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October 10, 2017

Ms. Lynn M. Retz  
Secretary to the Commission  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604-4027

Re: KCC Docket No. 17-WSLC-019-KSF

Dear Ms. Retz:

Attached you will find the Surreply of AT&T Mobility to the Additional Response of GVNW Consulting, Inc., to Petition for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket for electronic filing in the above referenced docket.

Sincerely,

Bruce A. Ney  
AVP - Senior Legal Counsel

Attachment

cc: Parties of Record

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

In the Matter of the Audit of New Cingular Wireless	)	
PCS, LLC d/b/a AT&T Mobility by the Kansas	)	
Universal Service Fund (KUSF) Administrator	)	Docket No. 17-WSLC-019-KSF
Pursuant to K.S.A. 2015 Supp. 66-2010(b) for KUSF	)	
Operating Year 19, Fiscal Year March 2015 –	)	
February 2016.	)	

**SURREPLY OF AT&T MOBILITY TO THE ADDITIONAL RESPONSE OF GVNW  
CONSULTING, INC., TO PETITION FOR RECONSIDERATION OF ORDER  
ACCEPTING AND ADOPTING AUDIT REPORT AND CLOSING DOCKET**

COMES NOW New Cingular Wireless PCS, LLC d/b/a AT&T Mobility (“AT&T Mobility”), and files this surreply to the additional response of GVNW Consulting, Inc. (“GVNW”)<sup>1</sup> filed October 5, 2017 in the above captioned matter. For its reply, AT&T Mobility shows the Commission as follows:

1. AT&T Mobility has never disputed at any point in the instant proceeding that it is to report its actual intrastate revenue for KUSF assessment purposes. Whether that is required is not the issue in this proceeding.
2. What continues to be the issue is highlighted once again in Paragraph 2 of GVNW’s Additional Response, where the implication perpetuated by GVNW is that AT&T Mobility’s reported revenue amounts are “calculated” and thus, are “estimated”, not actual. There is simply no substantial or competent evidence in the record of this proceeding to support such an arbitrary and capricious finding. In fact, the opposite is

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<sup>1</sup> Response of GVNW Consulting, Inc. to Reply of AT&T Mobility to Response of GVNW to Petition of New Cingular Wireless PCS, LLC d/b/a AT&T Mobility for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket, Docket No. 17-WSLC-019-KSF, filed Oct. 5, 2017 (Attachment A) (hereinafter “GVNW Additional Response”).

true, as AT&T Mobility fully explained and detailed in Paragraph 6 of its Reply to GVNW's initial response in this proceeding.<sup>2</sup>

3. In its Reply, AT&T Mobility affirmatively stated, as is evidenced by its response to Audit Data Request No. 10 which is part of the record, that it does in fact report actual intrastate revenue. Further, AT&T Mobility described in detail the methodology/calculation and accounting process it employs to generate the reported actual revenue amount for KUSF assessment purposes.<sup>3</sup>

4. GVNW cannot be allowed to merely rely upon vague citations to "multiple" prior Commission orders,<sup>4</sup> some of which proceedings AT&T Mobility was not even a party to,<sup>5</sup> to attempt to disprove the veracity of AT&T Mobility's response or the

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<sup>2</sup> Reply of AT&T Mobility to Response of GVNW Consulting, Inc., to Petition for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket, Docket No. 17-WSLC-019-KSF, filed Sept. 27, 2017 at ¶16 (hereinafter ("AT&T Mobility Reply").

<sup>3</sup> *Id.*

<sup>4</sup> Interestingly, none of the Commission Order's now cited by GVNW were mentioned in its *Audit Report* filed in this proceeding. Only now, in an attempt to justify the conclusions reached does it look for further support and now vaguely relies upon the Commission's August 13, 1999 Order in Docket No. 94-GIMT-478-GIT. While GVNW does not pinpoint what part of the Order it relies on, because the Order never uses the term "actual revenue" or prescribes how one is to define it, AT&T Mobility can only assume GVNW cites to the Order for the following ordering language:

(1) Intrastate revenues reported to the KUSF Administrator ***shall be calculated*** on revenue net of uncollectible amounts, as set forth above.

(2) Wireless providers shall report 85 percent of total revenues as intrastate revenues for KUSF purposes.

Order on Issues of Uncollectible Revenue and Additional KUSF Revenue Reporting Issues, Docket No. 94- GIMT- 478- GIT (190,492-U), dated Aug13, 1999, at Ordering ¶¶ 1, 2. (Emphasis added). The Ordering language of both paragraphs clearly contemplates a necessary calculation to arrive at the reportable actual revenue amounts.

GVNW also cites to the February 23, 2017, Commission Order in Docket No 16-GIMT-517-GIT, for a similar vague, non-pinpoint cited, proposition that AT&T Mobility can only assume GVNW believes addresses its reported revenues. While that Order never defines the term "actual revenue" or prescribes any accounting methodology for the reporting of such revenue, it does define "net retail revenue". Order, Docket No 16-GIMT-517-GIT, dated Feb. 23, 2017 at Ordering ¶ E. AT&T Mobility believes that its processes for identifying, recording, calculating and reporting as described in Audit Data Request No. 10, results in its reporting actual net retail revenue for KUSF assessment purposes. There is no substantial competent evidence in the record disputing that fact.

<sup>5</sup> GVNW also relies upon several Commission Orders from individual company KUSF audit dockets for the proposition that "actual revenues are to be reported to the KUSF, but if estimated revenues are utilized, quarterly

accuracy of the methodology/calculations or accounting processes it employs to report actual revenue for KUSF purposes. Reliance by the Commission on mere inference, distinguishable Orders or other unsubstantiated suggestion in a proceeding where there are undisputed facts and evidence in the record supporting AT&T Mobility's position will result in a flawed outcome and Order.

5. In Paragraph 4 of its Additional Response, GVNW claims that the Commission requires a monthly filer to file quarterly true-ups if it uses a calculation methodology to report revenue because "the Company is responsible for ensuring that it reports and pays assessments to the KUSF that are no less than they would be if the Company reported revenue based on its recorded Kansas-specific revenues."<sup>6</sup> GVNW's contention once again ignores the process described in AT&T Mobility's response to Audit Data Request 10 and in its Reply:

Each of AT&T Mobility's upstream billing systems are set up to **identify actual KS intrastate retail revenue** on which KUSF amounts are billed and/or calculated. **These KUSF assessment amounts are recorded in the books and records and are reconciled to tax remittances.** Therefore, dividing the KUSF amounts by the KUSF

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true-ups need to be filed." GVNW Additional Response at ¶2, fn.4. First, it must be noted that AT&T Mobility was not a party to any of the cited proceedings, therefore reliance on those proceedings as binding the Commission in the instant proceeding is prejudicial to AT&T Mobility. Second, each of the Orders cited are distinguishable from the facts of the instant proceeding.

In Docket Nos. 09-SBLC-126-KSF and 09-AT&T-129-KSF, both companies were ordered to file quarterly true-ups based upon the fact they reported monthly revenue one-month in arrears. There is no allegation in the instant proceeding that AT&T Mobility reports revenue in arrears, thus reliance on those orders is misplaced.

In each of the Orders cited from Docket Nos. 10-CRCZ-078-KSF, 14-VONZ-066-KSF and 16-TWBC-036-KSF, the companies were cited for reporting "calculated revenues" and not having reported actual intrastate revenues. As a non-party to these proceedings AT&T Mobility does not know what underlying methodologies/accounting processes may have been employed by the individual companies for revenue reporting purposes and does not know whether the revenue reported was in fact estimated or actual. The Commission cannot rely on action taken in these proceedings to the prejudice of AT&T Mobility's contention that it reports actual intrastate revenues in the instant proceeding.

<sup>6</sup> GVNW Additional Reply at ¶4.

assessment rate ***produces the actual intrastate retail revenue identified*** in the upstream systems.<sup>7</sup>

6. AT&T Mobility identifies and reports actual intrastate revenue, **it does not** estimate revenue for reporting purposes. As a result, making quarterly true-up filings just for the sake of making them, absent a changed circumstance or a rate/billing event/error, will not produce a substantively different result and is an unnecessarily costly and time consuming process for the company. If AT&T Mobility learned of any circumstance or event that caused a need for filing a quarterly true-up, AT&T Mobility would prepare and make such a filing.

7. Finally, contrary to the assertion in Paragraph 5 of GVNW's Additional Reply, AT&T Mobility did, in its filed Reply, previously explain the difference between the revenue reported on the Commission Remittance Worksheets (CRWs) and the audit reports generated for GVNW for auditing purposes.<sup>8</sup>

Upon receiving an audit request, AT&T Mobility generates the requested audit report from its data warehouses of customer level detail activity in order that billed transactions (revenue and associated tax/fee amounts) can be verified by the auditor for accuracy. For example, the audit report provided to GVNW contained a report of Kansas customers who were assessed the KUSF surcharge and the associated revenue on which the KUSF surcharge was assessed. As is typical with audits of transaction taxes/fees, GVNW tested such transactions to the actual invoices to ensure that there were no errors in billing (over or under reporting). As a result of the testing and reconciliation GVNW found no such errors.

***The existence of any alleged differences between a generated audit report and the monthly CRW does not***

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<sup>7</sup> Kansas Universal Fund Audit Report, Docket No. 17-WSLC-019-KSF, filed Aug. 25, 2017, at ¶1b. (hereinafter the "Audit Report"). (Emphasis added); AT&T Mobility Reply at ¶16.

<sup>8</sup> AT&T Mobility Reply at fn. 6.

**render either of them inaccurate.** Revenue amounts on the filed monthly CRWs represent actual intrastate revenue billed during the respective periods. ***AT&T Mobility experiences some timing differences when creating and generating audit reports upon request several years later, as capturing the exact historic accounting period can be problematic for various reasons;*** for example, when some customer bills overlap into a previous or following month. In other words, there are times when a customer bill is held due to a particular issue and actually bills in the following month. This can be seen with the slight ups and downs in the remittance amounts on a monthly basis while on average amounts are reasonably consistent. Auditors generally understand the issue (audit report discrepancy or limitation) and through the testing of the detailed transactions, become comfortable with the accuracy reflected on the filings. Again, GVNW tested such transactions to the actual invoices to ensure that there were no errors in billing (over or under reporting). As a result of the testing and reconciliation GVNW found no such errors. ***Therefore, the actual intrastate revenue amounts on the monthly CRWs are actual and any variance in revenue reported on the generated audit report is explainable as varying due to the timing differences mentioned above versus an actual error in reported revenue.***<sup>9</sup>

8. In short, as GVNW admits in its Additional Reply, “the billing determinants used by AT&T Mobility resulted in revenue it determined and reported [that] ... allowed the Company to meet its obligations.”<sup>10</sup> AT&T Mobility’s methodology and accounting processes rely on real, actual revenue and transactions to determine actual intrastate revenue that is reportable for KUSF assessment purposes.<sup>11</sup> There is simply no

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<sup>9</sup> *Id.* (Emphasis added). In addition, it should be noted/clarified that the reportable revenue provided to the auditor in response to Audit Data Request 8 was not calculated by “dividing the KUSF amounts by the KUSF assessment rate”, it was calculated using actual transaction detail that is reportable to the KUSF.

<sup>10</sup> GVNW Additional Reply at ¶15.

<sup>11</sup> No estimates are used or harmed in the making or reporting of AT&T Mobility’s Kansas actual intrastate revenue.

substantial, competent evidence in this docket or otherwise raised by GVNW's responses to controvert the evidence presented by AT&T Mobility.

WHEREFORE, AT&T Mobility respectfully requests an Order of the Commission granting its Petition for Reconsideration.

Respectfully submitted,




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### VERIFICATION

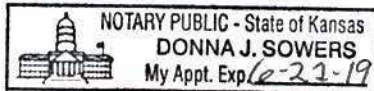
I, Janet L. Arnold, of lawful age, and being first duly sworn, now state: I am Area Manager-External Affairs, and have read the Surreply of AT&T Mobility to the Additional Response of GVNW Consulting, Inc., to Petition for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket, and verify the statements contained herein to be true and correct to the best of my knowledge and belief.

  
Janet L. Arnold

Subscribed and sworn to before me on this 10<sup>th</sup> day of October 2017.

  
Notary Public

My appointment expires:



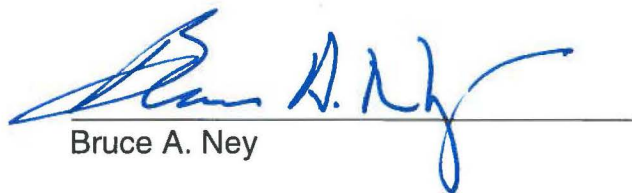
### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the Surreply of AT&T Mobility to the Additional Response of GVNW Consulting, Inc., to Petition for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket, was sent via electronic mail on this 10<sup>th</sup> day of October 2017 to:

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