

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

Before Commissioners: Mark Sievers, Chairman
 Thomas E. Wright
 Shari Feist Albrecht

In the Matter of the Audit of Cricket Communications,)
Inc. by the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 2011 Supp. 66-2010(b)) Docket No. 13-CRCZ-090-KSF
for KUSF Operating Year 15, Fiscal Year March 2011-)
February 2012.)

ORDER CLOSING DOCKET

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 7, 2012, the Commission directed GVNW Consulting, Inc. (GVNW) to perform an audit of Cricket Communications, Inc. (Cricket) for Kansas Universal Service Fund (KUSF) purposes for KUSF Operating Year 15 (March 2011-February 2012).

2. On December 12, 2012, Cricket filed a letter request with the Commission acknowledging that the company had been contacted by GVNW regarding GVNW's commencement of an audit for KUSF purposes, and that the audit was to be completed by June 30, 2013. Cricket's letter request, dated December 10, 2012, stated inability of the company to accommodate GVNW's audit schedule due to previously scheduled audits with other jurisdictions, and the lack of resources and audit department personnel necessary to provide all data requested for audits, as the requests were being made of the company. Cricket concluded its letter by requesting that GVNW's audit be postponed to November 2013.

3. On May 15, 2013, the Commission Staff (Staff) filed its Report and Recommendation, dated May 1, 2013 (Report and Recommendation), incorporating as an

attachment thereto the Memorandum from GVNW, dated May 1, 2013, prepared by David Winter, GVNW's Managing Auditor (GVNW Memorandum). Staff's Report and Recommendation and GVNW's Memorandum are adopted and incorporated in this Order by reference.

4. The GVNW Memorandum provides a chronology of dates and events following issuance of the Commission's August 7, 2012 Order directing GVNW's commencement of an audit of Cricket for KUSF purposes. Notwithstanding the continuing communications and efforts of both GVNW and Cricket, it is evident that Cricket is unable to provide GVNW with the requisite copies of customer bills in order for GVNW to complete its audit in compliance with the KUSF Carrier Review Procedures for KUSF Operating Year 15. According to GVNW, Cricket explained that its third party mailing vendor retains three (3) months of customer paper bills and that the company's billing system maintains billing images for a rolling twelve (12) month period. GVNW further states that in a March 14, 2013 conference call with Cricket, the company stated that due to its internal corporate restructuring and changes to its operating billing systems, it was unable to access the backup billing data for the test months requested by GVNW. Consequently, GVNW is unable to comply with the carrier audit review procedures established under the Commission's July 30, 2012 Order issued in Docket No. 11-GIMT-201-GIT. GVNW adds that Cricket has provided, and GVNW retained, a sample of the company's customer bills for the period April, May, and June of 2012. However, these bills relate to KUSF Operating Year 16, which encompasses the period of March 2012-February 2013. Inasmuch as the circumstances presented as the result of Cricket's inability to recover and provide GVNW with the requested customer billings associated with KUSF Operating Year 15, GVNW recommends an alternative solution. In order to ensure that the documentation reviewed by GVNW matches

to the appropriate KUSF Operating Year, GVNW recommends that the Commission close this docket and open a KUSF audit of Cricket for KUSF Operating Year 16 (March 2012-February 2013). GVNW suggests that this approach will (i) accommodate Cricket's internal corporate restructuring and operating billing systems; (ii) allow for the proper matching of test year data; and (iii) enable GVNW to verify Cricket's revenues are accurate and reported in a consistent manner. It is GVNW's belief that the recommended actions will not have a detrimental effect on the KUSF, and once opened, a new audit docket will permit GVNW to substitute the new audit of Cricket for one of the sixteen (16) carrier audits required to be performed for KUSF Operating Year 16. GVNW Memorandum at pages 1 through 3.

5. Staff states that it has reviewed the GVNW Memorandum and shares the concerns of GVNW regarding Cricket's internal corporate and third-party vendor processes and the impact of those processes on GVNW's ability to appropriately audit Cricket for KUSF Operating Year 15. According to Staff, GVNW, under its Contract with the Commission, is required to perform sixteen (16) carrier audits each KUSF year and that the Commission's procedures authorize GVNW or Staff to recommend a specific company to be audited within a KUSF Year. Therefore, Staff concludes that GVNW's recommendation that Cricket be audited for KUSF purposes for KUSF Operating Year 16 is within Commission allowed procedures and will ensure that the data relied on by GVNW matches and supports the appropriate audit period. Staff recommends the Commission adopt GVNW's recommendations presented in its Memorandum and close this docket. Staff further recommends the Commission open a new KUSF audit proceeding and direct GVNW to conduct an audit of Cricket for KUSF Operating Year 16 purposes. Report and Recommendation at pages 2 and 3.

6. The Commission adopts the analyses and recommendations presented in Staff's May 1, 2013 Report and Recommendation and GVNW's May 1, 2013 Memorandum and finds that this docket should be closed and a new KUSF audit proceeding opened directing GVNW to conduct an audit of Cricket for KUSF Operating Year 16 purposes.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts the recommendations presented in Staff's May 1, 2013 Report and Recommendation and GVNW Consulting, Inc.'s May 1, 2013 Memorandum, and this docket is hereby closed.

B. The Commission will open a new proceeding directing GVNW Consulting, Inc. to conduct an audit of Cricket Communications, Inc., for KUSF Operating Year 16.


C. A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing and three (3) days shall be added to the above time frame.

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

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Dated: MAY 22 2013


ORDER MAILED MAY 22 2013
Patrice Petersen-Klein
Executive Director

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Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

**STAFF REPORT AND RECOMMENDATION
UTILITIES DIVISION**

STATE CORPORATION
DIVISION

MAY 07 2013

PATRICE PETERSEN-KLEIN
EXECUTIVE DIRECTOR

TO: Chairman Mark Sievers
Commissioner Thomas E. Wright
Commissioner Shari Feist Albrecht

FROM: Sandy Reams, Assistant Chief of Telecommunications
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: May 1, 2013

DATE SUBMITTED TO EXECUTIVE DIRECTOR: 5/7/13

DATE SUBMITTED TO LEGAL: 5-7-13

DATE SUBMITTED TO COMMISSIONERS: 5/15/13

SUBJECT: Docket No. 13-CRCZ-090-KSF
In the Matter of the Audit of Cricket Communications, Inc. by the Kansas Service Fund (KUSF) Administrator Pursuant to K.S.A. 2010 Supp. 66-2010(b) for KUSF Operating Year 15, Fiscal Year March 2011 – February 2012.

EXECUTIVE SUMMARY

Commission Staff (Staff) submits this Report and recommends that, based on the attached Memorandum from GVNW Consulting, Inc. (GVNW), the Commission close this Docket and open a new proceeding for the purpose of GVNW conducting an audit of Cricket Communications, Inc. (Cricket) for the Kansas Universal Service Fund (KUSF) Operating Year 16, effective March 1, 2012, through February 28, 2013.

BACKGROUND

Order No. 1, issued on August 7, 2012, directed GVNW to commence an audit of Cricket for KUSF purposes for the KUSF operating year of March 1, 2011, through February 29, 2012 (KUSF Year 15). The Commission directed Cricket to provide information requested by GVNW in such a manner as to allow GVNW to remit its Audit Report to the Commission no later than June 30, 2013.

On May 1, 2013, GVNW submitted a Memorandum to Staff regarding several issues that have resulted in a delay of the audit of Cricket. GVNW explained that Cricket's internal corporate structuring and third party billing and mailing vendor processes resulted in the Company providing only one copy of a sample customer bill for the audit period. GVNW further explained that, based on Cricket's representations in a March 14, 2013, conference call, Cricket would be unable to provide sample customer billing data for the identified audit period test months.

To ensure GVNW has access to customer billing data close to the audit period, GVNW requested customer bills for the months of April, May, and June of 2012. GVNW explained that since the bills for these months are related to KUSF Operating Year 16 not KUSF Year 15, it is concerned that it would not be able to fully comply with the Commission's audit procedures. GVNW, therefore, recommends that this Docket be closed and that the Commission open a new proceeding and direct GVNW to conduct an audit of Cricket for KUSF Year 16.

ANALYSIS

Staff reviewed GVNW's Memorandum and shares GVNW's concerns regarding Cricket's internal corporate and third-party vendor processes and the impact of those processes on GVNW's ability to appropriately audit Cricket for KUSF Year 15 purposes.

GVNW requested and Cricket provided customer bills for the months of April, May, and June of 2012. This data relates to months included in the KUSF Year 16 Operating Year; not the KUSF Year 15 audit period.

Pursuant to its Contract with the Commission, GVNW is to perform sixteen carrier audits each KUSF Year. The Commission's procedures authorize GVNW or Staff to recommend a specific company to be audited within a KUSF Year. Thus, GVNW's recommendation that Cricket be audited for KUSF purposes appears to fall within Commission allowed procedures and will ensure that the data relied on by the auditor matches, and supports, the appropriate audit period.

RECOMMENDATION

Staff recommends that the Commission adopt GVNW's recommendations included in its Memorandum, and close this Docket. Staff further recommends that the Commission open a new proceeding and direct GVNW to conduct an audit of Cricket for KUSF Year 16 purposes.

cc: Patrice Petersen-Klein, Executive Director



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To: Christine Aarnes
Sandy Reams
Otto Newton

From: David Winter, Managing Auditor, GVNW Consulting, Inc.

Date: May 1, 2013

Re: Docket No. 13-CRCZ-090-KSF , *In the Matter of the Audit of Cricket Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2011 Supp. 66-2010(b) for KUSF Operating Year 15, Fiscal Year March 2011-February 2012.*

EXECUTIVE SUMMARY

GVNW Consulting, Inc. (GVNW) submits this Memorandum to request that the Kansas Corporation Commission (KCC) close Docket No.13-CRCZ-090-KSF (Docket 13-090) and simultaneously open a KUSF audit docket for Operating Year 16 (March 2012 – February 2013) for Cricket Communications, Inc. (Cricket or Company). GVNW's request takes into consideration: (1) Cricket's current internal corporate restructuring and operating billing systems; 2) allows for the proper matching of test year data with the test year; and 3) enables GVNW to verify Cricket's revenues are accurate and reported in a consistent manner. GVNW does not believe the aforementioned requested actions will have a detrimental effect on the KUSF.

BACKGROUND

On August 7, 2012, the Commission issued Order No. 1, directing GVNW to commence an audit of Cricket for KUSF purposes for the Kansas Universal Service Fund (KUSF) operating year of March 1, 2011 through February 2012 (KUSF Year 15). The Commission directed Cricket to provide information requested by GVNW in such a manner as to allow GVNW to complete and file the audit results by June 28, 2013.

On August 8, 2012, GVNW sent Cricket an introductory letter, which included an initial audit questionnaire and requested KUSF related documentation (Audit Packet). That day, the Company confirmed receipt of Audit Packet. On August 27, 2012, Cricket requested an extension until mid-October 2012, to provide the requested information and GVNW agreed to an extension until October 17, 2012.

The Company was unable to provide the requested information by the agreed to October 17, 2012 due date as it informed GVNW, by email on November 14, 2012, of Cricket's internal corporate restructuring and stated that due to heavy workloads and other deadlines; GVNW would not be able to conduct its required site visit until the end of 2013.

Cricket, in a letter dated December 10, 2012, directed to the KCC, acknowledged the Company had been contacted by GVNW regarding an audit of Cricket for KUSF purposes. Specifically, Cricket stated that, due to employee reductions, the Company would be unable to accommodate completion of the KUSF audit prior to June 30, 2013 and requested a rescheduling of the audit to November 2013. Through a letter dated December 21, 2012, KCC Litigation Counsel reminded Cricket that the KCC's August 7, 2012, Order specifically stated that "GVNW shall audit Cricket, which shall assemble the information requested by GVNW so that GVNW may complete the audit by Friday, June 28, 2013." The letter encouraged the Company to reassess its situation and to apply the necessary resources ensuring GVNW's completion of the required KUSF audit by the established deadline.

On January 22, 2013, Cricket notified GVNW that it was assembling the information requested in the Audit Packet. The Company also indicated that it was working with its third party mailing vendor that prints and mails its paper bills to locate Kansas customer bills for the audit test months of July and November 2011 and January 2012. Cricket stated that a very small percentage of its customers receive paper bills. On January 24, 2013, the Company provided one sample Kansas customer bill for February 2012.

On February 5, 2013, Cricket provided its response to the Audit Packet and stated that the Company's third party mailing vendor retains three months of customer paper bills and that Cricket's billing system maintains billing images for a rolling twelve (12) month period. Consequently, Cricket could not provide the requested customer bills in a timely manner.

On March 14, 2013, via a conference call with GVNW, the Company stated that due to its internal corporate restructuring and changes to its operating billing systems, it was unable to access the backup billing data for the test months. Therefore, it could not provide the Kansas customer bills for the test months.

In order to quickly preserve Kansas customer bills as close to the Operating Year 15 test period as possible, GVNW requested customer bills for the period April, May, and June of 2012. These bills, however, are related to KUSF Operating Year 16, which encompasses the period of March 2012 – February 2013. On April 15, 2013, Cricket provided the requested customer bills.

RECOMMENDATION

The KUSF Carrier Review Procedures for Operating Year 15¹ require that for each sample month reviewed, a select representative sample of at least 10 residential and 10 business customer bills will be used in evaluating billing summaries and verifying rates applied (20 bills/sample month x 3 month sample = total of 60 bills). As noted, GVNW requested customer bills for the months of April, May, and June of 2012, which are outside of the current ordered KUSF Operating Year 15 test period. GVNW, therefore, cannot comply with the KUSF Carrier Review Procedures for Operating Year 15 and the KCC's Order directing GVNW "to verify that its revenues are accurate and are reported in a consistent manner" for Operating Year 15.

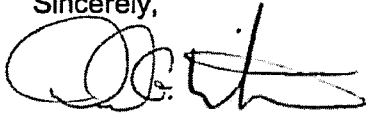
¹ Docket No. 11-GIMT-201-GIT (Docket 11-201), July 30, 2012, Order Accepting and Approving GVNW Selection Criteria (July 30, 2012, Order), provided in GVNW Consulting, Inc.'s Letter dated June 29, 2012, Attachment B.

Cricket Communications, Inc.
Docket No. 13-CRCZ-090-KSF
May 1, 2013

To ensure that the documentation reviewed matches to the appropriate KUSF Operating Year, GVNW recommends that the KCC close Docket 13-090 and simultaneously open a KUSF audit docket for KUSF Operating Year 16 (March 2012 – February 2013). This approach will: 1) accommodate Cricket's internal corporate restructuring and operating billing systems; 2) allow for the proper matching of test year data; and 3) enable GVNW to verify Cricket's revenues are accurate and reported in a consistent manner.

GVNW does not believe the aforementioned requested actions will have a detrimental effect on the KUSF. Once a new audit docket is opened, GVNW can substitute the new audit of Cricket for one of the sixteen carrier audits required to be performed for KUSF Operating Year 16.

Sincerely,

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

David G. Winter CPA, CIA

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
PATRICK SHIPLEY, DIR OF GOVERNMENT AFFAIRS / REGULATORY LEGAL CONTACT CRICKET COMMUNICATIONS, INC. C/O LEAP WIRELESS 5887 COPLEY DR SAN DIEGO, CA 92111-7906		
DAVID G. WINTER, SENIOR CONSULTANT GVNW CONSULTING, INC. 2270 LA MONTANA WAY PO BOX 25969 COLORADO SPRINGS, CO 80936		
OTTO NEWTON, LITIGATION COUNSEL 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		

ORDER MAILED **MAY 22 2013**

The Docket Room hereby certified that on this ____ day of _____, 20____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.