

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Pat Apple

In the Matter of a General Investigation of Net)
One International, Inc. to Show Cause Why)
This Commission Should Not Initiate) Docket No. 15-NOIC-316-SHO
Sanctions and 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 July 16, 1997, in Docket No. 97-ICHC-656-COC, the Commission granted International Charity Network, Inc. a Certificate of Convenience and Authority to provide interexchange (IXC) service in Kansas. On January 28, 2000, the Commission granted the company's request to change its name to Net One International, Inc. (Net One) in Docket No. 00-NOIC-238-CCN. On September 19, 2007, in Docket No. 08-NOIC-131-SHO, the Commission revoked Net One's operating authority for failing to remain in compliance with Kansas statutes. On December 23, 2010, in Docket No. 11-NOIC-150-COC, the Commission re-instated Net One's operating authority.

2. Kansas statutes impose specific duties on businesses and telecommunications public utilities operating within the state. K.S.A. 17-7931(a) 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 to the Commissioners on January 22, 2015, attached hereto and made a part hereof by reference. Staff indicates that Net One is delinquent in paying Commission Assessments pursuant to K.S.A. 66-1503. Staff states that it notified Net One of its delinquencies on December 16, 2014, and January 6, 2015, in an attempt to resolve the matter. Staff states that both notices have gone unanswered.

4. K.S.A. 66-138 grants the Commission authority to penalize public utilities that fail to perform legal duties or obey lawful orders of the Commission. K.S.A. 66-131 grants the Commission jurisdiction over public utility operating authority.

5. Based on Staff's findings in its Report and Recommendation, Staff recommends that the Commission open a proceeding requiring Net One to show cause why the Commission should not initiate sanctions or fines and cancel, suspend or revoke any authority the carrier currently holds.

6. The Commission finds all of Staff's findings and recommendations to be reasonable and hereby adopts the same.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. Net One 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 certificates cancelled, suspended, or revoked for failing to fulfill its required duties under Kansas law.

B. 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. 66-118; K.S.A. 77-529(a)(1).

C. 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.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: JAN 29 2015



ORDER MAILED JAN 30 2015

Neysa Thomas
Acting Secretary

MRN

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

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

DATE: January 22, 2015

SUBJECT: In the Matter of a General Investigation of Net One International, 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:

Net One International, Inc. (Net One) is delinquent with outstanding Commission Assessments. Numerous attempts have failed to get Net One compliant with Kansas Statutes Annotated (K.S.A.) 66-1503.

Staff recommends the Commission open a proceeding requiring Net One 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 September 30, 1999, Net One filed an Application to change its name from International Charity Network, Inc. in Docket No. 00-NOIC-238-CCN, which was granted on January 28, 2000. The Commission originally granted Net One authority to operate as an interexchange carrier (IXC) on July 16, 1997, in Docket No. 97-ICHC-656-COC.

On August 2, 2007, the Commission show caused the Company for failing to file its 2006 Annual Report and being in forfeiture status with the Secretary of State's Office in Docket No. 08-NOIC-131-SHO. On September 19, 2007, the Commission revoked the Company's Certificate of Convenience for failing to remain in compliance with Kansas statutes.

On August 19, 2010, the Company filed a new Application requesting to be re-certified as an IXC in Docket No. 11-NOIC-150-COC, which was granted on December 23, 2010.

K.S.A. 66-1503 provides for the Commission to impose an assessment on all public utilities based on a percentage of a utility's gross intrastate operating revenues (GIOR). The Company has an outstanding Commission Assessment from invoices dating back to October 15, 2014, in the amount of \$50.00.

K.S.A. 66-2008 requires all telecommunications public utilities to contribute to the KUSF on an equitable and nondiscriminatory basis, K.S.A. 66-123 requires public utilities to file Annual Reports with the Commission, and K.S.A. 17-7931(a) requires all telecommunications public utilities to remain "*active and in good standing*" with the Secretary of State's Office. The Company is current with these statutory requirements.

ANALYSIS:

Net One has been negligent in maintaining its current status with K.S.A. 66-1503. Below are Staff's ongoing attempts to make contact with Net One to correct this delinquency.

On December 16, 2014, Staff sent its "*First Notice of Outstanding Commission Assessment*" allowing the Company 15 days from the date of the Notice to remit payment of its outstanding assessment invoices. On January 6, 2015, Staff sent its "*Final Notice of Outstanding Commission Assessments*" to the Company allowing an additional 15 days from the date of the Notice in the attempt to get resolution of this delinquency. Both of Staff's Notices included copies of the unpaid invoices that could have been used to remit payment and reconcile the outstanding balance. Both Notices have gone unanswered.

Commission Assessments are applied in accordance with K.S.A. 66-1503, which states:

The amount determined under subsection (a) shall be assessed by the commission against all public utilities and common carriers subject to the jurisdiction of the commission and shall not exceed, during any fiscal year, the greater of \$100 or 0.2% of the respective utility's or common carrier's gross operating revenues derived from intrastate operation as reflected in the last annual report filed with the commission pursuant to K.S.A. 66-123...

Staff further advised the Company, in both Notices, that failure to remit payment of the outstanding assessments 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 Net One has not filed for either Chapter 7 or Chapter 11 bankruptcy protection.

RECOMMENDATION:

As indicated above, Net One has failed to remit payment of its outstanding Commission Assessments. Attempts to make contact with Net One to correct the Company's non-compliance with K.S.A. 66-1503 have gone unanswered.

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

IN RE: DOCKET NO. **15-NOIC-316-SHO**

DATE **JAN 29 2015**

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***		
SANDRA WILLIAMS, TREASURER NET ONE INTERNATIONAL, INC. 457 AVALON PARK SOUTH BLVD STE 500 ORLANDO, FL 32828-6999		

ORDER MAILED **JAN 30 2015**

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.