

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Line-Up)	WC Docket No. 03-109
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

APPENDIX C

AFFIDAVIT OF CHRISTINE A. DUNCAN, CPA

IN SUPPORT OF

**PETITION OF ALLBAND COMMUNICATIONS COOPERATIVE FOR WAIVER
OF THE PART 54.302 RULE AND FOR INCREASED PER-LINE SUPPORT**

1. Christine A. Duncan, CPA, first being duly sworn, files this affidavit in support of the Allband Communications Cooperative (Allband) Petition for Further Waiver of 47 C.F.R. § 54.302 for Increased Per Line Support.
2. I, Christine A. Duncan, CPA (Maryland, JSI – Director – Revenue Requirements), have been the principal JSI representative engaged in assisting Allband in addressing compliance issues including, where necessary, development of corrective

actions. I have also relied on other individuals within JSI possessing extensive and in-depth expertise on one or more issues relevant to JSI's assistance to Allband.

3. JSI has reviewed select 2016 accounting records from Allband's time reporting program and general ledger system. JSI also reviewed Allband's accounting and time reporting procedures (including its subsidiary, Allband Multimedia) and worked with Allband's personnel to develop a Corrective Action Plan to address areas of noncompliance as outlined in the Commission's Order released on July 20, 2016.
4. As part of JSI's review, I visited Allband's office in Curran, Michigan in September. In addition to reviewing and documenting the time recording and general ledger accounting procedures for Allband, I also discussed with Allband management and accounting personnel, the development of procedures appropriate for compliance with the Commission's Part 32, Part 54 and Part 64 rules related to affiliate transactions and regulated/nonregulated cost allocations. The time reporting and accounting review led to the development by Allband, with assistance from JSI, procedures that comply with the Commission's Part 32, Part 54 and Part 64, Subpart I rules.
5. The principal undertakings by Allband to enhance the preparation, review and approval processes governing the proper identification of regulated expenses, proper 47 C.F.R. Part 32 Uniform System of Accounts (USOA) assignment, and proper allocation of employee time were included in the Corrective Action Plan. Additionally, Allband took additional steps to acquire a comprehensive understanding of the Commission's cost allocation rules, which included the Controller attending a four day JSI Accounting and Separations and Access Conference taught by a Vice President and Director of JSI. Additionally, Allband has or is undertaking the incorporation of corrections to accounting records reflective of any USAC findings of which Allband is aware.

6. On April 13, 2017, USAC filed a report with the Federal Communications Commission (“FCC”) summarizing the results of its review of Allband’s revised cost accounting for the first and second quarters of 2016 (“USAC Report”). The USAC Report summarized the actions taken by me in assisting Allband’s controller with reviewing accounting practices including identifying and removing improper expenditures and providing on-site guidance on how to assign time for specific types of work functions that commonly occur at Allband. Specific ways in which I assisted Allband in taking corrective actions were also listed in Exhibit I: Employee Time Reporting Exceptions in the USAC Report.

JSI Experience in Advising and Assisting ILECs with FCC Compliance

7. JSI’s experience and knowledge respecting Part 32 date back to the adoption effective January 1, 1988 of Part 32 concurrent with the adoption of the Commission’s Part 36 Jurisdictional Separations Procedures. Parts 32 and 36 respectively replaced FCC Part 31, the prior Uniform System of Accounts for Telecommunications Companies and FCC Part 67, Jurisdictional Separations. JSI’s experience and knowledge respecting the Part 64 Subpart I date back to the adoption of Section 32.27 and Part 64, Subpart I in 1987-88. JSI’s experience and knowledge of Part 32, Part 54 and Part 64, Subpart I have been integral to its preparation for local exchange carrier clients of Part 36 jurisdictional cost studies based on regulated costs and, in turn, development of interstate access revenue requirements under FCC Part 69, Access Charges and Universal Service high cost data submissions.
8. JSI has routinely assisted clients in complying with Section 32.27 and Sections 64.901-905. JSI has often satisfactorily explained client joint cost allocation or valuation procedures to public accounting firms engaged to perform high cost audits of JSI clients. Where necessary or requested to do so, JSI has assisted clients in responding to audit findings by way of developing procedures to better comply with Commission’s joint cost rules. JSI has participated in numerous discussions with certified public accountants performing USAC audits regarding interpretation and application of FCC rules to ILEC accounting and cost data.

Christine A. Duncan Experience in Advising and Assisting ILECs with FCC Compliance

9. My employment with JSI, working in the areas of accounting, jurisdictional separations, interstate revenue requirement development and universal service high cost support submissions began in 2000. Since 2004, following the Part 32 *Accounting Reform Order*, I have been responsible for maintaining and updating the JSI Accounting Manual along with Scott Duncan, JD, CPA. Scott's experience with telecommunications accounting began in 1980 at Deloitte & Touche (then Deloitte, Haskins & Sells). In 1988, he led the conversion from the former FCC Part 31 USOA to the replacement FCC Part 32 USOA for the former Pacific Telecom, Inc. (now part of CenturyLink). Scott also has significant experience in developing joint cost allocation procedures (i.e., regulated/nonregulated) for rural ILECs.
10. In 2008, I began assisting rural incumbent local exchange carrier (ILEC) clients in responding to Universal Service Administrative Company (USAC) audits, including those conducted under contract with USAC by certified public accounting firms. In addition to direct responsibility for assisting some clients with USAC audits, I have also served as a coordinator for addressing complex issues arising in all USAC audits of JSI clients. These complex issues have included, but are not limited to issues arising under the following FCC rules: FCC Part 32, USOA in general; Section 32.27 Affiliate Transactions; Part 64, Subpart I Cost allocations (Regulated/Non-regulated); FCC Part 36 Jurisdictional Allocations; USAC and NECA data submissions related to universal service high cost support.
11. In the course of assisting clients in responding to USAC audits, I have always received from auditors a comprehensive understanding of potential findings, including the appropriate citation to FCC rules relevant to a possible compliance issue. Up to this time, I have been able to assist clients in satisfactorily discussing all audit findings with auditors, coming to agreement with auditors and USAC on the high cost funding impact of any findings and comprehensively explaining to auditors and USAC in writing any remedial actions to be undertaken.

Uniqueness of USAC Special Review

12. Initially JSI's assistance to Allband comprised addressing documented findings or issues pointed out in the FCC July 20th Order. The Order served as a good guide to Allband's development, with JSI assistance, of corrective actions. JSI's significant experience is that the draft USAC audit reports (including those drafted by certified public accounting firms) facilitate meaningful editing and refining of the findings together with documentation of the ILEC's response before finalization of the audit report. Where the finding includes identification of an internal control or procedural weakness, the audit report includes the ILEC's proposed corrective action and timeline for implementation of the corrective action.

JSI Conclusion Regarding Allband's Ability for Compliance

13. Allband has comprehensively addressed every issue regarding possible compliance errors, including those documented in the July 20th Order and any errors noted in USAC's Report which outlines its review of Allband's revised cost accounting procedures for the first and second quarters of 2016. Additionally, Allband has continued to update its corrective action plan to address any subsequent issues raised since providing USAC an updated copy of the corrective action plan in January of 2017.
14. Following USAC's review of its revised cost accounting procedures for first and second quarters of 2016, Allband applied these same corrective actions to third and fourth quarter 2016 for compliance with the FCC's Part 32 accounting rules, Part 64, Subpart I cost allocation rules, and Part 32.37 Affiliate Transaction rules. Allband's Controller, Tammy Veasy, has contacted me on several occasions either by phone or e-mail seeking the proper Part 32 accounting treatment of any non-routine expenditures. Additionally, on several occasions, Allband's Controller phoned me to discuss the corrections being made to the third and fourth quarter 2016 payroll summary files, which are used to develop the Plant General Allocator, Customer Service General Allocator, Corporate Operations General Allocator and the Total Company General Allocator. Following the implantation of the corrective actions,

the Controller sent the third and fourth quarter payroll summary files and the 2016 General Ledger detail for me to review.

15. Based upon JSI's work with Allband personnel over the past year in the implementation of the corrective action to ensure compliance with FCC rules and execution of corrections to accounting records, JSI believes that Allband's accounting records support submission of compliant financials in all material respects for use in the 2016 cost study and subsequent determination of the proper per line / per month high cost level of support.

Christine A. Duncan CPA

Christine A. Duncan, CPA
Director – Revenue Requirements
JSI
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July 26, 2017



Subscribed and sworn to before me, in my presence, this
26 day of July, 2016, a Notary Public
in and for the State of Maryland.
Sarah L. Delehanty
Notary Public
My commission expires 12/18, 2019