

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE STATE) CASE NO. 2016-00059
UNIVERSAL SERVICE FUND)

TELRITE’S SUPPLEMENTAL RESPONSE
TO COMMISSION STAFF’S FIRST REQUESTS FOR INFORMATION

Telrite Corporation d/b/a Life Wireless (“Telrite” or the “Company”), hereby serves its Supplemental Response to the Kentucky Public Service Commission Staff’s Request for Information No. 8 dated April 6, 2016.

REQUEST NO. 8. State whether you have been subjected to FCC investigation, action, and/or penalties relating to participation in the Lifeline program. If you have been so subjected, provide in detail, including citations to the FCC action, the investigation, action, and/or penalties to which you were subjected.

RESPONSE:

December 9, 2013 NAL (FCC 13-154) and Consent Decree (FCC 17-177)

The FCC issued an NAL to Telrite on December 9, 2013 (2013 NAL) alleging that the company claimed reimbursements for 4,387 intracompany duplicates on its Forms 497. While the total alleged harm to the Universal Service Fund was only \$41,587, the Commission issued a proposed forfeiture of \$22,399,761, or over 538 times the value of the alleged harm. On February 20, 2014, Telrite responded to the NAL, arguing that the FCC's allegations were without factual basis and contrary to law and requesting that the Commission cancel or reduce the proposed forfeiture. On or around November 24, 2015, the FCC Enforcement Bureau referred the Telrite NAL, along with several other intracompany duplicates NALs, to the FCC's Office of Inspector General, which is currently reviewing them. Telrite vigorously opposed the NAL. Nonetheless, because Telrite holds itself to the highest standards of program integrity and compliance, Telrite voluntarily treated each alleged duplicate account as though it were a duplicate and returned all related disbursements to the federal Universal Service Fund.

On December 29, 2017, Telrite and the FCC entered into a Consent Decree to resolve the investigation and the Consent Decree was adopted by Order (FCC 17-177). The proposed forfeiture was reduced to \$1,025,000 and Telrite agreed to implement a compliance plan to ensure that it adheres to the FCC's rules.

Although Telrite has always taken steps to screen for duplicate enrollments and continues to do so beyond what is required, duplicate detection is now squarely the purview of the FCC, the Universal Service Administrative Company (USAC) and the

National Lifeline Accountability Database (NLAD)—the national duplicates database. As of February 27, 2014, Lifeline enrollments in Kentucky are processed through the NLAD by all ETCs, and the NLAD determines whether the applicant is a duplicate.

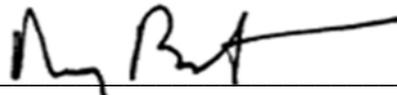
April 17, 2008 NAL (FCC 08-116)

On April 17, 2008, the FCC released an NAL against Telrite for alleged violations stemming from alleged failures to accurately report its interstate revenues on its Telecommunications Reporting Worksheets (the 2008 NAL). On April 18, 2012, Telrite and the FCC reached a confidential Consent Decree settling the 2008 NAL.

RESPONSIBLE WITNESS: Susan Berlin, VP Regulatory Affairs & Counsel, Telrite

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the January 8, 2018 electronic filing of these Data Responses is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on January 8, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of these Data Responses will be mailed to the Commission by first class United States mail, postage prepaid, on January 8, 2018.

A handwritten signature in black ink, appearing to read "Douglas F. Brent", written over a horizontal line.

Douglas F. Brent