

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter of the Audit of MetroPCS Michigan,)
LLC by the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 2016 Supp.) Docket No. 18-MMLZ-034-KSF
66-2010(b) for KUSF Operating Year 20, Fiscal)
Year March 2016-February 2017.)

ORDER ADOPTING AUDIT REPORT AND CLOSING DOCKET

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 1, 2017, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of MetroPCS Michigan, LLC (MetroPCS) for Kansas Universal Service Fund (KUSF) purposes.

2. On April 10, 2018, GVNW submitted its Audit Report indicating its finding that MetroPCS is current with its KUSF obligations and no further actions are needed. GVNW states that it identified one reporting deficiency, qualifying it as a technical finding which does not impact the KUSF and does not require MetroPCS to take any further action. GVNW's Audit Report identifies and describes in detail the reporting deficiency, including the applicable reporting standard, resulting in the following audit finding and recommendation:

Audit Finding No. 1:

Standard: Carriers are required to report actual intrastate retail revenues, and may report uncollectible revenue written off, to the KUSF to determine their KUSF assessment obligation.¹

Finding: MetroPCS reported revenue to the KUSF based on the KUSF assessment collected from customers and dividing the KUSF assessment accrued liability per its general ledger by the KUSF assessment rate. The company states this reporting process reflects its Kansas intrastate revenues and its KUSF assessment obligation. The company uses this reporting approach because its internal accounting and reporting systems are not maintained “in sufficient detail to determine taxing jurisdiction, exemptions, taxable service, etc.,” and that its billing systems accurately applied the KUSF assessment directly to the assessable revenues of Kansas customers.²

GVNW states that it performed additional testing utilizing four procedural steps for the purpose of determining whether the KUSF assessment was properly applied to all applicable service revenues. The results of GVNW’s testing supports a minimal \$370 overpayment of assessments to the KUSF for the audit period, with GVNW concluding MetroPCS has met its KUSF obligations.³

MetroPCS Response to Audit Finding No. 1:

MetroPCS respectfully disagrees with GVNW’s description of Audit Finding No. 1. The company states that upon further review, it believes the confusion may have originated in overly simplistic responses to GVNW’s Data Requests 15 and 17. MetroPCS provides a detailed explanation of how the company arrives at its KUSF assessment, maintaining that its procedure is the best proxy for intrastate assessable revenue.

Recommendation:

GVNW does not recommend any further actions at this time; however, GVNW does recommend that MetroPCS be reminded to submit Quarterly True-ups if there are material changes, billing errors or corrections, or changed circumstances that would result in a correction to its reported revenue or KUSF assessment obligation. Concluding, GVNW further recommends that this Docket be closed.

3. The Commission has reviewed GVNW’s Audit Report submitted April 10, 2018, and concludes that it should accept and adopt the same and close this docket.

¹ See K.S.A. 66-2008(a), and Order, ¶108-110, Dec. 27, 1996; Order and Attachment, Feb. 3, 1997; Order, ¶9, 31, 56, March 25, 1999, Docket No. 94-GIMT-478-GIT. See also Order, Docket No. 16-GIMT-517-GIT, Feb. 17, 2017.

² Audit Report, page 3.

³ Id.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

- A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report submitted April 10, 2018.
- B. MetroPCS Michigan, LLC is reminded to submit Quarterly True-ups if there are material changes, billing errors or corrections, or changed circumstances that would result in a correction to its reported revenue or KUSF assessment obligation.
- C. This docket is hereby closed.
- D. The Commission retains jurisdiction over MetroPCS Michigan, LLC 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.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 04/19/2018



Lynn M. Retz
Secretary to the Commission

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CERTIFICATE OF SERVICE

18-MMLZ-034-KSF

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 04/19/2018.

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