

June 11, 2025

Celeste Chaney-Tucker - Celeste.Chaney-Tucker@ks.gov
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Re: Docket No. 25-WLDT-100-KSF

In the Matter of the Audit of IdeaTek Telcom, LLC. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023 – February 2024

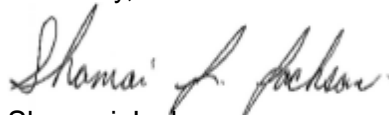
Dear Celeste:

In its August 6, 2024 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of IdeaTek Telcom, LLC (IdeaTek or Company) to ensure that the data submitted to the KUSF via the KUSF CRWs, the assessments paid, and the calculation and application of the flow-through surcharge billed to and collected from IdeaTek's customers, if applicable, are appropriate and accurate.

The KCC directed VPS to file two (2) versions of the audit report with the KCC; one (1) version containing confidential information and one (1) version with the confidential data redacted for public disclosure. IdeaTek's audit does not require a separate confidential report; therefore, only the enclosed public audit report for IdeaTek is being filed.

Copies of the supporting documentation, including VPS' audit work papers and information provided by the company, are not included with the audit report, but are available from VPS, upon request.

Sincerely,


Shomari Jackson

cc: Steve Garrett - steve.garrett@ks.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of June, 2025, the above Kansas Universal Service Fund Audit Report was e-filed with the Kansas Corporation Commission and a copy was sent via electronic mail and/or U.S. Mail to:

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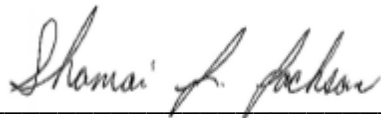
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Shomari Jackson



**Vantage Point Solutions, Inc.
Audit Report for
IdeaTek Telecom, LLC**

From: Shomari Jackson, Auditor

Company Personnel: Barbara Blakely, Controller
Maggie Lindfors, Accounting Manager

Date: May 1, 2025

On-Site Visit Date: November 12-13, 2024

KUSF Status: Current with Reporting & Payment Obligations

Re: Docket No. 25-WLDT-100-KSF

In the Matter of the Audit of IdeaTek Telecom, LLC. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023 – February 2024

Audit Summary

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 6, 2024 Order, Vantage Point Solutions, Inc. (VPS) conducted an audit of IdeaTek Telecom, LLC (IdeaTek or Company) based on the Kansas Universal Service Fund (KUSF) Revised Audit Procedures adopted for KUSF Fiscal Year 27 (FY27).¹ VPS identified four (4) findings resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact to the Fund of a decrease of \$93,175.23. The Company is current with its KUSF obligations.

- **Finding No. 1** – IdeaTek reported and collected the KUSF surcharge on the following non-assessable revenues: 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.
- **Finding No. 2** – IdeaTek did not report the following assessable revenues to the KUSF: Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees. This resulted in the Company under-reporting and under-paying the KUSF assessment by \$34,038.71.

¹ Order Accepting VPS' KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 23-GIMT-261-GIT, July 2, 2024 (23-261 Order).

- **Finding No. 3** – IdeaTek over-collected the KUSF surcharge from customers in some months to recover under-collection of the KUSF surcharge in other months. This resulted in the Company over-collecting its KUSF assessment by \$88,408.01.
- **Finding No. 4** – IdeaTek included assessable and non-assessable revenues in its write-offs that were reported on its monthly CRWs. This resulted in the Company under-reporting its revenue and under-paying its KUSF assessment by \$8,173.79.

VPS recommends the Commission issue an Order to adopt this Audit Report and the identified findings and direct IdeaTek to:

1. File audit True-ups for FYs 26, 27, and 28 to include its Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees, and to exclude its 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;
2. Issue one-time billing credits to its customers, on a pro-rata basis, for a total amount of \$223,795.74;
3. Provide VPS with ten (10) customer bills verifying that the refund process has been completed;
4. Update its billing system to exclude surcharge collection from 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, to include Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees, and to cease over-collecting the KUSF surcharge to recover the under-collection of the KUSF surcharge;
5. Update its KUSF reporting procedures system to exclude reporting of 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, to include Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees, and to exclude non-assessable revenues from its uncollectible revenues that are reported on the monthly CRWs;

6. Updated its billing system to cease over-collecting the KUSF surcharge to recover the under-collection of the KUSF surcharge;
7. Updated its reporting procedures to omit non-assessable revenues from its uncollectibles that are reported on the monthly CRW; and
8. File an affidavit, signed by an officer of the Company, attesting that the Company:
 - a. Issued one-time billing credits to customers, on a pro-rata basis, for a total amount of \$223,795.74, including the date the refunds were completed;
 - b. Updated its billing system to exclude surcharge collection from 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, include Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees;
 - c. Updated its reporting procedures to exclude reporting of 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, to include Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees, and to exclude non-assessable revenues from its uncollectible revenues that are reported on the monthly CRWs;
 - d. Updated its billing system to cease over collecting the KUSF surcharge to recover the under-collection of the KUSF surcharge; and
 - e. Updated its reporting procedures to omit non-assessable revenues from its uncollectibles that are reported on the monthly CRW.

The affidavit should provide the date the corrective actions were implemented.

VPS recommends IdeaTek be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

The Company is current with its KUSF obligations.

IdeaTek disagrees with the Audit Report in part.

Staff concurs with auditor findings.

Background

During the course of the audit, VPS issued seventeen (17) Data Requests (DRs) to IdeaTek. DR No. 16 is included as Attachment A.

IdeaTek operates as a provider of local exchange and exchange access services,² and a reseller of interexchange and operator services³ and is headquartered in Buhler, KS.

IdeaTek is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.⁴ The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.⁵ The Company is a designated Eligible Telecommunications Carrier (ETC) in Kansas and offers Lifeline services to its customers in the Embark's Buhler, Burrton, Haven, and Inman wire centers.⁶

Pursuant to Commission Order,⁷ VPS confirmed that IdeaTek offers bundled assessable and non-assessable services to its Kansas customers. The Company reports revenue and remits assessments to the KUSF based on the unbundled price of the assessable service. The Company states it uses this same allocation methodology for Federal USF (FUSF) and KUSF purposes.⁸

Current KUSF Obligations

The Company is current with its KUSF obligations.⁹

Current Audit Findings

VPS conducted the audit of IdeaTek in accordance with the KUSF Audit Procedures adopted by the KCC.¹⁰ Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

Audit Finding No. 1

Standard: Non-voice service revenues will not be included in carriers' retail revenues.¹¹

Finding: IdeaTek reported and collected the KUSF surcharge on the following non-assessable services and reported them as intrastate revenues: 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

² Order Granting Certificate, Docket No. 06-WLDT-1005-COC, May 1, 2006 (06-1005 Order).

³ Order Approving Certificate, Docket No. 08-WLDT-1077-COC, Oct. 14, 2008 (08-1007 Order).

⁴ Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 06-GIMT-332-GIT, Jan. 23, 2006 (06-332 Order).

⁵ K.S.A. 66-2008(a).

⁶ Order Approving Application of Wildflower for Designation as an Eligible Telecommunications Carrier, Docket No. 07-WLDT-1395-ETC, Nov. 2, 2007 (07-1395 Order).

⁷ Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

⁸ IdeaTek's response to DR 11.

⁹ Confirmed with the KUSF Administrator on April 8, 2025.

¹⁰ 23-261 Order.

¹¹ Order Granting Requests of Joint Petitioners, Docket No. 06-GIMT-943-GIT, Sep. 7, 2006.

revenue.¹² As a result, the Company over-collected \$135,387.73 from its customers, over-reported intrastate revenues, and overpaid its KUSF contributions for the March 2022 – February 2025 Fiscal Years (FYs 26,27, and 28) in the amount of \$135,387.73.

Recommendation: VPS recommends that IdeaTek be directed to file audit True-ups for FYs 26, 27, and 28, to omit the non-assessable revenues. VPS 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.

VPS recommends that IdeaTek be directed to update its billing system to exclude surcharge collection from 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.

VPS recommends that IdeaTek be directed to update its KUSF reporting procedures system to exclude reporting of 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.

VPS recommends that IdeaTek be directed to file an affidavit, signed by an officer of the Company, attesting to the amount and completion date of the customer refunds, and that the Company has updated its KUSF surcharge collection procedures and reporting procedures to exclude the revenues listed.

VPS also recommends that IdeaTek provide VPS ten (10) customer bills verifying that the refund process has been completed.

VPS recommends IdeaTek be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

Management Response

IdeaTek agrees the revenue categories in Finding No. 1 are non-assessable revenues. However, the Company believes it is due a refund from the Fund so it may subsequently issue those refunds to its customers. IdeaTek believes the audit report and the KCC Order on the audit report should include an acknowledgement that a refund of \$135,387.73 from the KUSF to IdeaTek is appropriate.

¹² Attachment A, pp. 1-2.

Audit Finding No. 2

Standard: Companies are required to report their intrastate retail revenues, including non-recurring and miscellaneous revenues, to the KUSF.¹³

Finding: IdeaTek did not report the following assessable revenues to the KUSF: Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees.¹⁴ As a result, the Company under-reported its intrastate revenues and underpaid its KUSF contributions for the March 2022 – February 2025 Fiscal Years (FY 26, 27, and 28) in the amount of \$34,038.71. The Company did not collect the KUSF surcharge from customers for these revenues.

Recommendation: VPS recommends that IdeaTek be directed to file audit True-ups for FYs 26, 27, and 28, to include its Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees in its reporting. This will result in an additional \$34,038.71 due to the KUSF.

VPS recommends that IdeaTek be directed to update its billing system to include surcharge collection on Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees.

VPS recommends that IdeaTek be directed to update its KUSF reporting procedures to include reporting of Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees.

VPS also recommends that IdeaTek be directed to file an affidavit, signed by an officer of the Company, attesting that the Company has updated its KUSF reporting procedures to include Late Fees, Compliance Fees, Regulatory Fees, and Manual Billing Processing Fees in its reporting.

VPS recommends IdeaTek be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

Management Response

IdeaTek confirms that it did not report revenues to the KUSF for late payment fees, compliance fees, regulatory fees, or manual billing processing fees. The Company reports these revenues consistent with the contribution methodology it uses for purposes of the federal universal service fund (FUSF). The 2024 Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A specifically states that these are not revenues from telecommunications services.¹⁵

¹³ Order, Docket No. 94-GIMT-478-GIT, Dec. 27, 1996; See also KUSF Instructions, Attachment E. https://vantagepnt.com/wp-content/uploads/2024/11/KUSF_Remittance_2024-2025_Attachment_E.pdf

¹⁴ Attachment A, p.2.

¹⁵ IdeaTek provided the following footnote: See "Line 214." Pg. 34. 2024 Telecommunications Reporting Worksheet Instructions (FCC Form 499-A).

To require the Company to treat these revenues differently from how they are treated for purposes of the FUSF is inconsistent with K.S.A. 66-2008(a), which states: "... 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" ..."

Additionally, K.S.A. 66-2008 requires contributions to the KUSF "based upon the provider's intrastate telecommunications services net retail revenues", and K.S.A. 66-1,187 defines telecommunications service as "... the provision of a service for the transmission of telephone messages, or two-way video or data messages", which would not encompass these four categories of fees.

Audit Finding No. 3

Standard: 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.¹⁶

Finding: IdeaTek over-collects the KUSF surcharge from customer in some months to recover under-collection for the KUSF surcharge from customer in prior months.¹⁷ 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. The Company did not remit this over-collection to the KUSF.

Recommendation: 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 customer, and to update its billing system to cease over-collecting the KUSF surcharge from customers in any single billing period. VPS also recommends that IdeaTek be directed issue refunds, to its affected customers, through a one-time billing credit, totaling \$88,408.01. VPS also recommends that IdeaTek provide VPS with ten (10) customer invoices verifying that the customer refund process has been completed.

VPS also recommends that IdeaTek be directed to file an affidavit, signed by an officer of the Company, attesting to the amount and completion of the customer refunds, and that the Company has updated its billing system to cease over-collection of the KUSF surcharge to recover the under-collection of the KUSF surcharge from customers in any single billing period, and the date the update was completed.

VPS recommends IdeaTek be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

¹⁶ K.S.A. 66-2008.

¹⁷ Attachment A, p.4.

Management Response

IdeaTek has previously adjusted KUSF surcharge rates from its customers when it estimates that it has collected less than the Company's contribution in the previous month. This practice is 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..." Likewise, if IdeaTek finds it has over collected in one month, the Company downwardly adjusts the following month. 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.

There are many challenges with complete precision between the Company's KUSF fee payments and its recovery from its customers on a monthly basis, such as month-straddling customer pay periods, credits, write-offs, etc. This is a reason why there are annual true-ups and the KUSF 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, especially if the Company reduces customer over-collection in the next month's recovery of fees. It is a material error to calculate the over collection by month instead of by year; the Company is unaware of any statute or KCC order stating that a monthly calculation is mandatory.

Audit Finding No. 4

Standard: Include only intrastate retail revenue that was not collected from customers and was actually written-off by the company during this revenue data month reported.¹⁸

Finding: IdeaTek reported uncollectible revenues on its monthly CRWs that included amounts written off for non-assessable revenues.¹⁹ 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. The Company stated that it ceased this practice in November 2024.²⁰

Recommendation: 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. This will result in an additional \$8,173.79 due to the KUSF.

VPS also recommends that the Company be directed to file an affidavit, signed by an officer of the Company, attesting that the Company had ceased this practice as of November 2024.

VPS recommends IdeaTek be directed to take all corrective actions within 60-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 90-days of the Order.

¹⁸ Order on Uncollectible Revenue and Additional KUSF Revenue Report Issues, Docket No. 94-GIMT-478-GIT, Aug. 13, 1999. See also *KUSF Instructions*

https://vantagepnt.com/wp-content/uploads/2024/11/KUSF_Remittance_2024-2025_Instructions.pdf.

¹⁹ Attachment A, p. 5.

²⁰ *Ibid.*

Additional Comments of Management in Response to the Audit Report

The audit report indicates that the Commission typically nets amounts owed against amounts due, and this process is expected to be applied in this audit.