

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Communications Division  
Carrier Oversight & Programs Branch**

**RESOLUTION T-17577  
October 12, 2017**

**R E S O L U T I O N**

**Resolution T-17577. Conditionally approves the Wireless Identification Registration Application of STS Media Inc. DBA FreedomPop, subject to the payment of past due surcharges and user fees including penalties and a fine for operating without authority.**

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**SUMMARY**

This resolution conditionally approves the Wireless Identification Registration application of STS Media Inc. DBA FreedomPop (FreedomPop), subject to the following conditions:

1. Payment of \$45,926.28 for past due surcharges and interest for the period of January 2013 through April 2017; and payment of past due surcharges plus interest from May 2017 through Commission approval of this Resolution within 30 days of the adoption of this Resolution;
2. Payment of \$1,853.61 for past due user fees and interest for the period between January 2013 through April 2017, as well as payment of unpaid user fees and accrued interest from May 2017 through Commission approval of this Resolution within 30 days of the adoption this Resolution; and
3. Payment of a \$58,000 fine for operating without authority in accordance with PU Code § 2107.

The Commission further authorizes the Director of the Communications Division to issue the final approval letter, including the requirements attendant to operation as a wireless carrier and the issuance of a Wireless Identification Registration utility number upon fulfillment of FreedomPop of these conditions.

## **BACKGROUND**

On October 12, 1994, the California Public Utilities Commission (CPUC), by Decision 94-10-031, ordered all commercial mobile radio service (CMRS) providers initiating service after August 10, 1994, to file a Wireless Identification Registration (WIR) with the Director of the Communications Division (CD). The applicant for WIR was to provide information as follows:

1. The legal name of the business offering such service.
2. Any fictitious or other names under which such service will be offered.
3. The local business address for the utility, if any.
4. The home office business address if different than the local business address.
5. The name and address of the designated agent for service of process.
6. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
7. The identity of the directors and principal officers of the business.
8. Names of all affiliated companies and their relationship, indicating if the affiliate is a regulated public utility.
9. Telephone numbers to which service or other customer complaints should be directed.

The WIR process was modified by D.95-10-32, which clarified the process and procedure on transfer of ownership and siting requirements of facilities-based CMRS carriers. The Commission further modified the WIR process with the adoption of D.13-05-035, which set requirements for wireless carriers holding WIRs to obtain a performance bond of at least \$25,000 and for the payment of an annual minimum of \$100 for the California Public Utilities Reimbursement Fund (User Fee). In addition, D.13-05-035 ordered wireless carriers seeking WIR to certify that registrants must meet minimum requirements in regards to, including but not limited to, bankruptcies, judgements, suspensions, revocations, or any other types of monetary forfeitures.

## **DISCUSSION**

FreedomPop started doing business in California on January 1, 2013. Prior to commencing service FreedomPop did not seek nor did it receive approval from CD to provide resale CMRS to the public in California. In March 2016 it came to the attention of CD staff that FreedomPop was operating as an unlicensed wireless reseller in California. CD staff contacted the carrier in March 2016 and again in April 2016 and directed them to file a WIR application. FreedomPop did not take any action to comply. Therefore, in April 2016 CD sent a formal letter to FreedomPop directing them to either file a WIR application or stop operating in California. On July 11, 2016 FreedomPop filed a WIR application with CD. In its application, FreedomPop met all of the requirements necessary to obtain a WIR pursuant to D.94-10-031.

In July 2017, in response to a data request from CD staff, FreedomPop informed the Commission that during the period from January 2013 through April 2017, it had collected \$38,625.40 in surcharges that have not yet been remitted to the CPUC. Based on reported intrastate revenue amounts, CD staff concluded that FreedomPop also owed \$1,482.89 in unpaid user fees for the period from January 2013 through April 2017. Moreover, the carrier owes interest on both user fees and surcharges.

Because FreedomPop has been operating without a license since 2013, CD believes it is appropriate to render a fine. The WIR registration process is the CPUC's mechanism for assuring compliance with Commission rules. FreedomPop had the obligation to obtain a WIR prior to interconnecting and reporting surcharges. FreedomPop did not comply with the Commission's rules. PU Code § 2107 allows the Commission to impose penalties on carriers that violate the Commission's rules as follows:

Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not been otherwise provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than fifty thousand dollars (\$50,000) for each offense.

CD is proposing fining FreedomPop \$1000 a month for each month they have been operating without authority for the period from January 2013 through October 2017. This is consistent with fines the Commission has imposed in the past.<sup>1</sup>

### **RECOMMENDATION**

Since FreedomPop meets all requirements necessary to obtain a WIR pursuant to D.94-10-031, CD recommends the conditional approval of FreedomPop's WIR application subject to the following:

1. FreedomPop should pay \$45,926.28 (representing \$38,625.40 plus \$7,300.88 in penalties) for past due surcharges for the period of January 2013 through April 2017, payment of past due surcharges from May 2017 through Commission approval of this Resolution, and payment of any additional penalties and interest accrued on these amounts within 30 days of the adoption of this Resolution. Reporting and payment should be made using the Telecommunications and User Fee Filing System (TUFFS). Instructions on the reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>;

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<sup>1</sup> In Resolution T-17570 Lycamobile was assessed a fine of \$1000 a month for operating without a license pursuant to PU Code § 2107.

2. FreedomPop should pay \$1,853.61 (representing \$1,482.89 plus \$370.72 in interest) for past due user fees for the period between January 2013 through April 2017, payment of unpaid user fees from May 2017 through Commission approval of this Resolution, and payment of any additional interest accrued on these amounts within 30 days of the adoption this Resolution. Reporting and payment of user fees for the period between 2013 through 2015 should be mailed or delivered to the Commission's Fiscal Office (User Fee) at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102 and payment should be made by a check or money order, payable to the California Public Utilities Commission. Reporting and payment of user fees for the period between 2016 through Commission approval of this Resolution should be made using the Telecommunications and User Fee Filing System (TUFFS). Instructions on the reporting and payment of user fees are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>; and
3. FreedomPop should pay a \$58,000 fine from January 2013 through October 2017 in accordance with PU Code § 2107 for operating without authority within 30 days of the adoption this Resolution by a check or money order, payable to the California Public Utilities Commission, and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The wireless telephone corporation's representative shall write on the face of the check or money order "For deposit to the State of California General Fund, per Resolution T-17577."

Upon fulfillment of the above conditions, CD further recommends that the Director of the Communications Division be authorized to issue the final approval letter. The final approval letter includes the requirements attendant to operation as a wireless carrier and the issuance of a Wireless Identification Registration utility number.

### **CONCLUSION**

We concur with CD's recommendation and order FreedomPop to comply with the above conditions.

### **SAFETY**

There is no safety implication as this resolution addresses FreedomPop's compliance with licensing requirements and application for a new WIR.

### **NOTICE AND PROTESTS**

In compliance with Public Utilities Code § 311 (g), a notice of availability was emailed to all telephone carriers on September 8, 2017 informing them that this draft Resolution

is available at the Commission's website <http://www.cpuc.ca.gov/> and is available for public comment. Additionally, CD informed these parties of the availability of the conformed resolution at the same website.

In addition to the Comments described above, parties may contest any penalties proposed in the resolution. This filing shall be made as part of the comments.

Notice of Draft Resolution T-17577 was published in the Commission Daily Calendar on September 8, 2017.

### **FINDINGS**

1. FreedomPop began operations in California on January 1, 2013.
2. FreedomPop has not received approval from CD to provide resale CMRS to the public in California.
3. In March 2016, CD staff became aware that FreedomPop was operating as an unlicensed wireless reseller in California.
4. CD staff directed FreedomPop to either file a WIR application with CD or stop operating in California.
5. On July 11, 2016, FreedomPop filed its WIR application with CD.
6. FreedomPop meets all requirements necessary to obtain a WIR pursuant to D.94-10-031.
7. FreedomPop owes the Commission unpaid surcharges and user fees plus penalties and interest for the period in which it has been operating without authority.
8. Public Utilities Code §2107 allows the assessment of fines for compliance failures.

### **THEREFORE, IT IS ORDERED that:**

1. FreedomPop's application for Wireless Identification Registration is conditionally approved subject to the following:
  - a. FreedomPop must pay \$45,926.28 (representing \$38,625.40 plus \$7,300.88 in penalties) for past due surcharges for the period of January 2013 through April 2017. In addition, FreedomPop must pay past due surcharges from May 2017 through Commission approval of this

Resolution, and pay any additional penalties and interest accrued on these amounts within 30 days of the adoption of this Resolution. Reporting and payment should be made using the Telecommunications and User Fee Filing System (TUFFS). Instructions on the reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>.

- b. FreedomPop must pay \$1,853.61 (representing \$1,482.89 plus \$370.72 in interest) for past due user fees for the period between January 2013 through April 2017, as well as pay unpaid user fees from May 2017 through Commission approval of this Resolution, and pay any additional interest accrued on these amounts within 30 days of the adoption this Resolution. Reporting and payment of user fees for the period between 2013 through 2015 should be mailed or delivered to the Commission's Fiscal Office (User Fee) at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102 and payment should be made by a check or money order, payable to the California Public Utilities Commission. Reporting and payment of user fees for the period between 2016 through Commission approval of this Resolution should be made using the Telecommunications and User Fee Filing System (TUFFS). Instructions on the reporting and payment of user fees are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>; and
  - c. FreedomPop must pay a \$58,000 fine for operating without authority within 30 days of the adoption this Resolution by a check or money order, payable to the California Public Utilities Commission, and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The wireless telephone corporation's representative shall write on the face of the check or money order "For deposit to the State of California General Fund, per Resolution T-17577."
2. Upon fulfillment of the conditions specified in Ordering Paragraph 1, the Communications Division Director is authorized to send a letter to FreedomPop granting final approval of its application to operate as a resale commercial mobile radio service carrier and issuing the WIR approval letter which includes requirements attendant to the issuance of a WIR and the Utility ID number assigned to FreedomPop.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 12, 2017. The following Commissioners approved it:

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TIMOTHY J. SULLIVAN  
Executive Director