

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 Sprint Spectrum                    )  
by the Kansas Universal Service Fund (KUSF)                    )  
Administrator Pursuant to K.S.A. 66-2010(b)                    ) Docket No. 21-SSLZ-056-KSF  
for KUSF Operating Year 23, Fiscal Year                    )  
March 2019-February 2020.                    )

**ORDER EXTENDING TIME TO COMPLY**

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), now reorganized as part of an acquisition and integrated within Vantage Point Solutions, to perform an audit of Sprint Spectrum LP (Sprint Spectrum) for Kansas Universal Service Fund (KUSF) purposes. Sprint Spectrum is a wireless service provider that is headquartered in Overland Park, Kansas. 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.

2.        On June 8, 2021, GVNW filed its Audit Report making three findings for Sprint Spectrum in Operating Year 23.<sup>1</sup> The GVNW Audit Report indicated Sprint Spectrum had assessed customers KUSF surcharges for non-assessable fees related to Visual Voicemail Activation Fees and Early Equipment Upgrade Option fees. The Audit Report also addressed Sprint Spectrum's practice of allocating uncollectible revenues rather than using actual amounts

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<sup>1</sup> Kansas Universal Service Fund Audit Report, Docket No. 21-SSLZ-056-KSF (May 11, 2021).

in computing Kansas intrastate revenues. To correct these findings, GVNW recommended Sprint Spectrum file annual True-up Reports for Operating Year 22, Fiscal Year March 2018 to February 2019, Operating Year 23, Fiscal Year March 2019 to February 2020, and Operating Year 24, March 2020 to February 2021, to correct its reporting and billing processes for non-assessable revenues. It calculated a Sprint Spectrum refund of \$25,103.93 to be distributed through one-time billing credits to affected customers on a pro-rata basis. It recommended Sprint Spectrum file an affidavit of a corporate officer attesting to the amount and completion of the refunds, as well as providing documentation to show the refunds were completed. It also advised that Sprint Spectrum develop a billing process that permits it to identify actual uncollectible revenue for Kansas when it is able to correct the current deficiency of using an allocation formula.

3. The Commission adopted the GVNW audit recommendations in its Order of June 17, 2021. Sprint Spectrum was ordered to 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, and revise its KUSF reporting to avoid recognizing non-assessable revenue. Sprint Spectrum was directed to refund to affected customers in a one-time billing credit, totaling \$25,103.93, determined on pro-rata basis. Sprint Spectrum was also to investigate and plan for a process that would enable it to report actual uncollectible revenue for Kansas and implement procedures and processes that will identify specific Kansas intrastate uncollectibles as permitted by upgrades or a replacement of its billing system in the future. To record the completion of the refund process, Sprint Spectrum was ordered to file an affidavit of a corporate officer attesting to the amount of the refund and its completion, together with providing documentation to GVNW to support the completion of the refund process. The corrections, refunds and other directives were to be completed within 60 days of the issuance of the Order Adopting the Audit

Report of June 17, 2021. GVNW was then to file a Compliance Report within 90 days of the issuance of the Order to confirm completion of the actions directed by the Commission.

4. Sprint Spectrum did not comply with the Commission's Order Adopting Audit Report of June 17, 2021. Its time for compliance was August 16, 2021. Sprint Spectrum did contact GVNW (now Vantage Point Solutions) on September 10, 2021, to inform GVNW that it was having issues with the refund process. Sprint Spectrum also informed Staff on September 14, 2021, about the refund issues and its inability to comply as previously ordered. Sprint Spectrum indicated it would file a motion for an extension of time. On September 15, 2021, GVNW filed a Compliance Report on the 90<sup>th</sup> day in response to the Commission's Order Adopting Audit Report, and summarized discussions with Sprint Spectrum, indicating no Motion to Extend Time had been filed and the information to be provided had not been furnished.

5. Sprint Spectrum did file a Motion for Extension of Time to File Affidavit of Compliance with the Audit Order on September 23, 2021. In the Motion, Sprint Spectrum indicated it was making changes to its billing system and experiencing delays in deploying it, as often times occurs when changes to a billing system is involved. Sprint Spectrum stated it would take thirty days to implement the billing system changes and further disclosed that the billing system changes were necessary to "calculate, prepare and distribute the refunds" of \$25,103.93 as ordered by the Commission. Inaccurately, Sprint Spectrum stated it had provided updated KUSF reports in compliance with the Order Adopting the Audit Report, when True-up Reports had not been filed based on information provided by GVNW on September 28, 2021. In the Motion for Extension of Time, Sprint Spectrum requested an additional 30 days to file its Affidavit of Compliance and ninety days to complete the delivery of refund checks. This extension of time

was made for completing the distribution of refund checks in contrast with the Commission Order Adopting the Audit Report that ordered billing credits to subscribers.

6. The Commission appreciates the difficulties in making billing system upgrades in response to a Commission Order as part of a refund process and the need for additional time. However, in the context of Sprint Spectrum's delay in filing for an Extension of Time, making inaccurate statements with regard to filing True-up Reports, referencing a refund process that does not provide billing credits and not fully informing the Commission as to why the refund process has been delayed, the Commission is inclined to grant the time requested by Sprint Spectrum, but with periodic reporting on a monthly basis to the Commission regarding the scope of billing system changes being made and the timeline for completing the billing system changes. With regard to the refund process, Sprint Spectrum is directed to file a formal Plan for Refunds to be approved by the Commission. Sprint Spectrum is also to be ordered to file True-up Reports by the time it files its affidavit of a corporate officer attesting to compliance with the Commission's Order Adopting Audit Report of June 17, 2021. Sprint Spectrum should also be reminded of the statutory authority under K.S.A. 66-138 for penalties as a result of not complying with a Commission Order.

7. Sprint Spectrum is to be ordered to file a monthly report in this Docket advising the Commission of the billing system changes being made, the timeline for implementing the changes, and any technical issues associated with further delays in implementing the billing system changes, together with the status of refunds having been made. Sprint Spectrum is further directed to file True-up Reports with GVNW for Fiscal Years 22, 23 and 24 by the date for filing the corporate affidavit, which will be no later than October 23, 2021. In addition to filing the affidavit, Sprint Spectrum is directed to file a formal Plan for making refunds to its customers as part of the refund process, with refunds to be completed, as proposed, by December 22, 2021.

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

A. Sprint Spectrum LP shall file monthly reports regarding the implementation of its billing system changes and its refund process beginning October 23, 2021.

B. Sprint Spectrum LP 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 with Vantage Point Solutions by October 23, 2021.

C. Sprint Spectrum LP shall file a Refund Plan with the Commission subject to further approval.

D. Sprint Spectrum LP shall file by October 23, 2021, an affidavit of a corporate officer attesting to the process for completing the refund process.

E. Sprint Spectrum LP shall refund to affected customers under the approved Refund Plan \$25,103.93 to be determined on pro-rata basis to account for the collection of Visual Voicemail Activation Fees and Early Equipment Upgrade Option Fees by December 22, 2021.

F. GVNW Consulting, Inc., shall file an updated Compliance Report once Sprint Spectrum Company has fulfilled the requirements of the Commission Order Adopting Audit Report.

G. 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>

H. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

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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).

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 10/07/2021



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Lynn M. Retz  
Executive Director

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## **CERTIFICATE OF SERVICE**

21-SSLZ-056-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 10/07/2021.

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