

This question is:

Trade Secret  
 Public

**State of Minnesota  
Public Utilities Commission**

**Responses to Utility Information Request**

Docket Number: P-6883/M-23-383 Date of Request: December 8, 2023

Requested From: Q Link Wireless LLC Response Due: December 29, 2023

Analyst Requesting Information: Sally Anne McShane

Type of Inquiry:

<input type="checkbox"/>	Financial	<input type="checkbox"/>	Rate of Return	<input type="checkbox"/>	Rate Design
<input type="checkbox"/>	Engineering	<input type="checkbox"/>	Forecasting	<input type="checkbox"/>	Conservation
<input type="checkbox"/>	Cost of Service	<input type="checkbox"/>	CIP	<input checked="" type="checkbox"/>	Other: Lifeline

Request Number	
PUC #1	<p>Explain the circumstances of the Eligible Telecommunications Company (ETC) designation proceedings in New Mexico and California.</p> <p><b>Response:</b>            In 2012, Q Link filed a Petition for ETC designation with the New Mexico Public Regulation Commission (“NM Commission”). In November 2019, Q Link filed a motion to voluntarily withdraw its Petition. On April 21, 2021 the NM Commission entered an order dismissing Q Link’s Petition with prejudice (“NM Order”). On May 22, 2023, the Supreme Court of the State of New Mexico vacated and annulled the NM Order, finding that the Order was not in accordance with law. The New Mexico Supreme Court remanded the Petition to the NM Commission.</p> <p>On November 24, 2014, the California Public Utilities Commission (“CPUC”) issued Resolution T-17463 denying Q Link’s request for designation as an ETC. On April 23, 2015, Q Link filed its Advice Letter 5, requesting designation as an ETC. On May 1, 2017, Q Link withdrew its Advice Letter 5 without prejudice. On June 8, 2017, Q Link updated its petition to be designated as an ETC, and filed its Advice Letter 8 requesting that designation. Q Link withdrew Advice Letter 8 on November 7, 2018. On November 7, 2018, Q Link filed its Advice Letter 10 requesting ETC designation. On August 13, 2019 Q Link requested that permission to withdraw Advice Letter 10 without prejudice to reapplying, which was approved by the CPUC on August 15, 2019.</p>

PUC #2	<p>Explain the circumstances of the Federal Communication Commission’s (FCC) Notice of Apparent Liability related to the Emergency Broadband Benefit program (EBB) and the Affordable Connectivity Program (ACP).</p> <p><b>Response:</b> The Notice of Apparent Liability (NAL) reflects a difference of opinion between the Company and the Federal Communications Commission (FCC) regarding a good-faith estimate of the market value of connected devices the Company provided to qualified low-income consumers during the Covid-19 pandemic. The FCC’s Emergency Broadband Benefit (EBB) Program, later succeeded by the Affordable Connectivity Program (ACP), encouraged providers like Q Link to provide connected devices to consumers during the Covid-19 pandemic and promised to reimburse providers for the market value of those devices. Q Link was forced to have devices custom-made during the pandemic, because supply-chain disruptions made off-the-shelf devices unavailable at the volume that consumers in the EBB and ACP programs demanded. Q Link’s good-faith estimate of the value of those devices was \$110. FCC staff disagreed after the fact, estimating the value at \$60 per device. There are substantial disputes between FCC staff and the Company as to the parameters of the devices and the methodology to estimate market value. In its response to the NAL, Q Link demonstrated the legitimate basis for its good-faith estimate, including multiple expert opinions supporting the soundness of that estimate. Q Link is confident that its good faith estimated valuations would be upheld by an independent fact-finder.</p>
PUC #3	<p>Explain the circumstances of the FCC Investigation and Forfeiture related to the apparent security breach.</p> <p><b>Response:</b> The FCC’s inquiry arose from a matter reported on the <i>Ars Technica</i> website, claiming weaknesses in Q Link’s system for allowing customers to access their accounts through the internet. The NAL does not assert that any third-party breach actually occurred but instead faults Q Link for account-authentication methods asserted to be insufficiently protective under the FCC’s prophylactic regulations. The Company has responded to the NAL. No final FCC action has occurred, and no penalty has been imposed.</p>

PUC #4	<p>What changes is Q Link Wireless implementing to prevent repetition of the above situations?</p> <p><b>Response:</b></p> <p>Concerning Item 2, the Company has explained the flaws in the FCC’s device-related NAL in detail in its written response. The FCC has requested that providers make a good faith estimate of the retail value of the device, which is what Q Link did, and multiple expert opinions have validated that estimate. The FCC’s disagreement with the valuation does not negate that the valuation was made in good faith, as required. Currently, Q Link is provisionally receiving a reduced reimbursement of a portion of the value of devices it continues to provide, i.e., \$60 rather than the full \$110, while the matter remains pending. As Q Link described in its NAL response, \$60 is a severe underestimate of the true value of the device.</p> <p>Concerning Item 3, the Company has responded by describing the relevant facts and law, and explaining why the proposed penalty is inappropriate. The Company has also changed its account-authentication methods to disallow the methods with which the Commission found fault, such that the only methods permitted are those that meet the FCC’s prophylactic standards.</p>
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