

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
Thomas E. Wright
Shari Feist Albrecht

In the Matter of a General Investigation of)
United Telecom, Inc. to Show Cause Why This)
Commission Should Not Initiate Sanctions and) Docket No. 13-UTDC-804-SHO
Fines and Cancel, Suspend and Revoke Any)
Authority the Carrier Currently Holds.)

ORDER TO SHOW CAUSE

NOW, 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 March 8, 2007, in Docket No. 07-UTDC-425-COC, the Commission granted United Telecom, Inc. ("United Telecom") a Certificate of Convenience and Authority to operate as an interexchange carrier ("IXC") in the state of Kansas.

2. Kansas statutes impose specific duties on businesses and telecommunications public utilities operating within the state. K.S.A. 2011 Supp. 17-7301(b) requires foreign corporations to obtain authority from the Kansas Secretary of State before engaging in business in Kansas. K.S.A. 66-1503 requires all public utilities and common carriers to pay assessments to the Commission. K.S.A. 66-123 requires public utilities to file Annual Reports with the Commission. K.S.A. 66-2008 requires all telecommunications public utilities to contribute to the Kansas Universal Service Fund ("KUSF") on an equitable and nondiscriminatory basis. This is not an exhaustive list.

3. Commission Staff ("Staff") submitted a Report and Recommendation on June 24, 2013, attached hereto and made a part hereof by reference. Staff stated in the Report and Recommendation that United Telecom has failed to file its 2012 Annual Report with the Commission by the May 1, 2013 deadline. Staff also stated that United Telecom has neither reported nor paid its KUSF obligations since July 2012, and is currently over 240 days delinquent. Staff noted that it has tried contacting United Telecom to resolve these issues but has not received any responses from the company.

4. Due to the delinquencies, Staff recommended in its Report and Recommendation that the Commission open a proceeding requiring United Telecom to show cause why the Commission should not initiate sanctions or fines and cancel, suspend or revoke any authority the carrier currently holds. Staff also recommended that GVNW Consulting be authorized to remove United Telecom's name from its active KUSF files should United Telecom's Certificate of Convenience be cancelled.

5. The Commission finds Staff's findings in its Report and Recommendation to be reasonable and hereby adopts the recommendations contained therein.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. United Telecom shall show cause, within thirty (30) days of receipt of this Order, why it should not be subject to penalties and fines or have its certificate to provide IXC services cancelled, suspended, or revoked for failing to fulfill its required duties under Kansas law.

B. In the event that United Telecom's Certificate of Convenience is cancelled, GVNW Consulting is authorized to remove United Telecom from its active KUSF files. However, GVNW should maintain its records in such a manner that in the event any monies due to the KUSF are ever paid, the files can reflect receipt of those monies paid.

C. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2011 Supp. 77-529(a)(1).

D. The Commission retains jurisdiction over the subject matter and parties for the purpose of issuing such further order, or orders, as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Dated: JUL 08 2013

Jackie Montfoort Paige

ORDER MAILED JUL 08 2013

Jackie Montfoort Paige
Acting Executive Director

MRN

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chairman Mark Sievers
Commissioner Thomas E. Wright
Commissioner Shari Feist Albrecht

FROM: Hal Baumhardt, Senior Telecommunications Analyst
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: June 24, 2013

DATE SUBMITTED TO LEGAL: 6/26/13

DATE SUBMITTED TO COMMISSIONERS: 6/28/13

SUBJECT: In the Matter of a General Investigation of United Telecom, Inc. to Show Cause Why This Commission Should Not Initiate Sanctions and Fines and Cancel, Suspend and Revoke Any Authority the Carrier Currently Holds.

EXECUTIVE SUMMARY:

United Telecom, Inc. (United) has failed to file its 2012 Annual Report and is delinquent with the Kansas Universal Service Fund (KUSF).¹ Numerous attempts have failed to get United compliant with Kansas Statutes K.S.A. 66-123 and K.S.A. 66-2008.

Staff recommends the Commission open a proceeding requiring United to Show Cause why this Commission should not initiate sanctions or fines and cancel, suspend or revoke any authority the carrier currently holds.

BACKGROUND:

On April 25, 1996, the Commission issued an Order granting United a Certificate of Convenience and Authority to operate as an interexchange carrier (IXC) in the state of Kansas in Docket No. 07-UTDC-425-COC.

K.S.A. 66-123 requires public utilities to file Annual Reports with the Commission. Such reports are to be certified under oath by an officer of the Company who has knowledge of the

¹ With regard to the KUSF, these delinquencies are collected pursuant to Kansas statute K.S.A. 66-2010 by the third party KUSF Administrator.

information contained in the Annual Report. United has failed to file its 2012 Annual Report with the Commission by the May 1, 2013, filing deadline.

K.S.A. 66-2008 requires all telecommunications public utilities to contribute to the KUSF on an equitable and nondiscriminatory basis. United has neither reported nor paid its KUSF obligations since July 2012 and is currently over 240 days delinquent.

ANALYSIS:

United has been negligent in maintaining its current status with Kansas statutes K.S.A. 66-123 and 66-2008 and demonstrates its obvious disregard to remaining compliant with Kansas filing requirements. Below are Staff's ongoing attempts to make contact with United to correct these delinquencies.

On May 13, 2013, Staff sent its "*First Notice of Failure to File 2012 Annual Report*" allowing the Company 30 days from the date of the Notice to file its 2012 Annual Report. On June 5, 2013, Staff sent its "*Final Notice of Failure to File 2011 Annual Report*" allowing the Company 15 days from the date of the Notice to file its 2012 Annual Report. In both instance, Staff reiterated that the due date to file the required Annual Report was May 1, 2013, pursuant to Kansas statute K.S.A. 66-123.

Annual Reports in accordance with K.S.A. 66-123, states:

Every public utility or common carrier governed by the provisions of this act when, and as required by the corporation commission, shall file with the corporation commission an annual report and such monthly or other regular reports, or special reports, and such other information as the corporation commission may require.

KUSF obligations in accordance with K.S.A. 66-2008, states:

The commission shall require every telecommunications carrier, telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services and, to the extent not prohibited by federal law, every provider of interconnected VoIP service, as defined by 47 C.F.R. § 9.3 (October 1, 2005), to contribute to the KUSF on an equitable and nondiscriminatory basis.

Staff further advised the Company in both Notices that failure to remit payment of the outstanding assessments, and failing to file its 2012 Annual Report with the Commission, could result in Staff recommending the Commission open a Show Cause proceeding to impose penalties on the Company for failing to comply with the statute as authorized by K.S.A. 66-138. The Commission may assess a penalty of \$100 to \$5,000 for each such violation.

Online examination of records searched discloses that United has not filed for either Chapter 7 or Chapter 11 bankruptcy protection.

RECOMMENDATION:

As indicated above, United has failed to file its 2012 Annual Report and is delinquent with the KUSF obligations. Attempts to make contact with United to correct the Company's non-compliance with Kansas statutes have gone unanswered.

Staff recommends the Commission open a proceeding requiring United to Show Cause why this Commission should not initiate sanctions or fines and cancel, suspend or revoke any authority the carrier currently holds.

Regarding the Company's reporting obligations to the KUSF; Staff recommends that if the Commission finds that United's Certificate should be canceled, the Commission should authorize GVNW Consulting to remove the Company's name from its active KUSF files. It is possible that some monies might be retained in the KUSF or attempts made to return the monies to the carrier. Therefore, the Commission should also direct GVNW to maintain its records in such a manner that in the event any monies due to the KUSF are ever paid, the files can reflect receipt of these monies paid.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
MICHAEL NEELEY, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 ***Hand Delivered***		
SAPINA QUAYUM, PRESIDENT UNITED TELECOM INC. 3550 WILSHIRE BLVD 17TH FLR LOS ANGELES, CA 90010	<i>CMRR- 7009 0080 0001 1369 4120</i>	

ORDER MAILED JUL 08 2013

The Docket Room hereby certified that on this _____ day of _____, 20____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.