

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

In the Matter of a General Investigation for)
Unitel Voice, LLC to Show Cause Why This)
Commission Should Not Initiate Sanctions and) Docket No. 20-UNTV-525-SHO
Fines for Non-Compliance with Commission)
Orders and Kansas Statutes.)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively) hereby files its Report and Recommendation dated September 1, 2020, in this docket. Staff recommends the Commission issue an order directing Unitel Voice, LLC (Unitel) to come into full compliance with its Kansas Universal Service Fund (KUSF) obligations, with the exception of payment of all penalties, within 21 days of issuance of the order. Staff continues to recommend all penalties be held in abeyance until after Unitel comes into complete compliance with its KUSF obligations to ensure the total KUSF penalties at issue are known.

WHEREFORE, Staff respectfully submits its Report & Recommendation for Commission consideration.

Respectfully Submitted,

/s/ Ahsan Latif

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Susan K. Duffy, Chair
Dwight D. Keen, Commissioner
Andrew J. French, Commissioner

Laura Kelly, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Susan Duffy
Commissioner Dwight D. Keen
Commissioner Andrew J. French

FROM: Sandy Reams, Assistant Chief of Telecommunications
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: September 1, 2020

SUBJECT: Docket No. 20-UNTV-525-SHO
In the Matter of a General Investigation for Unitel Voice, LLC to Show Cause
Why This Commission Should Not Initiate Sanctions and Fines for Non-
Compliance with Commission Orders and Kansas Statutes

EXECUTIVE SUMMARY

On June 30, 2020, the Commission issued an *Order to Show Cause* directing Unitel to show cause why it should not be subject to sanctions, fines, or penalties and to comply with its Kansas Universal Service Fund (KUSF) obligations within thirty days of receipt of the Order (Show Cause Order).¹ On July 15, 2020, Unitel filed a letter seeking an extension of time, until August 30, 2020, to file its delinquent KUSF reports and requested its KUSF administration penalties be waived or reduced (Petition).

Unitel has remitted certain KUSF information, more fully addressed later in this Report and Recommendation (R&R), but remains delinquent with its March 2020 – February 2021 Fiscal Year (FY 24) obligations. Staff recommends the Commission direct Unitel to come into full compliance with its KUSF obligations, with the exception of payment of all penalties, within 21 days of issuance of a Commission Order. Staff continues to recommend all KUSF administrative penalties be held in abeyance until after Unitel comes into full compliance with its KUSF obligations to ensure the total KUSF penalties at issue are known.

BACKGROUND

Staff's Report and Recommendation dated June 17, 2020, explained Unitel was delinquent with the following KUSF obligations:

¹ *Order to Show Cause*, Docket No. 20-UNTV-525-SHO, June 30, 2020.

1. reporting its revenues and paying its KUSF contributions for March 2018 - February 2019 Fiscal Year (FY 22);
2. registering, reporting revenues and paying its KUSF contributions for March 2019 - February 2020 (FY 23);
3. registering, reporting its revenue and paying its KUSF contributions for March 2020 - February 2021 (FY 24); and
4. paying \$5,464.21 of KUSF administrative penalties owed to the KUSF as of June 1, 2020.

In its Show Cause Order, the Commission directed Unitel to register with the KUSF for FY 23 and FY 24, report all revenue and pay the related KUSF contributions for FY 22 - FY 24, and pay the penalties owed to the KUSF within 30 days of issuance of the Order.²

In response, on July 15, 2020, Unitel filed its Petition stating its business was disrupted by the COVID-19 Pandemic and sought an extension of time, until August 30, 2020, to file its delinquent KUSF reports (Petition). Unitel also requested the \$5,464.21 of KUSF penalties be waived or reduced to a “more reasonable amount.”

On August 7, 2020, Staff filed its *Reply to the Response of Unitel Voice, LLC to the Commission's Order to Show Cause* (Reply). Staff recommended the Commission deny Unitel's request for an extension of time and hold any determination of whether to modify the KUSF penalties in abeyance pending Unitel's compliance with its KUSF obligations.

In an email dated August 27, 2020, Unitel advised Staff and GVNW Consulting, Inc. (GVNW) it mailed the following items to the KUSF bank:³ (1) registrations for KUSF FYs 22, 23, and 24; (2) Carrier Remittance Worksheets (CRW) reporting its revenues for FYs 22 and 23; and (3) payment of its FY 22 and 23 contributions.

GVNW provided a Memorandum to Staff addressing Unitel's compliance with its KUSF obligations as of August 31, 2020. GVNW's Memorandum, attached to this R&R, states United registered with the KUSF for FY 22 in December 2019 and, thus, the FY 22 registration was a duplicate. GVNW confirmed it received Unitel's FY 23 and 24 KUSF registrations and its FY 22 and 23 CRWs to report its revenues. GVNW also states it has not received Unitel's FY 22 or 23 contribution payments or the Company's FY 24 registration, CRW, or contribution payment.

ANALYSIS

Unitel is a small company authorized to report its revenues and pay its contributions to the KUSF on an annual basis.⁴ Unitel was required to register, report its revenue, and pay its contributions for KUSF FY 22 by April 16, 2018, and did so on August 27, 2020. Unitel was required to register, report its revenue, and pay its contributions for KUSF FY 23 by April 15, 2019, and did so on August 27, 2020. Furthermore, Unitel was required to register, report its revenue, and pay its contributions for FY 24 by April 15, 2020.

² *Id.*

³ Email from Bob B., Unitel, to Ann Murphy, Sandy Reams, and Ahsan Latiff, Commission, and Nicole Stephens, GVNW Consulting, Inc., Aug. 27, 2020.

⁴ *Order Setting the Kansas Universal Service Fund Assessment Rate for the Year Ten and Establishing Reporting Requirements*, ¶ 12, Ordering ¶ C, Docket No. 06-GIMT-332-GIT, Jan. 23, 2006 (332 Order).

Unitel's Petition cited to the Covid-19 Pandemic to request an extension of time, until August 30, 2020, to comply with its KUSF obligations. On August 27, 2020, Unitel advised Staff and GVNW that it had mailed certain KUSF reports, but it did not include its FY 24 CRW or contribution payment and remains delinquent with its KUSF FY 24 obligations.

GVNW has assessed additional KUSF administrative penalties to Unitel, bringing its total penalties to date to \$7,831.61. Staff continues to recommend the penalties be held in abeyance until Unitel comes into full compliance with its KUSF obligations.

RECOMMENDATION

Staff recommends the Commission direct Unitel to come into full compliance with its KUSF obligations, with the exception of payment of all penalties, within 21 days of issuance of a Commission Order. Staff continues to recommend all penalties be held in abeyance until after Unitel comes into complete compliance with its KUSF obligations to ensure the total KUSF penalties at issue are known.



CONSULTING

KUSF MEMO

Date: September 1, 2020

To: Sandy Reams, Assistant Chief of Telecommunications

From: Nicole Stephens, KUSF Compliance Manager

RE: Unitel Voice, LLC – KUSF Account KS006418

BACKGROUND

As a follow up to GVNW's June 1, 2020 KUSF memo, this Memorandum provides KUSF reporting information to the Kansas Corporation Commission (Commission) for Unitel Voice, LLC ("Unitel"), KUSF Account No. KS006418, as of September 1, 2020.

On August 27, 2020, Unitel submitted the following past due items to the KUSF Administrator:

- March 2018 – February 2019 (FY 22) KUSF Company Identification & Operations (Attachment B) form. Company elected to report and pay the KUSF on an Annual basis. GVNW advises the Company previously remitted its FY Attachment B on December 17, 2019.
- March 2019 – February 2020 (FY 23) KUSF Company Identification & Operations (Attachment B) form. The Company elected to report and pay the KUSF on an Annual basis.
- March 2020 – February 2021 (FY 24) KUSF Company Identification & Operations (Attachment B) form. Company elected to report and pay the KUSF on an Annual basis.
- FY 22 Annual Carrier Remittance Worksheet (CRW).
- FY 23 CRW.

Although Unitel stated in an August 27, 2020, email to GVNW and the KCC that it mailed a check for the FY 22 and FY 23 Annual contributions, CoreFirst Bank & Trust had not received and deposited the payments, as of August 31, 2020. In addition, Unitel has not submitted its FY 24 Annual worksheet or assessment payment, which were due by April 15, 2020.

In accordance with the Commission's *Order Modifying Kansas Universal Service Fund Penalties*,¹ GVNW assessed \$2,257.57 of penalties, comprised of the following:

1. \$1,600 in Late Attachment B Filing Penalties, assessed at \$100 per month for 16 months, for filing its FY 23 Attachment B, due April 15, 2019;
2. \$400 in Late Attachment B Filing Penalties, assessed at \$100 per month for 4 months, for filing its FY 24 Attachment B, due April 15, 2020;
3. \$200 in Late CRW Filing Penalties, at \$100.00 per Annual CRW, for the FY 22 and FY 23 Annual CRWs.
4. \$57.57 in Delinquent Balance Penalties, on the total balance due as of August 31, 2020, which includes previously assessed Late Attachment B Filing and Delinquent Balance Penalties totaling \$5,574.04.

The above-listed KUSF penalties were assessed and will be sent to Unitel on its September 2020 KUSF statement.

As of August 31, 2020, Unitel owes KUSF Late Attachment B Filing Penalties assessed for its FY 21 and 22 late-filed Attachment Bs filed in December 2019. The Delinquent Balance Penalty of 1% of the balance due remaining at the end of each month, has been assessed since January 2020 and will continue to apply until the balance is paid. In total, as of August 31, 2020, Unitel owes \$7,831.61 of KUSF administrative penalties.

Additional administrative penalties will be applied when: 1) the FY 22 and FY 23 Annual assessment payments, which total \$182.92, are received and processed by CoreFirst Bank & Trust and; 2) Unitel submits its FY 24 Annual CRW and assessment payment.

¹ Order, Docket No. 18-GIMT-084-GIT, Sept. 27, 2018.

CERTIFICATE OF SERVICE

20-UNTV-525-SHO

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served via electronic service this 3rd day of September, 2020, to the following:

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