

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

**STATE CORPORATION COMMISSION**

In the Matter of the Proceeding to Conduct )  
a Financial and Operational Audit of Kansas )  
Relay Service, Inc.'s (KRSI) Administration )  
of the Dual Party Relay Service and )  
Telecommunications Access Program (TAP) )  
to Determine that Costs Recovered Through )  
the Kansas Universal Service Fund (KUSF) )  
for These Programs are Reasonable and )  
Appropriate. )

NOV 16 2010



Docket No. 07-KRST-143-KSF

**STAFF RESPONSE TO KRSI COMMENTS**

COMES NOW the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) and for its response to the Comments of KRSI to Staff Report and Objection to Recommendations filed November 6, 2010, shows the Commission as follows:

1. On August 10, 2006, the Commission issued its Order Opening Docket in this docket. In that Order, the Commission stated that the purpose of this docket was to conduct a financial and operational audit of KRSI "to ensure the costs recovered through the KUSF are reasonable."<sup>1</sup> The Commission concluded that such an audit was necessary since the Commission had, almost ten years earlier, determined that dual party relay service and the telecommunications equipment program should be funded through the KUSF and since K.S.A. 66-2008(c) requires the Commission to periodically review the KUSF to ensure the funds it provides to qualified telecommunications public utilities, telecommunications carriers and wireless telecommunications service providers are cost-based. Since KRSI's operations are funded through the KUSF, the Commission concluded that it should also examine KRSI's

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<sup>1</sup> August 10, 2006 Order Opening Docket, ¶21.

operations to determine that these costs are reasonable and appropriate.<sup>2</sup> And since KTIA has contracted to manage the KRSI and TAP with management fees being recovered through the KUSF, the Commission determined it was also appropriate to examine KTIA's records, as well.

2. On October 25, 2010, Staff filed its report and recommendation. The main thrust of Staff's recommendation was that the Commission should consider issuing requests for proposals (RFPs) so that the management of KRSI is performed by an entity that has been awarded management through a competitive bidding process. Staff firmly believes that a competitively-bid RFP is the best way the Commission has to ensure that the KUSF funds used to provide KRSI services are cost-based. In addition, Staff wishes to be clear that KTIA is welcome to bid in the RFP process. Staff made other recommendations with respect to KRSI and the TAP, but the recommendation with respect to the development and letting of an RFP is paramount.

3. On November 5, 2010, KRSI filed its response to Staff's report and recommendation, addressing areas in Staff's report and recommendation that it found lacking or otherwise deficient. Staff, however, stands by the recommendations it made to the Commission that issuing an RFP to select an independent 3<sup>rd</sup> party to administer KRSI is a prudent way to use KUSF funds and ensure such funds provide only that needed to effectively administer the program.

WHEREFORE Staff requests the Commission consider its report and recommendation and for such other and further relief as the Commission deems just and proper.

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<sup>2</sup> Id., ¶20.

Respectfully submitted,

A handwritten signature in black ink, reading "Colleen R. Harrell". The signature is written in a cursive, flowing style. The first name "Colleen" is written with a large, prominent "C". The middle initial "R." is smaller and more compact. The last name "Harrell" is written with a large, sweeping "H" and "R". The signature is positioned above a horizontal line.

Colleen R. Harrell, #16121

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Attorney for Commission Staff

**VERIFICATION**

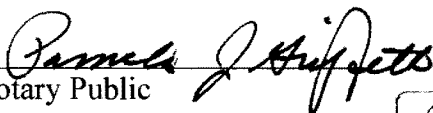
STATE OF KANSAS            )  
  )       SS:  
COUNTY OF SHAWNEE    )

Colleen R. Harrell, of lawful age being first duly sworn upon oath states:

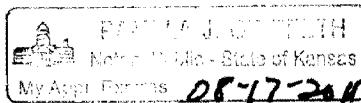
That she is the attorney for the Corporation Commission Staff in this matter; that she has read and is familiar with the foregoing Staff Response and that the statements made therein are true and correct to the best of her information, knowledge and belief.

  
\_\_\_\_\_  
Colleen R. Harrell

Subscribed and sworn to before me Monday, November 15, 2010.

  
\_\_\_\_\_  
Notary Public

My appointment expires:



**CERTIFICATE OF SERVICE**

07-KRST-143-KSF

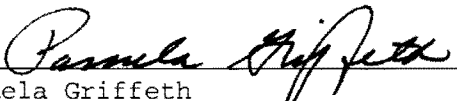
I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Staff Response To KRSI Comments was placed in the United States mail, postage prepaid, or hand-delivered this 16th day of November, 2010, to the following:

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