

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: John Wine, Chair
 Cynthia L. Claus
 Brian J. Moline

In the Matter of a General Investigation into) Docket No. 190,492-U
Competition within the Telecommunications) Docket No. 94-GIMT-478-GIT
Industry in the State of Kansas.)

ORDER ACCEPTING NECA'S FINAL REPORT AND RECOMMENDATIONS

Now the above-captioned matter comes on before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. After examining its files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

Background

1. Pursuant to K.S.A. 66-2002(h) and 66-2008, the Commission established the Kansas Universal Service Fund (KUSF) in its December 27, 1996, Order in this docket. The National Exchange Carrier Association (NECA) was selected through a bidding process to serve as KUSF administrator.
2. Under K.S.A. 66-2010(b)(1), the KUSF administrator is responsible for auditing all telecommunications service providers that receive funds from or provide funds to the KUSF.
3. Docket Nos. 99-AT&T-799-AUD to 99-SSLC-810-AUD and 99-CMTZ-844-AUD to 99-HPTC-847-AUD were opened to provide a forum for the companies involved in each docket to formally review and respond to the NECA audit results.
4. On June 30, 1999, NECA also issued a Final Report concerning all of the audits it performed. NECA found the information provided to NECA on the monthly KUSF Carrier

Remittance Worksheets was, to a great degree, complete and accurate. NECA also found that the seven (7) companies identified as having insignificant findings only owed, in aggregate, an additional \$2 1,409 to the KUSF.

5. NECA's Final Report also listed several recommendations to the Commission. The first recommendation was to reduce the sample sizes of future KUSF contributor audits in light of the limited number and the insignificance of the findings.

6. The second recommendation was to help control audit travel costs by: (A) continue to consider locations of companies so that audits can be combined on trips; (B) consider eliminating the requirement for the auditor to go on-site to conduct each audit, especially for smaller companies; and (C) allow NECA a 12 month period to conduct subsequent audits so that, if possible, KUSF contributor audits can be combined with other NECA travel.

7. The third recommendation was to reduce the number of "zero contributor" audits and allow them to be conducted via correspondence, unless the auditor determines a need to go on-site based on the documentation received.

8. The Commission received no comments from any company concerning these recommendations.

Discussion

9. Sixteen (16) audit dockets were opened this year. The Commission has concerns about reducing the sample size of future audits at this time to a number lower than fifteen (15). The Commission thinks it is too early to begin reducing the sample size substantially.

10. The Commission supports NECA's other recommendations as outlined. Questions about details will inevitably arise. Those details should be worked out between NECA and Staff, with input from any interested party.

11. K.A.R. 82-1-218(d) provides that any party may file and service a protest, motion, or other proper pleading within 10 days after service upon that party of any application, petition, notice, formal complaint, supplemental complaint or amended complaint. No party filed a response to NECA's notice.

Findings and Conclusions

12. The Commission finds and concludes that NECA's recommendations, as outlined in its Final Report, should be adopted. No party expressed opposition to any of the recommendations. NECA and Staff will work out the specific details necessary to carry out these recommendations, with input from any interested party.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(1) The recommendations made by NECA in its Final Report, except as noted above, shall be adopted. NECA and Staff will work out the specific details necessary to carry out these recommendations, with input from any interested party.

(2) Pursuant to K.S.A. 66-118b, the parties have fifteen (15) days, plus three (3) days if service of this Order is by mail, from the date of this Order in which to petition the Commission for reconsideration of any matter decided herein. Petitions for reconsideration should be served on the Executive Director.

(3) The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further order or orders as it may deem necessary.

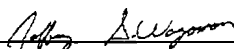
BY THE COMMISSION IT IS SO ORDERED.

Wine, Chr.; Claus; Comm.; Moline, Comm.

Dated: OCT 14 1999

ORDER MAILED

OCT 15 1999



Jeffrey S. Wagaman
Executive Director

JJM/rrd