

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Audit of New Cingular Wireless PCS,)
LLC d/b/a AT&T Mobility by the Kansas Universal Service)
Fund (KUSF) Administrator Pursuant to K.S.A. 2015 Supp.) Docket No. 17-WSLC-019-KSF
66-2010(b) for KUSF Operating Year 19, Fiscal Year)
March 2015-February 2016.)

**RESPONSE TO PETITION OF NEW CINGULAR WIRELESS PCS, LLC d/b/a AT&T
MOBILITY FOR RECONSIDERATION OF ORDER ACCEPTING AND ADOPTING
AUDIT REPORT AND CLOSING DOCKET**

COMES NOW the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission", respectively) and presents to the Commission the Response of GVNW Consulting, Inc. (GVNW) to the Petition for Reconsideration of New Cingular Wireless PCS, LLC d/b/a AT&T Mobility (AT&T Mobility) filed in this matter on September 15, 2017. GVNW's Response is attached to and made a part of this pleading as Attachment A.

1. On August 2, 2016, the Commission directed GVNW, as the Kansas Universal Service Fund (KUSF) Administrator to conduct an audit of (AT&T Mobility) for KUSF purposes. GVNW completed the KUSF audit of (AT&T Mobility) and on August 25, 2017, filed its Audit Report with the Commission.

2. On August 31, 2017, the Commission issued an Order accepting and adopting GVNW's Audit Report which included Audit Finding Nos. 1, 2, and 3. GVNW's Audit Finding No. 2 stated that;

AT&T Mobility did not report actual intrastate revenues on its monthly CRWs. Instead, the Company reported calculated revenue by dividing the total KUSF surcharge billed to customers by the approved KUSF assessment rate. The Company did not file Quarterly True-ups, but did file an Annual True-up for Operating Year 19 that showed no changes to the revenues reported to the KUSF. This practice is inconsistent with the Commission's directive that the Company is to file Quarterly True-ups to report actual revenues. (footnotes omitted).

GVNW's Audit Report recommended the following:

AT&T Mobility should be directed that, as a monthly filer that reports estimated revenue, it is required to report its actual revenue by a Quarterly True-up within 45-days after the end of each KUSF fiscal year quarter. The Company should also be reminded that while it reports calculated revenue, AT&T Mobility is responsible for ensuring that the assessment owed and paid to the KUSF is no less than it would be if the Company reported its actual Kansas-specific revenues. (Footnotes omitted)

3. On September 15, 2017, AT&T Mobility filed its Petition for Reconsideration disputing GVNW's Audit Finding No. 2 and requesting the Commission reopen this proceeding establishing a time frame for the filing of a formal, written response to the Audit Report's Audit Finding No. 2 and allow a request for hearing on the disputed issue.

4. GVNW has chosen to respond to AT&T Mobility's dispute of Audit Finding No. 2 and its Response is hereby presented as Attachment A to this pleading.

WHEREFORE, Staff respectfully requests the Commission give due consideration to GVNW's Response in its deliberation and disposition of this matter.

Respectfully submitted,



Otto A. Newton #08760
Litigation Counsel
Kansas Corporation Commission
1500 Arrowhead Road
Topeka, KS 66604-4027
Phone: (785) 271-3157
FAX: (785) 271-3167

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

Otto A. Newton, being duly sworn upon his oath, deposes and states that he is Litigation Counsel for the Kansas Corporation Commission; that he prepared the foregoing *Response to Petition of New Cingular Wireless PCS, LLC d/b/a AT&T Mobility for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket* and that the statements therein are true to the best of his knowledge and belief.

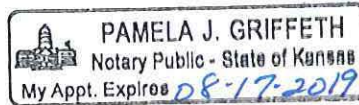


Otto A. Newton

SUBSCRIBED AND SWORN to before me this 21st day of September 2017.



Notary Public



My Appointment Expires: August 17, 2019

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of New Cingular)
Wireless PCS d/b/a AT&T Mobility by the)
Kansas Universal Service Fund (KUSF)) Docket No. 17-WSLC-019-KSF
Administrator Pursuant to K.S.A. 2015 Supp.)
66-2010(b) for KUSF Operating Year 19,)
Fiscal Year March 2015 – February 2016.)

**GVNW'S RESPONSE TO NEW CINGULAR WIRELESS PCS d/b/a AT&T
MOBILITY'S PETITION FOR RECONSIDERATION OF ORDER ACCEPTING AND
ADOPTING AUDIT REPORT AND CLOSING DOCKET**

GVNW Consulting, Inc. (GVNW), the third-party administrator of the Kansas Universal Service Fund (KUSF) hereby states the following in response to the Petition of New Cingular Wireless PCS d/b/a AT&T Mobility (AT&T Mobility) for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket (AT&T Mobility Petition) filed on September 15, 2017:

1. GVNW's Response is limited to addressing AT&T Mobility's dispute of the Kansas Corporation Commission's (KCC or Commission) August 31, 2017 Order accepting and adopting GVNW's Audit Finding No. 2 of the October 24, 2017 Audit Report.

2. On August 2, 2016, the Commission directed GVNW to conduct an audit of AT&T Mobility to verify that its revenues are accurate and reported in a consistent manner. GVNW, on August 25, 2017, filed its Audit Report with the KCC identifying three (3) audit findings. AT&T Mobility takes issue with Audit Finding No. 2, which states, in part, "AT&T Mobility did not report actual intrastate revenues on its monthly CRWs." Audit Finding No. 2 is based on the Commission's KUSF policy that carriers are required to

report “*actual* revenues” to determine their KUSF assessment.¹ The audit finding and recommendation are based on AT&T Mobility’s *own* data and the Company’s *own* response to GVNW’s Data Request (DR).² Specifically, AT&T Mobility’s response to DR No. 10.a. states “actual intrastate revenue reported is derived by dividing the sum of 1) KUSF amounts billed to the customer and 2) KUSF amounts owed that are not billed to the customer, divided by the KUSF assessment rate.” The Company’s *own* revenue data³ provided to GVNW could not be reconciled to the revenue reported to the KUSF via the Carrier Remittance Worksheet (CRW) for the test months. As explained by GVNW in the Audit Report, GVNW took additional steps to ensure that since AT&T Mobility reported calculated revenue, it reported revenue and paid assessments that allowed the Company to meet its KUSF obligations. GVNW’s test indicated that the Company slightly over-paid assessments to the KUSF. Thus, GVNW explained the additional testing, designed to provide assurances to the Commission, indicated the over-payment was primarily due to normal “billing system adjustments/churn and rounding differences” and not related to over-charging the Company’s subscribers.

3. K.S.A. 66-2008 requires providers to report their intrastate retail revenue for KUSF purposes, as reinforced by the KCC’s Order stating, “Companies required to report KUSF-assessable revenues on a monthly basis shall true-up those reports on a quarterly basis.”⁴ The Commission determined the true-ups would be due within 45 days of the end of a KUSF fiscal quarter. In this way, AT&T Mobility can report *actual* revenues without the effects of “normal billing system adjustments/churn and rounding differences.”

¹ Docket No. 10-GIMT-188-GIT (Docket 10-188), January 13, 2010 Order, Ordering ¶ E.

² AT&T Mobility’s response to DR No. 10, filed September 19, 2017.

³ AT&T Mobility’s confidential response to DR No. 8 enclosed as Confidential Attachment 1.

⁴ Docket 10-188, January 13, 2010 Order, Ordering ¶ E.

4. Contrary to AT&T Mobility's claims that the Commission is levying a quarterly filing penalty upon the Company, the Commission only reiterated a policy it adopted in 2010. The Commission also reminded AT&T Mobility that since it reports to the KUSF based on calculated revenue, the Company is responsible for ensuring the assessment it owes, and pays, to the KUSF is no less than if the Company reported using actual revenues. The Commission did not place any filing penalty or new requirement on AT&T Mobility.

*

VERIFICATION

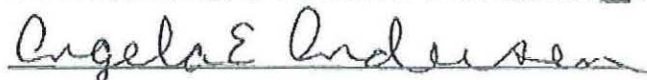
STATE OF COLORADO)
) SS:
COUNTY OF EL PASO)

David Winter, being duly sworn upon his oath states that he is a Senior Consultant for GVNW Consulting, Inc.; that he prepared the foregoing *GVNW's Response to New Cingular Wireless PCS d/b/a AT&T Mobility's Petition for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket* and that the statements made therein are true and correct to the best of his knowledge and belief.



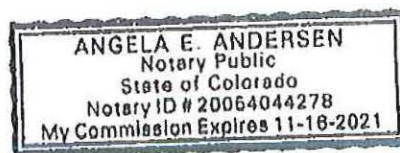
David Winter, Senior Consultant

SUBSCRIBED AND SWORN to before me this 20th day of September 2017.



Notary Public

My Appointment expires: 11-16-2021



KUSF Carrier Audit Information Request

Confidential Attachment 1
Docket #17-WSLC-019-KSF
Page 1 of 3

Request No. 8

Submitted By: David Winter
Submitted To: Tiffany Porter
Company Name: New Cingular Wireless PCS LLC dba AT&T Mobility
Docket Number: 17-WSLC-019-KSF
Request Date: March 23, 2017

Date Information Needed: April 5, 2017

RE: Revenues Reported to the KUSF

Please provide the following information:

- a. Provide any work papers, schedules or other supporting documentation that supports the revenues per the month Carrier Remittance Worksheets (CRWs) for the test months of May and August 2015 and January 2016.
- b. For the CRWs for the test months of May and August 2015 and January 2016 why are the amounts owed to the KUSF equal to the amount paid to the KUSF? Provide the amount actually collected from New Cingular Wireless' subscribers for the aforementioned test months.

NOTE: If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to GVNW's auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: Tiffany Porter

Date: 07/24/2017

Docket No. 17-WSLC-019-KSF

CONFIDENTIAL

Attachment 1

REDACTED

CERTIFICATE OF SERVICE

17-WSLC-019-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Response to Petition of New Cingular Wireless PCS, LLC d/b/a AT&T Mobility for Reconsideration of Order Accepting and Adopting Audit Report and Closing Docket was served by electronic service on this 21st day of September, 2017, to the following:

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Pamela Griffeth
Administrative Specialist