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Kansas Corporation Commission
GVNW CONSULTING, INC.
/s/ Patrice Petersen-Klein
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April 27, 2012

Received
on

MAY 02 2012

by
State Corporation Commission
of Kansas

Ms. Patrice Petersen-Klein, Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Docket No. 12-NVCC-026-KSF, Windstream NuVox Kansas, Inc.

Dear Ms. Petersen-Klein:

In its July 21, 2011 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Windstream NuVox Kansas, Inc. (NuVox) 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 NuVox'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. NuVox's audit does not require a separate confidential report; therefore, only the enclosed public audit report for NuVox 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,

David Winter
Senior Consultant

cc: Sandy Reams

Enclosures

Kansas Universal Service Fund Audit Report

Docket No.: 12-NVCC-026-KSF
Windstream NuVox Kansas, Inc.

Prepared For: Kansas Corporation Commission
Kansas Universal Service Fund

Prepared By: David Winter
GVNW Consulting, Inc.

Audit Period: March 1, 2010, through February 28, 2011
Kansas Operating Year 14 (KUSF Year 14)

Date of On-Site Audit: March 5 and 6, 2012

Date Submitted to Company: April 27, 2012

Company Representatives: Tim Loken
Stephanie D. Marsh

Executive Summary

Windstream NuVox Kansas, Inc. (NuVox or Company) should be required to pay the Kansas Universal Service Fund (KUSF) \$6,010.15 related to the following reporting deficiency:

- Finding No. 1. NuVox did not report contract termination fees to the KUSF. As a result the Company under-reported revenues to the KUSF and underpaid its assessment by \$6,010.15. NuVox initiated the reporting of these charges to the KUSF in March 2012.

On April 24, 2012, NuVox submitted Audit True-ups for KUSF Year 14 and quarterly True-ups for KUSF Year 15. GVNW has reviewed the Company's submissions and verifies it is in compliance with the audit findings. NuVox submitted payment to the KUSF on April 26, 2012; therefore, GVNW recommends that this docket be closed.

Background

NuVox is a competitive local exchange company (CLEC) headquartered in Little Rock, Arkansas. The Company is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.¹ NuVox is authorized to collect an amount equal to or less than its assessment from customers,² and does so. The Company does not have any residential customers; therefore, it does not offer Lifeline services to its customers.

¹ 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.

² K.S.A. 66-2008.

On July 21, 2011, the KCC issued Order No. 1 in Docket No. 12-NVCC-026-KSF (Docket 12-026) directing GVNW to conduct an audit for KUSF purposes.

This audit also requires a review of the Company's compliance with the recommendations adopted by the Kansas Corporation Commission (Commission or KCC) in the previous audit, Docket No. 09-NVCC-135-KSF (Docket 09-135) –for NuVox Communications of Kansas. NuVox Communications of Kansas was acquired by Windstream Corporation (Windstream) in February 2010, with the acquired entity's name being changed to Windstream NuVox Kansas, Inc.

In Docket 09-135, the Company: 1) reported calculated intrastate revenues; 2) did not have internal KUSF procedures; and 3) had not filed a pleading to inform the Commission that the Company used the direct assignment methodology to identify and report its Voice over Internet Protocol (VoIP) revenues for KUSF purposes. As a result, NuVox over-reported and over-paid its KUSF assessments. NuVox on September 17, 2009, filed an affidavit with the KCC confirming that the Company uses the direct assignment method for VoIP services. Windstream's purchase of NuVox eliminated the aforementioned reporting anomalies.

Current KUSF Obligations

NuVox is current with its KUSF obligations.

Audit Findings

GVNW conducted the audit of NuVox in accordance with the KUSF Carrier Review Procedures adopted by the KCC.³ Based on these procedures, GVNW identified the following audit findings and recommendations:

Audit Finding No. 1

Standard: Miscellaneous recurring and non-recurring intrastate retail revenues are included in the calculation of total Kansas intrastate retail revenues.⁴

Finding: NuVox did not include early termination fees in the revenues reported to the KUSF. As a result, the Company under-reported KUSF revenue for the period of March 2010 through February 2012 and owes an additional \$6,010.15 to the KUSF. Effective March 2012, NuVox starting reporting early termination fees to the KUSF.

Recommendation: On April 24, 2012, NuVox submitted Audit True-ups for KUSF Year 14 and quarterly True-ups for KUSF Year 15 that reflected early termination fees and paid the \$6,010.15 to the KUSF on April 26, 2012. GVNW recommends that this docket be closed.

³Docket No. 09-GIMT-272-GIT, February 2011, Order and June 30, 2011, letter GVNW proposed KUSF Contributors Selected for Year 14, Attachment B.

⁴ Kansas Universal Service Fund (KUSF) Carrier Remittance Worksheet (CRW) Instructions March 2010 – February 2011 (FY14) page 11.

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day April, 2012, the original and seven (7) copies of the above and foregoing were sent via U.S. Mail, first class postage prepaid to:

Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604

And an electronic copy to:

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