

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

Before Commissioners:                     Dwight D. Keen, Chair  
   Shari Feist Albrecht  
   Susan K. Duffy

In the Matter of the Audit of S&A Communications             )  
by the Kansas Universal Service Fund (KUSF)                     )  
Administrator Pursuant to K.S.A. 2018 Supp. 66-2010(b)     ) Docket No. 20-S&AC-056-KSF  
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 S & A Telephone Company, Inc. d/b/a S& A Communications (hereinafter referred to as “S & A”) for Kansas Universal Service Fund (KUSF) purposes.

2.       On October 25, 2019, GVNW filed its Audit Report making three findings for S & A in Operating Year 22.<sup>1</sup> The GVNW Audit Report findings are as follows:

Audit Finding No. 1:

S & A incorrectly completed Box C of the monthly Carrier Remittance Worksheets (CRW) for March 2017 through April 2019;

Audit Finding No. 2:

S & A’s 2018 Annual Interrogatory stated the Company reported more revenue to the KUSF than was actually reported to the KUSF; and

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<sup>1</sup> Kansas Universal Service Fund Audit Report, Docket No. 20-S&AC-056-KSF (October 25, 2019).

Audit Finding No. 3:

S & A under-reported Intrastate Switched Toll/Long Distance Revenue on the monthly CRWs for August 2018 through December 2018 and owes an additional \$35.15 to the KUSF.

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. It recommends S & A file annual True-up Reports for Operating Year 21, Fiscal Year March 2017 to February 2018, and Operating Year 22, Fiscal Year March 2018 to February 2019 to show actual surcharge amounts collected from customers. It also proposes to have S & A file revised CRWs to correct the surcharge collected from customers in Box C for March and April 2019. It recommends S & A report actual Kansas Intrastate net retail revenue in its annual True-up Report for Operating Year 22 and pay an additional \$35.15 to the KUSF. Moreover, GVNW proposes to have S & A file a revised 2018 Annual Interrogatory to correct the amount of revenue reported to the KUSF. The Commission now addresses the GVNW recommendations.

4. S & A is an intrastate interexchange telecommunications carrier that is headquartered in Allen, Kansas. It collects KUSF assessments from its Kansas customers. It is required to report revenue and pay related assessments to the KUSF on a monthly basis. S & A is not designated as an Eligible Telecommunications Carrier and does not offer Lifeline service to its customers. In determining revenue for KUSF purposes, S & A reports revenue and makes assessments based on the unbundled service price of assessable service. It also used the same approach for Federal Universal Service Fund purposes.

5. Audit Finding No. 1 indicates S & A did not correctly complete Box C of its CRWs for the months of March 2017 through April 2019. It reported zero assessments from its subscribers for this period, when it should have reported actual assessments collected from

customers. This reporting error was corrected for the month of May 2019 and following months. To correct the inaccurate reporting, GVNW has recommended that S & A file annual True-up reports for Operating Years 21 and 22 to show the actual surcharge collected from customers. GVNW has also advised that S & A file revised CRWs for March through April 2019. GVNW proposes S & A make these corrections within 60 days of the issuance of this Order.

6. S & A is required to file an Annual Interrogatory for the preceding year by May 1<sup>st</sup> of the current year to permit its quarterly assessment to be determined by the Commission in accordance with K.S.A. 66-1503.<sup>2</sup> Audit Finding No. 2 indicates S & A reported more revenue on its Annual Interrogatory going to the KUSF by \$1,569.45 than it reported to the KUSF. This apparently occurred as a result of a billing system error that caused the surcharge collected from customers to be treated as revenue. There was no net impact to the KUSF as a result of this inaccuracy, and S & A corrected the billing system error during 2019. GVNW recommends S & A file a revised Annual Interrogatory for 2018 to report its correct annual revenue reported to the KUSF within 60 days of the issuance of this Order.

7. S & A is required to report actual intrastate net retail revenue to the KUSF to determine its contribution to the KUSF.<sup>3</sup> Audit Finding No. 3 identifies that S & A under-reported its Intrastate Switched Toll/Long Distance revenue for the period of August through December 2018 and owes \$35.15 to the KUSF. GVNW recommends S & A file an Annual True-up Report for Operating Year 22 to report its corrected actual intrastate net retail revenue and pay an additional \$35.15 to the KUSF.

8. The Commission adopts the recommendations of GVNW in its Audit Report and Finding Nos. 1-3. S & A shall file Annual True-up Reports for Operating Year 21, March 2017 to

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<sup>2</sup> Order, Docket No. 13-GIMT-735-GIT at 8 (December 3, 2013).

<sup>3</sup> K.S.A. 2018 Supp. 66-2008(a).

February 2018 and Operating Year 22, March 2018 to February 2019, along with revised CRWs for March through April 2019 to report actual surcharge amounts collected from its customers. S & A shall file an Annual Interrogatory for 2018 to report corrected annual Kansas intrastate retail revenue reported to the KUSF. S & A shall also report actual intrastate net retail revenue on the annual True-up Report for Operating Year 22 to account for Intrastate Switched Toll/Long Distance revenue and pay an additional \$35.15 to the KUSF. These corrections and payment shall be completed within 60 days of the issuance of this Order. GVNW then shall file a Compliance Report within 90 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

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

A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report filed October 25, 2019.

B. S & A Telephone Company, Inc. d/b/a S & A Communications shall file annual True-up Reports for Operating Years 21 and 22, as well as revised CRWs for March and April 2019, to correct actual amounts collected from customers that were reported to the KUSF. It shall also correct its actual Kansas intrastate net revenue in the Annual True-up Report for Fiscal Year 22 and remit an additional \$35.15 to the KUSF. Additionally, S & A Telephone Company, Inc., d/b/a S & A Communications shall file a revised Annual Interrogatory for 2018. These actions shall be completed within 60 days of the issuance of this Order.

C. GVNW Consulting, Inc., shall file a Compliance Report once S & A Telephone Company, Inc. d/b/a S & A Communications has addressed the requirements of this Order, but no later than 90 days from this Order.

D. 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>4</sup>

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

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

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 12/05/2019



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Lynn M. Retz  
Executive Director

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<sup>4</sup> K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

## CERTIFICATE OF SERVICE

20-S&AC-056-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 12/05/2019.

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/S/ DeeAnn Shupe  
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