

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the Matter of the Audit of Consumer Cellular,)
Inc. by the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 66-2010(b)) Docket No. 21-CSCZ-062-KSF
for KUSF Operating Year 23, Fiscal Year)
March 2019-February 2020.)

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 18, 2020, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Consumer Cellular, Inc. (hereinafter referred to as “Consumer Cellular”) for Kansas Universal Service Fund (KUSF) purposes.

2. On June 21, 2021, GVNW filed its Audit Report making two findings for Consumer Cellular in Operating Year 23.¹ The GVNW Audit Report findings are as follows:

Audit Finding No. 1:

Consumer Cellular did not report actual revenues per its general ledger, which resulted in an additional \$4,413.50 owing to the KUSF;

Audit Finding No. 2:

Consumer Cellular did not report Returned Check Charges as Miscellaneous Revenue to the KUSF, which resulted in under-reporting revenue to the KUSF and additional assessment owing in the amount of \$347.19.

¹ Kansas Universal Service Fund Audit Report, Docket No. 21-CSCZ-062-KSF (May 14, 2021).

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 Consumer Cellular file annual True-up Reports for Fiscal Year 22, March 2018 to February 2019; Fiscal Year 23, March 2019 to February 2020; and Fiscal Year 24, March 2020 to February 2021, to correctly report intrastate retail revenue, including Returned Check Charges. GVNW proposes to have Consumer Cellular remit \$4,760.69 to the KUSF. GVNW recommends Consumer Cellular also files an affidavit of a corporate officer attesting that the Company reviewed reporting discrepancies, identified their bases, explained why the variances occurred and corrected reporting deficiencies. GVNW further recommends that Consumer Cellular be directed to take action within 60 days of the issuance of this Order, with GVNW filing a Compliance Report within 90 days of the Order to confirm corrective action has been taken. The Commission now addresses the GVNW recommendations.

4. Consumer Cellular is a wireless service provider that is headquartered in Portland, Oregon. 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. Consumer Cellular is not designated as an Eligible Telecommunications Carrier and does not offer Lifeline service to its customers. In determining revenue for KUSF purposes, Consumer Cellular reports revenue and makes assessments based on the total bundled service price of assessable services. It also uses the same approach for Federal Universal Service Fund purposes.

5. Audit Finding No. 1 indicates Consumer Cellular had significant variances between revenue reported to the KUSF and revenue recorded on its general ledger. Consumer Cellular did not report its revenues reflected in the general ledger and had no explanation for the variances. As

a result of the variances, Consumer Cellular owes the KUSF an additional assessment amount of \$4,412.51, which is comprised of \$2,199.99 for Fiscal Year 22, March 2018 to February 2019; \$1,814.13 for Fiscal Year 23, March 2019 to February 2020; and \$399.99 for Fiscal Year 24, March 2020 to February 2021. To correct the under-reporting, GVNW has recommended that Consumer Cellular file annual True-up Reports for Fiscal Years 22, 23 and 24 to properly report its retail intrastate revenue in conformity with its general ledger. GVNW has recommended that Consumer Cellular file an affidavit of a corporate officer attesting that the Company has reviewed the reporting discrepancy, identified the basis for the variances, provided a summary explaining the cause of the variances and corrected the reporting deficiencies. GVNW proposes to have Consumer Cellular take action within 60 days of the issuance of this Order, with GVNW filing a Compliance Report within 90 days of the Order.

6. Audit Finding No. 2 relates to Consumer Cellular not reporting Miscellaneous Revenue for Returned Check Charges, resulting in an additional assessment to the KUSF in the amount of \$347.19. The under-reporting is comprised of additional assessments of \$160.03 for Fiscal Year 22, March 2018 to February 2019; \$147.71 for Fiscal Year 23, March 2019 to February 2020; and \$39.45 for a portion of Fiscal Year 24, March 2020 to April 2020. Consumer Cellular customers were not assessed a KUSF surcharge for the Returned Check Charges. GVNW proposes to have Consumer Cellular file annual True-up Reports for Fiscal Years 22, 23, and 24. GVNW also recommends Consumer Cellular file an affidavit of a corporate officer attesting to corrections the Company has made to its reporting procedures to reflect revenue for Returned Check Charges. GVNW has asked that Consumer Cellular be directed to take action on the GVNW recommendations within 60 days of the issuance of this Order, with GVNW issuing a Compliance Report within 90 days of the Order.

7. The Commission adopts the recommendations of GVNW in its Audit Report and Finding Nos. 1 and 2. Consumer Cellular shall file annual True-up Reports for Fiscal Year 22, March 2018 to February 2019; Fiscal Year 23, March 2019 to February 2020; and Fiscal Year 24, March 2020 to February 2021, to reflect all intrastate retail revenue to be reported to the KUSF in accordance with the Audit Report. Consumer Cellular shall remit payment to the KUSF in the amount of \$4,760.69 for additional assessments owed as a result of the reporting deficiencies. To record the completion of the refund process, Consumer Cellular is directed to file an affidavit of a corporate officer attesting that the Company has reviewed the reporting discrepancies, identified the basis for revenue variances, explained the why the variances occurred and confirmed it has corrected reporting deficiencies. The corrections and other directives 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 June 21, 2021.

B. Consumer Cellular, Inc. shall file annual True-up Reports for Fiscal Year 22, March 2018 to February 2019, Fiscal Year 23, March 2019 to February 2020 and Fiscal Year 24, March 2020 to February 2021. It shall remit additional assessments to the KUSF in the amount of \$4,760.69. Consumer Cellular, Inc. shall file an affidavit of a corporate officer attesting to the reporting discrepancies, the basis for the revenue variance, an explanation of the cause for the variances and confirmation the reporting deficiencies have been corrected. These actions shall be completed within 60 days of the issuance of this Order.

C. GVNW Consulting, Inc., shall file a Compliance Report once Consumer Cellular, Inc. 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).²

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.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 07/08/2021



Lynn M. Retz
Executive Director

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² K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

21-CSCZ-062-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 07/08/2021.

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