

May 16, 2018

Via Electronic Filing

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

Re: SQF, LLC – Application for a Certificate of Authority to Provide Local Exchange Telecommunications Services in the State of South Dakota

Dear Ms. Van Gerpen,

SQF, LLC (“SQF”) hereby submits a copy of its Application for a Certificate of Authority to Provide Local Exchange Telecommunications Services in the State of South Dakota (“Application”). A check in the amount of \$250.00 in payment of the Commission filing fee is being sent via overnight courier.

Also submitted electronically as separate attachments are the confidential Exhibit E and SQF’s Petition for Confidential Treatment of Exhibit E.

Please contact me with any questions regarding this filing.

Respectfully submitted,



Nicholas Bournakel
Administrator – SQF, LLC
16 Middle Street, 4th Floor
Tel: (207) 358-7415
Fax: (207) 772-3427
E-mail: nbournakel@tilsontech.com

(3) The name under which applicant will provide local exchange services if different than in subdivision (1) of this section:

SQF will provide local exchange services only under its legal name, "SQF, LLC".

(4) The location of the applicant's principal office, if any, in this state and the name and address of its current registered agent, if applicable:

SQF does not have a principal office in the State of South Dakota. Applicant's registered agent in the State of South Dakota is:

Corporation Service Company
503 South Pierre Street
Pierre, SD 57501

(5) A copy of its certificate of authority to transact business in South Dakota from the secretary of state:

A copy of SQF's certificate of authority to transact business in South Dakota is attached hereto as **Exhibit B**.

(6) A description of the applicant's experience providing any telecommunications services in South Dakota or in other jurisdictions, including the types of services provided, and the dates and nature of state or federal authorization to provide the services:

Applicant has been authorized to provide its services in 30 states as well as the District of Columbia. SQF is currently providing its telecommunications services in three jurisdictions: New York, New Jersey, and Pennsylvania. Please see the attached **Exhibit C** for a listing of all other states in which SQF has been authorized to provide its services, and the types of authorizations obtained in these jurisdictions.

(7) Names and addresses of applicant's affiliates, subsidiaries, and parent organizations, if any:

SQF is a wholly-owned subsidiary of Tilson Technology Management, Inc. ("Tilson"). Both SQF and Tilson were formed in the State of Maine and maintain their principal place of business at 16 Middle Street, 4th Floor, Portland, ME 04101.

(8) A list and specific description of the types of services the applicant seeks to offer and how the services will be provided including:

(a) Information indicating the classes of customers the applicant intends to serve:

SQF intends to provide wholesale local exchange services primarily to business and other entity customers such as: wireless carriers, emergency responders, backhaul providers, public safety agencies, etc. Applicant does not intend to provide its services to residential customers. SQF will not be requiring any prepayments or deposits of any of its classes of customers. As such, the requirement of a surety bond is inapplicable to SQF.

(b) Information indicating the extent to and time-frame by which applicant will provide service through the use of its own facilities, the purchase of unbundled network elements, or resale:

While in some cases, SQF relies on existing facilities in the deployment of its networks through utility pole owner attachment agreements and leased fiber, in many instances SQF utilizes its own infrastructure and equipment. In terms of the time frame for SQF's provision of services, this will be dependent on customer contracts and demand, but likely within a month of receiving authorization from the Commission.

(c) A description of all facilities that the applicant will utilize to furnish the proposed local exchange services, including any facilities of underlying carriers:

Where SQF provides its services using its own facilities, Applicant will employ the following types of equipment in the provision of its service: poles, fiber optic cable, and antennas. Where Applicant provides its services using the facilities of underlying carriers, Applicant will employ any and all equipment types used by the underlying carrier in the provision of its service as necessary.

(d) Information identifying the types of services it seeks authority to provide by reference to the general nature of the service:

SQF requests authority to provide competitive telecommunications service throughout the State of South Dakota. SQF seeks to provide facilities-based services through construction of SQF-owned dark fiber networks and infrastructure housing small cellular equipment (consisting of fiber, utility poles, and nodes) leased to other carriers, primarily wireless carriers, on a “build-to-suit” basis. The location of SQF’s networks is typically dictated by the needs of individual carrier customers and the increased demand for data and voice services on these carriers’ networks. SQF may also provide competitive access service to sophisticated end users. The effect of SQF’s services is to expand the reliability and availability of telecommunications options in South Dakota and improve wireless network coverage and capacity for carrier customers without the need for traditional macro cell (cell tower) infrastructure.

(9) A service area map or narrative description indicating with particularity the geographic area proposed to be served by the applicant:

SQF seeks authority to provide local exchange service in the entire State of South Dakota in all exchanges to the extent open to competition. SQF cannot identify specific geographic areas at this point as this will be determined by customer demand. Regardless, SQF pledges to provide its services in the territories of all ILECs to the extent that these are open to competition. Furthermore, SQF does not seek to operate in areas of the state designated as rural service areas.

(10) Information regarding the technical competence of the applicant to provide its proposed local exchange services including:

(a) A description of the education and experience of the applicant’s management personnel who will oversee the proposed local exchange services:

SQF has the technical and managerial qualifications necessary to provide the proposed services in its service territory. Attached as **Exhibit D** are the biographies of Applicant’s key management and technical personnel. These biographies reflect that the Applicant possesses

significant technical and managerial expertise in telecommunications, consistent with the Commission's requirements.

(b) Information regarding policies, personnel, or arrangements made by the applicant which demonstrates the applicant's ability to respond to customer complaints and inquiries promptly and to perform facility and equipment maintenance necessary to ensure compliance with any commission quality of service requirements:

Applicant will maintain a toll-free number and email for customer complaints and inquiries, which will be staffed during the company's normal business hours. After-hours calls will be forwarded to a voicemail system, and will be handled on the next business day. After-hours emails will be handled the next business day. Should any facility and equipment maintenance be necessary, SQF will retain personnel as necessary in the state to address any issues regarding installation and repair as they arise. SQF pledges to comply with all applicable Commission quality of service requirements.

SQF's Toll-Free Number: (844) 484-5766

Email: nbournakel@tilsontech.com

(11) Information explaining how the applicant will provide customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance, and telecommunications relay services:

Given the nature of SQF's service offerings as a short-haul, wireline wholesale provider to other carriers, these carriers make the above services available to end users utilizing their own facilities, or via contracts with other carriers. As such, SQF requests a waiver of the Commission's requirements that it provide customers with access to emergency services, operator services, interexchange services, directory assistance, and telecommunications relay services.

(12) For the most recent 12 month period, financial statements of the applicant consisting of balance sheets, income statements, and cash flow statements. The applicant shall provide audited financial statements, if available:

SQF will be entirely financially supported in its day-to-day operations by its parent company, Tilson Technology Management, Inc. (“Tilson”). Tilson has access to the financing and working capital necessary to fulfill any obligations that SQF, as its wholly-owned subsidiary, may undertake with respect to the all of its proposed operations. Please see **Exhibit E** attached hereto for a copy of Tilson’s most recent financial statements.

(13) Information detailing the following matters associated with interconnection to provide proposed local exchange services:

(a) The identity of all local exchange carriers with which the applicant plans to interconnect:

SQF has not yet identified which local exchange carriers it will interconnect with in order to provide its services. Applicant will update the Commission as necessary with information regarding Applicant’s interconnection status once such plans are made.

(b) The likely timing of initiation of interconnection service and a statement as to when negotiations for interconnection started or when negotiations are likely to start:

Applicant will initiate negotiations for interconnection upon grant of service Authority by the Commission as found to be necessary in order to provide its services. Applicant will not initiate interconnection services if and until an interconnection agreement is executed.

(c) A copy of any request for interconnection made by the applicant to any local exchange carrier:

For the reasons discussed above, Applicant has made no requests for interconnection with any local exchange carrier.

(14) A description of how the applicant intends to market its local exchange services, its target market, whether the applicant engages in multilevel marketing, and copies of any company brochures that will be used to assist in sale of the services:

SQF customers will consist of businesses and government agencies such as: carriers, emergency responders, public safety agencies, backhaul providers, and other companies. Applicant intends to solicit customers for its telecommunications services from its existing customer base, and through business-to-business marketing (e.g., professional trade shows). Applicant does not have any available brochures regarding its local exchange service offerings, but all information regarding such services, including the applicable rates, terms, and conditions, can be found on the Applicant's website: <https://tilsontech.com/resources/tariffs>.

(15) If the applicant is seeking authority to provide local exchange service in the service area of a rural telephone company, the date by which the applicant expects to meet the service obligations imposed pursuant to § 20:10:32:15 and applicant's plans for meeting the service obligations:

SQF does not intend to provide services in any service area of a rural telephone company.

(16) A list of the states in which the applicant is registered or certified to provide telecommunications services, whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable:

As of the date of this filing, SQF is registered or certified to provide telecommunications services in 30 states, as well as the District of Columbia. Please see **Exhibit C**, attached, for the full list of states in which SQF is authorized to provide its services. SQF is in good standing in each of these jurisdictions. Furthermore, SQF has never been denied a registration or certification in any state in which it has applied to be a provider of telecommunications services. As mentioned previously, SQF is currently providing telecommunications services in the states of New Jersey, New York, and Pennsylvania. SQF has submitted applications for authority or plans to apply for authority in all 50 states.

(17) The names, addresses, telephone numbers, E-mail addresses, and facsimile numbers of the applicant's representatives to whom all inquiries must be made regarding customer complaints and other regulatory matters:

SQF's contact for complaints and regulatory matters is:

Nicholas Bournakel, Administrator
SQF, LLC
16 Middle Street, 4th Floor
Portland, ME 04101
Phone: (207) 358-7415
Fax: (207) 772-3427
E-mail: nbournakel@tilsontech.com

(18) Information concerning how the applicant plans to bill and collect charges from customers who subscribe to its proposed local exchange services:

SQF will bill customers on a monthly basis for recurring monthly charges for the services provided. Applicant will not utilize billing agents. Non-recurring charges will be billed in the first billing cycle following completion of the work that generated the charge, or as agreed to by the customer. The billing statement will contain details of usage and applicable fees, including state, local and federal taxes, and applicable universal service charges. The billing statement will also include Applicant's name.

(19) Information concerning the applicant's policies relating to solicitation of new customers and a description of the efforts the applicant shall use to prevent the unauthorized switching of local service customers by the applicant, its employees, or agents:

SQF's customer base will consist solely of businesses, and no residential customers. Applicant intends to solicit new customers from its existing customer base for other services, and through business-to-business marketing (*e.g.*, professional trade shows). Applicant does not intend to offer switched or long-distance services in the state initially. SQF's services and facilities will be deployed on the basis of particular customer demands and the concurrent installation and

deployment requirements of these needs. As such, SQF typically provides its services on an individual contract basis (“ICB”) with particular customers. Regardless, SQF pledges to follow all federal and state-specific anti-slamming rules and affirms that any customers it has are in full knowledge that they are aware of receiving SQF’s services and that these customers knowingly accept such services. SQF does not utilize telemarketers or third-party sales agents in soliciting new customers and SQF confirms that it will not engage in any unauthorized switching or slamming practices.

(20) The number and nature of complaints filed against the applicant with any state or federal commission regarding the unauthorized switching of a customer’s telecommunications provider and the act of charging customers for services that have not been ordered:

There have been no complaints filed against SQF with any state or federal regulatory commission regarding the unauthorized switching of a customer’s telecommunications provider, and or for charging customers for services that have not been ordered.

(21) Information concerning how the applicant will make available to any person information concerning the applicant’s current rates, terms, and conditions for all of its telecommunications services:

Information concerning SQF’s current rates, terms, and conditions for all of its telecommunications services will be available on its website:

<https://tilsontech.com/resources/tariffs>.

(22) Information concerning how the applicant will notify a customer of any materially adverse change to any rate, term, or condition of any telecommunications service being provided to the customer. The notification must be made at least thirty days in advance of the change:

Most of SQF’s services will be available on an individual case/contract basis (ICB). Notice of any materially adverse change to any rate, term, or condition of any telecommunications service

offered by SQF to customers in the State of South Dakota will be provided in writing via U.S. mail to customers at least thirty (30) days prior to the effective date of the change.

(23) A written request for waiver of those rules believed to be inapplicable:

SQF requests a waiver of S.D. Admin. R. 20:10:32:10, which requires that South Dakota local exchange carriers make the following services available to their customers: (1) access to the public switched network; (2) access to emergency services (*e.g.*, 911, or enhanced 911); (3) access to a local directory and directory assistance; (4) access to operator services; (5) telecommunications relay service capability or access necessary to comply with the state and federal regulations; (6) non-published service upon written or verbal request of the customer; and (7) access to interexchange services.

Given the nature of SQF's service offering, Applicant is unable to comply with this requirement. This requirement is unnecessary because Applicant's customers make these services available to end users either using their own facilities or through contractual arrangements with other carriers. Applicant simply acts as a short-haul, wireline-based wholesaler for such customers. Moreover, the requested waiver is not contrary to universal service, public safety, and welfare or quality of service because Applicant's networks are fully compatible with these services even though Applicant itself does not provide them to its carrier customers. Finally, the requested waiver is in the public interest because Applicant would be required to completely redesign its service offering to support the listed services, which would render Applicant's services economically unfeasible to deploy.

(24) Federal tax identification number and South Dakota sales tax number:

Federal Tax Identification Number: 35-2449113

South Dakota Sales Tax Number: Pending. Applicant will update the Commission with its South Dakota Sales Tax Number upon grant of registration.

(25) Other information requested by the commission needed to demonstrate that the applicant has sufficient technical, financial, and managerial capabilities to provide the local exchange services it intends to offer consistent with the requirements of this chapter and other applicable rules and laws:

SQF will provide any additional information in response to specific inquiries from the Commission.

CONCLUSION

Wherefore, SQF, LLC respectfully requests that the Commission grant it authority to provide local exchange services throughout the entire state of South Dakota in those areas subject to competition.

Respectfully submitted,



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Dated: May 16, 2018