



GVNW CONSULTING, INC.

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May 1, 2013

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

Received
on

MAY 03 2013

by
State Corporation Commission
of Kansas

Dear Ms. Petersen-Klein:

RE: Docket No. 13-MIRC-103-KSF, Miracle Communications, Inc.

In its August 7, 2012 order the Kansas Corporation Commission (KCC) directed GVNW to perform a KUSF carrier audit of Miracle Communications, Inc. (Miracle) 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 Miracle'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. Miracle's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Miracle 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,

A handwritten signature in black ink, appearing to read "David Winter", written over a horizontal line.

David Winter
Senior Consultant

cc: Sandy Reams

DW/dc – Encl.

Kansas Universal Service Audit Report

Docket No.: 13-MIRC-103 -KSF
Miracle Communications, Inc.

Prepared For: Kansas Corporation Commission
Kansas Universal Service Fund

Prepared By: David Winter, GVNW Consulting, Inc.

Audit Period: March 1, 2011, through February 28, 2012
Kansas Operating Year 15 (Operating Year 15)

Date of On-Site Visit: Desk Audit

Date Submitted To Company: May 1, 2013

Company Representative: Mark Soria

Executive Audit Summary

Consistent with the Kansas Universal Service Fund (KUSF) Carrier Review Procedures for Operating Year 15,¹ GVNW Consulting, Inc. (GVNW) has completed its review of Miracle Communications, Inc. (Miracle or Company).

GVNW's audit, supported by an affidavit from an officer of the Company, indicates Miracle is not generating any intrastate retail revenues that are subject to the KUSF reporting requirements. Miracle should be directed to continue to remit its Annual Company Identification and Operations Form, referred to as Attachment B, to the KUSF and report intrastate retail revenue to the KUSF Administrator at any point in time that it does generate Kansas intrastate retail revenues that are subject to the KUSF. Therefore, GVNW recommends that the docket be closed.

Background

Miracle, headquartered in Westlake Village, California was certified to provide interexchange long distance toll services in the state of Kansas on February 25, 2005.² The Company is required to report its revenue and pay the related assessments to the KUSF on a yearly basis.³ The KUSF Administrator's records show that the Company first reported revenues to the KUSF in March 2005 and has reported total revenues of \$1,041 to the KUSF for the period ending February 2010. Miracle did not report any Kansas intrastate retail revenues to the KUSF for the period of March 2010 through February 2013 (Operating Years 15 and Year 16, respectively).

¹ Docket No. 11-GIMT-201-GIT (Docket 11-201), July 30, 2012, Order Accepting and Approving GVNW Selection Criteria (July 30, 2012, Order), provided in GVNW Consulting, Inc.'s Letter dated June 29, 2012, Attachment B.

² Docket No. 05-MIRC-418-COC-Telcom-IXC (Docket 05-418), February 25, 2005, Order and Certificate, *In the Matter of an Application of Miracle Communications, Inc. for a Certificate of Convenience and Authority to Transact the Business of an Interexchange Services Provider Within the State of Kansas.*

³ 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.

Audit Findings

GVNW performed its audit consistent with the Kansas Corporation Commission's (KCC or Commission) KUSF audit procedures. Whenever a Company reports that it has not generated any intrastate retail revenues, an officer of the Company is to remit an affidavit to that fact. GVNW requested, and the Company provided, a notarized affidavit, included as Attachment A to this report. The affidavit states that Miracle is an "interexchange long distance toll services" provider and "did not have any Kansas telecommunications customers with a primary service or billing address in the state of Kansas." The affidavit further certifies that Miracle "did not generate any Kansas intrastate retail telecommunications revenues to include local exchange, intrastate switched access toll, or VoIP services for the March 1, 2011 through February 28, 2012 and March 1, 2012 to present."

GVNW also reviewed the Company's revenue reporting records as a further test of Miracle's representation that it had not generated any Kansas intrastate retail revenues. No discrepancies were noted.

Miracle has remitted an Attachment B, to the KUSF Administrator and filed Annual⁴ Carrier Remittance Worksheets (CRWs) for Operating Years 14 (March 2010 – February 2011),¹⁵ (March 2011 – February 2012), 16 (March 2012 – February 2013) and 17 (March 2013 – March 2014). The Attachment B for Operating Year 17 indicates that the Company does not anticipate generating any Kansas intrastate retail revenue.

A search of the Kansas Secretary of State's Corporate Annual Reports (Annual Report) indicates that the Company is incorporated in the state of Florida and is properly registered with the Kansas Secretary of State as a "Foreign for Profit" corporation and is currently listed as "active and in good standing."⁵

Miracle's Federal Communications Commission's (FCC) Form 499-A specifies that the Company is toll reseller only in the state of California.⁶ The Company's website though states that Miracle "is fully licensed and compliant with ALL regulatory agencies (PUC or Public Utilities Commission) of each state in the US."⁷ Upon inquiry, Miracle indicated that this was an oversight and the Company would update its FCC Form 499-A.

⁴ Kansas Universal Service Fund (KUSF) Carrier Remittance Worksheet (CRW) Instructions March 2011 – February 2012 (FY 15) Page 2 of 13: **Annual: Carriers earning \$10,000 or less** in annual intrastate retail revenue may report revenues and pay assessments on an **Annual** basis.

⁵<https://www.kansas.gov/bess/flow/main.jsessionid=A442A4460CB7729A8332943BEC86C8B1.apctcs03-inst1?execution=e1s5> last viewed on April 24, 2013.

⁶ <http://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=824670> last viewed on April 24, 2013.

⁷ <http://www.miraclephoneservice.com/about.html> last viewed on April 24, 2013.

GVNW recommends that Miracle continue to file its Annual Attachment B as long as it holds a Certificate to Operate in Kansas. Miracle should be directed to report to the KUSF Administrator, at any point in time, that it generates intrastate retail revenues that are subject to the KUSF reporting requirements. GVNW further recommends that this docket be closed.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of Miracle)
Communications, Inc. by the Kansas)
Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 2010(b))
Supp. 66-2010(b) for Kansas Operating)
Year 15, Fiscal Year March 2011 -)
February 2012.)

Docket No. 13-MIRC-103-KSF

Declaration of MARK SORTA
(Name)

I am President (Position) of Miracle Communications, Inc, ("Miracle") and authorized to provide this affidavit on its behalf, and the facts set forth herein are true and correct to the best of my knowledge.

1. Miracle is a provider of interexchange long distance toll telephone services in the state of Kansas.
2. Miracle does not have any intrastate telecommunications customers with a primary service or billing address in the state of Kansas.
3. Miracle certifies that it did not generate any Kansas intrastate retail telecommunications revenues to include local exchange, intrastate switched access toll or VoIP services for the periods March 1, 2011 through February 28, 2012; and March 1, 2012 to present; from telecommunications services subject to the Kansas Universal Service Fund ("KUSF") contribution requirements.
4. Miracle shall report all revenues and pay any assessments to the Kansas Universal Service Fund, should the Company generate intrastate retail revenues subject to the KUSF rules.

Mark Sorta

Name:

Date: 4/20/13

SECRETARIAL
Sorta
ATTACHED 4/23/13

Subscribed and sworn to before me this ____ day of _____, 2012.

My Commission expires: _____

Notary

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 23rd
day of April, 2013, by Mark Soria

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in black ink, appearing to read 'Mark Soria', written over a horizontal line.

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day May, 2013, 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 to:

Craig A. Waltzer, President
Miracle Communications, Inc.
20801 Biscayne Boulevard, Suite 403
Aventura, FL 33180

A handwritten signature in black ink, appearing to read "D.G. Winter", is written over a horizontal line.

David G. Winter