

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the Matter of the Audit of Garmin Services,)
Inc by the Kansas Universal Service Fund)
(KUSF) Administrator Pursuant to K.S.A. 66-) Docket No. 24-GARZ-120-KSF
2010(b) for KUSF Operating Year 26, Fiscal)
Year March 2022-February 2023.)

ORDER ADOPTING AUDIT REPORT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records and being duly advised in the premises, the Commission makes the following findings:

1. On August 17, 2023, the Commission directed Vantage Point Solutions (VPS) to perform an audit of Garmin Services, Inc (Garmin) for Kansas Universal Service Fund (KUSF) purposes.

2. On February 5, 2024, VPS filed its Audit Report making two findings for Garmin in Operating Year 26.¹ The VPS Audit Report, includes the findings set out below:

Audit Finding No. 1:

Garmin reported and collected the KUSF surcharge on SMS revenues, resulting in an overpayment to the KUSF. However, the result was immaterial.

Audit Finding No. 2:

Garmin reported and collected the KUSF surcharge on the following data services: Maintenance Rudics and Maintenance SBD. This resulted in the Company over-reporting and over-collecting the KUSF surcharge by \$79,385.04.

¹Kansas Universal Fund Audit Report, Docket 24-GARZ-120-KSF (Feb. 5, 2024).

3. The Commission finds the VPS Audit Report to be thorough and complete and accepts it as filed. The Audit Report provides a detailed analysis to support the VPS findings. VPS recommends Garmin be ordered to do the following:

a. File audit True-ups for FYs 25, 26, and 27, through February 2024, to exclude Maintenance Rudics, and Maintenance SBD revenues from its reporting;

b. Issue one-time billing credits in the amount of \$79,385.04 to its affected customers, on a pro-rata basis;

c. Update its billing system to exclude KUSF surcharge collection from SMS services, Maintenance Rudics, and Maintenance SBD;

d. Update its KUSF reporting procedures to exclude reporting of SMS;

e. Provide VPS with four (4) customer bills supporting that the refund process has been completed; and

f. File an affidavit, signed by an officer of the Company, attesting that the Company:

i. Corrected its KUSF reporting procedures to omit SMS services, Maintenance Rudics, and Maintenance SBD from its reporting revenues;

ii. Corrected its billing system to exclude KUSF surcharge collection from SMS services, Maintenance Rudics, and Maintenance SBD; and

iii. Issued refunds through one-time billing credits, totaling \$79,385.04, to its affected customers, on a pro-rata basis.

VPS recommends the affidavit should provide the date the corrective actions were implemented. Furthermore, VPS recommends Garmin 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.

4. Garmin is an operator of satellite services and is headquartered in Olathe, Kansas. It collects KUSF assessments from its Kansas customers. It is required to report revenue and pay related assessments to the KUSF on a monthly basis. Garmin is not designated as an Eligible Telecommunications Carrier and does not offer Lifeline service to its customers. In determining revenue for KUSF purposes, Garmin does not offer assessable and non-assessable services in a bundle. It states it uses the same methodology for Federal USF and KUSF reporting purposes.

5. The Commission adopts the recommendations of VPS in its Audit Report and Finding Nos. 1 and 2. Garmin shall comply with the recommendations of VPS contained in paragraph 3, above. VPS then shall file a Compliance Report within 90 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts Vantage Point Solutions' Audit Report filed February 5, 2024 and directs Garmin Services, Inc to correct deficiencies set forth in the Audit Report.

B. Garmin Services, Inc is ordered to do the following:

1. File audit True-ups for FYs 25, 26, and 27, through February 2024, to exclude Maintenance Rudics, and Maintenance SBD revenues from its reporting;
2. Issue one-time billing credits in the amount of \$79,385.04 to its affected customers, on a pro-rata basis;
3. Update its billing system to exclude KUSF surcharge collection from SMS services, Maintenance Rudics, and Maintenance SBD;
4. Update its KUSF reporting procedures to exclude reporting of SMS;

5. Provide VPS with four (4) customer bills supporting that the refund process has been completed; and
6. File an affidavit, signed by an officer of the Company, attesting that the Company:
 1. Corrected its KUSF reporting procedures to omit SMS services, Maintenance Rudics, and Maintenance SBD from its reporting revenues;
 2. Corrected its billing system to exclude KUSF surcharge collection from SMS services, Maintenance Rudics, and Maintenance SBD; and
 3. Issued refunds through one-time billing credits, totaling \$79,385.04, to its affected customers, on a pro-rata basis.

The affidavit shall provide the date the corrective actions were implemented. These actions shall be completed within 60 days of the issuance of this Order.

C. Vantage Point Solutions then shall file a Compliance Report within 90 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

D. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/13/2024



Lynn M. Retz
Executive Director

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²K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

24-GARZ-120-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 02/13/2024.

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/S/ KCC Docket Room

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