

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the Matter of the Audit of Dialpad, Inc. by)
the Kansas Universal Service Fund (KUSF))
Administrator Pursuant to K.S.A. 66-2010(b)) Docket No. 25-DPIV-107-KSF
for KUSF Operating Year 27, Fiscal Year)
March 2023-February 2024.)

ORDER ADOPTING AUDIT REPORT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes:

1. On August 6, 2024, the Commission directed Vantage Point Solutions (VPS) to perform an audit of Dialpad, Inc., (“Dialpad”) for Kansas Universal Service Fund (KUSF) purposes.

2. On February 3, 2025, VPS filed its Audit Report for Dialpad regarding Operating Year 27 (March 2023–February 2024) that included the following findings:

Audit Finding No. 1:

Dialpad reported and collected the KUSF surcharge on its e911 revenues. This resulted in the Company over-reporting its revenues and over-collecting the KUSF surcharge by \$5,449.03.

Audit Finding No. 2:

Dialpad reported and collected the KUSF surcharge on its Fax Over IP Revenues. This resulted in the Company over-reporting its revenues and over-collecting the KUSF surcharge by \$824.52.

Audit Finding No. 3:

Dialpad allocated revenue to the KUSF using a company-specific traffic factor study. The Company has not submitted a pleading, including an affidavit from an officer of the Company, to the Kansas Corporation Commission (KCC or Commission) regarding its methodology to allocate Kansas revenue between the interstate and intrastate jurisdictions,

or to verify that the Company is using the same methodology for both Federal and Kansas USF purposes.

Audit Finding No. 4:

Dialpad did not complete Box C of the Carrier Remittance Worksheets (CRWs) for several monthly filings in FY 27, with no financial impact to the KUSF.

Audit Finding No. 5:

Dialpad reported interstate revenues, which are not assessable to the KUSF, and then subtracted them from the reported revenues by including them on the uncollectibles line on the CRWs, with no financial impact to the fund.

3. VPS conducted the audit of Dialpad in accordance with the Commission's KUSF Review Procedures. The Audit Report provides a detailed analysis to support the VPS findings.

VPS recommends Dialpad:

- a. File audit True-ups for FYs 26, 27, and 28, through November 2024, to exclude e911 and Fax Over IP revenues from its reporting, to exclude the interstate revenues from its reporting and include the amount collected from subscribers in Box C of its CRW;
- b. Issue one-time billing credits to customers, on a pro-rata basis, for a total amount of \$6,273.55;
- c. Update its billing system to exclude KUSF surcharge collection from e911 and Fax Over IP revenues;
- d. Update its KUSF reporting procedures to exclude e911 and Fax Over IP revenues from reporting and to include the KUSF surcharge collection collected from customers in Box C of its CRWs;
- e. Submit a pleading affirming its use of a company-specific traffic factor study to allocate revenue between interstate and intrastate jurisdictions, the period(s) the methodology was applicable, the intrastate factors applied, and verifying that the Company is using this methodology for both Federal and Kansas USF purposes;
- f. Provide VPS with ten (10) customer bills supporting that the refund process has been completed; and,
- g. File an affidavit, signed by an officer of the Company, attesting that the Company: (a) corrected its KUSF reporting procedures to omit e911 and Fax Over IP revenues from its reporting, interstate revenues from its reporting on the uncollectibles line of the CRWs, and include the amount collected from subscribers in Box C; (b) corrected its billing system to exclude KUSF surcharge collection from e911 and Fax Over IP

revenues; (c) submitted a pleading affirming its use of a company-specific traffic factor study to allocate revenues between the interstate and intrastate jurisdictions, the periods the methodology was applicable, the intrastate factors applied, and verifying that the Company is using this methodology for both Federal and Kansas USF purposes; (d) issued one-time billing credits to customers, on a pro-rata basis, for a total amount of \$6,273.55; and, provided VPS with ten (10) customer bills verifying that the refund process has been completed. The affidavit should provide the date the corrective actions were implemented. VPS advises the Commission should direct Dialpad to take corrective action within 60 days of the Order Adopting the Report, and VPS to file a Compliance Report within 90 days of the Order.

4. Dialpad is a Voice over Internet Protocol (VoIP) service provider headquartered in San Ramon, California. It has not been certificated as an Eligible Telecommunications Carrier (ETC) in Kansas, therefore, does not offer Lifeline services to its customers. Based on its review, VPS found Dialpad reports revenue and remits its assessment to the KUSF based on the unbundled service price for Kansas assessable revenue. It uses the same allocation methodology for federal Universal Service Fund purposes. Dialpad is current with its KUSF obligations.

5. The Commission has reviewed VPS's January 9, 2025, Audit Report and concludes it should be adopted including the recommended actions as recited in paragraph three. The recommended actions shall be completed within 60 days of the issuance of this Order. VPS shall then file a Compliance Report within 90 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts Vantage Point Solutions' Audit Report filed February 3, 2025, and directs Dialpad, Inc., to correct deficiencies as set forth in the Audit Report within 60 days of the issuance of this Order.

B. Vantage Point Solutions shall file a Compliance Report within 90 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹

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

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/11/2025



Abigail D. Emery
Acting Secretary to the Commission

BWB

¹ K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

25-DPIV-107-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 02/11/2025.

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/S/ KCC Docket Room

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