BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of IdeaTek Telcom, LLC, 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.	)))))	Docket No. 25-WLDT-100-KSF

MOTION OF IDEATEK TELCOM, LLC FOR LEAVE TO
FILE RESPONSE TO STAFF'S REPLY

COMES NOW IdeaTek Telcom, LLC ("IdeaTek" or "Company"), and submits this *Motion for Leave to File Response to Staff's Reply* ("Motion"). In support, IdeaTek states as follows:

1. In the Commission's August 6, 2024 Order in this docket, VPS was directed to perform an audit of IdeaTek's KUSF contributions and file its audit report no later than June 30, 2025. The Order also provided that IdeaTek could file a response to the audit report within thirteen days from the date VPS files its report, and if IdeaTek makes such a filing in a timely manner, it could request a hearing.

2. Although there was not provision in the August 6th Order for additional pleadings, Staff filed its *Reply to IdeaTek Telcom, LLC's Response to the Audit Report* on July 3, 2025 ("Staff's Reply"). IdeaTek does not object to the filing of Staff's Reply but respectfully requests the opportunity to submit the attached pleading in Response.

3. The information in IdeaTek's Response to Staff, which is included as **Attachment A** to this Motion, is highly relevant to the matters argued in Staff's Reply. IdeaTek believes the Commission's deliberations and decision would benefit by receipt of this information.

WHEREFORE, IdeaTek submits this Motion and its *Response to Staff's Reply* as **Attachment A** to this Motion, and requests the Commission accept its filing for the reasons stated above.

Respectfully submitted,

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ATTACHMENT A

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Audit of IdeaTek Telcom, LLC, 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.	)))))	Docket No. 25-WLDT-100-KSF

RESPONSE OF IDEATEK TELCOM, LLC TO STAFF'S REPLY

COMES NOW IdeaTek Telcom, LLC ("IdeaTek" or "Company"), and responds as follows to *Staff's Reply to IdeaTek Telcom, LLC's Response to the Audit Report*, filed on July 3, 2025 ("Staff's Reply"). In response, IdeaTek states as follows:

I. K.S.A. 66-2008 Limits KUSF Assessments to Telecommunications Services and not Information Services.

1. Staff argues that the Commission's statute specifically states a VoIP provider can be required to contribute to the KUSF but fails to acknowledge it can only be required to do so on legally assessable revenues.[1] The plain language of K.S.A. 66-2008(a) unambiguously authorizes assessments based only upon a provider's "intrastate telecommunications services net retail revenues", and the Commission has previously held that IdeaTek's VoIP operations are not telecommunications services under Kansas law. The Commission referenced *Charter Advanced Servs. (NM) LLC v. Lange* with approval in its March 23, 2021 Order in Docket No. 20-GIMT-387-GIT, wherein the Eight Circuit Court held VoIP "is an information service not subject to state oversight or entitled to interconnection under Section 251 of the Act."[2] An "information service" cannot be assessed as a "telecommunications service". IdeaTek acknowledges that VoIP providers

[1] Staff's Reply, p. 6.
[2] 20-387 Order, p. 6, ¶17.

are designated as contributors subject to the requirements of K.S.A. 66-2008 under certain circumstances and that VoIP providers like IdeaTek can also be a telecommunications provider. However, the status of "contributor" cannot not expand the legal definition of the assessment base itself. The statute requires that revenue must be derived from "telecommunications services," not "information services," for assessment purposes. Accordingly, for any revenue stream to be assessable, it must, *as a threshold matter*, be derived from a service legally defined as a "telecommunications service."

2. Since the Commission has already adjudicated that the fundamental service provided by IdeaTek is an "information service," it is a legal impossibility for revenues derived directly from that service—including ancillary administrative fees—to be classified in Kansas as "telecommunications services net retail revenues." Staff's arguments and analysis fail to address or get around this threshold problem. These fees charged by IdeaTek are, by the Commission's own legal determination, revenues derived from an information service and are thus outside the assessment authority granted by K.S.A. 66-2008(a).

3. Finally, Staff places its reliance on Commission orders that are over 25 years old, ignoring significant changes in technology during that time and intervening statutory amendments, including the 2016 amendment to K.S.A. 66-2008(a). The Commission's 1991 and 1997 Orders cited by Staff must be interpreted in light of the more recent Commission Order in the 20-387 Docket. Subsequent and specific determinations on a point of law supersede earlier, more general interpretations. The Commission's 2021 Order in the 20-387 Docket is far more specific and relevant, as it directly addresses the legal classification of the modern VoIP technology at issue.

II. Staff's Narrow Definition of "Contribution Methodology" is Contrary to the Language of K.S.A. 66-2008(a).

4. In its reply, Staff presents an overly narrow interpretation of "contribution

methodology", focusing on one aspect of the Commission's Order in Docket No. 14-GIMT-105-GIT[3] while not accounting for the full scope of that proceeding. While Staff correctly notes the 14-105 Order addresses jurisdictional allocation, its argument that this is the sole definition of contribution methodology as referenced in K.S.A. 66-2008 does not align with the comprehensive nature of that docket or the plain language of the statute. The statute does not limit the term as Staff argues; and the Commission must interpret the statutory language in accordance with the clear language of the statute.

5. Furthermore, Staff's argument is undermined by the very federal requirements to which it cites. Staff points to an FCC Declaratory Ruling that requires a state to "adopt[] contribution requirements consistent [with] federal USF contribution rules and policies".[4] Staff's narrow focus on "rules," such as the jurisdictional safe harbor, ignores the FCC's deliberate inclusion of the broader term "policies." Federal policy has long been to assess contributions based on revenues from telecommunications services, not ancillary charges like the late fees or compliance fees at issue. By insisting that Kansas must be consistent with federal rules and policies, the FCC itself mandates a holistic alignment of the contribution framework, not just on a single allocation rule. Demanding KUSF contributions on revenues that are not subject to FUSF contribution under federal policy is inconsistent with this requirement.

6. The Commission addressed a wide array of topics in its 14-105 Order titled "KUSF Contribution Methodology" treating them all as components of the overall contribution framework. The other key methodological areas decided in that Order include:

- **Treatment of Discounts**: The Commission established the methodology for whether

[3] IdeaTek has confirmed with Staff that there is an error in footnotes 17, 18 and 23 of Staff's Reply. Staff cites to 'Docket No. 14-GIMT-100-GIT, Oct. 20, 2020', when it should be 'Docket No. 14-GIMT-105-GIT, Order issued October 20, 2015'.

[4] Staff's Reply, p. 8.

companies report revenue "gross or net of discounts" and how to apply those discounts to service bundles.

- **Bundled Services Revenue Allocation**: The order dictated the methodology for identifying assessable revenues within bundled packages, formally adopting the FCC's "safe harbor" provisions.
- **Voice over Internet Protocol (VoIP) Packages**: The Commission ruled on the methodology for allocating revenue when VoIP service is marketed as "free" but sold with equipment, requiring providers to report an assessable value.
- **Early Termination Fees (ETFs)**: The order mandated a specific methodology for reporting ETF revenue, allowing providers to choose from three different accounting methods.
- **Record Retention**: The Commission established a methodological requirement for the retention of all accounting and billing records necessary to support KUSF reporting.
- **Global Contribution Issues**: The Commission explicitly considered the "Global Issue of KUSF Contributions," which included the fundamental question of whether the base of assessable revenue "should be expanded".

Focusing only on the jurisdictional safe harbor component of the Order presents an incomplete picture of the Commission's precedent to which Staff cites. The 14-105 Order clearly treats "contribution methodology" as a comprehensive framework that includes rules on **what** revenues are assessable and **how** they are calculated, not just whether a carrier is using the safe harbor for allocation purposes. Therefore, IdeaTek's position—that its KUSF contribution methodology should align with its FUSF methodology in its entirety, including the non-assessment of certain ancillary fees—is consistent with the Commission's own holistic approach.

III. Staff Fails to Support its Incorrect Assertion that IdeaTek's Process of Monthly Internal True-Ups is Prohibited by Kansas Law.

7. IdeaTek maintains that its practice of implementing a monthly internal true-up for KUSF surcharges is compliant with Kansas law, federal policy, and represents a practical approach

to aligning collections with its contribution obligations.[5] The assertion in Finding No. 3 that IdeaTek improperly over-collected is based on a flawed interpretation of the governing statute, as well as the State's mandate from the FCC, and fails to acknowledge the realities of billing and remittance cycles.[6]

8. The core of the issue lies in the interpretation of **K.S.A. 66-2008(a)**, which states that a provider "may collect from customers an amount equal to such carrier's, utility's or provider's contribution...".[7] This statute provides for an equalization of collections and contributions, but it **does not stipulate a specific timeframe**, such as a monthly billing cycle, for this reconciliation to occur.[8] The statute's silence on a monthly reconciliation requirement is significant, and nothing in the KUSF statutes prohibits IdeaTek's true-up practice.[9]

9. Further, it is unreasonable to judge collections on a strict monthly basis when KUSF compliance is handled annually.[10] Normal business operations - such as issuing credits, managing customer accounts with different pay cycles, and handling write-offs - make perfect month-to-month precision impossible.[11] IdeaTek's monthly internal true-up is a practical, good-faith method to ensure that collections for the entire year ultimately equal the required annual contribution, which is the goal of the statute and consistent with the public interest.[12]

10. Even more contradictory, there is no means to amend a KUSF annual filing to accommodate a monthly calculation in the submittal form's annual calculation format.

11. As previously noted, Staff states that Kansas is mandated by the FCC to be

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[5] *See* Response of IdeaTek Telcom, LLC to Audit Report, Docket No. 25-WLDT-100-KSF, at 11, ¶ 29 (June 24, 2025) ("Response").
[6] *Id.* at 10, ¶ 28.
[7] *Id.* at 11, ¶ 29 (quoting K.S.A. 66-2008(a)).
[8] *Id.* at 11, ¶ 30.
[9] *Id*.
[10] *Id*. at 11, ¶ 31.
[11] *Id.*
[12] *Id*. at 11, ¶ 29.

consistent with FUSF contribution rules and policies. The FUSF administrative framework directly supports IdeaTek's position on true ups. The federal process is not based on perfect monthly precision; rather, it uses a system of periodic quarterly estimates followed by a final, annual reconciliation (analogous to the KUSF monthly estimates and annual filings). The over-collect / under-collect calculation occurs annually in the FUSF form 499A, as it does with the annual KUSF filing required by contributors, yet the KUSF auditor and Staff wish to arbitrarily apply a monthly methodology. According to the FCC's guidelines for its Telecommunications Reporting Worksheet, quarterly contributions are explicitly reconciled once a year:

> Quarterly contributions (based on Form 499-Q filings) are trued-up on an annual basis against the annual report Worksheet (FCC Form 499-A).[13]

This federal model of an annual true-up fundamentally contradicts the KUSF auditor's finding. It demonstrates that federal contribution methodology accommodates that payments and collections made during the year are provisional and subject to a final, comprehensive adjustment.

12. It is important to note that IdeaTek's monthly true-up method does not harm customers. The entire purpose of this practice is to ensure that, over the course of the year, customers pay no more than the exact contribution amount permitted by statute.

13. Further, IdeaTek's method of "smoothing" out collections is ultimately in the public's interest. It achieves greater long-term accuracy by averaging out the inherent fluctuations of monthly billing, which is fairer to customers than a rigid system that could result in large, disruptive one-time credits or debits. Since the true-up applies equally to both over-collections and under-collections, it ensures fairness and ultimate accuracy for all parties involved.

14. Critically, neither the KUSF auditor nor Staff has cited any law or Commission rule

[13] *Id*. at 11, ¶ 30.

that obligates a carrier to achieve this month-to-month precision in contradiction to KUSF annual filings.[14] They are effectively creating a new standard that does not exist in the applicable laws. Where a statute is silent or ambiguous, the interpretation should favor IdeaTek, especially when the Company is acting in good faith to comply with the rules of the KUSF and achieve maximum permitted collections.

Respectfully submitted,

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[14] *Id*. at 5, ¶ 13.

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the above pleading was electronically served this 14th day of July, 2025 to:

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