

Decision 18-11-032 November 29, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Magna5 LLC (U7292C) for a Certificate of Public Convenience and Necessity to Provide Resold Competitive Local Exchange Telecommunications Services.

Application 18-04-017

DECISION GRANTING MAGNA5 LLC A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IN ORDER TO PROVIDE COMPETITIVE RESOLD LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES WITHIN CALIFORNIA

Summary

Pursuant to Public Utilities Code § 1001, we grant Magna5 LLC a Certificate of Public Convenience and Necessity to provide competitive resold local exchange telecommunications services in California within the service territories of Pacific Bell Telephone Company d/b/a AT&T California, Frontier California Inc., and Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California subject to the terms and conditions set forth in the Ordering Paragraphs.

This proceeding is closed.

1. Procedural Background

Magna5 LLC (Magna5 or Applicant) is a Delaware Limited Liability Company (LLC)¹ currently registered to provide interexchange services (long distance) in California.² On April 23, 2018, it filed Application (A.) 18-04-017, for a certificate of public convenience and necessity (CPCN) for authority to expand its existing authority to provide competitive resold local exchange telecommunications services within the state of California, in the service territories of Pacific Bell Telephone Company d/b/a AT&T California (Pac Bell), Frontier California Inc. (Frontier), and Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California (Citizens).³

In its current application Magna5 proposes to expand its authority to include competitive resold local exchange services. If granted expanded authority, Magna5 will provide interstate and intrastate services to business customers using Time-Division Multiplexing and Voice over Internet Protocol

¹ Magna5 formed as a LLC in Delaware on October 10, 2014. It became registered as an LLC in California June 12, 2015 under the name X5 OpCo LLC. On September 26, 2016, the company name was changed to Magna5 LLC. Its principal place of business is 5445 Legacy Drive, Suite 180, Plano, TX 75024. Its California Registered Agent for service of legal process within the State of California is C T Corporation System, 818 West 7th Street, Los Angeles, CA 90017. Phone (866) 925-9916.

² Magna5 LLC has existing authority to operate in California as a Non-dominant Interexchange Carrier (NDIEC). The Commission granted Magna5 this authority in D.16-01-030 on January 21, 2016, and was issued Utility ID Number U-7292-C.

³ See A.18-04-017 at 1. The Application includes Exhibits: A - California Secretary of State Authority to register and operate within California as a Limited Liability Company and to change name from X5 OPCO LLC to Magna5 LLC; B - California Secretary of State Certificate of Good Standing; C - Proponent's Environmental Assessment; D - Map of Proposed Service Area; E - Required Financial Information (Confidential); F - Estimated Customer Base; G - Management Biographies, and H - Registered Agent, Officers and Directors and Affiliated Entities Statement.

technology. Magna5 contemplates no construction and plans to utilize existing facilities of incumbent local exchange carriers.⁴

Notice of the application appeared on the Commission's daily calendar on April 26, 2018. No protests or responses to the application were filed.

A telephonic prehearing conference (PHC) was held on July 9, 2018; no persons appeared other than the Applicant's representative, Matt Dean, who appeared by phone.⁵ During the PHC, the Administrative Law Judge (ALJ) informed the Applicant that additional financial information would be required.⁶ The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on July 27, 2018. Magna5 filed 2016-2017 audited financial statements under seal on August 9, 2018.

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 Pub. Util. Code § 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state."

Magna5 is a telephone corporation and a public utility subject to our jurisdiction.

⁴ *Id.* at 3, Section 6 and Exhibit C - Proponent's Environmental Assessment.

⁵ Matt W. Dean, Telecom Professionals, Inc. P.O. Box 720128, Oklahoma City, OK 73172-0128 is the regulatory agent for Magna5 LLC.

⁶ The ALJ's ruling delineating additional financial information that must be provided to comply with Decision (D.) 13-05-035, issued July 27, 2018.

3. Limited Facilities-Based CPCN

As previously noted, if Magna5's application to expand its authority to include authority to provide competitive resold local exchange services is granted, it will provide interstate and intrastate services to business customers using Time-Division Multiplexing and Voice over Internet Protocol technology. Magna5 contemplates no construction and plans to utilize existing facilities of other authorized carriers, such as incumbent local exchange carriers.

Magna5's request for a competitive resold local exchange telecommunications CPCN does not preclude it from filing an application at a later date to pursue a full facilities based CPCN. Magna5 must not begin construction of facilities beyond those authorized by this decision until further approval is granted.

4. California Environmental Quality Act (CEQA)

Pursuant to the California Environmental Quality Act (CEQA) and Rule 2.4, the Commission acts as the designated lead agency to consider the environmental consequences of projects that are subject to our approval in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Magna5 states that it does not intend to construct any facilities, it can be seen with certainty that there is no possibility that granting 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, Magna5 must file for additional authority, and submit to any necessary CEQA review.

5. Financial Qualifications

To be granted a CPCN, an applicant for authority to provide competitive resold local exchange 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.⁷ An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers (LEC) and/or interexchange carriers in order to provide the proposed service.⁸ Magna5 provided audited financial statements (under seal) demonstrating that it fulfills this requirement.

Magna5's financial documentation will remain subject to verification and review by the Commission for one year to ensure that such funds remain available.

6. Technical Qualifications

To be granted a CPCN for authority to provide competitive resold local exchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.⁹ The biographical information that Magna5 supplies on its management in Exhibit G to its application, demonstrates it has sufficient expertise and training to operate as a telecommunications provider.

In the Verification appended to its application, Magna5's CFO verifies that no one associated with or employed by Magna5 as an affiliate, officer, director, partner, or owner of more than ten percent of Magna5: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found

⁷ The financial requirement for Competitive Local Exchange Carriers is contained in D.95-12-056, Appendix C. The financial requirement for NDIECs is contained in D.91-10-041.

⁸ The requirement for Competitive Local Carrier applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying LECs and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

⁹ D.95-12-056 at Appendix C, Rule 4.A.

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.¹⁰

For the above reasons, we find that Magna5 is in compliance with the requirements of D.95-12-056.

7. Tariff

Magna5 seeks to continue the exemption from tariff requirements that it was granted in D.16-01-030 when it was granted a registration license. Magna5 indicates that it will continue to abide by the Commission's consumer protection

¹⁰ These certifications are required by D.13-05-035, Ordering Paragraph 14.

rules adopted in D.98-08-031, which require Magna5 to post service information on its website, <http://www.magna5global.com/> and to collect and remit all applicable end-user surcharges and fees.¹¹

8. Map of Service Territory

To be granted a CPCN for authority to provide local exchange service, an applicant must provide a map of the service territories it proposes to serve.¹² In Exhibit D to its application, Magna5 provides a map of the location of its proposed service territory, in compliance with this requirement.

9. 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. Magna5 states that it is not traded on national securities exchanges nor registered with the Securities and Exchange Commission. Magna5 states that it will file required annual reports and remit Commission-mandated surcharges. However, it otherwise has nothing to report under Rule 3.1(i).

On a going forward basis, Magna5 will file all reports required of a public utility under Commission jurisdiction.

10. Expected Customer Base

Magna5 provided its estimated customer base for the first and fifth years of operation in Exhibit F to its application. Therefore, Magna5 has complied with this requirement.

¹¹ Application, Section 13.

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

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 Magna5 will meet the Commission's minimum safety goals and expectations required of a provider of competitive resold local exchange services because: (1) Magna5 has complied with Commission requirements during its tenure as a registration license holder; (2) Magna5 has taken steps to meet the financial requirements as set forth in this decision for providers of competitive resold local exchange services and (3) Magna5 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 provider of competitive resold local exchange telecommunications services. Accordingly, we grant Magna5 a CPCN to provide competitive resold local exchange telecommunications service in the service territory of Pac Bell, Frontier and Citizens as set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to Magna5 and corresponding obligations. Magna5 receives authority to operate in the prescribed service territory, and this authority enables Magna5, 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.¹³ This authority also enables Magna5 to obtain access to public rights of way in California as set forth in D.98-10-058 subject to the CEQA requirements set forth in this decision. In return, Magna5 is obligated to comply with all applicable Public Utilities Codes and Commission Rules, General Orders (GOs), and decisions applicable to telephone corporation providing approved services. The applicable statutes, rules, GOs, and decisions include, but are not limited to consumer protection rules, as well as applicable tariffing and reporting requirements. Moreover, Magna5 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.”

Magna5 must obtain a performance bond of at least \$25,000 in accordance with D.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 CPCN, Magna5 must submit a Tier 1 advice letter to the Director of Communications, containing a copy of the license holder’s executed performance bond, and

¹³ The California Public Utilities Code uses the term “telephone corporation.” Its counterpart in federal law is a “telecommunications carrier.”

subsequently submit a Tier 1 advice letter annually, but not later than March 31 of each subsequent year, with a copy of the executed bond.

Magna5 must not allow its performance bond to lapse during any period of its operation. Pursuant to D.13-05-035, the Commission may revoke a CPCN if Magna5 is more than 120 days late in providing the Director of the Communications Division a copy of its executed performance bond and has not been granted an extension of time by the Communications Division.

The corporate identification number assigned to Magna5, U-7292-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.

13. Request to File Under Seal

Pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure, Magna5 has filed motions for leave to seal and treat confidentially its: 1) Exhibit E to the application,¹⁴ and 2) its 2016-2017 Audited Financial Statements filed August 9, 2018.¹⁵ Magna5 represents that the information is sensitive, and disclosure could place Magna5 at an unfair business disadvantage. We have granted similar requests in the past and do so here.

14. Categorization and Need for Hearings

In Resolution ALJ 176-3416 dated May 10, 2018,¹⁶ the Commission preliminarily categorized this application as ratesetting, and preliminarily

¹⁴ See February 8, 2018 Motion.

¹⁵ August 9, 2018 Motion.

¹⁶ Paragraph 4 of the Scoping Ruling erroneously refers to Resolution ALJ 176-3366, however, in all other respects, accurately sets forth the category of this proceeding and determination that there is no need for hearing, because there are no contested issues of material fact.

determined that hearings were necessary. No protests were received. Since no protests were filed, it was determined that hearings are not necessary. This change to the preliminary determination was made in the Scoping Memo, filed on July 27, 2018, and is affirmed herein.

15. Waiver of Comments

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.

16. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Patricia Miles is the assigned ALJ in this proceeding.

Findings of Fact

1. Magna5 is a telephone corporation and a public utility as defined in Pub. Util. Code § 234(a) and § 216(a).
2. Magna5 is a current holder of a registration license and is authorized to provide interexchange service (long distance). Its Utility ID Number U-7292-C was issued in D.16-01-030 on January 21, 2016.
3. Magna5 files this application to expand its authority to include competitive resold local exchange telecommunications services within the state, in the service territories of Pac Bell, Frontier and Citizens.
4. Magna5 will not construct any facilities, as it will utilize existing equipment installed in existing buildings or structures.
5. Magna5 has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses and to cover deposits that may be required.

6. Magna5'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 Magna5 as an affiliate, officer, director, partner, agent, or owner of more than 10 percent of Magna5: (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. et al.

8. Magna5 provided a map of the location of its proposed service territory.

9. Magna5 has no information to report under Rule 3.1(i), which requires that a utility filing an application under Pub. Util. Code § 1001, provide a statement regarding compliance with General Order (GO) 104-A, Section 2.

10. Magna5 provided an estimate of its customer base for the first and fifth year of operation.

11. Pursuant to Rule 11.4, Magna5 filed motions for leave to file confidential financial materials under seal, including

- a. A February 8, 2018 Motion requesting that bank statements in Exhibit E of A.18-04-017, be sealed and treated confidentially, and
- b. An August 9, 2018 Motion requesting that its 2016-2017 audited financial statements, be sealed and treated confidentially.

Conclusions of Law

1. Magna5 should be granted a CPCN to expand its authority to include authority to provide competitive resold local exchange telecommunications service in the State of California, subject to the terms and conditions set forth in the Ordering Paragraphs.

2. Magna5 may retain the exemption from tariff requirements that it was granted in D.16-01-030.

3. Magna5, once granted a CPCN, will otherwise remain subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

4. The corporate identification number assigned to Magna5, U-7292-C, will continue to apply to it under the expanded authority sought through this application, and should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

5. Magna5's motions to file under seal and treat confidentially, its:
1) Exhibit E to the application; and 2) its 2016-2017 audited financial statements should be granted for three years.

O R D E R

IT IS ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to Magna5, LLC to provide competitive resold local exchange telecommunications services in the State of California, subject to the terms and conditions set forth below.
2. The corporate identification number assigned to Magna5 LLC, U-7292-C, will continue to apply to it and 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. Magna5 LLC shall remain detariffed, and must continue to abide by the Commission's consumer protection rules adopted in Decision 98-08-031, which require Magna5 LLC to post service information on its website and to collect and remit all applicable end-user surcharges and fees.
4. Magna5 LLC must file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. Written acceptance filed in this docket does not reopen the proceeding.
5. The certificate granted by this decision will expire if not exercised within 12 months of the effective date of this decision.
6. Magna5 LLC 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, by e-mail to cdcompliance@cpuc.ca.gov.

7. Magna5 LLC must not construct any facilities and must instead utilize equipment installed in existing buildings or structures.

8. Magna5 LLC 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, Magna5 LLC must submit a Tier 1 advice letter to the Director of Communications, 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.

9. Magna5 LLC 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.

10. 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, Magna5 LLC is subject to the Consumer Protection Rules contained in General Order (GO) 168, and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities.

11. Magna5 LLC 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.

12. Magna5 LLC must pay an annual minimum user fee of \$100 or 0.23 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.

13. Prior to initiating service under its expanded authority, Magna5 LLC must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

14. Magna5 LLC must provide the Commission's Communications Division with the name and address 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.

15. Magna5 LLC must submit an affiliate transaction report to the Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

16. Magna5 LLC must submit an annual report to 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.

17. Magna5 LLC's motions to file under seal its: 1) Exhibit E to the application; and 2) its 2016-2017 Audited Financial Statements are granted for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Magna5 LLC believes that it is necessary for this information to remain under seal for longer than three years, Magna5 LLC may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

18. Application 18-04-017 is closed.

This order is effective today.

Dated November 29, 2018, 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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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,¹ 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).

¹ 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>.

- 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.
- Carriers must submit and pay the PUC User Fee (*see* above item 2g) 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 submissions must reflect all fees and surcharges to which Applicant is subject, as reflected in #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 the Director of Communications, 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 include 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 and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

11. Applicant must provide the Commission's Communications Division with the name and address 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 or telephone number changes, or at least annually.

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

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, 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 cdcompliance@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

Communications Division at cdcompliance@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 #2 above, 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.

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 submit 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)