

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

**Communications Division  
Carrier Oversight & Programs Branch**

**RESOLUTION T-17359  
April 19, 2012**

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

**Resolution T-17359. Operating Authority Revocation of Licenses of Telephone Carriers for their Failure to Comply with the Requirements Covering Reporting and Remittance of the Utility Reimbursement Account Fee, Public Purpose Program Surcharges and Performance Bond Filing**

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**SUMMARY**

This resolution revokes operating authorities held by one hundred sixty-nine (169) telephone carriers listed in Appendix A for failure to comply with the following: a) the reporting and remittance requirement of California Public Utilities Reimbursement Account Fee in accordance with Public Utilities (PU) Code Sections 401 through 405, b) the reporting and remittance requirement of public purpose programs surcharges in compliance with Decision (D.) 96-10-066, and / or c) the submission of a performance bond requirement as ordered under D. 10-09-017.

**BACKGROUND**

Operating authorities are issued to telephone carriers by order of the California Public Utilities Commission (CPUC or Commission). With the granting of operating authority to a carrier, the Commission imposes requirements which a carrier must adhere to or be subject to suspension or revocation of its license. These requirements may include, but are not limited to, the reporting and payment of User Fees and public purpose program surcharges and the posting of a performance bond.

#### A. Utility Reimbursement Account Fee

PU Code Sections 401 through 405 require a telecommunications carrier to report its California revenues and remit the corresponding CPUC Utilities Reimbursement Account Fees (User Fee) on a schedule that is dependent on the level of its intrastate revenue. The User Fee, is determined by multiplying the carrier's intrastate revenues by a fee factor, which is currently set at 0.18%. Revenues that are subject to fees include all intrastate customer revenues from telecommunications services minus uncollectibles except revenues from the following: a) directory advertising and sales; b) one-way paging; c) terminal equipment sales; and d) inter-carrier sales. The Commission requires carriers with gross intrastate customer revenues of \$750,000 or less to file annually and carriers with annual gross intrastate revenues in excess of \$750,000 must file quarterly. Carriers that have zero intrastate revenues must report even if the User Fee amount due is zero.

If a carrier is in default of the reporting and/or payment of User Fees for more than 30 days, the CPUC may suspend or revoke its operating authority under PU Code section 405.

#### B. Surcharges

California statute authorizes the Commission to establish universal service programs to provide telecommunications service to low-income, deaf and disabled, and rural (or other high-cost) customers.<sup>1</sup> Likewise, the statute gives the Commission discretion with respect to the collection and disbursement of funds to support these programs.<sup>2</sup>

In D. 84-05-053, D. 94-09-065, and most recently, in D. 09-10-066, the Commission established rules which provide that State universal service programs are to be funded through a surcharge on revenues earned from intrastate telecommunications services, including wireless services.

Currently, there are six Commission mandated telecommunications surcharges supporting various public programs in California. The surcharge rates vary from program to program and are adjusted periodically based on the forecasted demand of the programs.

Telecommunications carriers collect the surcharges from their customers, and, in turn, remit the surcharges to the Commission. Carriers that are 90 days or more in arrears of

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<sup>1</sup> PU Code Section 401 *et seq*

<sup>2</sup> P.U. Code § 739.3(c).

reporting and remitting surcharges may be subject to revocation of their authority to operate in California.<sup>3</sup>

### C. Performance Bond

In D 10-09-017, the, the Commission required registration license holders<sup>4</sup> to obtain a continuous performance bond equal to or greater than ten percent of intrastate revenues reported on the Commission's User Fee Statement during the preceding calendar year or \$25,000, whichever is greater. The performance bond must be 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. The Commission ordered existing registration license holders to submit the performance bond within 90 days after the issuance of the Decision and within 90 days after the issuance of a registration license for new registration holders.

In Ordering Paragraph 26 of D.10-09-017, the Commission authorized the Communications Division (CD) to prepare for Commission consideration a resolution revoking the registration license of any registration license holder that is more than 120 days late in providing the Director of CD a copy of its executed performance bond and that has not been granted an extension of time.

## DISCUSSION

This resolution revokes the operating authority of 169 carriers that are in default of at least one of the following requirements:

- reporting and remittance of User Fees
- reporting and remittance of surcharges
- submission of a performance bond

A summary of the non-compliant carriers by utility type is shown below:

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<sup>3</sup> Decision 93-05-010.

<sup>4</sup> A "registration license holder," "registration licensee" or "registrant" is an entity that obtained or obtains interexchange authority pursuant to § 1013 through the simplified registration process established by D.97-06-107 that does not hold interexchange authority pursuant to § 1001.

**Summary of Non-Compliant Carriers**

<b>Utility Type</b>	<b>No of Carriers</b>
Competitive Local Carrier	38
Competitive Local Reseller	7
Interexchange Carrier	43
Interexchange Reseller	77
Local Exchange Carrier	1
Personal Communication Carrier	2
Radio Telephone Utility	1
<b>TOTAL</b>	<b>169</b>

Of the 169 carriers being proposed for revocation:

- 56 failed to report and remit User Fees and surcharges and submit performance bonds
- 46 failed to submit performance bonds
- 28 failed to report and remit surcharges and submit performance bonds
- 8 failed to report and remit surcharges and User Fees
- 20 failed to report and remit User Fees and submit performance bonds
- 11 failed to report and remit surcharges

A. User Fee

Under PU Code Section 405, carriers that are in default of reporting and submitting 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.

Although the Commission staff notifies carriers annually that a user fee statement needs to be submitted and remitted, CD's review of the user fee database revealed that 84 carriers have failed to comply with this requirement.

B. Surcharge Reporting and Remittance

Carriers were notified on numerous occasions over the course of a year of the requirement to use the Commission's new Telecommunications and User Fee Filing System (TUFFS) for the reporting and payment of all public program surcharges. An initial notice appeared on the Commission's Daily Calendar on April 22, 2010. CD sent a letter to all carriers on May 26, 2010 indicating that carriers would be required to use the TUFFS reporting system and the online payment system beginning on July 1, 2010. Subsequently, CD e-mailed a notice containing frequently asked questions to all carriers.

After revisions to TUFFS were rolled out, all carriers were advised by a letter from the Director of CD dated May 26, 2011, that modifications to the TUFFS system would be

made beginning with the June 2011 filing period. In addition, the Commission hosted a WebEx information session on June 15, 2011 to train carriers on the use of TUFFS.

Recognizing that some carriers were still not compliant with surcharge reporting requirements, CD sent yet another letter on October 17, 2011 to carriers that had still not reported public program surcharges using TUFFS for the May 2010 through May 2011 period. The letter provided a warning that the carriers had until November 16, 2011 to become compliant. CD's review of the TUFFS reporting records at the end of December 2011 resulted in the identification of 103 carriers who continue to be non-compliant.

#### C. Performance Bond

CD monitors the compliance of registered carriers with the performance bond requirement set forth under D. 10-09-017. A recent review of filings finds that many telephone carriers have not submitted bonds in compliance with Commission requirement. In response to this finding, CD undertook the following steps to achieve carrier compliance:

1. Identified and prepared a list of telephone corporations that were delinquent in submitting bonds.
2. Mailed a first reminder notice to all delinquent registered corporations requiring them to submit the performance bond on or before March 2011.
3. Mailed a second notice to all delinquent telephone corporations to remind them of the Commission's reporting and bond requirements and instructed the carriers to report before March 2011.
4. Further extended the deadline to June 30 2011.

CD has determined that, of the 261 telephone carriers that were sent reminder notices, 150 carriers have failed to comply with the Commission's performance bond requirement.

#### CONCLUSION

We find that the Commission staff employed proper and reasonable measures to locate, inform and remind the carriers listed in Appendix A of the Commission licensing requirements discussed herein. Thus, we find it reasonable to revoke the licenses of such carriers, for having been non-compliant with our formal licensing requirements. In addition, the Telephone Utility Identification Numbers of carriers listed in Appendix A are canceled.

Telephone carriers with valid operating authorities are noticed that these revoked carriers in Appendix A are no longer operating in California and they should cease from conducting business with carriers whose licenses have been revoked. Consequently, these revoked carriers are not to be sold services for retail purposes.

Any telephone carrier whose operating license has been revoked may reapply for a new operating authority subject to: a) compliance with the Commission's licensing application rules (e.g. performance bond requirement), and b) reporting all gross intrastate revenue for past periods out of compliance, and c) pay all applicable fees and surcharges including a 25% fine on applicable fees and surcharges for all past periods out of compliance.

Commission staff is authorized to collect a 25% fine on all applicable fees and surcharges from any telephone carrier whose operating license has been revoked and is applying for a new operating authority. The Commission will remit the fine to the State Treasury.

#### **COMMENTS ON THE DRAFT RESOLUTION**

In compliance with PU Code § 311 (g), a Notice of Availability was e-mailed on March 20, 2012 to all telecommunications carriers 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 of the subsequent availability of the conformed resolution, when adopted by the Commission, at the Commission's website as indicated above.

Notice of carrier names on this Resolution also appeared on the PUC's Daily Calendar for 30 days. Interested parties were invited to contact CD staff with questions or written comments on this Resolution.

#### **FINDINGS**

1. The telephone carriers listed in Appendix A have received operating authority from the Commission.
2. Public Utilities Code sections 401 through 405 require telephone carriers to annually or quarterly report California revenues and remit corresponding CPUC Utilities Reimbursement Account Fees. The Commission, under PU Code section 405, may suspend or revoke operating authorities of carriers that are remiss in reporting and remitting the User Fees for more than 30 days.
3. In D. 84-05-053, D. 94-09-065, and most recently, in D. 09-10-066, the Commission established rules which provide that State universal service programs are to be

funded through a surcharge on revenues earned from intrastate telecommunications services, including wireless service. The Commission may revoke the operating licenses of carriers that are 90 days or more in arrears on reporting and remitting surcharges.

4. The Commission, in D 10-09-017, required registration license holders to submit a continuous performance bond within 90 days after the effective of the Decision for existing registration license holders and within 90 days from the issuance of a registration license for new registration holders. In the same Decision, the Commission authorized the Communications Division to pursue license revocations of carriers that fail to submit the required performance bond within 120 days from the issuance of the Decision for existing registration holders and 120 days from the issuance of registration licenses for new applicants.
5. The telephone carriers listed in Appendix A have not complied with at least one of these requirements: a) not timely filed CPUC reports and remitted the Utilities Reimbursement Account Fee, b) not timely filed CPUC reports and remitted public programs surcharges, and c) submitted the performance bond.
6. Commission staff undertook proper and reasonable measures to locate, inform and remind the companies listed in Appendix A of the User Fee, surcharge and performance bond requirements.
7. Operating authorities of the telephone carriers listed in Appendix A should be revoked and their Telephone Utility Identification Numbers should be cancelled for failure to comply with PU Code Section 405, D. 96-10-066 and D. 10-07-017.
8. Telephone carriers with valid operating authorities are noticed that these revoked companies are no longer operating in California and they should cease from conducting business with carriers whose licenses have been revoked. These carriers with revoked licenses cannot be sold services for retail purposes.
9. Any telephone carrier whose operating license has been revoked may reapply for a new operating authority subject to: a) compliance with the Commission's licensing application rules (e.g. performance bond requirement), and b) reporting all gross intrastate revenue for past periods out of compliance, and c) pay all applicable fees and surcharges including a 25% fine on applicable fees and surcharges fro past periods out of compliance.
11. Commission staff should be authorized to collect a 25% fine on all applicable fees and surcharges from any telephone carrier whose operating license has been revoked and is applying for a new operating authority. The Commission will remit the fine to the State Treasury.

12. Notices of Availability were e-mailed on March 20, 2012 to all telecommunications carriers 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 of the subsequent availability of the conformed resolution, when adopted by the Commission, at the Commission's website as indicated above.
13. Notice of carrier names on this Resolution also appeared on the PUC's Daily Calendar for 30 days. Interested parties were invited to contact CD staff with questions or written comments on this Resolution.

**THEREFORE, IT IS ORDERED** that:

1. The operating authorities issued to the telephone carriers listed in Appendix A are revoked.
2. The Telephone Utility Identification Numbers of the telephone carriers listed in Appendix A are canceled.
3. Telephone carriers with valid operating authorities are noticed that these revoked companies are no longer operating in California and they should cease from conducting business with carriers whose licenses have been revoked. These carriers with revoked licenses cannot be sold services for retail purposes.
4. Any telephone carrier whose operating license has been revoked may reapply for a new operating authority subject to: a) compliance with the Commission's licensing application rules (e.g. performance bond requirement), and b) reporting all gross intrastate revenue for past periods out of compliance, and c) pay all applicable fees and surcharges including a 25% fine on applicable fees and surcharges for past periods out of compliance.
5. Commission staff is authorized to collect a 25% fine on all applicable fees and surcharges from any telephone carrier whose operating licenses has been revoked and is applying for a new operating authority. The Commission will remit the fine to the State Treasury.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 19, 2012. The following Commissioners approved it:

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PAUL CLANON  
Executive Director

**Appendix A**  
**List of Carriers to be Revoked**

<b>U-number</b>	<b>UTILITY NAME</b>	<b>UTILITY TYPE</b>	<b>Bond</b>	<b>Surcharges</b>	<b>User Fees</b>
1027	DTS of CA, Inc.	LEC		X	X
2026	Kern Valley Dispatch, Inc.	RTU		X	
2155	Clear Choice Pcs, LLC	PCC		X	X
3080	Point Bta 79 LLC	PCC		X	
5166	Fiber Data Systems	CLC		X	X
5189	Network Telephone Services	IEC		X	
5231	US Telecom, Inc.	IEC		X	
5291	Economy Telephone, Inc.	IEC		X	
5378	MCI Communications Services, Inc.	IEC		X	
5410	Tel-One	IEC		X	X
5443	San Carlos Telecom Inc.	CLC		X	X
5466	California Rsa No. 3 Limited Ptnshp.	IEC		X	
5471	Smart City Networks, LP	CLR		X	
5498	LDC Telecommunications Inc.	IEC		X	
5636	US South Communications, Inc.	IEC		X	
5675	Telecom House, Inc.	CLR		X	X
5830	Comcast Business Communications, LLC	IEC		X	X
5864	Locus Telecommunications, Inc.	IEC	X		
5868	Total Corporation	IEC	X	X	X
5886	OLS, Inc.	IEC	X	X	
5952	Infotech Telecomms. and Network Inc.	IEC	X		
5955	Airnex Communications, Inc.	IEC	X		
5983	Public Interest Network Services Inc.	IEC	X		
5984	Kddi America, Inc.	IEC	X	X	
6026	Uni-Tel Communications Group, Inc.	IEC	X	X	X
6027	Trinsic Communications, Inc	CLC	X	X	X
6030	Abovenet Communications, Inc.	IEC	X	X	
6037	The Dodson Group, Inc.	IEC	X	X	
6048	MFS Globenet, Inc	IEC	X	X	
6161	U.S. Telestar Communications Group, Inc.	IER	X		
6223	Affordable Voice Communications, Inc	IER	X		X
6225	Quick-Tel, Inc	IER	X		
6243	Miracle Communications, Inc	IER	X		
6334	Telemanagement Systems, Inc	IER	X	X	
6355	Telstra Incorporated	IER	X		
6362	IP Networks, Inc.	CLC	X	X	X
6395	Snip Link, LLC	IER	X	X	X
6413	Telmex USA, LLC	IEC	X	X	X
6455	United States Telesis, Inc.	CLC	X	X	
6457	Western States Teleport	CLC	X	X	X
6472	Encompass Communications, LLC	IEC	X		
6495	Closecall America, Inc.	IER	X	X	
6535	Pioneer Telecom, Inc.	IER	X	X	X
6578	Yak Communications (America), Inc.	IER	X		

U-number	Utility Name	Utility Type	Bond	Surcharge	User Fees
6600	QX Telecom, LLC	IEC	X		
6617	McBlue Telecom, Inc.	IEC	X		
6624	Legent Communications Corporation	IER	X		
6643	Gold Line Telemanagement, Inc.	IEC	X		
6644	Wholesale Carrier Services, Inc.	IEC	X		X
6649	Great America Networks, Inc.	IEC	X		X
6652	Digizip.Com, Inc.	IER	X		
6666	Telenational Communications, Inc.	IER	X		X
6678	National Access Long Distance, Inc	IEC	X	X	X
6685	New World Telecom International, Inc.	IEC	X		
6689	National Directory Assistance, LLC	IER	X		
6690	Today's Resources, Inc.	IER	X	X	X
6705	Local Exchange Technologies, LLC	IER	X		X
6724	Master Call Communications, Inc	IEC	X		
6728	Primo Communications, Inc	IER	X	X	X
6736	Necc Telecom, Inc.	IEC	X		
6737	Telecom North America Inc.	IEC	X		
6739	Nobeltel, LLC	CLC	X	X	
6745	Nextq Networks of California	CLC	X	X	
6746	Touchtone Communications, Inc	IEC	X		
6752	Asia Talk Telecom, Inc.	IER	X	X	X
6757	Ruralwest-Western Rural Broadband, Inc.	CLC	X	X	
6779	Call Plan USA California, Inc.	IER	X		
6780	Telrite Corporation	IER	X		
6785	Com Net (USA) LLC	CLC	X	X	
6819	BCE Nexxia Corporation	IEC	X	X	
6826	One Phone, Inc.	IER	X	X	X
6832	Cooperative Communications, Inc	IER	X		
6835	Cable & Wireless Americas Operations,	IER	X		X
6836	Tierzero Telecom LLC	CLC	X	X	
6842	Granite Telecommunications, LLC	CLC	X	X	
6850	Paxio, Inc.	CLC	X	X	
6860	IPC Network Services, Inc. (Gains)	IER	X		
6865	Quality Telephone, Inc.	CLC	X	X	X
6873	Grid 4 Communications, Inc.	IER	X	X	X
6876	RB Communications, Inc.	IER	X		
6895	Andiamo Telecom, LLC	IER	X	X	X
6912	Planet Telesis, Inc.	CLC	X	X	X
6915	United American Technology, Inc.	IER	X	X	
6928	Newpath Networks, LLC	CLC	X	X	
6936	Ca-Clec LLC	CLC	X	X	X
6943	Southwest Communications, Inc.	IER	X	X	X
6944	Champion Broadband California, LLC	CLC	X	X	X
6945	PG Telecom of California, Inc.	IEC	X	X	X
6975	Euro Connect, Inc.	IER	X	X	
6982	MMG Holdings, Inc.	IER	X		
6984	Consumer Telcom, Inc.	IER	X		X
6990	Nextlink Wireless, Inc.	CLC	X	X	
6992	Myatel Corporation	IEC	X	X	X
6995	Ace Communications, Inc.	IER	X	X	X
6999	Nationwide Long Distance Service, Inc.	IER	X		
7003	TTUSA Acquisitions, Inc.	IER	X		



U-number	Utility Name	Utility Type	Bond	Surcharge	User Fees
7011	Cause Based Commerce, Inc.	IER	X		
7014	Norstar Telecommunications, LLC	IER	X		
7015	California Calling 10, LLC	IER	X		X
7027	Sun Microwave, Inc.	CLC	X	X	
7031	Velocity the Greatest Phone Company	IER	X		X
7032	Pulse Telecom, LLC	IER	X		
7033	Cost Plus Communications, LLC	CLC	X	X	X
7037	Ztelephony LLC	IER	X		
7041	Owtel, Inc.	IER	X	X	X
7044	Broadband Associates International	CLC	X	X	X
7053	Devine Communications	IER	X		X
7058	Oak Grove Holdings Corporation	IER	X		X
7059	Allcom Telink Corporation	IER	X		X
7065	Sierra Advantage, Inc	CLC	X	X	X
7066	Applewood Communications Corporation	IER	X		
7069	Global Tech Telecommunications, Inc	IER	X		X
7072	Novatel Ltd., Inc.	IER	X		
7073	Rural Broadband Now! LLC	CLC	X	X	X
7078	Janaslani Enterprises, LLC	IER	X	X	
7084	Optic Internet Protocol, Inc	IER	X		
7088	D & N Tel, LLC	IER	X	X	X
7093	Transpac Telecom, Inc.	IER	X		
7099	Nexustel, LLC	IER	X	X	X
7104	Express Telecommunications Network LLC	IER	X		X
7106	Prayztel Communications, LLC	CLR	X	X	X
7108	Momentum Telecom, Inc.	IEC		X	X
7112	Peerless Network of California, LLC	CLC	X	X	X
7115	Affinity Telecom Inc.	IER	X	X	X
7116	Saturn Telecommunications Services, Inc.	IER	X		X
7117	Veza Telecom, Inc.	IER	X		
7119	Ald Telecom, LLC	IEC	X	X	X
7120	Global Telecom LLC	IER	X	X	X
7122	Vaya Telecom, Inc.	CLR	X	X	X
7125	Airdes, LLC	CLR	X	X	X
7127	Central Telecom Long Distance, Inc.	IER	X		
7130	Act Tele, Inc.	IER	X	X	X
7132	One Source Networks Clec LLC	CLC	X	X	X
7136	Dollar Phone Enterprise, Inc. (DPE)	IER	X		
7142	&TV Communications, Inc.	IER	X	X	X
7143	Internet Business Services, Inc.	IER	X		X
7145	BKT Telecom Corporation	IER	X	X	X
7147	Certain Communications Corporation	IER	X		
7149	X2 Telecom, Inc.	IEC	X	X	X
7153	Adma Telecom, Inc.	IER	X		
7154	Pacific Lightwave, a California Corporation	CLC	X	X	
7155	Barevox, Inc.	IER	X	X	X
7161	West Coast Voice & Data, Inc.	CLC	X	X	
7162	Bridgevoice, Inc.	IER	X	X	X
7163	Prime Time Ventures, LLC	IER	X		
7164	Impulse Telecom, LLC	CLC	X	X	X
7165	Redwood Telephone, LLC	CLC	X	X	
7168	CVC CLEC, LLC	CLC	X	X	X
7173	Transtelco, Inc.	CLC	X	X	X

U-number	Utility Name	Utility Type	Bond	Surcharge	User Fees
7174	Pay Tel Communications, Inc	IEC	X	X	X
7177	JRT, Inc.	IER	X	X	X
7178	Worldwide Marketing Solutions, Inc.	IER	X		
7180	Agnostic Networks, LLC	CLC	X	X	X
7184	Digital West Networks, Inc.	IEC	X	X	X
7185	Network Services Solutions, LLC	IER	X		X
7187	Splice Communications, Inc.	IEC	X		X
7189	Medallion Telecom Inc.	CLR	X	X	X
7191	Speedypin Prepaid, LLC	IER	X		
7193	San Phonecisco Communications, Inc.	IER	X	X	X
7194	Bestel (USA), Inc.	IEC	X		X
7196	Hypersurf Internet Services, Inc.	IER	X	X	X
7197	Grasshopper Group, LLC	IER	X		X
7200	Krush Communications LLC	IER	X		
7205	Net Talk.com, Inc.	CLC	X	X	X
7206	Appia Communications, Inc.	CLC	X	X	X
7210	American Broadband, Inc.	CLC	X	X	
7213	Voxbeam Telecommunications, Inc.	CLC	X	X	
7215	GC Pivotal, LLC	CLR	X	X	
7218	Plumas-Sierra Telecommunications	CLC		X	

**End of Appendix A**