



February 13, 2025

Ms. Lynn M. Retz
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Re: Docket No. 25-ZVCV-111-KSF

In the Matter of the Audit of Zoom Voice Communications, Inc. 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 Ms. Retz:

In its August 6, 2024 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of Zoom Voice Communications, Inc. (Zoom or Company) to ensure that the data submitted to the KUSF via the KUSF CRWs, the assessment s paid, and the calculation and application of the flow-through surcharge billed to and collected from Zoom'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. Zoom's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Zoom 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,

A handwritten signature in black ink, appearing to read 'Dennis C. Smith', written over a faint, large watermark of the word 'VANTAGE'.

Dennis C. Smith, CPA

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

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of February, 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:

KANSAS CORPORATION COMMISSION
1500 S.W. ARROWHEAD ROAD
TOPEKA, KS 66604

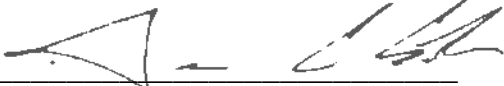
BRETT W. BERRY
LITIGATION COUNSEL
KANSAS CORPORATION
COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Brett.Berry@ks.gov

SHOMARI JACKSON
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
shomari.jackson@vantagepnt.com

WENDY HARPER
USF SERVICES MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE, SUITE B
SPRINGFIELD, IL 62704
wendy.harper@vantagepnt.com

NICOLE STEPHENS
KUSF ADMINISTRATOR MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
nicole.stephens@vantagepnt.com

MARK LAMMERT
COMPLIANCE SOLUTIONS
ZOOM VOICE COMMUNICATIONS, INC
242 RANGELINE ROAD
LONGWOOD, FL 32750
mark@csilongwood.com



Dennis C. Smith, CPA

Vantage Point Solutions, Inc.
Audit Report for
Zoom Voice Communications, Inc

From: Dennis C Smith, Auditor

Company Personnel: Mark Lammert, CPA, Attorney-in-Fact
Kathy Yakel, Tax Preparer
Tim Angus, State & Local Tax Lead
Betsy Weiler, Corporate Tax Lead

Date: February 11, 2025

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

KUSF Status: Current with Reporting & Payment obligations

Re: Docket No. 25-ZVCV-111-KSF

In the Matter of the Audit of Zoom Voice Communications, Inc 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 Zoom Voice Communications, Inc (Zoom or Company) based on the Kansas Universal Service Fund (KUSF) Audit Procedures adopted for KUSF Fiscal Year 27 (FY27).¹ VPS identified one (1) finding resulting from the Company's non-compliance with the Commission's KUSF policies, with no net impact to the KUSF. The Company is current with its KUSF obligations.

- **Finding No. 1** – Zoom allocated revenue to the KUSF using a company-specific traffic factor study. The Company has not submitted a pleading, including an affidavit, from an officer of the Company to the Kansas Corporation Commission regarding its methodology to allocate Kansas revenue between the interstate and intrastate jurisdictions or to verify that the Company is using this same methodology for both Federal and Kansas USF purposes.

The Company self-corrected this finding by filing its company-specific traffic factors during the course of the audit.²

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

² Zoom Voice Communications, Inc. Traffic Study Methodology and Affidavit, Docket No. 25-ZVCV-111-KSF, Feb. 11, 2025.

VPS recommends the Commission issue an Order to adopt this Audit Report and close the Docket.

The Company is current with its KUSF obligations.

Zoom agrees with the Audit Report.

Background

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

Zoom operates as a Voice over Internet Protocol (VoIP) service provider and is headquartered in San Jose, CA.

The Company is required to report its revenue and pay the related assessments to the KUSF on an annual basis.³ The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.⁴ The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline services to its customers.

Pursuant to Commission Order,⁵ VPS confirmed that Zoom does offer assessable and non-assessable services in a bundle. The company collects the KUSF surcharge and reports revenues based on the unbundled service price of the assessable service. The Company states it uses the same allocation methodology for both Federal USF (FUSF) and KUSF purposes.⁶

Current KUSF Obligations

The Company is current with its KUSF obligations.⁷

Current Audit Findings

VPS conducted the audit of Zoom in accordance with the KUSF Audit Procedures adopted by the KCC.⁸ Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

Audit Finding No. 1

Standard: VoIP providers are required to submit a pleading to the Commission prior to using a method other than Safe Harbor to allocate revenues to the KUSF.⁹

³ 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).

⁴ K.S.A. 66-2008(a).

⁵ Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

⁶ Zoom's response to DR 11.

⁷ Confirmed with the KUSF Administrator on Feb. 10, 2025.

⁸ 23-261 Order.

⁹ Order Setting the Kansas Universal Service Fund Assessment Rate for Year Sixteen and Canceling Hearing, Docket 12-GIMT-168-GIT, Jan. 24, 2012.

Finding: Zoom utilized a company-specific traffic factor to allocate revenues between intrastate and interstate.¹⁰ However, the Company did not submit a pleading to the Commission prior to using the methodology, nor has it filed annual updates.

Recommendation: The Company self-corrected this finding by filing its company-specific traffic factors during the course of the audit.¹¹

VPS recommends the Commission issue an Order to adopt this Audit Report and close the Docket.

¹⁰ Attachment A.

¹¹ Zoom Voice Communications, Inc. Traffic Study Methodology and Affidavit, Docket No. 25-ZVCV-111-KSF, Feb. 11, 2025.

KUSF Carrier Audit Information Request

Submitted By: Dennis Smith
Submitted To: Mark Lammert
Company Name: Zoom Voice Communications Inc.
Docket Number: 25-ZVCV-111-KSF
Request Date: January 13, 2025
Due Date: **January 22, 2025**

Data Request No. 16 REVISED**Confirmation of Auditor Understanding**

Please confirm the Auditor's understanding of the following items. If the statement is inaccurate, please expand/explain.

- a) The Company collects the KUSF surcharge, and reports on its monthly CRWs, the following revenues:
 - o Zoom Contact Center Monthly Prepay Monthly Usage - see attached

- b) The Company allocates intrastate usage of its VoIP revenues based on the inverse of its own internally developed Federal USF rate, and does not use the VoIP Safe Harbor Rate. This traffic factor has not been approved by the KCC.

Company Response

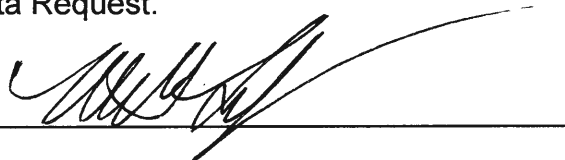
Yes, that is correct. We have reached out to get a sample filing and to find out the correct protocol on how to file the traffic factor to the KCC Commission to be approved. *Note

NOTE: If for some reason, the above information cannot be provided by the date requested, your Company must submit a written Request for Additional Time.

Verification of Response – DR 16

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to VPS' auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Sign: _____

Date: 01/31/25

*Note - We received the documentation from the KCC Commission and are working with Zoom to get this. I will keep you updated on the progress and let you know when the document has been filed.