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TC15-028

- 1-1) At the beginning of part 3 of the application, the company says USAC informed them to provide Clarity with 9 months of data to complete the form 481 and file under the Clarity name. Provide communications with USAC to confirm that statement.

Response: On May 1, 2015, Tanea Foglia who works for JSI, our consultants reached out to Brandon Ruffley of USAC for direction on this matter. The enclosed e-mail from Brandon dated May 1, 2015 confirms that Clarity should report our data in their Form 481.

- 1-2) Confirm that the company sent Lifeline and Link-Up information to all new customers, in the 9 months it owned the business, within 30 days of the customer gaining service.

Response: Confirmed

- 1-3) Explain why on the USAC website's funding disbursement page it has Knology receiving 11 months of support versus the 9 months included in the filing in South Dakota.

Response: The information provided to the SD PUC in our initial filing reflects the company who actually "booked" the support. Since Clarity purchased the receivables from WOW!, starting October 1 the disbursements were reported as Clarity for the periods received after the sell date. In regards to what was posted on the USAC website, there was an internal communication issue between USAC's High Cost Division and the division that manages the 498 (SPIN information) which resulted in a delay in the updating of the name from Knology to Clarity and transferring the SAC from Knology to Clarity. The initial 498 was rejected because Clarity originally attempted to combine the ILEC and CLEC into one SPIN which is not possible for NECA Pool Members. The second form was approved in mid-November; however, the High Cost program did not receive the notification. This should have been automatic when the SAC/SPIN relationship was established by the Form 498 team at USAC. However, the assignment didn't occur until November.

- 1-4) Provide Lifeline and Link-Up advertising and outreach information pursuant to ARSD 20:10:32:55.

Response: Lifeline and Link-Up advertising and outreach information pursuant to ARSD 20:10:32:55 is enclosed.

TC15-028 1-1

Arlene Morgan

From: Brandon Ruffley <bruffley@usac.org>
Sent: Friday, May 01, 2015 11:26 AM
To: Tanea Foglia
Cc: Amanda Bilodeau; Elizabeth Pertsevoi
Subject: RE: 481 and Acquisition

Hello Tanea,

Your question was shared with me. You're correct that in the event of an acquisition during the year, the financial statements for the entire fiscal year still need to be provided.

We're evaluating your other question and will respond at a later time.

Thanks,
Brandon

Brandon Ruffley
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bruffley@usac.org | www.usac.org

From: Tanea Foglia [<mailto:TFoglia@jsitel.com>]
Sent: Friday, May 01, 2015 8:45 AM
To: Elizabeth Pertsevoi; Amanda Bilodeau
Subject: 481 and Acquisition

Hello again ladies,

I have another one for you... I have a client that purchased the assets/operations of an ETC in mid-2014. FAQ 66 appears to confirm our understanding that the new company would provide all of the data for 2014 as well as both the financials from the previous owners and the new company's financials in the filing. However, the client would like me to confirm with you all. Can you please validate that our assertion is true?

Q66: If a company sells mid-year, the new owners will ultimately only have an audit review done on the financials for the portion of the year they owned the company and not the entire "fiscal year end." When it comes time to certify that the financials were audited, how should this be handled?

A66: . . . Filers are responsible for attesting to the financial statements for the entire fiscal year of the SAC they own.

Thanks so much and have a good weekend!

Tanea Foglia
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