THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Dwight D. Keen

In the Matter of the Audit of Ready Wireless, LLC by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2017 Supp. 66-2010(b) for KUSF Operating Year 21, Fiscal Year March 2017 -February 2018.	) Docket No. 19-RWLZ-033-KSF

ORDER TO KANSAS UNIVERSAL SERVICE FUND ADMINISTRATOR TO COMMENCE AUDIT OF READY WIRELESS, LLC, AND ORDER SETTING PROCEDURAL SCHEDULE

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. As required by K.S.A. 66-2002(h), the Commission established the Kansas Universal Service Fund (KUSF) by Order dated December 27, 1996, in Docket No. 94-GIMT-478-GIT (94-478 Docket). Through the competitive bidding process required by K.S.A. 2010 Supp. 66-2010, the Commission selected a third party to administer the KUSF. The current third party administrator is GVNW Consulting, Inc. (GVNW).

2. K.S.A. 2013 Supp. 66-2010(b) provides that GVNW shall be responsible for:

> (1) Collecting and auditing all relevant information from all qualifying telecommunications public utilities, telecommunications carriers or wireless telecommunications service providers receiving funds from or providing funds to the KUSF;
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> (2) verifying, based on the calculations of each qualifying telecommunications carrier, telecommunications public utility or wireless telecommunications service provider, the obligation of each such qualifying carrier, utility or provider to generate the funds required by the KUSF;

> (3) collecting all moneys due to the KUSF from all telecommunications public utilities, telecommunications carriers and wireless telecommunications service providers in the state; and
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> (4) distributing amounts on a monthly basis due to qualifying telecommunications public utilities, wireless telecommunications service providers and telecommunications carriers receiving KUSF funding.

3. In the 94-478 Docket, the Commission clarified that to fulfill its K.S.A. 66-2010(b) obligations the KUSF administrator should conduct audits of selected carriers' relevant revenue information to verify such carriers are reporting revenue information in a consistent manner. GVNW shall also audit all related data, including assessments owed and collected from subscribers, to ensure carriers meet their KUSF obligations. GVNW shall also audit federal and Kansas Lifeline Service Program (KLSP) data to ensure a Lifeline service provider is meeting its obligations and accurately receiving Lifeline service revenue reimbursement.

4. The Commission opened Docket No. 17-GIMT-008-GIT in order to determine the assessment percentage for KUSF Year 21, beginning March 1, 2017. On July 6, 2018 in that docket, GVNW filed a letter in which it listed sixteen companies selected for KUSF Year 21 carrier audits pursuant to the current selection criteria.[1] On July 31, 2018, GVNW filed a letter to correct the legal names of three companies selected for audit. Carriers were selected for audit depending upon whether the carrier qualifies as a Group One, Two, Three, or Four Company.

5. Group One is comprised of one to three companies which each contribute an amount greater than five percent of the yearly KUSF receipts. Each Group One carrier will be audited at least every four years. Group Two, from which the KUSF administrator will audit one to three companies each year, is comprised of companies with contributions to the KUSF

[1] Order Accepting GVNW's KUSF Year 20 Audit Selections, Proposed Revisions to Selection Criteria and Audit Review Procedures, Docket No. 16-GIMT-067-GIT (Docket 16-067), July 25, 2017.

representing the next 50% of yearly KUSF receipts after removing Group One. Group Three, with eight to thirteen companies to be audited each year, is comprised of the remaining companies contributing to the KUSF. Group Four is comprised of companies claiming no Kansas retail revenue, one of which will be randomly selected each KUSF audit year. The Commission intends to audit all companies at some point in time and it may adjust or supplement its selection criteria over time to ensure this result. Additional audits, supplementary to those identified above, may be performed if GVNW or Commission Staff observes reporting abnormalities, significant discrepancies between KUSF-reported revenues and Commission or public reports or other inconsistencies.

6. If material deficiencies are found in a carrier's KUSF reporting procedures, it will be scheduled for audit in KUSF Year 23 or 24 to ensure that corrections have been implemented to cure deficiencies.

7. Ready Wireless, LLC, (Ready) falls into Group Three. GVNW shall audit Ready, which shall assemble the information requested by GVNW so that GVNW may complete the audit and file an Audit Report by Friday, June 28, 2019. The information provided to GVNW may be treated as confidential when a trade secret or proprietary, including the following: (1) material or documents that contain information relating directly to specific customers; (2) employee-sensitive information; (3) marketing analyses or other market-specific information relating to services offered in competition with others; (4) reports, work papers or other documentation related to work produced by internal or external auditors or consultants; (5) strategies employed, to be employed, or under consideration; (6) contract negotiations; and, (7) information concerning trade secrets, as

well as private technical, financial, and business information.[2] GVNW will use generally accepted accounting practices in the performance of the audit.

8. After GVNW has completed the audit, it shall file a report in this docket containing the results of the audit and any recommendation it deems appropriate and serve a copy of the report on Ready no later than June 28, 2019. The report shall be provided in two versions if necessary. One version shall contain any confidential information and one version shall have any confidential information redacted for public disclosure. Ready may file with the Commission a response to GVNW's audit report no later than thirteen (13) days from the date GVNW files the report with the Commission. If a response is not filed within the thirteen-day time period, Ready is deemed to have fully concurred with GVNW's report. If Ready disputes the recommendations and results contained in GVNW's report and has filed its response in a timely manner, it may request a hearing.

9. The Commission finds and concludes that GVNW shall begin an audit of Ready as directed above.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

A. GVNW Consulting, Inc. shall begin an audit of Ready Wireless, LLC, to verify that its revenue, and all related data and Lifeline credits requested for reimbursement, if applicable, are accurate and are reported in a consistent manner. GVNW shall file its audit report and recommendations no later than Friday, June 28, 2019, and Ready Wireless, LLC, shall file its response to the report no later than thirteen (13) days from the date on which GVNW files the audit report with the Commission.

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[2] See also, K.S.A. 2017 Supp. 66-1220a.

B. 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).[3]

C. 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.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 08/16/2018

Lynn M. Retz

Lynn M. Retz
Secretary to the Commission

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

CERTIFICATE OF SERVICE

19-RWLZ-033-KSF

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on 08/17/2018.

Dennis Henderson, CEO
READY WIRELESS LLC
955 Kacena Rd
Ste A
Hiawatha, IA 52233
dennis@readywireless.com

WALKER HENDRIX, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
w.hendrix@kcc.ks.gov

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER
GVNW CONSULTING, INC.
2930 MONTVALE DRIVE, STE. B
SPRINGFIELD, IL 62704
Fax: 719-594-5803
nstephens@gvnw.com

DAVID G. WINTER, SENIOR CONSULTANT
GVNW CONSULTING, INC.
2270 LA MONTANA WAY, Ste 100
COLORADO SPRINGS, CO 80918
Fax: 719-594-5803
dwinter@gvnw.com

/S/ DeeAnn Shupe

DeeAnn Shupe