

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

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

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.                   ) Docket No. 19-RWLZ-033-KSF  
66-2010(b) for KUSF Operating Year 21, Fiscal Year                   )  
March 2017 - February 2018.                   )

**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 21, 2018, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Ready Wireless, LCC (hereinafter referred to as “Ready Wireless”) for Kansas Universal Service Fund (KUSF) purposes.

2.       On January 16, 2019, GVNW filed its Audit Report dated January 10, 2019, making three findings for Ready Wireless in Operating Year 21.<sup>1</sup> The GVNW Audit Report findings are as follows:

Audit Finding No. 1:

Ready Wireless filed the wrong interstate and intrastate traffic factors for calendar year 2017 with the Commission;

Audit Finding No. 2:

Ready Wireless retained \$998.04 in KUSF assessments over collected from its Kansas customers for the period of March 2017 through December 2017;

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<sup>1</sup> Kansas Universal Service Fund Audit Report, Docket No. 19-RWLZ-033-KSF (January 10, 2019).

Audit Finding No. 3:

Ready Wireless incorrectly completed Bock C of the monthly Carrier Remittance Worksheets (CRW) and the Annual KUSF Assessment True-up for KUSF Operating Year 21.

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 a one-time billing credit to address the over-collection of the KUSF assessments and procedures and processes put into effect to correct the issue. It also submits that Ready Wireless should attest to procedures implemented to correct reporting issues regarding the correct information to include in Box C of the monthly CRW. The Commission now addresses the GVNW recommendations.

4. Ready Wireless is a subsidiary of HH Ventures and is headquartered in Hiawatha, Iowa. 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. Ready Wireless is not designated as an Eligible Telecommunications Carrier. In determining revenue for KUSF purposes, Ready Wireless has used a Commission approved intrastate factor to arrive at its intrastate voice revenue to be reported to the KUSF. It also used the same approach for Federal Universal Service Fund purposes.

5. Audit Finding No. 1 indicates Ready Wireless filed the wrong traffic factor for calendar year 2017. However, for reporting purposes, it used the correct traffic factor, meaning that its filings had no monetary impact. Ready Wireless addressed the error by promptly submitting the correct factor in its Traffic Study Report on October 12, 2018. It also checked internal systems, reports and calculations to assure the correct traffic factor was used and verified it had used the correct factor.

6. K.S.A. 2017 Supp. 66-2208 (a) limits the amount to be collected from customers to a company's contribution to the KUSF based on intrastate retail revenue. Audit Finding No. 2 addresses Ready Wireless's use of an allocation factor during a portion of Operating Year 21 that was based on the previous year's allocation factor to determine voice service revenue. The misapplication of the allocation factor for the period of March 2017 to December 2017 resulted in an overcollection of money from Kansas customers in excess of the Ready Wireless' contribution to the KUSF. In its Annual True-up report, the error was identified and corrected, giving rise to a refund for the Company through an account credit. However, Ready Wireless did not issue refunds to its customers and, consequently, collected \$998.04 more than authorized under K.S.A. 2017 Supp. 66-2008(a). To address this oversight, GVNW recommended Ready Wireless give its customers a bill refund through a one-time bill credit within 60 days of the Order in this Docket to distribute the overcollection of \$998.04. GVNW also proposed having an officer of Ready Wireless sign an affidavit attesting to the completion of refunds and the amount of the refund credit, as well as having Ready Wireless provide copies or screen images of customer billings to document the bill credits were issued. Additionally, GVNW endorsed having an officer of Ready Wireless attest by way of affidavit to the processes the Company put into place to correct the misapplication of its allocation factor, the date the process went into effect and the commitment to monitor monthly CRW filings to avoid customer overcollection. In conjunction with the Audit Report, Ready Wireless submitted a Management Response stating it was ready to refund to customers.

7. The Commission adopts the recommendation of GVNW in Finding No. 2 of the Audit Report to issue a bill credit to customers within 60 days of the issuance of the Order in this Docket. The Commission further adopts the proposed GVNW procedures of having an officer

provide an affidavit attesting to the completion of refunds, the amount of the refund and the process the Company put into effect to correct the misapplication, as well as the date of the process and the commitment to monitor CRW filings to avoid overcollection. Additionally, the Commission concludes Ready Wireless should provide billing information to show the refunds were actually made. To confirm the refund and the collection and reporting processes implemented by Ready Wireless, GVNW is directed to file a Compliance Report confirming the remedies set forth in this Order have been completed within 90 days of this Order.

8. Audit Finding No. 3 identifies reporting inaccuracies by Ready Wireless as a result of including the amount paid to the KUSF in Block C of the CRWs rather than the amount collected from subscribers. GVNW recommended Ready Wireless have an officer file an affidavit indicating the procedures put into place to correct the reporting on CRWs and Annual True-ups for Block C to reflect the amount collected from customers and to do so within 60 days of the issuance of an Order in this Docket. Ready Wireless indicates it became aware of the error on September 24, 2018, and informed its outside accounting consultant, Global Strategic Accountant of the correct procedure. GVNW further recommended the affidavit reflect the date on which reporting for Block C was changed to provide the correct monthly reporting information required by the Commission. The Commission adopts the recommendation submitted under Audit Finding No. 3 and determines that Ready Wireless should submit the officer affidavit within 60 days of the issuance of this Order.

**IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. The Commission accepts and adopts GVNW Consulting, Inc.'s Audit Report filed January 16, 2019.

B. Ready Wireless, LLC, shall make a refund to its customers in a one-time bill credit to distribute the overcollection of its KUSF contribution in the amount of \$998.04, as provided in paragraph No. 7 of the Order.

C. Ready Wireless, LLC, is directed to have an officer provide an affidavit attesting to the procedures and processes put into place to correct the error associated with the overcollection, to provide information related to the refund process, together with billing information to confirm the refund, and procedures put into place to address the reporting inaccuracies in Block C of the CRWs and Annual True-ups, as further delineated in paragraph Nos. 7 and 8.

D. GVNW Consulting, Inc., shall file a Compliance Report once Ready Wireless, Inc. has addressed the requirements of this Order, but no later than 90 days from this Order.

E. 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).<sup>2</sup>

F. 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.**

Keen, Chair; Albrecht, Commissioner; Emler, Commissioner

Dated: 01/24/2019

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Lynn M. Retz  
Secretary to the Commission

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<sup>2</sup> 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 electronic service on 01/24/2019.

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