

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of IdeaTek Telcom,)
LLC, by the Kansas Universal Service Fund)
(KUSF) Administrator Pursuant to K.S.A. 66-) Docket No. 25-WLDT-100-KSF
2010(b) for KUSF Operating Year 27, Fiscal)
Year March 2023-February 2024.)

RESPONSE OF IDEATEK TELCOM, LLC TO AUDIT REPORT

COMES NOW IdeaTek Telcom, LLC (“IdeaTek” or “Company”), and responds as follows to the audit report of VantagePoint Solutions, Inc. (“VPS”) filed in this docket on June 11, 2025 (“Audit Report”).

I. BACKGROUND

1. IdeaTek is a Kansas limited liability company, registered to do business in Kansas and in good standing with the Kansas Secretary of State. IdeaTek’s principal place of business is 111 Old Mill Lane, Buhler, Kansas 67522.

2. IdeaTek has operated a facilities-based fiber optic telecommunications network since 2005. In March of 2006, IdeaTek applied for and was subsequently approved for a Certificate of Convenience as a Competitive Local Exchange Carrier in Kansas¹ in Docket No. 06-WLDT-1005-COC and a Certificate to provide interexchange and operator services in Docket No. 08-WLDT-1077-COC. While IdeaTek is and maintains status as a certificated telecommunications

¹ This was issued under IdeaTek’s former name, Wildflower Telecommunications. The name on Wildflower’s certificates and ETC designations was changed to IdeaTek Telcom, LLC in Dockets No. 14-WLDT-587-CCN and 16-WLDT-487-CCN.

carrier in Kansas, the Commission has also previously determined that IdeaTek is not a telecommunications carrier for purposes of VoIP services.²

3. IdeaTek also provides service in Kansas using Voice over Internet Protocol (“VoIP”), thus operating as an interconnected VoIP carrier as defined under K.S.A. 66-2017.

4. On August 6, 2024, the Commission issued an order directing VP to commence an audit of IdeaTek (“Audit Order”). The Audit Order set a procedural schedule requiring the Audit Report to be filed no later than June 30, 2025, and allowing IdeaTek to file a response no later than thirteen (13) days from the date VPS files the report with the Commission. This response is being filed pursuant to that schedule.

II. EXECUTIVE SUMMARY OF RESPONSE

5. IdeaTek understands that VPS has attempted to follow what it considers to be Commission precedent in performing its audit and presenting its recommendations. However, IdeaTek disagrees with some of the interpretations underlying certain findings in the Audit Report and believes that these objections and arguments have not previously been presented to the Commission for specific consideration.

6. In summary, IdeaTek’s response states as follows:

- IdeaTek should be allowed to recover from the KUSF any amounts it is ordered to refund to customers for past collections on non-assessable revenues.
- IdeaTek is not required to include in its KUSF assessable revenues Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees because these revenues are not assessed by the FCC for IdeaTek’s contribution to the federal universal service fund

² Docket No. 20-GIMT-387-GIT, *Order on Commission Jurisdiction* issued March 23, 2021, ¶ 18, Ordering ¶ A – “VoIP providers are not telecommunications carriers under Kansas law, therefore, VoIP providers are not entitled to interconnection and the Commission cannot compel interconnection between VoIP providers and LECs.”

(“FUSF”), and they are not telecommunications services under Kansas law and Commission order.

- IdeaTek’s practice of adjusting its KUSF assessment using a monthly internal true-up complies with Kansas law.
- Any amounts owed by IdeaTek to the KUSF should be offset by amounts due to IdeaTek from the KUSF.

III. RECOMMENDATIONS OF THE AUDIT REPORT AND IDEATEK’S RESPONSE

A. Audit Finding No. 1 –

7. VPS found that IdeaTek had been reporting and collecting the KUSF surcharge on certain non-assessable revenues, to wit: Alarm Lines, Fax Lines, EFax, EFax Service + ATA, MessageView (SMS Services), Mid America Computer Corp, Subscriber Line Charge, Subscriber Multi-Line Charge, PRI (Phone equipment), Elan & Eline Services, Intrastate Private Line Data Circuits revenue, and Interstate Private Line Data Circuit revenue. This resulted in the Company over-reporting and over-paying the KUSF assessment and over-collecting the KUSF surcharge by \$135,387.73. VPS recommends that IdeaTek be directed to file audit True-ups for FYs 26, 27, and 28, to omit the non-assessable revenues. VPS also recommends that IdeaTek be directed to issue refunds, through one-time billing credits, totaling \$135,387.73 to the affected customers on a pro-rata basis.³

8. IdeaTek agrees the revenue categories in Finding No. 1 are non-assessable. However, the Company believes it should be allowed to recover a refund from the KUSF for this amount since the Company has previously paid it into the KUSF. This will allow IdeaTek to then issue refunds to its customers.

³ Audit Report, pp.4-5.

9. Subsections (a) and (b) of K.S.A. 66-2008 make it clear that only assessments coming from assessable services are to be paid into the fund, and that the amount paid into the fund is to be the same as the amount a carrier is permitted to recover from its customers. These sections read as follows (emphasis added):

(a) The commission shall require every telecommunications carrier, telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services and, to the extent not prohibited by federal law, every provider of interconnected VoIP service, as defined by 47 C.F.R. 9.3, to contribute to the KUSF **based upon the provider's intrastate telecommunications services net retail revenues on an equitable and nondiscriminatory basis.** The commission shall not require any provider to contribute to the KUSF under a different contribution methodology than such provider uses for purposes of the federal universal service fund, including for bundled offerings. Any telecommunications carrier, telecommunications public utility, wireless telecommunications service provider or provider of interconnected VoIP service which contributes to the KUSF **may collect from customers an amount equal to such carrier's, utility's or provider's contribution,** but such carrier, provider or utility may collect a lesser amount from its customer.

(b) **Any contributions in excess of distributions collected in any reporting year shall be applied to reduce the estimated contribution that would otherwise be necessary for the following year.**

10. First, contributions to the KUSF are to be “based upon the provider’s intrastate telecommunications services net retail revenues on an equitable and nondiscriminatory basis.” If IdeaTek is not refunded its prior contributions that were not based on the assessable services defined in the statute, this provision would be violated.

11. Second, the language gives a carrier the right to equalize the amount it collects from customers with the amount it contributes to the KUSF. Requiring IdeaTek to refund \$135,387.73 to its customers while prohibiting the Company from obtaining a refund up to an equal amount from the KUSF would deny IdeaTek the right it holds under the statute.

12. Third, subsection (b) reflects the concept underlying the KUSF that contributions to the KUSF should equal amounts assessed to customers (unless a carrier voluntarily elects not to collect the full amount from its customers that it contributes to the KUSF).

13. Finally, there is nothing in the KUSF statutes that prohibits the Commission from granting IdeaTek's request for a refund mirroring the refund the Company will be giving to customers. As the Commission can see from the Audit Report, IdeaTek has made a good faith effort to fully comply with the rules of the KUSF, and it would be unfair to penalize it for a mistake that it has readily admitted to making when it was brought to its attention.

14. For these reasons, IdeaTek respectfully requests the Commission's Order on the Audit Report include an acknowledgement that a refund of \$135,387.73 from the KUSF to IdeaTek is appropriate.

B. Audit Finding No. 2 –

15. VPS alleges that IdeaTek did not report as assessable revenues Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees, thus under-reporting its intrastate revenues and underpaying its KUSF contributions for the March 2022 – February 2025 Fiscal Years (FY 26, 27, and 28) in the amount of \$34,038.71. VPS recommends IdeaTek be directed to file audit True-ups for FYs 26, 27, and 28, to include these fees in its reporting, which will result in an additional \$34,038.71 due to the KUSF. VPS acknowledges that IdeaTek did not collect the KUSF surcharge from customers for these revenues.⁴

16. VPS is correct that IdeaTek did not report revenues to the KUSF for these fees, but these fees are not assessable for KUSF purposes for the following reasons:

⁴ Audit Report, p. 6.

- K.S.A. 66-2008(a) prohibits the Commission from requiring IdeaTek to contribute to the KUSF under a different contribution methodology than it uses for purposes of the FUSF.
- These fees are not “intrastate telecommunications services net retail revenues” under Kansas statutes and Commission order.

(1) *K.S.A. 66-2008(a) prohibits the Commission from requiring IdeaTek to contribute to the KUSF under a different contribution methodology than it uses for purposes of the FUSF.*

17. IdeaTek reports these fees consistent with the Contribution Methodology it uses for purposes of the FUSF. The Company does not report Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees for purposes of its FUSF assessment, so it does not report them for the KUSF. This is in accordance with the clear language of K.S.A. 66-2008(a) which reads:

The commission shall not require any provider to contribute to the KUSF under a different contribution methodology than such provider uses for purposes of the federal universal service fund, including for bundled offerings.

18. Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees are not assessable under FUSF rules. These fees are described for customers on IdeaTek’s webpage which is attached as **Exhibit A**. The FCC’s FUSF contributions are calculated based on a percentage of a carrier’s revenue *from providing telecommunications services* to end-users. A recovery fee is not a telecommunications service. A “regulatory or compliance recovery fee” is a charge a carrier assesses to cover its own costs of doing business, which includes paying various government-mandated fees (like the FCC’s annual regulatory fees, TRS, LNPA, etc.) and administrative overhead for the same.

19. Attached hereto as **Exhibit B** is the relevant section of the 2025 Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A⁵. Line 418 addresses “Other revenues that should not be reported in the contribution basis” and it includes fees from late payment charges and from billing and collection services. IdeaTek’s “Manual Payment Processing Fee” is a fee charged to customers who choose not to enroll in autopay that utilizes IdeaTek’s online portal. It recovers the increased cost of billing and collection incurred by IdeaTek due to the customer choosing this payment option.

20. The FCC’s Contribution Methodology is described in the FCC’s “Contribution Methodology & Administrative Filings” explanation on the FCC’s webpage which is attached as **Exhibit C**. IdeaTek uses the same Contribution Methodology in its KUSF reporting as it does in its FCC reporting. As such, K.S.A. 66-2008(a) does not allow the Kansas Commission to require a different methodology for KUSF purposes. The statute unambiguously states that “The commission shall not require any provider to contribute to the KUSF **under a different contribution methodology than such provider uses for purposes of the federal universal service fund**, including for bundled offerings.” (emphasis added)

21. Under the plain language of the statute, IdeaTek is not obligated to report revenues from Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees to KUSF because it does not do so pursuant to the contribution methodology utilized for purposes of the FUSF.

The most fundamental rule of statutory construction is that the intent of the Legislature governs if that intent can be ascertained. In ascertaining this intent, **we begin with the plain language of the statute**, giving common words their ordinary meaning. **When a statute is plain and unambiguous, an appellate court should not speculate about the legislative intent behind that clear language, and it should refrain from reading something into the statute that is not readily**

⁵ The relevant provisions of this section did not change from the 2024 Instructions.

found in its words. But if a statute's language is ambiguous, we will consult our canons of construction to resolve the ambiguity. [Citations omitted.]”

Johnson v. U.S. Food Serv., 312 Kan. 597, 600-01, 478 P.3d 776 (2021) (emphasis added). Courts will only review extraneous documents, like legislative history or utilize canons of construction, if the statute’s language or text is ambiguous. *In re Westar Energy & Kansas Gas and Electric Co.*, 311 Kan, 320, 328 (2020).

22. As regards the revenues for which contribution is required, the statutory language of K.S.A. 66-2008(a) is plain and unambiguous. It directs that the Kansas Commission shall not require any provider to contribute to KUSF under a different contribution methodology than it uses for the FUSF. Under the contribution methodology prescribed and used for the FUSF, Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees are not revenues from telecommunications and are not used for reporting and contributions to the FUSF. As such, the Kansas Commission is statutorily prohibited from requiring IdeaTek to utilize a different contribution methodology for its KUSF reporting than it does for its FUSF reporting.

(2) *These fees are not “telecommunications services net retail revenues” under Kansas statutes and Commission order.*

23. Even absent the FUSF Contribution Methodology used by IdeaTek and the application of K.S.A. 66-2008(a) in that regard, these fees are otherwise not assessable under Kansas statutes. K.S.A. 66-2008(a) assesses “intrastate telecommunications services net retail revenues”. First, K.S.A. 66-1,187 defines telecommunications service to mean “the provision of a service for the transmission of telephone messages, or two-way video or data messages”, and regulatory compliance, bill processing/collection are not “services” that transmit messages. Second, the Commission has previously held that VoIP is an *information service*, not a

telecommunications service, and that IdeaTek, as a VoIP provider, is not a telecommunications carrier under Kansas law.

24. VPS relies upon the Commission's December 31, 1996 Order in Docket No. 94-GIMT-478-GIT ("1996 Order") for purposes of its Audit. In that Order, the Commission appears to use certain terms interchangeably with the actual statutory language "intrastate telecommunications services net retail revenues", such as:

- "the KUSF shall be funded by an equal assessment on "the KUSF shall be funded by an equal assessment on **all intrastate retail revenues.**" (p. 39)
- "The Commission rejects the proposals based on MOU or surcharges and finds the most equitable and reasonable approach is a contribution **on a 'retail revenue' basis** as proposed by Staff." (p. 40)
- "Since the Commission is adopting an equal assessment on **all retail revenue amounts,** ..." (p. 40)
- The ILEC Settlement Agreement attached to the Order says, "the administrator shall determine contribution responsibility by (1) applying a uniform percentage to the **net retail intrastate telecommunications revenues** of each ILEC, ..." (pp. 2-3 of S&A). In the 1996 Order, the Commission "clarifies that the Petitioners reference to 'an assessment on the net revenues' is in actuality '**an assessment on retail revenues**'."

25. It is possible the 1996 Order is outdated in light of changing technology and the amendments made to the statute since 1996.⁶ However, whatever terms are used in the 1996 Order, they must be interpreted consistent with "intrastate telecommunications services net retail revenues" because that is the language of the statute. Bill processing and collection, late payments, and regulatory compliance are not telecommunications services under K.S.A. 66-1,187 or K.S.A. 66-2008(a).

26. Another reason the Commission cannot assess for these services (and it would appear for other services of a VoIP provider like IdeaTek) is because the Commission has

⁶ Since 1996, K.S.A. 2008 has been amended six times; in 1998, 2002, 2006, 2008, 2013 and 2016.

previously held that VoIP is an *information service*, and K.S.A. 66-2008(a) only allows assessments on *telecommunications services*, not information services. Further, the Commission found that IdeaTek, as a VoIP provider, is not a telecommunications carrier under Kansas law.⁷ If IdeaTek is not a telecommunications carrier, its services are not telecommunications services per 66-2008(a).

27. IdeaTek recognizes that K.S.A. 66-2017 says VoIP services shall be subject to the requirements of KSA 66-2008 pertaining to the KUSF. However, K.S.A. 66-2008 refers only to “telecommunications services”, not “information services” for assessment purposes. Thus, when information services are what are being provided, the services are non-assessable under this statute.

C. Audit Finding No. 3 –

28. VPS found that IdeaTek over-collects the KUSF surcharge from customers in some months to recover under-collection for the KUSF surcharge from customers in prior months. As a result, the Company over-collected the KUSF surcharge from March 2022 – February 2025 Fiscal Years (FY 26, 27, and 28) in the amount of \$88,408.01, and the Company did not remit this over-collection to the KUSF. VPS recommends that IdeaTek be directed to file audit True-ups for FYs 26, 27, and 28, to include the actual KUSF surcharge that was collected from its customers, to update its billing system to cease over-collecting the KUSF surcharge from customers in any single billing period, and that IdeaTek be directed to issue refunds to its affected customers through a one-time billing credit, totaling \$88,408.01.⁸

29. IdeaTek adjusts KUSF surcharges assessed to its customers when it estimates that it has collected less or more than the Company’s KUSF contribution in the previous month.

⁷ Docket No. 20-GIMT-387-GIT, *Order on Commission Jurisdiction* issued March 23, 2021.

⁸ Audit Report, p. 7.

IdeaTek performs these true-ups to comply with K.S.A. 2008(a) which states that the Company “may collect from customers an amount equal to such carrier's, utility's or provider's contribution...” Ultimately, the Company’s intent is to collect the maximum annual contribution permitted by statute from its customers, but no more. A monthly internal true-up complies with the statute.

30. Importantly, nothing in the KUSF statutes prohibits this true-up. The statutes do not require that *monthly* collections be equal to or less than KUSF contributions paid for that same month. It would not be practical to impose this requirement since the auditor makes determinations on a monthly basis when the Company’s filing is annual.

31. There are many challenges with aligning IdeaTek’s KUSF fee payments with its recovery from its customers on a monthly basis - such as month-straddling customer pay periods, credits, write-offs, etc. This is one reason there are annual true-ups built into the Commission’s process and why the annual filings include a review of collections compliance on an annual basis. K.S.A. 66-2008 does not state that monthly collections must be equal to or less than fees paid for that same month. This true-up is important in maintaining fairness, especially since it applies to over-collections as well as under-collections. IdeaTek’s practice is consistent with K.S.A. 2008(a).

D. Audit Finding No. 4 –

32. VPS found that IdeaTek reported uncollectible revenues on its monthly Carrier Remittance Worksheets (“CRW”) that included amounts written off for non-assessable revenues. As a result, the Company underpaid its KUSF contributions for the March 2022 – February 2025 Fiscal Years (FY 26, 27, and 28) in the amount of \$8,173.79. IdeaTek reported to VPS that it ceased this practice in November 2024. VPS recommends that IdeaTek be directed to file audit

True-ups for FYs 26, 27, and 28, to exclude uncollectibles for non-assessable revenues from its reporting, resulting in an additional \$8,173.79 due to the KUSF.

33. IdeaTek has no objection to VPS' Audit Finding No. 4 or its recommendation.

IV. ADDITIONAL COMMENT FROM IDEATEK MANAGEMENT

34. The Audit Report indicates that the Commission typically nets amounts owed to the KUSF against amounts due. The Company expects that this process will be applied to the findings in this Audit Report.

WHEREFORE, IdeaTek respectfully requests the Commission issue an Order on its Audit Report consistent with the positions set forth above.

Respectfully submitted,

/s/ Glenda Cafer

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COUNSEL FOR IDEATEK TELCOM, LLC

Taxes, Fees, & Surcharges Glossary

Below is a listing of taxes, fees and surcharges that may appear on your IdeaTek invoice, as applicable. Please note that not all taxes, fees and surcharges apply to all services. These taxes, fees and surcharges are subject to change.

Name	Description
FUSF (Federal Universal Service Fund)	<ul style="list-style-type: none"> Telecommunications providers are required by the FCC to contribute a percentage of certain revenues to this fund, which is used to promote universal access to service. Funds are used for various programs for rural areas, low-income customers, schools, libraries, and healthcare. IdeaTek recovers a portion of this cost, as allowed by the FCC.
KUSF (Kansas Universal Service Fund)	<ul style="list-style-type: none"> Similar to FUSF, telecommunications providers are required to contribute a percentage of certain revenues to this fund, which is used to promote universal access to service in Kansas. Funds are used for various programs for rural areas and low-income customers. IdeaTek recovers a portion of this cost, as allowed by the Kansas Legislature.
State & Local Sales Tax	<ul style="list-style-type: none"> Telecommunications providers are required to collect and remit sales tax on certain revenues. Specific rates will vary depending on the serviceable address.
E911 Fee	<ul style="list-style-type: none"> Telecommunications providers are required by the Kansas Legislature to collect and remit enhanced 911 fees, which are used to support 911 operations in each county.
Insufficient Fund Fee	<ul style="list-style-type: none"> This fee is charged to customers for a returned check/bank payment. There is a \$25 charge for each returned item.
Carrier Cost Recovery Fee	<ul style="list-style-type: none"> This fee recovers a portion of the rising costs and fees incurred by IdeaTek to operate our telecommunications network
Franchise Fee	<ul style="list-style-type: none"> In order to operate in various cities, IdeaTek Telcom makes franchise agreements. These agreements require us to remit a percentage or flat rate of certain revenues to cities in which agreements have been made. Specific rates will vary depending on the serviceable address.
Regulatory Compliance Fee	<ul style="list-style-type: none"> This fee is assessed to recover a portion of the internal costs incurred by Ideatek to implement, administer and comply with regulations and programs associated with regulatory requirements.
Manual Payment Processing Fee	<ul style="list-style-type: none"> Fee charged for customers not enrolled in autopay utilizing IdeaTek's online portal. This is a \$3 monthly charge on your bill.

EXHIBIT B

2025 Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A

FCC Form 499-A, September 2024

Approved by OMB

OMB Control Number 3060-0855

Estimated Average Burden Hours Per Response: 13.5 Hours

2025 Telecommunications Reporting Worksheet Instructions (FCC Form 499-A)

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File the FCC Form 499-A online at https://forms.universalservice.org

I. INTRODUCTION

The Communications Act of 1934, as amended, requires that the Commission establish mechanisms to fund universal service (USF), interstate telecommunications relay services (TRS), the administration of the North American Numbering Plan (NANPA), and the shared costs of local number portability administration (LNPA).¹ To accomplish these congressionally directed objectives, the Commission requires telecommunications carriers and certain other providers of telecommunications (including Voice-over-Internet-Protocol (VoIP) service providers) to report each year on the Telecommunications Reporting Worksheet the revenues they receive from offering service.² The administrators of each of these programs use the revenues reported on this Worksheet to calculate and assess any necessary contributions. The Commission also uses the revenue data reported on this Worksheet to calculate and assess Interstate Telecommunications Service Provider (ITSP) regulatory fees.³

¹ 47 U.S.C. §§ 151, 225, 251, 254, 616.

² See 47 CFR §§ 52.17(b), 52.32(b), 54.708, 54.711, 64.604(c)(5)(iii)(A) and (B).

³ See 47 U.S.C. § 159(a), (b)(1)(A), (g) (authorizing the Commission to collect annual regulatory fees to recover the costs of enforcement, policy and rulemaking, user information, and international activities).

e. **Other revenue categories**

Line 403	Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions
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Itemized charges levied by the filer in order to recover contributions to state and federal universal service support mechanisms should be classified as end-user billed revenues and should be reported on Line 403.

- Any charge identified on a bill as recovering contributions to federal universal service support mechanisms must be shown on Line 403 and should be identified as either interstate or international revenues, as appropriate. Amounts billed to customers to recover federal universal service contribution obligations should be attributed as either interstate or international revenues, as appropriate, but may not be reported as intrastate revenues.
- Any charge identified on a bill as recovering contributions to state universal service support mechanisms must be shown on Line 403 and included in column (a) in the total.
- Filers should report intrastate revenues on line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

Line 418	Other revenues that should not be reported in the contribution bases Non-interconnected VoIP revenues (TRS only)
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Line 418 should include all non-telecommunications service revenues on the filer's books, including non-telecommunications service revenues received from contributing resellers, as well as some revenues that are derived from telecommunications-related functions, but that should not be included in the universal service or other fund contribution bases. Line 418.4 should include non-interconnected VoIP revenues, which are included in the TRS contribution base only.

Line 418 includes revenues from:

- Information services.
 - Information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service or other fund contribution bases. For example, wireless text messaging services including Short Message Service (SMS) and Multimedia Messaging Service (MMS), voice mail, call moderation, and call transcription services are information services. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.
- The provision of broadband transmission offered on a non-common-carrier basis to providers of broadband Internet access
- The provision of broadband transmission service offered on a common-carrier basis by rate-of-return carriers that are exempt from contribution obligations on those services pursuant to Commission order
- The provision of broadband Internet access
- Published directory services
- Billing and collection services
- Inside wiring
- Inside wiring maintenance insurance

- Pole attachments
- Open video systems (OVS)
- Cable leased access
- Cable service
- Direct broadcast satellite (DBS) service
- The sale, lease, installation, maintenance, or insurance of customer premises equipment (CPE)
- The sale or lease of transmission facilities, such as dark fiber or bare transponder capacity, that are not provided as part of a telecommunications service or as a UNE.
- Late payment charges
- Charges imposed by the filer for customer checks returned for non-payment
- Revenues from telecommunications provided in a foreign country where the traffic does not transit the United States or where the provider is offering service as a foreign carrier, i.e., a carrier licensed in that country.

Revenue reported on Line 418 should be divided into four categories:

Line 418.1	Revenues from other non-telecommunications goods or services that are bundled with U.S. wireline or wireless circuit switched exchange access services.
Line 418.2	Revenues from other non-telecommunications goods or services that are bundled with U.S. interconnected VoIP service.
Line 418.3	All other revenues properly reported on line 418 except those reported in Lines 418.1, 418.2, and 418.4, including broadband Internet access service subject to forbearance and broadband transmission service provided on a non-common carrier basis to a broadband Internet access provider.
Line 418.4	Revenues from non-interconnected VoIP services sold to end users that are not otherwise includable on Lines 403 to 417. Non-interconnected VoIP service is defined in Appendix B, under non-interconnected VoIP service provider. ⁶⁴

⁶⁴ For TRS purposes, “providers of non-interconnected VoIP services that are offered with other (non-VoIP) services that generate end-user revenues [are required] to allocate a portion of those end-user revenues to the non-interconnected VoIP service in two circumstances: (1) when those providers also offer the non-interconnected VoIP service on a stand-alone basis for a fee; or (2) when those providers also offer the other (non-VoIP) services without the non-interconnected VoIP service feature at a different (discounted) price.” *See 2011 TRS Contributions Order*, 26 FCC Rcd at 14538-39, para. 15. For example, a video gaming service may integrate chat functions that utilize non-interconnected VoIP services, but use of such functions may not be readily identifiable or separable from the gaming service components. *Id.* at 14538-41, paras. 15-17.

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Contribution Methodology & Administrative Filings

Contribution Factor: Telecommunications companies must pay a percentage of their interstate end-user revenues to the Universal Service Fund. This percentage is called the contribution factor. The contribution factor changes four times a year (quarterly) and is increased or decreased depending on the needs of the [Universal Service programs](#). The FCC's Office of the Managing Director manages the quarterly Universal Service Fund (USF) contribution factor process and lists current and past contribution factors on its Contribution Factor & Quarterly Filings [Website](#).

Quarterly Administrative Filings: Quarterly Administrative filings are submitted each quarter to the FCC by the Universal Service Administrator. The quarterly administrative filings contain information about the needs of the Universal Service fund in the upcoming quarter. The FCC uses this information to calculate the contribution factor.

Who Pays for Universal Service?

All telecommunications service providers and certain other providers of telecommunications must contribute to the federal Universal Service Fund (USF) based on a percentage of their interstate and international end-user telecommunications revenues. These companies include wireline phone companies, wireless phone companies, paging service companies and certain Voice over Internet Protocol (VoIP) providers.

Some consumers may notice a "Universal Service" line item on their telephone bills. This line item appears when a company chooses to recover its USF contributions directly from its customers by billing them this charge. The FCC does not require this charge to be passed on to customers. Each company makes a business decision about whether and how to assess charges to recover its Universal Service costs. Companies that choose to collect Universal Service fees from their customers cannot collect an amount that exceeds their contribution to the USF. Incumbent ETCs also cannot collect any fees from a Lifeline program participant.

How Much Do Companies Contribute for Universal Service?

Companies contribute a certain percentage of the amount billed to their residential and business customers for interstate and international services. The exact percentage that companies contribute (the USF contribution factor) is adjusted every quarter based on projected demand for Universal Service funding. The FCC's Office of the Managing Director manages the quarterly contribution factor process and lists current and past contribution factors on its [Contribution Factor & Quarterly Filings Website](#).

USAC Quarterly Administrative Filings

Each quarter, the Universal Service Administrative Company (USAC) makes filings with the FCC containing information about the needs of the Universal Service fund in the upcoming quarter. The FCC uses this information to calculate the USF contribution factor. USAC's quarterly administrative filings may be found in USAC's website, under [FCC Filings](#).

How do Companies Contribute to Universal Service?

The Communications Act of 1934, as amended, requires that the FCC establish mechanisms to fund universal service (USF), interstate telecommunications relay services (TRS), the administration of the North American Numbering Plan (NANP), and the shared administration costs of local number portability (LNP). To accomplish these congressionally directed objectives, the FCC requires telecommunications carriers and certain other providers of telecommunications (including interconnected VoIP service providers) to report each year on the Telecommunications Reporting Worksheet ([FCC Form 499-A](#)) the revenues they receive from offering service. The administrators of each of these programs (USF, TRS, NANP and LNPA) use the revenues reported on the annual Worksheet to calculate and assess any necessary contributions. The FCC also uses the revenue data reported on this Worksheet to calculate and assess Interstate Telecommunications Service Provider (ITSP) regulatory fees. With very limited exceptions, all intrastate, interstate, and international providers of telecommunications in the United States must file this Worksheet. In addition to the annual Worksheet, USF contributors are also required to file a quarterly Telecommunications Reporting Worksheet ([FCC Form 499-Q](#)) which is used to calculate contributions to the USF. Quarterly contributions (based on Form 499-Q filings) are trued-up on an annual basis against the annual report Worksheet (FCC Form 499-A).

Daily Releases

2025

- 6/11/25

USF Contribution Factor Public Notice:

In this Public Notice, the Office of Managing Director (OMD) announces the proposed Universal Service Fund (USF) contribution factor for the third quarter of 2025 will be 0.360 or 36.0 percent.

[PDF](#)

- 6/2/25

May USF Appeals Public Notice:

Consistent with precedent, WCB grants, dismisses, or denies a number of requests for review, requests for waiver, and petitions for reconsideration of decisions related to actions taken by the Universal Service

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the above pleading was electronically served this 24th day of June, 2025 to:

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