



GVNW CONSULTING, INC.

2270 LA MONTANA WAY#200
COLORADO SPRINGS, CO (80918)
TEL. 719.594.5800
FAX 719.594.5803
www.gvnw.com

April 21, 2017

Ms. Amy L. Green
Secretary to the Commission
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Docket No. 17-RCOT-027-KSF
*In the Matter of the Audit of Rainbow Communications LLC (CLEC) by the Kanas
Universal Service Fund (KUSF) Administrator Pursuant to K.S.A 2015 Supp. 66-
2010(b) for KUSF Operating Year 19, Fiscal Year March 2015-February 2016*

Dear Ms. Green:

In its August 2, 2016 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Rainbow Communications LLC (CLEC) (Rainbow CLEC 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 Rainbow CLEC'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. Rainbow CLEC's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Rainbow CLEC 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 "Jim Worlton", is written over a horizontal line.

Jim Worlton
Consultant

cc w/encl: Sandy Reams

Kansas Universal Service Fund Audit Report

Docket No.: 17-RCOT-027-KSF
Rainbow Communications LLC (CLEC)

Prepared For: Kansas Corporation Commission
Kansas Universal Service Fund

Prepared By: Jim Worlton
GVNW Consulting, Inc.

Audit Period: March 1, 2015 through February 29, 2016
Kansas Operating Year 19 (Operating Year 19)

Company Representatives: Beverly Armstrong
Jason Smith

Date of On-Site Audit: November 29 and 30, 2016

Date Submitted to Company: April 10, 2017

Audit Summary

Based on the Kansas Universal Service Fund (KUSF) Carrier Review Procedures for Operating Year 19,¹ GVNW Consulting, Inc. (GVNW) identified the following reporting deficiencies regarding Rainbow Communications LLC (Rainbow CLEC or Company) with a net impact of an additional \$674.85 owed to the KUSF:

- Finding No. 1: Rainbow CLEC did not report late payment charges related to its phone service to the KUSF. As a result, the Company under-reported revenues to the KUSF and underpaid its assessment by \$674.85. Rainbow CLEC corrected this reporting deficiency effective with the February 2017 data reported in March 2017.

GVNW recommends that the Kansas Corporation Commission (KCC or Commission) issue an Order to: (1) adopt the findings of this audit report; and (2) close this audit docket.

Current KUSF Obligations

Rainbow CLEC is current with its KUSF obligations.²

¹ Docket No. 15-GIMT-073-GIT (Docket 15-073), July 14, 2016, Order Accepting GVNW's KUSF Year 19 Audit Selections, Proposed Revisions to Selection Criteria and Audit Review Procedures.

² Confirmed on March 13, 2017, with the KUSF Administrator.

Background

Rainbow CLEC is a certified Competitive Local Exchange Company (CLEC) headquartered in Everest, Kansas. The Company is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.³ Rainbow CLEC is authorized to collect an amount equal to or less than its assessment from customers,⁴ and does so. Rainbow CLEC is required to offer and advertise Lifeline services to its end-users⁵ and does so. The Company also claims monthly Lifeline credits from the KUSF. Rainbow CLEC offers bundled services and reports revenues to the KUSF on the unbundled service price of the assessable service⁶ and reports gross revenues prior to discounts for KUSF reporting purposes⁷.

On August 2, 2016, the KCC issued Order No. 1 in this Docket, No. 17-RCOT-027-KSF Docket 17-027, directing GVNW to conduct an audit for KUSF purposes.

Audit Findings

GVNW conducted the audit of Rainbow CLEC in accordance with the KUSF Carrier Review Procedures adopted by the KCC.⁸ Based on these procedures, GVNW identified the following audit findings and recommendations:

Audit Finding No. 1

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.⁹

Finding: Rainbow CLEC did not report non-recurring late payment charge revenues to the KUSF. As a result, the Company under-reported KUSF revenues, effective March 2015 and through January 2017 and owes an additional \$674.85 to the KUSF¹⁰. The Company corrected the error effective with the February 2017 data reported in March 2017.

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

⁴ K.S.A. 66-2008.

⁵ Docket 94-478, December 27, 1996, Order.

⁶ Rainbow Communications DR Response No 3 C.

⁷ Rainbow Communications DR Response No 3 G.

⁸ Docket 15-073, July 14, 2016, Order.

⁹ Kansas Universal Service Fund (KUSF) Carrier Remittance Worksheet (CRW) Instructions March 2015 – February 2016 (FY 19), page 11.

¹⁰ Rainbow Communications DR Response 13.

Recommendation: On March 27, 2017, Rainbow CLEC submitted the Audit True-ups for Operating Years 19 and 20 (March 2016 – February 2017) and paid an additional \$674.85 to the KUSF on April 4, 2017. Rainbow CLEC is now compliant with this audit finding.

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of March 2017, 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

Otto Newton, Litigation Counsel
Otto Newton
1500 SW Arrowhead Road
Topeka, KS 66604
Email: o.newton@kcc.ks.gov

Colleen R. Jamison
James M. Caplinger, Chartered
823 SW 10th Ave
Topeka, KS 66612-1618
Email: colleen@caplinger.net

Jason Smith
Rainbow Telecommunications Association, Inc.
608 Main St
PO Box 147
Everest, KS 66424-0147
Email: jason@rainbowtel.com

Beverly Armstrong
Rainbow Telecommunications Association, Inc.
608 Main St
PO Box 147
Everest, KS 66424
Email: bev@rainbowtel.com



Jim Worlton

From: do-not-reply@kcc.ks.gov
To: [Dawn Cartellone](#)
Cc: [d.shupe@kcc.ks.gov](#); [a.green@kcc.ks.gov](#)
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The Kansas Corporation Commission (KCC) E-Filing system has received a filing.

Transaction Id: 20170421_n3vrm1

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File Name: Rainbow CLEC Final Audit Report EFILED 2017-04-21.pdf

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/s/ Kansas Corporation Commission

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/s/ Kansas Corporation Commission

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