

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.)

JOINT MOTION TO APPROVE SETTLEMENT AGREEMENT

COME NOW IdeaTek Telcom, LLC (“IdeaTek” or “Company”) and the Commission Staff (“Staff”), together as “Signatories” or “Signatory Parties”, and move the State Corporation Commission of the State of Kansas (“Commission”) for an Order approving the Settlement Agreement attached hereto as **Exhibit A**. In support of their Motion, Joint Movants state the following:

1. On August 6, 2024, the Commission issued an order directing VantagePoint Solutions, Inc. (“VPS”) to commence an audit of IdeaTek (“Audit Order”). Pursuant to the procedural schedule contained in the Audit Order, VPS submitted its Audit Report on June 11, 2025, updated on June 30, 2025, and IdeaTek filed its response to the Audit Report June 24, 2025. On July 3, 2025, Staff filed a reply to IdeaTek, and on July 14, 2025, IdeaTek filed a response to Staff’s reply.

2. On July 14, 2025, IdeaTek filed a Request for Hearing on the Audit Report. The Hearing has not yet been scheduled.

3. Thereafter, Staff and IdeaTek began discussing possible resolutions to the disputed issues in the docket. An agreement was reached that would allow IdeaTek's audit to be concluded and this docket closed. The agreement is set out in **Exhibit A**.

4. On October 16, 2025, the Commission issued an order granting intervention to a group of rural telephone companies ("RLEC's").

5. Joint Movants recognize that the law generally favors the good faith settlement of disputed issues,¹ and that the Commission will evaluate a stipulated agreement to determine whether (a) it is supported by substantial competent evidence in the record as a whole, (b) it results in just and reasonable rates, and (c) it is in the public interest.²

6. Pursuant to the Settlement Agreement, Signatories have agreed that this matter, including the question of whether a general investigation docket should be opened, may be submitted to the Commission and decided based on the written record, to include all pleadings filed in the case. In addition, Staff will file and make a part of the record documents utilized by VPS for its audit of IdeaTek, including its decision on whether a general investigation docket should be opened, based upon the written record. The Signatory Parties agree that the written record is sufficient to provide substantial competent evidence to support a finding that approval of the Settlement Agreement is in the public interest.

WHEREFORE, Joint Movants respectfully request the Commission grant this Motion, thereby approving in its entirety the attached Settlement Agreement, and include in its Order a decision on whether a general investigation docket should be opened.

¹ *Krantz v. University of Kansas*, 271 Kan. 234, 241-242, 21 P.3d 561, 567 (2001).

² Order Approving Nonunanimous Stipulation and Agreement, Docket No. 12-WSEE-112-RTS, April 18, 2012, ¶ 24.

Respectfully submitted,

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COMMISSION STAFF**

EXHIBIT A

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.)

SETTLEMENT AGREEMENT

COMES NOW IdeaTek Telcom, LLC (“IdeaTek” or “Company”) and the Commission Staff (“Staff”), together as “Signatories” or “Signatory Parties” and hereby submit to the State Corporation Commission of the State of Kansas (“Commission”) for its consideration and approval the following Settlement Agreement (“Settlement” or “Agreement”).

I. INTRODUCTION

1. On August 6, 2024, the Commission issued an *Order to Kansas Universal Service Fund Administrator to Commence Audit of IdeaTek Telcom, LLC and Order Setting Procedural Schedule* directing VantagePoint Solutions, Inc. (“VPS”) to commence an audit of IdeaTek for KUSF Operating Year 27, Fiscal Year March 2023–February 2024 (“Audit Order”). Pursuant to the procedural schedule contained in the Audit Order, VPS submitted its Audit Report on June 30, 2025 (“Audit Report”), and IdeaTek filed its *Response of IdeaTek Telcom, LLC to Audit Report* on June 24, 2025 (“IdeaTek Response”). Thereafter, Staff filed its *Reply to IdeaTek Telcom, LLC’s Response to the Audit Report* on July 3, 2025 (“Staff’s Reply”), and IdeaTek filed its *Response of IdeaTek Telcom, LLC to Staff’s Reply* on July 14, 2025 (“IdeaTek’s Response to Staff”). On July 14, 2025, IdeaTek also filed its *Request for Hearing*.

2. The Audit Report set out the following findings:

- **Audit Finding No. 1** - VPS found that IdeaTek had been reporting and collecting the KUSF surcharge on certain non-assessable revenues resulting in the Company over-reporting and over-paying the KUSF assessment and over-collecting the KUSF surcharge by \$135,387.73. VPS recommended that IdeaTek be directed to file audit true-ups for FYs 26, 27, and 28, to omit the non-assessable revenues. VPS also recommended 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.¹

IdeaTek Response - IdeaTek agreed the revenue categories in Finding No. 1 were non-assessable but stated that the Company should be allowed to recover a refund from the KUSF for this amount since it had previously paid it into the KUSF.²

Staff Response - Staff agreed that such refund was appropriate and such refund was contemplated within VPS's Audit Report following IdeaTek filing true-ups for FY 26, 27 and 28.³

- **Audit Finding No. 2** - VPS alleged that IdeaTek did not report as assessable revenues from 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 recommended IdeaTek be directed to file audit true-ups for FYs 26, 27, and 28, to include these fees in its reporting, which would result in an additional \$34,038.71 due to

¹ Audit Report, pp.4-5.

² IdeaTek Response, pp. 3 - 5.

³ Staff Reply, p. 4.

the KUSF. VPS acknowledged that IdeaTek did not collect the KUSF surcharge from customers for these revenues.⁴

IdeaTek Response – IdeaTek acknowledged that it did not report these revenues to the KUSF. The Company stated that these fees are not assessable because (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 and IdeaTek does not include these fees for purposes of its FUSF assessments, and (2) these fees are not “intrastate telecommunications services net retail revenues” under Kansas statutes and Commission order.⁵

Staff Response - Staff disagreed with IdeaTek’s position on Audit Finding No. 2. Irrespective of whether a safe harbor methodology or a carrier specific methodology based upon traffic factors approved by the commission is used, it is Staff’s position that the methodology does not refer to whether a revenue type is assessable and reported, it refers to how the allocation between interstate and intrastate is determined. Since these fees are not reported as interstate, they are eligible for the KUSF assessment purposes.⁶ Further, Staff states that the Commission has previously determined that late fees, billing fees and other customer fees are telecommunications services fees and reportable for purposes of the KUSF assessment.⁷

- **Audit Finding No. 3** - VPS alleged that IdeaTek over-collects the KUSF surcharge from

⁴ Audit Report, p. 6.

⁵ IdeaTek Response, pp. 5-10.

⁶ Staff Reply, pp. 5-9.

⁷ *Kansas Universal Service Fund (KUSF) Carrier Remittance Worksheet (CRW) Instructions March 2025 – February 2026 (FY 29)*, p. 2 (2025), https://vantagepnt.com/wp-content/uploads/2025/04/KUSF-Instructions_FY29_Rev-4.28.25.pdf.

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 recommended that IdeaTek file audit true-ups for FYs 26, 27, and 28 to include the actual KUSF surcharge that was collected from its customers, update its billing system to cease over-collecting the KUSF surcharge from customers in any single billing period, and issue refunds to its affected customers through a one-time billing credit, totaling \$88,408.01.⁸

IdeaTek Response - IdeaTek explained that it 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, and that these true-ups are consistent 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..." A monthly internal true-up complies with the statute.⁹ Furthermore, it would be patently unfair to require IdeaTek to refund the amounts from months where over-collection occurred, while denying it the ability to offset the amounts from months where under-collection occurred as part of the true-up process. Overall, as a result of this true-up process, IdeaTek collects only what is allowed by the Commission and pays that amount into the KUSF fund.

Staff Response - Staff determined that the internal true-up used by IdeaTek violates K.S.A. 66-2008(a) because it resulted in over-collecting the assessment rate approved by the Commission.¹⁰

⁸ Audit Report, p. 7.

⁹ IdeaTek Response, pp. 10-11.

¹⁰ Staff Reply, p. 10.

- **Audit Finding No. 4** - VPS found that IdeaTek reported uncollectible revenues, including 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. VPS stated that IdeaTek had reported to VPS that it ceased this practice in November 2024. VPS recommended 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.¹¹

IdeaTek Response - IdeaTek did not object to VPS' Audit Finding No. 4 or its recommendation.¹²

3. On August 11, 2025, the Commission issued *Presiding Officer Order Setting Status Conference*, scheduling a status conference for August 13, 2025. At the status conference, the Presiding Officer allowed Staff and IdeaTek the opportunity to go off the record to discuss potential settlement terms. As a result, the parties were able to reach agreement on all four Audit Report Findings, which, if accepted by the Commission, would allow this docket to be closed.

II. TERMS OF SETTLEMENT AGREEMENT

4. The terms of the Settlement Agreement are as follows:
- a. Audit Findings No. 1 and 4 - IdeaTek accepts these Findings and Recommendations.
 - b. Audit Finding No. 2:
 - (1) IdeaTek believes a general investigation docket should be held to address the issues impacting this Audit Finding so that other providers may have an opportunity to

¹¹ Audit Report, p. 8.

¹² IdeaTek Response, p. 12.

provide input.¹³ The language upon which the Company relies for its position in this audit docket was added to K.S.A. 66-2008(a) after the Commission's previous general investigation KUSF Orders were issued, and there have been changes in technology and intervening Commission Orders since that time that could have some impact on how those earlier Orders are interpreted.

Staff disagrees that such a docket is warranted, because the intervening factors have not impacted the application of the KUSF processes and provisions determined in the Commission's earlier general investigation KUSF Orders.

- (2) IdeaTek requests the Commission decide if a general investigation docket on these issues should be opened.
- (3) IdeaTek's excess contribution to the KUSF in the amount of \$135,387.73 will be reduced by its under contribution of \$42,212.50 through audit true-ups to be filed by IdeaTek for FYs 26, 27, and 28. IdeaTek will receive a net refund of \$93,175.23 from the KUSF.

c. Audit Finding No. 3:

- (1) IdeaTek and Staff agree that the overcollection of customer collections should be netted against Company KUSF assessments as a single amount over the 3-year audit period as detailed below:

Original Filings	2022	2023	2024	3 Years
Customer KUSF Collections	\$254,109.22	\$268,126.95	\$337,328.11	\$859,564.28
Company KUSF Remitted	\$252,193.60	\$264,569.19	\$304,232.26	\$820,995.05
Over / (Under) Collection	\$1,915.62	\$3,557.76	\$33,095.85	\$38,569.23

In summary, the net total of the three-year audit period resulted in an overcollection

¹³ See issues raised by IdeaTek in its Response to Staff.

of IdeaTek's customer KUSF collections in the amount of \$38,569.23.

- (2) If the Commission decides to undertake a general investigation docket (as addressed above under Audit Finding No. 2), then IdeaTek believes it should include the development of a definitive procedure for how to permit or "net" over-collections and over what period of time.

Staff disagrees that such a docket is necessary at all, including for this purpose.

d. Refund to IdeaTek and subsequent refund to Ideatek Customers:

- (1) Upon Commission approval of this Settlement, IdeaTek shall be promptly refunded by the Fund in the amount of \$93,175.23 (See Audit Finding Nos. 1 and 2).
- (2) Subsequently, Ideatek shall promptly refund its customers in the amount of \$135,387.73 (per Audit Finding No. 1) and \$38,569.23 (per Audit Finding No. 3), totaling \$173,956.96. Time is of the essence, and the refund shall be completed within 60 days of a final order issued by the Commission. IdeaTek plans to issue refunds on a simple per customer basis taking the total refund amount (\$173,956.96) and dividing it by its total customer count which is assessed a KUSF recovery fee and then refunding each such customer a one-time flat rate amount.

III. MISCELLANEOUS PROVISIONS

A. Recommended Procedure

5. The Parties recommend the Commission accept into the evidentiary record all documents and pleadings filed in this docket by VPS, Staff and IdeaTek, including documents utilized by VPS for its audit, and issue its decision, including its decision on whether a general investigation docket should be opened, based upon the written record.

6. The Parties will file affidavits of appropriate personnel attesting to the pleadings addressed in paragraph 5. No further pleadings or testimony will be submitted unless requested by the Commission.

7. If the Commission accepts this Settlement without material modification, then IdeaTek's *Request for Hearing* will be considered withdrawn.

B. The Commission's Rights

8. IdeaTek is identified as a stratification group 3 carrier in VPS' Kansas Universal Service Fund Carrier Audit Selection for FY 27.¹⁴ Group 3 carriers with material findings will be selected for an audit every 2 or 3 KUSF FYs after the prior audit to ensure audit finding corrections were implemented.¹⁵ Nothing in this agreement shall be construed to limit the Commission's use of VPS' audit report findings for purposes of enhancement of civil penalties based upon potential findings made in future IdeaTek KUSF audits, except as to the contested issues regarding VPS' Audit Report filed in the above captioned docket on June 11, 2025, being resolved through this compromise settlement.

9. Nothing in this Settlement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, auditing IdeaTek in KUSF fiscal years prior or subsequent to the current audit, or any statutory obligation held by the Commission.

C. Negotiated Settlement

10. This Settlement Agreement represents a negotiated settlement that resolves the

¹⁴ Kansas Universal Service Fund Carrier Audit Selection Mar. 1, 2023, to Feb. 29, 2024 (FY 27), Docket No. 23-GIMT-261-GIT, July 10, 2024, p. 1.

¹⁵ Submission of March 2023 through February 2024 KUSF Fiscal Year (FY 27) Selection Criteria and Audit Procedures, Docket No. 23-GIMT-261, June 26, 2024, Attachment A, p. 2.

issues as presented in this pleading. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; and (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide to not approve this Settlement Agreement in the instant proceeding or if the Commission materially modifies or adds to its terms. If the Commission accepts this FR Agreement in its entirety and incorporates the same into a formal order without material modifications or additions, the Signatory Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof and will not appeal the Commission's order on these issues.

D. Interdependent Provisions

11. The provisions of this Agreement have resulted from negotiations among the Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Agreement in total, or if the Commission imposes additional or modified terms or obligations that material impact the rights or obligations of a Party, that Party has the right to void this Agreement and, in such event, no Party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in the event any Party opts to void this Agreement pursuant to its terms, the Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any other proceeding.

IN WITNESS THEREOF, the Parties have executed and approved this Settlement Agreement as of the 17th day of October, 2025, by subscribing their signatures below.

By: /s/ Daniel Friesen
Daniel Friesen
ON BEHALF OF IDEATEK

By: /s/ Brett W. Berry
Brett Berry
ON BEHALF OF COMMISSION STAFF

CERTIFICATE OF SERVICE

25-WLDT-100-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Joint Motion to Approve Settlement Agreement was served via electronic service this 20th day of October, 2025, to the following:

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CERTIFICATE OF SERVICE

25-WLDT-100-KSF

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