

Decision \_\_\_\_\_

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

Application of Matrix Telecom, Inc. for a Certificate of Public Convenience and Necessity to Resell Local Exchange Telecommunications Service within the State of California.

Application 05-03-023  
(filed March 29, 2005)

Joint Application of Matrix Telecom, Inc. and Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc. and Global Crossing Telemanagement, Inc. for Expedited Approval of the Transfer of Certain Assets and a Waiver of Applicable Anti-Slamming Regulations.

Application 05-03-022  
(filed March 25, 2005)

**O P I N I O N****I. Summary**

By Application (A.) 05-03-023, Matrix Telecom, Inc. (Matrix) seeks a certificate of public convenience and necessity (CPCN) under Pub. Util. Code § 1001 for authority to provide non-facilities based, resold local exchange telecommunications services as a competitive local carrier (CLC).<sup>1</sup> By A.05-03-022, Matrix and Global Crossing Telecommunications, Inc., Global Crossing Local services, Inc. and Global Crossing Telemanagement, Inc. (collectively referred to as Global Crossing) seek authority to transfer certain

assets from Global Crossing to Matrix, and for a waiver of the applicable anti-slamming regulations. We grant the requested authority subject to the terms and conditions set forth below.

## **II. Background**

Matrix, a Texas corporation, requests authority to operate as a non-facilities-based, resale provider of local exchange services in California. Matrix currently holds authority to provide intrastate interexchange telecommunications services in California. Matrix's principal place of business is located at 300 North Meridian, Suite 200-N, Oklahoma City, Oklahoma.

In addition, Matrix and Global Crossing jointly request authority to transfer from Global Crossing to Matrix certain assets essentially consisting of the customer base currently served by Global Crossing's small business group, certain real estate leases, and personal property. Global Crossing Telecommunications, Inc., a Michigan corporation, is a long-distance carrier that provides voice and data services to business customers, including customers in California. Global Crossing Local Services, Inc., a Delaware corporation, provides facilities-based competitive local exchange services in various locations including California. Global Crossing Telemangement, Inc., a Wisconsin corporation, provides resale-based competitive local exchange services in various locations including California.

Because the Commission cannot grant the joint application for approval of transfer until and unless it approves Matrix's application for authority to provide

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<sup>1</sup> A CLC is a common carrier that is issued a CPCN to provide local exchange telecommunications service for a geographic area specified by such carrier.

local service and the applications involve related questions of law and fact, they were consolidated by ruling of the Administrative Law Judge (ALJ).

### **III. Financial Qualifications for CPCN**

To be granted a CPCN for authority to provide non-facilities based, resold local exchange service, an applicant must demonstrate that it has \$25,000 cash or cash equivalent to meet the firm's start-up expenses. The applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by other telecommunications carriers in order to provide service in California.<sup>2</sup> Matrix represented that it will not be required to provide deposits to other telecommunications carriers in order to provide the proposed service. Matrix provided evidence of a certificate of deposit in its name, in the amount of \$25,000 and maturing on November 12, 2006, with Comerica Bank, which satisfies the unencumbered cash requirement.

### **IV. Technical Qualifications for CPCN**

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

Matrix represents that no one associated with or employed by Matrix as an affiliate, officer, director, partner, or owner of more than 10% of Applicant was previously associated with a telecommunications carrier that filed for bankruptcy, or was sanctioned by the Federal Communications Commission or

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<sup>2</sup> The financial standards for certification to operate as a CLC are set forth in Decision (D.) 95-12-056, Appendix C, Rule 4.B.

any state regulatory agency for failure to comply with any regulatory statute, rule, or order.<sup>3</sup>

## **V. Tariffs**

Commission staff reviewed Matrix's draft tariffs for compliance with Commission rules and regulations. The deficiencies are noted in Attachment A to this decision. In its compliance tariff filing, Matrix is directed to correct these deficiencies as a condition of our granting approval of its tariffs.

## **VI. California Environmental Quality Act (CEQA)**

The CEQA requires the Commission as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Matrix states that it will not be constructing any facilities for the purpose of providing local exchange services, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. Matrix must file

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<sup>3</sup> In September 1996, the Commission fined Matrix \$13,500 for switching the long distance service of a northern California couple and for failing to respond to a formal complaint that the couple filed, and ordered Matrix to pay the couple's litigation expenses, \$700.20 for service charges they paid and for unauthorized excessive rates." (D.96-09-096.) In December 1996, Matrix entered into a consent decree with the Federal Communications Commission (FCC) under which Matrix paid \$40,000 in settlement of a charge that Matrix had "apparently willfully violated the [FCC's] PIC [Primary Exchange Carrier] rules and order" by changing the PIC designated without the customer's authorization. (FCC File No. ENF-96-02.) We note that no charges of slamming or other violations appear of record since that time. In addition, Matrix represents through its counsel that, with the acquisition of Matrix by its parent, Platinum Equity, in or about August 1999, no pre-acquisition employees, including management, are still employed by Matrix.

for additional authority, and submit to any necessary CEQA review, before it can construct facilities.

## **VII. Public Interest in Transfer of Assets**

Matrix and Global Crossing propose to transfer the customer base that Global Crossing currently serves through its small business group, as well as certain real estate leases and personal property, from Global Crossing to Matrix. Matrix and Global Crossing indicate that there will be no change to the rates, terms or conditions of service to the transferred customer base. Matrix and Global Crossing indicate that the proposed transfer will benefit consumers through increased competition, improved services and lower rates by (1) providing Matrix the opportunity to strengthen its competitive position by combining Global Crossing's small business customer base with Matrix's current services, products and expertise; (2) freeing Global Crossing's resources to focus on its core global information services customers and invigorate its service to these customers; and (3) permitting Matrix to realize significant economic and marketing efficiencies which will enhance its ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the telecommunications market. Matrix and Global Crossing indicate that the real estate leases and personal property being transferred are not used in the provision of Global Crossing's facilities-based services to Global Crossing's customers.

For these reasons, the Commission finds that the public interest would be served by allowing Global Crossing to transfer its small business group customer base and the real estate leases and personal property described herein to Matrix.

### **VIII. Notice to Customers**

Matrix and Global Crossing request a waiver of the requirement to obtain the specific authorization and verification of each subscriber affected by the customer base transfer pursuant to Pub. Util. Code § 2889.5. As the Commission determined in Decision 97-06-096, Section 2889.5 was not written or intended to apply to customer base transfers.

Decision 97-06-096 does, however, require carriers seeking authorization for a customer base transfer to provide notice of such transfer to the affected customers in writing by no later than 30 days before the proposed transfer. Notice is to include a description of the upcoming transfer, any fees associated with the transfer, a statement of the customer's right to switch to another carrier, and a toll-free phone number for questions. Matrix and Global Crossing include in their joint application a proposed notice to customers that meets these requirements.

### **IX. Conclusion**

We conclude that the application for CPCN conforms to our rules for certification as a non-facilities-based, resale provider of local exchange services. We further conclude that the proposed transfer of assets serves the public interest and that the proposed notice of such transfer conforms to our rules. Accordingly, we shall grant Matrix a CPCN to provide local exchange service, and the joint application to transfer assets, subject to compliance with the terms and conditions set forth herein.

### **X. Requests to File Under Seal**

Matrix requests that the financial information and asset purchase agreement submitted in these applications be kept under seal. The financial information consists of balance sheets, income statements, bank account

statements, and estimated customer base information. Matrix represents that the information is proprietary and sensitive. The information, if revealed, would place Matrix at an unfair business disadvantage. We have granted similar requests in the past and will do so here.

#### **XI. Categorization and Need for Hearings**

In Resolution ALJ 176- 3150 dated April 7, 2005, the Commission preliminarily categorized these applications as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the applications should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

#### **XII. Comments on Draft Decision**

These are uncontested matters in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

#### **XIII. Assignment of Proceeding**

Dian M. Grueneich is the Assigned Commissioner and Hallie Yacknin is the assigned Administrative Law Judge in this proceeding.

#### **Findings of Fact**

1. A notice of the filing of A.05-03-022 appeared in the Daily Calendar on April 4, 2005, and a notice of the filing of A.05-03-023 appeared in the Daily Calendar on April 5, 2005.
2. There were no protests to these applications.
3. A hearing is not required.

4. In prior decisions, the Commission authorized competition in providing local exchange telecommunications services within the service territories of Pacific, Verizon, SureWest, and CTC.

5. Matrix has a certificate of deposit with Comerica Bank in the amount of \$25,000 and maturing on November 12, 2006.

6. Matrix will not be required to provide deposits to other telecommunications carriers in order to provide the proposed service.

7. Matrix's management possesses sufficient experience and knowledge to provide local exchange services to the public.

8. As part of its application, Matrix submitted a draft of its initial tariff that contained the deficiencies identified in Attachment A to this decision. Except for these deficiencies, Matrix's draft tariffs complied with the Commission's requirements.

9. Matrix does not propose to construct any facilities, in order to provide the proposed service.

10. Transfer of Global Crossing's small business customer base to Matrix will enhance Global Crossing's and Matrix's ability to compete in the telecommunications market and provide improved services and lower rates.

11. Matrix and Global Crossing propose to provide to customers notice, in writing by no later than 30 days before the proposed transfer, including a description of the upcoming transfer, any fees associated with the transfer, a statement of the customer's right to switch to another carrier, and a toll-free phone number for questions.

12. Public disclosure of the financial information filed under seal would place Matrix at an unfair business disadvantage.

**Conclusions of Law**

1. Matrix has the financial ability to provide the proposed service.
2. Matrix has made a reasonable showing of technical expertise in, or related to, telecommunications.
3. Public convenience and necessity require the competitive local exchange services to be offered by Matrix, subject to the terms and conditions set forth herein.
4. The application for a CPCN should be granted to the extent set forth below.
5. Matrix, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.
6. Matrix's initial tariff filing should correct the deficiencies noted in its draft tariffs as indicated in Attachment A to this decision.
7. Since Matrix does not propose to construct any facilities, it can be seen with certainty that granting it authority to provide local exchange services will not have a significant adverse effect upon the environment.
8. The Commission has previously determined that Pub. Util. Code § 2889.5 was not written or intended to apply to customer base transfers.
9. The public interest is furthered by the customer base, real estate leases, and personal property transfer from Global Crossing to Matrix.
10. Matrix and Global Crossing should be granted authority to transfer the small business group customer base, and the real estate leases and personal property described herein, from Global Crossing to Matrix, subject to Matrix and Global Crossing sending, to all customers affected by the customer base transfer, and within 10 days of Matrix filing its corrected tariffs as indicated in this

decision, a notice identical to the one contained in Exhibit B of the application, except that the notice shall make clear that the effective date of the transfer is no sooner than 30 days after the date of the notice.

11. Because of the public interest in competitive local exchange services, the following order should be effective immediately.

12. Matrix's request to file its financial information under seal should be granted for two years.

## O R D E R

### IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Matrix Telecom, Inc. (Matrix) to provide non-facilities-based, resold local exchange services in the service territories of Pacific Bell Telephone Company, Verizon California Inc., SureWest Telephone, and Citizens Telecommunications Company of California, Inc., subject to the terms and conditions set forth below.

2. Matrix is authorized to file tariff schedules for the provision of competitive local exchange services. Matrix may not offer competitive local exchange services until tariffs are on file. Matrix's initial filing shall be made in accordance with General Order (GO) 96-A, excluding Sections IV, V, and VI, and shall correct the deficiencies noted in Attachment A. The tariff shall be effective not less than one day after approval by the Commission's Telecommunications Division. Matrix shall comply with its tariffs.

3. The certificate granted and the authority to render service under the rates, charges, and rules authorized herein will expire if not exercised within 12 months after the effective date of this order.

4. The corporate identification number previously assigned to Matrix, U-5227-C, shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

5. Matrix shall comply with all applicable rules adopted in the Local Exchange Competition proceeding (Rulemaking 95-04-043/Investigation 95-04-044), as well as all other applicable Commission rules, decisions, GOs and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

6. Matrix shall comply with the requirements applicable to competitive local exchange carriers included in Attachment B to this decision.

7. Matrix is not authorized to construct facilities.

8. The customer base, real estate leases, and personal property transfers at issue in this proceeding is approved subject to Matrix and Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Global Crossing Telemanagement, Inc. sending, to all customers affected by the customer base transfer, and within 10 days of Matrix filing its corrected tariffs as indicated in this decision, a notice identical to the one contained in Exhibit B of the application, except that the notice shall make clear that the effective date of the transfer is no sooner than 30 days after the date of the notice.

9. Matrix's request to have the financial information filed with this application kept under seal is granted for two years from the effective date of this decision. During that period the information shall not be made accessible or disclosed to anyone other than the Commission staff except on the further order or ruling of the Commission, the Assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.

10. If Matrix believes that further protection of the information kept under seal is needed, it may file a motion stating the justification for further withholding of the information from public inspection, or for such other relief as the Commission's rules may then provide. This motion shall be filed no later than one month before the expiration date.

11. Application (A.) 05-03-023 and A.05-03-022 are closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

## ATTACHMENT A

List of deficiencies in tariffs filed by Matrix Telecom Inc. in A.05-03-023 to be corrected in its tariff compliance filing.

1. Each of the pages in your tariff should be identified as Sheet numbers instead of Page numbers.
2. Page 1, Title Page: Please correct the information on the title page to read as follows:

TARIFF SCHEDULES  
Applicable to  
COMPETITIVE LOCAL EXCHANGE SERVICE  
of  
Matrix Telecom, Inc.  
U-5227-C

3. Please add a Preliminary Statement which describes the residential and business service provided by the company and the boundary exchanges in which the residential and business service is provided.
4. Please add a Service Area Map. You must state concurrence with SBC California or Verizon California boundaries, or file your own maps. A symbolic picture of the map of California is a standard inclusion in every tariff that serves as a Service Area Map.
5. Page 6, Symbols Used In This Tariff: Please modify your symbols in accordance with General Order 96-A as listed below:
  - (C) To signify changed listing, rule or condition that may affect rates or charges.
  - (D) To signify discontinued material, including listing, rate, rule or condition.
  - (I) To signify an increase in rates.
  - (L) To signify material relocated from or to another part of the tariff schedule with no change in text, rate, rule or condition.
  - (N) To signify new material including listing, rate, rule or condition.
  - (R) To signify a reduction in rates.
  - (T) To signify a change in wording of text but not change in rate, rule or condition.

6. Page 7, Explanation of Terms: Please re-label your explanation of terms as “Definitions” and establish this as Rule 1 in your tariff. .

7. Please add a description and rule for Description of Service.

8. Please add a description and rule for Application for Service that is in compliance with Decision 95-07-054, Appendix B, Rule 2.

9. Please create a description and rule for Establishment and Re-establishment of Credit that is in compliance with Decision 95-07-054, Appendix B, Rule 4.

10. Please add a description and rule for Establishment and Re-establishment of Credit that is in compliance with Decision 95-07-054, Appendix B, Rule 4.

11. Please add a description and rule for Deposits that is in compliance with Decision 95-07-054, Appendix B, Rule 5. Your rule must also include information on Interest on Deposits.

12. Please add a description and rule for Notices that is in compliance with Decision 95-07-054, Appendix B, Rule 6. Your information on notices must also include information on Amortization of Unpaid Bills in accordance with Decision 95-07-054, Appendix B (2) .5.

13. Please add a description and rule for Pro-rating of Bills that is in compliance with Decision 95-07-054, Appendix B, Rule 7.

14. Please add a description and rule for Disputed Bills that is in compliance with Decision 95-07-054, Appendix B, Rule 8.

15. Please add a description and rule for Rendering and Payment of Bills that is in compliance with Decision 95-07-054, Appendix B, Rule 9.

16. Please add a description and rule for Discontinuance and Restoration of Service that is in compliance with Decision 95-07-054, Appendix B, Rule 10.

17. Please add a description and rule for Access to 911 that is in compliance with Decision 95-07-054, Appendix B, Rule 10 C. The 911 surcharge should not be included in the tariff.

18. Please add a description and rule for Change of Service Provider that is in compliance with Decision 95-07-054, Appendix B, Rule 11.

19. Please add a description and rule for Caller ID and CPNI Restrictions that is in compliance with Decision 95-07-054, Appendix B, Rule 14.

20. Please add a description and rule for Blocking of 976 and 900 Calls that is in compliance with Decision 95-07-054, Appendix B, Rule 15.

21. Please add information about the availability of directories.
22. Please add a description and rule for Legal Requirements for Refusal of Service that is in compliance with Decision 91188 in case 4930. This requires that you quote in its entirety the Appendix B of Decision 91188, Case 4930.
23. Please add a description and rule for Non-Published Service; Release of Information that is in compliance with Decisions 92860 and 93361 in case 10206. This requires that you quote in its entirety Appendix A of decisions 92860 and 93361, Case 10206.
24. Page 18: Your Limitations of Liability must concur with either SBC California or Verizon California tariffs.
25. Page 33: Your tariff must state that your taxes and surcharges are in compliance with Resolution T- 16901 and concur with the tariff provisions for taxes and surcharges in SBC California tariffs.
26. Please add a description and a rule for Demarcation Points. You may concur with either SBC California or Verizon California tariffs pertaining to establishment of minimum points of entry.
27. Please add language for advance payments stating that advance payments are allowed for nonrecurring charges and the first month's recurring rate, and will be credited on the first bill. Advance payments cannot be required for usage.
28. Universal Lifeline Telephone Service (ULTS): Please add a description and rule for ULTS. Competitive Local Exchange Carriers (CLCs) are not required to offer residential service. However, if a CLC offers residential service, it must offer ULTS service as follows:
  - ULTS 1 FR service allows no more than \$5.34 to be reimbursed.
  - Measured service allows 60 calls free.
  - Remove any references to EUCL.
  - 50% of Extended Area Service (EAS) routes (50% discount) are covered. However some CLCs call their intrLATA toll service offering "Extended Area Service". ULTS does not include a 50% discount on any form of toll service.
29. Tariffs must be available for inspection at an office in California.
30. Please add sample forms to the back of your tariffs.

**(END OF ATTACHMENT A)**

**ATTACHMENT B****REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS**

1. Applicant shall file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. Applicant is subject to the following fee and surcharges that must be regularly remitted per the instructions in Appendix E to Decision (D.) 00-10-028. The Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is zero.

- a. The current 1.55% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879; Resolution T-16917, dated February 24, 2005 effective April 1, 2005);
- b. The current 0.30% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073 and Resolution T-16817, effective February 11, 2004);
- c. The user fee provided in Pub. Util. Code §§ 431-435, which is 0.11% of gross intrastate revenue (Resolution M-4813);
- d. The current 0.15% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, pp. 3-4, App. B, Rule 1.C; Resolution T-16916, dated February 24, 2005, effective April 1, 2005);
- e. The current 2.43% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost

Fund-B (D.96-10-066, p. 191, App. B, Rule 6.F., Resolution T-16888, dated December 16, 2004, effective January 1, 2005); and

- f. The current 0.16% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Teleconnect Fund (D.96-10--066, Resolution T-16833, dated July 8, 2004, effective August 1, 2004).

Note: This fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant should check the joint tariff for surcharges and fees filed by Pacific Bell (dba SBC California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised.

3. Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future tariffs is subject to the schedules set forth in Appendix C, Section 4.E of D.95-12-056:

“E. CLCs shall be subject to the following tariff and contract filing, revision and service pricing standards:

- “(1) Uniform rate reductions for existing tariff services shall become effective on five (5) working days’ notice. Customer notification is not required for rate decreases.
- “(2) Uniform major rate increases for existing tariff services shall become effective on thirty (30) days’ notice to the Commission, and shall require bill inserts, or first class mail notice to customers at least 30 days in advance of the pending rate increase.
- “(3) Uniform minor rate increases, as defined in D.90-11-029, shall become effective on not less than (5) working days’ notice to the Commission. Customer notification is not required for such minor rate increases.

- “(4) Advice letter filings for new services and for all other types of tariff revisions, except changes in text not affecting rates or relocations of text in the tariff schedules, shall become effective on forty (40) days’ notice.
- “(5) Advice letter filings revising the text or location of text material which do not result in an increase in any rate or charge shall become effective on not less than five (5) days’ notice to the Commission.”
- “(6) Contracts shall be subject to GO 96-A rules for NDIECS, except interconnection contracts.
- “(7) CLCs shall file tariffs in accordance with PU Code § 876.”

4. Applicant may deviate from the following provisions of GO 96-A:  
(a) paragraph II.C.(1)(b), which requires consecutive sheet numbering and prohibits the reuse of sheet numbers; and (b) paragraph II.C.(4), which requires that “a separate sheet or series of sheets should be used for each rule.” Tariff filings incorporating these deviations shall be subject to the approval of the Commission’s Telecommunications Division. Tariff filings shall reflect all fees and surcharges to which Applicant is subject, as reflected in 2 above.

5. Applicant shall file a service area map as part of its initial tariff.

6. Prior to initiating service, Applicant shall 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 shall be updated if the name or telephone number changes, or at least annually.

7. Applicant shall notify the Director of the Telecommunications 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.

8. Applicant shall keep its books and records in accordance with the Generally Accepted Accounting Principles.

9. In the event Applicant's books and records are required for inspection by the Commission or its staff, it shall 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.

10. Applicant shall file an annual report with the Director of the Telecommunications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

11. Applicant shall file an affiliate transaction report with the Director of the Telecommunications Division, in compliance with D.93-02-019, on a calendar year basis using the form contained in Attachment D.

12. Applicant shall ensure that its employees comply with the provisions of Public Utilities (Pub. Util.) Code § 2889.5 regarding solicitation of customers.

13. Within 60 days of the effective date of this order, Applicant shall comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Telecommunications Division in writing of its compliance.

14. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in 2 above, the Telecommunications Division shall prepare for Commission consideration a resolution that revokes Applicant's CPCN unless it has received written permission from the Telecommunications Division to file or remit late.

15. Applicant is exempt from General Order 96-A, subsections III.G(1) and (2), and Commission Rule of Practice and Procedure 18(b).

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

17. 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.

18. If Applicant decides to discontinue service or file for bankruptcy, it shall immediately notify the Telecommunications Division's Bankruptcy Coordinator.

19. Applicant shall send a copy of this decision to concerned local permitting agencies not later than 30 days from the date of this order.

**(END OF ATTACHMENT B)**

**ATTACHMENT C**  
**ANNUAL REPORT**

An original hard copy, and a machine-readable electronic copy, on a CD or floppy disk using Microsoft Word or a compatible format, shall be filed with the California Public Utilities Commission, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298. The filing shall be made 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 §§ 2107 and 2108 of the Public Utilities Code.

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 CPCN.
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.

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

**(END OF ATTACHMENT C)**

**CALENDAR YEAR AFFILIATE TRANSACTION REPORT  
(ATTACHMENT D)**

1. Each utility shall 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;
- Corporate officers.

2. The utility shall 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 should 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 should 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 tariffed 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 file, 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)**