

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T-17624
November 29, 2018**

R E S O L U T I O N

Resolution T-17624. Revokes the Operating Authority of YLC Partners, Inc. (U-7306-C) for Failure to Comply with Licensing Requirements as Ordered in D.16-12-011.

SUMMARY

This Resolution revokes the Certificate of Public Convenience and Necessity (CPCN) of YLC Partners, Inc. (U-7306-C) (YLC) for failure to comply with several licensing compliance requirements ordered in Decision (D.) 16-12-011.

BACKGROUND

CPCN holders must comply with all federal and state statutes, rules, and regulations¹, including all licensing requirements ordered in Commission decisions.

On May 3, 2016, YLC filed Application (A.) 16-05-008 for a CPCN to provide resold and limited facilities based local exchange services in California. D.16-12-011, which was approved on December 1, 2016, granted YLC Partners Inc. (U-7306-C) a CPCN subject to the terms and conditions set forth in the Ordering Paragraphs.

The Ordering Paragraphs of D.16-12-011 include the following:

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

¹ See D. 13-05-035, Exhibit B, Sworn Affidavit for Certificate of Public Convenience and Necessity applicants.

15. YLC Partners, Inc. must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.
16. YLC Partners, Inc. must file an affiliate transaction report with the Director of the Communications Division, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D to this decision.
17. YLC Partners, Inc. must file an annual report with the Director of the Communications Division, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.
18. YLC Partners, Inc. must file a tariff within 12 months of the effective date of this order, or its certificate will be cancelled.

In addition, Appendix B of D.16-12-011 states:

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

DISCUSSION

A. Compliance Deficiencies

YLC is deficient in complying with several licensing and compliance items. Most notably, YLC has not complied with the notification of service first rendered requirement. The carrier also did not comply with the annual and affiliate transaction reporting, and initial tariff filing requirements as ordered in D.16-12-011.

B. YLC Failure to Respond to Communications Division Staff (Staff) Notices

Although it is the carrier's obligation to comply with all licensing requirements Staff attempted to resolve the compliance failures by contacting YLC. Staff has provided YLC multiple notices reminding it of compliance deficiencies with the following: 1) notification of service first rendered (i.e. confirmation it had exercised its CPCN), 2) annual and affiliate transaction reporting, and 3) initial tariff filing licensing requirements.

Staff emailed YLC on December 5, 2017 regarding its failure to submit the required notice informing the Communications Division Director of the date service was first rendered. Staff subsequently sent a letter to YLC on February 12, 2018 and a Final Notice on March 13, 2018 regarding its failure to comply. The Final Notice stated that

failure to comply could result in further actions including possible cancellation of YLC's CPCN.

Staff notifies and reminds carriers of the Annual and Affiliate Transaction Reporting Requirements by sending annual reminder notices as well as by posting annual and affiliate transaction report notices and forms on the CPUC's website. The 2017 Annual and Affiliate Transaction Report notice was sent to YLC on February 20, 2018 and also posted on the CPUC's website.

Staff emailed YLC on December 5, 2017 regarding YLC's failure to submit the required initial tariff filing. CD Staff subsequently sent a letter to YLC on February 12, 2018 followed by a Final Notice on March 13, 2018 regarding YLC's failure to comply. The Final Notice stated that failure to comply could result in further actions including possible cancellation of YLC's CPCN.

C. Staff Recommendation

YLC has failed to correct its non-compliance items despite multiple notices. Staff therefore recommends revoking YLC's operating authority for failure to comply with the notification of service first rendered, annual and affiliate transaction reporting, and initial tariff filing licensing requirements ordered in D. 16-12-011.

Upon revocation of YLC's CPCN, it will no longer be authorized to provide telephone service in California or be permitted to conduct business with telephone corporations in the state. In addition, YLC shall no longer be eligible to participate or receive funds from the Commission's Public Purpose Programs.

SAFETY IMPACT

There are no specific safety issues in this resolution. However, a non-compliant carrier can be a safety risk in demonstrating disregard for following basic rules.

COMMENTS

In compliance with PU Code § 311 (g), a Notice of Availability was e-mailed on October 30, 2018 to all telephone corporations informing these parties that the draft of this Resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, CD informed these parties that the subsequent conformed Resolution, when adopted by the Commission, will be available at the same Commission's website

Notice of Draft Resolution T-17624 was published in the Commission Daily Calendar on October 31, 2018.

CONCLUSION

We find that Staff employed reasonable measures to inform YLC of its obligation to comply with the stated notification of service first rendered, annual and affiliate transaction reporting, and initial tariff filing licensing requirements. Staff provided ample notice, time and opportunity for YLC to achieve compliance. Thus, we find it reasonable to revoke YLC's operating authority for failure to comply with Commission Orders, most notably the notification of service first rendered, as well as annual and affiliate transaction reporting, and initial tariff filing licensing requirements as ordered in D.16-12-011.

We also hereby direct telephone corporations to cease from conducting business with YLC.

If YLC wishes to offer telecommunications service in California, it will be required to apply for a new CPCN, provide an explanation as to why the carrier failed to comply with prior licensing rules established in D.16-12-011, comply with all licensing application rules, and pay all past due fees owed from CPCN U-7306-C.

FINDINGS

1. CPCN holders must comply with all relevant Commission rules and requirements including all licensing requirements contained in the decision granting a carrier their CPCN.
2. D.16-12-011 granted YLC a CPCN subject to the terms and conditions set forth in the Ordering Paragraphs.
3. The Ordering Paragraphs of D.16-12-011 included notifying the CD Director in writing of the date that service was first rendered, filing annual and affiliate transaction reports, and filing an initial tariff filing.
4. YLC's CPCN is subject to revocation for non-compliance with the notification of service first rendered, annual and affiliate transaction reporting, and initial tariff filing requirements ordered in D.16-12-011.
5. Staff undertook proper and reasonable measures to locate and notify YLC of their compliance failures and informed YLC that failure to comply could result in CPCN revocation. Despite multiple notices YLC did not comply.
6. Upon revocation of YLC's CPCN, it will no longer be able to participate in any of the Public Purpose Programs or conduct business with telephone corporations.

7. Telephone corporations should cease conducting business with YLC.
8. If YLC wishes to offer telecommunications service in California, it must apply for a new CPCN, provide an explanation as to why the carrier failed to comply with prior licensing rules established in D.16-12-011, comply with all licensing application rules, and pay all fees owed from CPCN U-7306-C.

THEREFORE, IT IS ORDERED that:

1. YLC Partners, Inc.'s (U-7306-C) Certificate of Public Convenience and Necessity is revoked and YLC Partners, Inc. is no longer authorized to provide telecommunications service in California.
2. YLC Partners, Inc. shall no longer be eligible to participate or receive funds from the Commission's Public Purpose Programs.
3. Telephone corporations must cease conducting business with YLC Partners, Inc.
4. If YLC Partners, Inc. wishes to offer telecommunications service in California, it must apply for a new CPCN, provide an explanation as to why the carrier failed to comply with prior licensing rules established in D.16-12-011, comply with all licensing application rules, and pay all fees owed from CPCN U-7306-C.

This Resolution is effective today.

I hereby certify that the California Public Utilities Commission adopted this Resolution at its regular meeting on _____. The following Commissioners approved it:

Alice Stebbins
Executive Director