yes

1. The Company reports **interstate** revenues to the FCC using the FCC VoIP Safe Harbor Rate on FCC Form 499-A.
2. The Company reports **intrastate** revenues to the KUSF using the inverse of the FCC Wireless Safe Harbor Rate (as provided in response to DR 17).

NOTE: If for some reason, the above information cannot be provided by the date requested, your Company must submit a Request for Additional Time.

Verification of Response – DR18

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to GVNW's auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: _____

Date: _____

[Signature]
3/5/2020

KUSF Carrier Audit Information Request

Attachment A
Docket No. 20-GFNV-066-KSF
Page 2 of 2

Submitted By: Dennis Smith
Submitted To: Mark Lammert,
XiXi Tian
Company Name: Google Fiber North America d/b/a Fiber Phone
Docket Number: 20-GFNV-066-KSF
Request Date: February 25, 2020
Due Date: March 5, 2020

Request No. 19

RE: Confirmation of Auditor Understanding

Please confirm the auditor's understanding of the following item:

1. The Company reports the KUSF Assessment owed the KUSF in Box C of the CRW, instead of the KUSF Assessment collected from customers.

Correct

NOTE: If for some reason, the above information cannot be provided by the date requested, your Company must submit a Request for Additional Time.

Verification of Response – DR19

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to GVNW's auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed:  _____

Date: *3/5/2020* _____