
**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE FILING OF
TELRITE CORPORATION d/b/a LIFE
WIRELESS' PETITION FOR
DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER IN
THE STATE OF SOUTH DAKOTA FOR
THE LIMITED PURPOSE OF
PROVIDING LIFELINE SERVICE TO
QUALIFYING CUSTOMERS**

**Docket No. TC25-002
NOTICE OF SUPPLEMENTAL
INFORMATION**

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Telrite Corporation (Telrite) hereby files this Notice of Supplemental Information to inform the Commission of a recent Federal Communications Commission (FCC) Wireline Competition Bureau (Bureau) Order (Order) resolving two long-pending Telrite requests for review of Universal Service Administrative Company (USAC) audit determinations involving federal Lifeline reimbursement claims from 2016 and 2017. Telrite provides this information voluntarily and in the interest of a complete and transparent record in this proceeding.

The audit determinations and Order do not involve South Dakota, do not involve Telrite's pending South Dakota application, and are not relevant to Telrite's present qualifications to provide Lifeline service in South Dakota or elsewhere. Rather, the Order concerns historic federal Lifeline reimbursement disputes arising from older audit periods involving Telrite's Puerto Rico and other non-South Dakota study area operations. The first request for review related to a December 2016 Puerto Rico audit finding, and the second related to a calendar year 2017 audit. In both instances, Telrite disputed USAC's recovery determination and pursued the federal administrative review

process available. The Bureau denied Telrite's requests for review by Order released March 25, 2026 (attached hereto as Exhibit A).

The matters addressed in the Bureau's Order arose from technical reimbursement and database-timing issues under the federal Lifeline rules. Telrite's appeals argued, among other things, that USAC and the auditor improperly applied later snapshot/National Lifeline Accountability Database (NLAD) standards to older reimbursement periods; that certain subscribers had been verified by Telrite but remained in USAC's dispute-resolution process; that certain transferred subscribers were still within the de-enrollment period provided by FCC rules; and that certain Texas subscribers had been found eligible through the Texas eligibility database process even though they were not included in a later end-of-month report. These were good-faith legal and administrative disputes over how the federal Lifeline reimbursement rules applied to specific historical facts and database records.

The Bureau ultimately disagreed with Telrite's interpretation. It concluded that, for the audit periods at issue, Telrite was not entitled to reimbursement for subscribers who were not reflected as active in the applicable Lifeline database as of the relevant snapshot date, including subscribers who had transferred to another provider, were still in dispute resolution, or were otherwise not listed in NLAD or the Texas process. The Bureau also rejected Telrite's arguments regarding the Texas Low-Income Database Administrator process and concluded that the end-of-month report, rather than the API eligibility process on which Telrite relied, controlled reimbursement eligibility for the affected Texas subscribers. The Bureau's Order reflects a finding of technical noncompliance with reimbursement claiming rules for two historical audit periods — not fraud, willful misconduct, or any finding bearing on Telrite's present fitness to serve Lifeline customers.

Telrite has determined not to seek further review of the Bureau's Order by the full FCC. That decision should not be considered an admission that Telrite's original position lacked merit. Rather, after evaluating the Bureau's Order, the age of the underlying audit periods, the limited amounts at issue¹, and the cost and likelihood of success of further appellate review, Telrite determined that, as a business issue, it would not be a prudent use of its resources to pursue further review of USAC's decisions.

Most importantly for purposes of this proceeding, the Bureau's Order does not reflect any finding that Telrite is unwilling or unable to comply with Lifeline program requirements. The Order addresses historic reimbursement claims from 2016 and 2017, under database and administrative processes that have since changed substantially. Telrite's decision to disclose the Order to the Commission affirmatively reflects its commitment to candor, cooperation with the Commission, and compliance with all applicable Lifeline and ETC obligations.

Telrite recognizes that compliance with federal Lifeline rules is essential to any ETC designation. Telrite takes those obligations seriously. Telrite has participated in the federal review process, has resolved the resulting financial obligation, and does not have any pending appeal of the Bureau's Order. Telrite will comply with all applicable federal and South Dakota requirements if designated as an ETC in this proceeding.

For these reasons, the Bureau's Order should not provide a basis to deny, dismiss, or require withdrawal of Telrite's pending application. Telrite respectfully submits this Notice so that the Commission may consider the Bureau's Order in proper context and with a complete understanding of the limited scope and age of the matters addressed.

¹ Approximately \$2,405.00 in the 2020 appeal and approximately \$44,315.00 in the 2022 appeal.

Respectfully submitted,



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