

Decision 17-12-013 December 14, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of NOS Communications, Inc. (U-5251-C) for an expansion of the scope of its certificate of public convenience and necessity to include authority to provide: (i) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company and Frontier California, Inc.; (ii) resold and limited facilities-based competitive local exchange service within the service territories of Consolidated Communications of California Company and Citizens Telecommunications Company of California, Inc.; and (iii) limited facilities-based interexchange services on a statewide basis.

Application 16-12-007

DECISION GRANTING NOS COMMUNICATIONS, INC. AN AMENDED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IN ORDER TO PROVIDE RESOLD AND COMPETITIVE LIMITED FACILITIES-BASED LOCAL EXCHANGE SERVICE AND LIMITED FACILITIES-BASED INTEREXCHANGE SERVICE

Summary

Pursuant to Public Utilities Code Section 1001, we amend hereby the Certificate of Public Convenience and Necessity previously provided to NOS Communications, Inc. to include: (1) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company d/b/a AT&T California and Frontier California, Inc., formerly Verizon California, Inc.; (2) resold and limited facilities-based competitive local exchange

service within the service territories of Consolidated Communications of California Company and Citizens Telecommunications Company of California, Inc.; and (3) limited facilities-based interexchange services on a statewide basis subject to the terms and conditions set forth in the Ordering Paragraphs.

This proceeding is closed.

1. Background

On December 13, 2016, NOS Communications, Inc. (NOS), a corporation authorized to do business in California, filed an application to expand the scope of its Certificate of Public Convenience and Necessity (CPCN) to provide: (1) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T) and Frontier California, Inc., (Frontier California);¹ (2) resold and limited facilities-based competitive local exchange service within the service territories of Consolidated Communications of California Company (Consolidated, formerly SureWest Telephone²) and Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California (Frontier Communications); and (3) limited facilities-based interexchange services on a statewide basis.

Pursuant to Decision (D.) 92-02-007 and D.98-11-043, NOS currently provides resold interexchange service on a statewide basis and resold exchange service within the service territory of AT&T California.

¹ Frontier California was formerly Verizon California, Inc. (Verizon). As of April 1, 2016, Verizon's operations in California were acquired and are now operated by Frontier California, Inc., pursuant to Decision (D.) 15-12-005.

² SureWest Telephone was acquired by Consolidated Communications Inc. in 2012, pursuant to D.12-06-004, and SureWest Telephone changed its name to Consolidated Communications of California Company as of January 1, 2016.

NOS now seeks to expand its authority to provide tandem switching and transport service on a wholesale basis to other communications service providers by utilizing facilities obtained from other carriers. NOS states that it currently provides local exchange and interexchange services to end users within its authorized service areas.

NOS's principal place of business is located at 250 Pilot Road, Suite 300, Las Vegas, Nevada 89119.

2. Jurisdiction

Public Utilities Code (Pub. Util. Code) § 216(a) defines the term "Public utility" to include a "telephone corporation," which in turn is defined in Public Utilities Code Section 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state."

NOS was previously acknowledged by D.92-02-007 and D.98-11-043 to be a telephone corporation and a public utility subject to our jurisdiction.

3. California Environmental Quality Act (CEQA)

Pursuant to the California Environmental Quality Act (CEQA)³ and Rule 2.4 of the Commission's Rules of Practice and Procedure, the Commission examines projects to determine any potential environmental impacts in order that adverse effects are avoided and environmental quality is restored or enhanced to the fullest extent possible under CEQA. NOS states that it will not engage in outside plant construction and it does not intend to construct any facilities other than equipment to be installed in existing buildings or structures. Therefore, it can be seen with certainty that there is no possibility that granting

³ Public Resources Code § 21000 *et seq.*

this application will have an adverse impact upon the environment. Before it can construct facilities other than equipment to be installed in existing buildings or structures, NOS must file for additional authority, and submit to any necessary CEQA review.

4. Financial Qualifications

To be granted a CPCN, an applicant for authority to provide competitive limited-facilities based and resold local exchange and interexchange services must demonstrate that it has a minimum of \$100,000 cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up expenses.⁴ An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers and/or interexchange carriers in order to provide the proposed service.⁵ In the application, NOS provided documentation that \$100,000 would be available to NOS for one year following certification. Since NOS has provided documentation that it possesses a minimum of \$100,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement. NOS's financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available.

⁴ The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

⁵ The requirement for Competitive Local Carrier (CLC) applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers (LEC) and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

NOS confirms in its Application that it will not be required to pay any deposits to underlying carriers in order to carry out its operations under the requested authority. Therefore, no additional resources are required at this time to cover deposits.

5. Technical Qualifications

To be granted a CPCN for authority to provide competitive local exchange and interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.⁶ NOS supplied biographical information on its management in Exhibit A to its application that demonstrates it has sufficient expertise and training to operate as a telecommunications provider.

In its application, NOS verified that no one associated with or employed by NOS as an affiliate, officer, director, partner, or owner of more than ten percent of NOS: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000, et seq., §§ 17200, et seq., or §§ 17500, et seq., of the California Business & Professions Code, or of any other

⁶ D. 95-12-056 at Appendix C, Rule 4.A.

statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general; or (i) is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.⁷

For the above reasons, we find that NOS is in compliance with the requirements of D.95-12-056.

6. Tariffs

Commission staff reviewed NOS's draft tariffs shown in Exhibit G of the Application for compliance with Commission rules and regulations. The draft tariffs of NOS comply with the Commission requirements.

7. Map of Service Territory

To be granted a CPCN for authority to provide competitive local exchange service, an applicant must provide a map of the service territories it proposes to serve.⁸ In its Exhibit-E, NOS provided a map of the location of its proposed service territory, in compliance with this requirement.

⁷ These certifications are required by D.13-05-035, Ordering Paragraph 14.

⁸ D.95-12-056 at Appendix C, Rule 4.E.

8. Rule 3.1(i) Statement

Rule 3.1(i) sets forth the requirement that a utility filing an application under Pub. Util. Code § 1001, provide a statement regarding General Order (GO) 104-A, Section 2. NOS states that no matters that must be reported pursuant to GO 104-A, Section 2, have occurred. NOS, therefore, has nothing to report under this rule.

On a going forward basis, though, NOS must file all reports required of a public utility under Commission jurisdiction.

9. Expected Customer Base

NOS estimates that it will serve five customers during the first year and 25 customers during the fifth year of operations under its requested authority. Therefore, NOS has complied with this requirement.

10. Request for Treatment as a Non-dominant Carrier

Because NOS intends to continue to operate as an NDIEC, NOS states that it should continue to be granted exemptions from the requirements of Pub. Util. Code §§ 816-830 concerning stocks and security and § 851 concerning the encumbrance and transfer of utility property.

The Commission detailed its rules regarding exemption of non-dominant carriers in D.85-01-008, and subsequently modified in D.85-07-081 and D.85-11-044. The Commission has previously granted exemption from §§ 816-830 to others and we grant exemption from those sections here. The Commission has withheld exemption from §§ 851-854 previously and we decline to grant the exemption here. Therefore, we grant Applicant's request for NDIEC status, provided that it follows all rules detailed in the above referenced decisions.

NOS also requests that it should be exempted from the requirement to maintain its books and records according to the Uniform System of Accounts (USOA). D.99-02-038 relieves NDIECs, CLECs or CLCs from certain accounting requirements.

Pursuant to D.99-02-038, the Commission may exempt NDIECs and CLCs that are not part of an incumbent local exchange carrier corporate entity from complying with USOA requirements. In D.99-02-038, the Commission found that the exemption applied to carriers offering local and interexchange services including CLECs, and concluded that the exemption “will not hinder the Commission’s enforcement responsibilities,” because exempted CLCs, NDIECs and CLECs are still required to maintain their books in accordance with the Generally Accepted Accounting Principles (GAAP) and continue to make their accounting records available to the Commission upon demand pursuant to § 581.

Pursuant to D.99-02-038, the Commission may grant NOS relief from the requirement to keep its books of account in conformance with USOA, and require NOS to may maintain its books in accordance with GAAP and comply with § 581 by making its accounting books available to the Commission upon demand.

11. Safety Considerations

With the adoption of the *Safety Policy Statement of the California Public Utilities Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. We have considered the potential safety implications here. We feel satisfied that NOS will meet the Commission’s minimum safety goals and expectations of CLECs because: (1) NOS has taken steps to meet the financial requirements as set forth in this decision for a facilities-based CLEC, and (2) NOS is a public

utility that is required pursuant to Pub. Util. Code § 451 to "... furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

12. Conclusion

We conclude that the application conforms to our rules for certification as a competitive local exchange and interexchange carrier. Accordingly, we grant NOS an expanded CPCN to provide: (1) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company d/b/a AT&T California and Frontier California, Inc., formerly Verizon California, Inc.; (2) resold and limited facilities-based competitive local exchange service within the service territories of Consolidated Communications of California Company and Citizens Telecommunications Company of California, Inc.; and (3) limited facilities-based interexchange services on a statewide basis subject to the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to NOS and corresponding obligations. NOS receives authority to operate in the prescribed service territory, and this authority enables NOS, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. 251) , to interconnect with telecommunications carriers.⁹ This authority also enables NOS to obtain access to public rights-of-way in California

⁹ The California Public Utilities Code uses the term "telephone corporation." Its counterpart in federal law is a "telecommunications carrier."

as set forth in D.98-10-058, subject to the CEQA requirements set forth in this decision.

In return, NOS is obligated to comply with all Public Utilities Code provisions, Commission rules, General Orders, and decisions applicable to telephone corporations providing approved services. The applicable statutes, rules, General Orders, and decisions include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, NOS is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code § 451 which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in § 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

13. Categorization and Need for Hearings

In Resolution ALJ 176-3391, dated January 19, 2017 the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

14. Comments on Draft Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to § 311(g)(2) of the Public Utilities Code and

Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

15. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Nilgun Atamturk is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Notice of the application appeared on the Daily Calendar on December 29, 2016. No protests have been filed. A hearing is not required.
2. NOS is a telephone corporation and a public utility as defined in Pub. Util. Code § 234(a) and § 216(a).
3. NOS will not construct any facilities other than equipment to be installed in existing buildings or structures.
4. NOS's authority to provide telecommunications services will not have a significant adverse effect upon environment.
5. NOS has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.
6. NOS's management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services to the public.
7. No one associated with or employed by NOS as an affiliate, officer, director, partner, agent, or owner of more than 10 percent of NOS has: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any

jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000, et seq., §§ 17200, et seq., or §§ 17500, et seq., of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general; or (i) is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

8. NOS's draft tariffs comply with the Commission's requirements.

9. NOS provided a map of the location of its proposed service territory.

10. NOS has no information to report under Rule 3.1(i), which requires that a utility filing an application under Pub. Util. Code Section 1001, provide a statement regarding compliance with GO 104-A, Section 2.

11. NOS provided an estimate of its customer base for the first and fifth year of its operation.

Conclusions of Law

1. NOS should be granted an expansion of its CPCN to provide: (1) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company d/b/a AT&T California and Frontier California, Inc., formerly Verizon California, Inc.; (2) resold and limited facilities-based competitive local exchange service within the service territories of Consolidated

Communications of California Company and Citizens Telecommunications Company of California, Inc.; and (3) limited facilities-based interexchange services on a statewide basis subject to the terms and conditions set forth in the Ordering Paragraphs.

2. NOS should be granted resold and limited facilities-based authority and may not construct any facilities other than equipment to be installed in existing buildings or structures.

3. NOS, once granted an amended CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

4. NOS should be granted non-dominant carrier status, subject to Commission rules and regulations as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044.

5. The request by NOS to be exempted from the requirement to maintain its books and records in conformance with the USOA should be granted pursuant to D.99-02-038. As a condition for granting this exemption, NOS should be required to maintain its books and records in accordance with the GAAP and comply with Pub. Util. Code § 581 regarding Commission access to its accounting records.

O R D E R

IT IS ORDERED that:

1. The Certificate of Public Convenience and Necessity previously granted to NOS Communications, Inc. (NOS) is amended to authorize NOS to include (1) limited facilities-based competitive local exchange service within the service territories of Pacific Bell Telephone Company d/b/a AT&T California and Frontier California, Inc., formerly Verizon California, Inc.; (2) resold and limited

facilities-based competitive local exchange service within the service territories of Consolidated Communications of California Company and Citizens Telecommunications Company of California, Inc.; and (3) limited facilities-based interexchange services on a statewide basis, subject to the terms and conditions set forth below.

2. The corporate identification number assigned to NOS Communications, Inc., U-5251-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

3. NOS Communications, Inc. must file, in this docket, a written acceptance of the certificate amended in this proceeding within 30 days of the effective date of this decision. Written acceptance filed in this docket does not reopen the proceeding.

4. The certificate granted by this decision will expire if not exercised within 12 months of the effective date of this decision.

5. NOS Communications, Inc. must notify the Director of the Communications Division at CD@cpuc.ca.gov in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

6. NOS Communications, Inc. must submit an Advice Letter proposing a tariff within 12 months of the effective date of this decision, or its certificate will be cancelled.

7. NOS Communications, Inc. must continue to maintain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond.

Within five days of acceptance of its amended certificate of public convenience and necessity authority, NOS Communications, Inc. must submit a Tier-1 Advice to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 Advice Letter annually, but not later than March 31, with a copy of the executed bond.

8. NOS Communications, Inc. must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a Certificate of Public Convenience and Necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

9. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision, NOS Communications, Inc. is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

10. NOS Communications, Inc. must pay the public purpose surcharges specified in Attachment B, and the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

11. NOS Communications, Inc. must pay an annual minimum user fee of \$100 or 0.30 percent of gross intrastate revenue, whichever is greater. Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California.

12. Prior to initiating service, NOS Communications, Inc. must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), or telephone number(s) change, or at least annually.

13. Prior to initiating service, NOS Communications, Inc. must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact person(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name or telephone number changes, or at least annually.

14. NOS Communications, Inc. must submit an affiliate transaction report to the Director of the Communications Division at CD@cpuc.ca.gov, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

15. NOS Communications, Inc. must submit an annual report to the Director of the Communications Division at CD@cpuc.ca.gov, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

16. NOS Communications, Inc. must not construct any facilities other than equipment installed in existing buildings or structures.

17. Application 16-12-007 is closed.

This decision is effective today.

Dated December 14, 2017, at San Francisco, California.

MICHAEL PICKER
President
CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners

ATTACHMENT A

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(END OF ATTACHMENT A)

ATTACHMENT B

REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS

1. Applicant must file, in this docket with reference to this decision number,¹⁰ a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.
2. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months of the date of this decision.
3. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.
 - a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879);
 - b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
 - c. The California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, at 3-4, App. B, Rule 1.C);
 - d. The California High Cost Fund-B (D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
 - e. The California Advanced Services Fund (D.07-12-054);
 - f. The California Teleconnect Fund (D.96-10-066, at 88, App. B, Rule 8.G).

¹⁰ Written acceptance filed in this docket does not reopen the proceeding.

- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/General.aspx?id=1124>.

- i. Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>. To request a user ID and password for TUFFS online filing and for questions, please e-mail Telco_surcharges@cpuc.ca.gov.
- ii. Carriers must submit and pay the PUC User Fee (see Item 3.g above) upon receiving the User Fee statement sent by the Commission. Instructions for reporting filing are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>. Please call (415) 703-2470 for questions regarding User Fee reporting and payment.

4. If Applicant is a competitive local exchange carrier (CLC), the effectiveness of its future tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

5. If Applicant is a non-dominant interexchange carrier (NDIEC), the effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

6. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in Item 3 above.

7. Applicant must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Applicant must submit a Tier-1 advice letter to Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

8. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

9. Applicants providing local exchange service must submit to the Director of the Communications Division at CDCentralfiles@cpuc.ca.gov at CDCentralfiles@cpuc.ca.gov a service area map as part of their initial tariff.

10. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer

complaints. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

11. Applicant must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact persons(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

12. Applicant must notify the Director of the Communications Division at CDCentralfiles@cpuc.ca.gov in writing, no later than five days after service first begins, of the date that local exchange service is first rendered to the public.

13. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

14. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

15. Applicant must submit an annual report to the Director of the Communications Division at CDCentralfiles@cpuc.ca.gov, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

16. Applicant must submit an affiliate transaction report to the Director of the Communications Division at CDCentralfiles@cpuc.ca.gov, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

17. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

18. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division at CDCentralfiles@cpuc.ca.gov in writing of its compliance.

19. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #3 above, and has not received written permission from the Communications Division to submit or remit late, the Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

20. Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

21. Applicant is exempt from Pub. Util. Code §§ 816-830.

22. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

23. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

24. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C

ANNUAL REPORT

An original and a machine readable copy using Microsoft Word or compatible format must be submitted to the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

Failure to file this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.).

If incorporated, specify:

- a. Date of filing articles of incorporation with the Secretary of State.
 - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
 7. Date operations were begun.
 8. Description of other business activities in which the utility is engaged.
 9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility.
 - b. Publicly held corporation.

10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT C)

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be submitted to the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

- Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership)
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in

turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must submit, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

(END OF ATTACHMENT D)