

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

Before Commissioners: Brian J. Moline
 Robert E. Krehbiel
 Michael C. Moffet

In the Matter of Filing the Audit Report)
For the Kansas Universal Service Fund) Docket No. 06-GIMT-458-AUD
Fiscal Year 2003/2004 and Providing)
Recommendations for Future Audits.)

ORDER ACCEPTING AUDIT RECOMMENDATIONS

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for a decision. Being fully advised in the premises and familiar with its files and records, the Commission finds and concludes as follows:

1. On October 28, 2005, the Commission issued an Order accepting the Audit Report filed by the National Exchange Carrier Association (NECA), which administers the Kansas Universal Service Fund (KUSF). In that order, the Commission also requested comment on NECA's recommendations for future audits by November 28, 2005. The Order was served on all contributors to the KUSF. No comments were filed.

2. NECA's recommendations for future audits were set out in its Report which was attached to Staff's Motion filed October 27, 2005. It was also attached to the Commission's October 28, 2005 Order which requested comment on the recommendations. That Order summarized the recommendations as follows:

- Continue the audit of three months of residential and business bills because the three months sample allows auditors to detect errors in a greater variety of services and calling plans.
- Require carriers to complete and return the initial questionnaire within 30 days from the date of the letter and, thus, before the on-site review. This would allow for more efficient use of the auditors' time and allow them to better focus their on-site review.

- Verify carriers' compliance with Commission orders before selecting them for a subsequent audit in order to avoid wasting time for both NECA and the KCC in having to repeatedly address the same issues. NECA recommends the Commission impose fines for non-compliance.
- Revise carrier selection procedures to increase the likelihood that carriers not previously audited be selected. NECA suggests:
 - a. Auditing carriers in Groups 1 and 2 every three years in the absence of significant findings.
 - b. Modifying the definition of Groups 1 and 2 by reducing the KUSF contribution threshold for Group 1 from 10 percent to 5 percent.
 - c. Auditing carriers with significant audit findings after two years instead of the next year to give the carrier time to implement recommended and ordered changes and allow verification that required changes have been implemented.

3. As stated above, no party commented on the recommendations. The Commission therefore concludes that parties have no objection to the recommendations. The Commission adopts NECA's recommendations in full. With respect to the possible imposition of fines for non-compliance with Commission Orders, K.S.A. 2004 Supp. 66-138 authorizes the Commission to impose a fine for every violation, of not less than \$100 and not more than \$1,000, if the company is rate of return regulated, and not more than \$5,000, for other contributors. The statute makes each day a violation occurs a separate offense. Failure of any company to comply with any Commission order may result in an imposition of a fine in accordance with K.S.A. 2004 Supp. 66-138.

4. Consistent with prior practice and as explained in the Commission's October 28, 2005 Order, ¶ 4, which was served by mail on all contributors to the KUSF, this order will be served by posting on the Commission's web page:

<http://www.kcc.state.ks.us>. The October 28, 2005 Order required any party that wished

to receive service of this order by mail to so notify the Commission by November 28, 2005. No party has requested service by mail.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

- A. NECA's recommendations for future audits are adopted as set out above.
- B. This order shall be served by posting it on the Commission's web page.
- C. A party may file a petition for Reconsideration of this Order within fifteen days of the service of this Order. If service is by mail, three additional days may be added to the fifteen day time limit to petition for reconsideration.
- 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.

Moline, Chr.; Krehbiel, Com; Moffet, Com.

Dated: DEC 09 2005

ORDER MAILED

DEC 12 2005

 Executive Director

Susan K. Duffy
Executive Director

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