

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 DISMISSING SHOW CAUSE PROCEEDING, CLOSING DOCKET, AND  
ASSESSING A PENALTY ON UNITED TELECOM, INC.**

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 8, 2013, the Commission issued an Order to Show Cause against United Telecom, Inc. ("United Telecom"). The Order to Show Cause required United Telecom to respond by August 7, 2013 in regards to several unmet statutory and regulatory requirements, or be subject to penalties or certificate revocation. United Telecom was delinquent in filing its 2012 Annual Report pursuant to K.S.A. 66-123, and delinquent in reporting and paying its outstanding Kansas Universal Service Fund ("KUSF") assessments pursuant to K.S.A. 66-2008.

2.        On August 12, 2013, Commission Staff ("Staff") submitted a Report and Recommendation on this matter. The Report and Recommendation is attached hereto and made a part hereof by reference. Staff stated that United Telecom contacted Staff on July 31, 2013 requesting guidance in resolving its outstanding issues. United Telecom stated that personnel turnover and a computer malfunction were the root causes of its filing issues. Staff has

coordinated with United Telecom, and as of August 9, 2013, all outstanding issues have been resolved. Staff therefore recommends that the Commission dismiss the show cause proceeding, close the current docket, and assess United Telecom a \$100.00 penalty for failure to comply with the Kansas Statutes.

3. K.S.A. 66-123 allows for Commission assessment of civil penalties upon public utilities that fail to file annual reports. The penalty may not exceed \$500. K.S.A. 66-177 also allows penalties for willful violations of Kansas public utility laws.

4. 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. The Show Cause proceeding against United Telecom is dismissed.

B. This docket is closed.

C. United Telecom shall pay a penalty of \$100 to the Commission. United Telecom's penalty payment shall reference this docket, 13-UTDC-804-SHO, be made out to the Commission, and mailed to the Commission's Fiscal Office, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, no later than thirty (30) days from the date of this Order.

D. 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).

E. 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:           **AUG 15 2013**          

  
**ORDER MAILED AUG 16 2013**

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Kim Christiansen  
Executive Director

MRN

1500 SW Arrowhead Road  
Topeka, KS 66604-4027



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Mark Sievers, Chairman  
Thomas E. Wright, Commissioner  
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

**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:** August 12, 2013

**DATE SUBMITTED TO LEGAL:** 8/12/13

**DATE SUBMITTED TO COMMISSIONERS:** 8/13/13

**SUBJECT: 13-UTDC-804-SHO**

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 Telecom) was delinquent in filing its 2012 Annual Report and for not reporting nor paying its outstanding Kansas Universal Service Fund (KUSF)<sup>1</sup> assessments; therefore, Staff recommended the Commission show cause United Telecom for failing to remain compliant with Kansas Statutes K.S.A. 66-123 and K.A.S. 66-2008. On July 8, 2013, the Commission issued an Order to Show Cause with a Company response due on or before August 7, 2013. On July 31, 2013, the Company contacted Staff requesting guidance in resolving the delinquent issues.

Staff recommends the Commission **dismiss** this Show Cause against United Telecom given that the delinquent issues have been resolved, and the Company is now in compliance with K.S.A. 66-123 and K.S.A. 66-2008. However, Staff recommends that a fine of \$100 be assessed for the violations pursuant to K.S.A. 66-138.

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

## **BACKGROUND:**

On June 24, 2013, Staff filed a Report and Recommendation recommending the Commission order United Telecom to show cause why the Commission should not issue an Order assessing sanctions or fines, or cancel, suspend, or revoke the carrier's authority to provide interexchange carrier services. The Company failed to respond to Staff's two "*Failure to File 2012 Annual Report*" Notices; first Notice sent on May 13, 2013, and a second Notice sent on June 5, 2013, both allowing the Company adequate time to file the required 2012 Annual Report. Since the June 5 Notice, Staff learned that United Telecom was also delinquent with another Kansas statute, in this case; payment of KUSF assessments and late penalties and failing to file the required August 2012 – July 2013 worksheets. Therefore, Staff deemed it necessary to show cause the Company for negligence in maintaining compliance with Kansas statutes.

On July 7, 2013, the Commission filed an Order to Show Cause in which it ordered the Company, on or before August 7, 2013, to show cause to the Commission why this Commission should not take action to cancel/revoke the Certificate of Convenience and Authority currently held by United Telecom.

On July 31, 2013, United Telecom contacted Staff requesting guidance in getting the outstanding issues resolved. On August 6, 2013, Staff received the Company's 2012 Annual Report, and as of August 9, 2013, all worksheets were filed and payments of its outstanding KUSF assessments were paid, resolving both delinquent issues<sup>2</sup>.

## **ANALYSIS:**

Staff affirms that the Company is now in compliance with Kansas Statutes K.S.A. 66-123 and K.S.A 66-2008.

When United Telecom contacted Staff regarding the Order to Show Cause, the Company advised Staff that it had not been in compliance with Commission rules by failing to file its 2012 Annual Report and/or update of its KUSF account. United Telecom further stated that it had changes in personnel; whereby, the person in charge of regulatory reporting had left the Company. According to the Company, the person responsible for regulatory reporting asserts that its computer had crashed requiring the hard drive to be formatted, therefore, having to investigate all reports due to all proper regulatory agencies. United Telecom did not find the file for Kansas and, due to inadequate staffing, the regulatory requirements of Kansas were overlooked. On July 31, 2013, the Company requested Staff's assistance to correct these discrepancies. Staff provided guidance in completing the Commission's 2012 Annual Report and advised the Company that the Annual Report needed to be signed by an officer of the Company and notarized. Staff also provided contact information at GVNW to assist in correcting the KUSF delinquency.

The Commission has the authority to assess penalties for violations of Kansas Statutes and the Commission should assess a \$100.00 penalty for the violation discussed above and for neglecting

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<sup>2</sup> Staff was advised by GVNW Consulting that payment made August 5 by United Telecom was posted by the bank on August 9, bringing the Company into compliance with KUSF.

Staff's two previous notices that allowed ample time for the Company to resolve the 2012 Annual Report delinquency.

**RECOMMENDATION:**

Staff recommends the Commission **dismiss** this Show Cause proceeding against United Telecom, Inc., given that the delinquent issues have been resolved, and assess a penalty of \$100.00. Staff also requests the Commission close this Docket.

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		

ORDER MAILED AUG 16 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.