

Date of Issuance: April 20, 2012

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

SUMMARY

This resolution revokes operating authorities held by one hundred and six (106) 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.¹ Likewise, the statute gives the Commission discretion with respect to the collection and disbursement of funds to support these programs.²

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

¹ PU Code Section 401 *et seq*

² P.U. Code § 739.3(c).

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

C. Performance Bond

In D 10-09-017, the, the Commission required registration license holders⁴ 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 106 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:

³ Decision 93-05-010.

⁴ 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

Utility Type	No of Carriers
Competitive Local Carrier	21
Competitive Local Reseller	3
Interexchange Carrier	26
Interexchange Reseller	53
Personal Communication Carrier	2
Radio Telephone Utility	1
TOTAL	106

Of the 106 carriers being proposed for revocation:

- 31 failed to report and remit User Fees, surcharges and submit performance bonds
- 23 failed to submit performance bonds
- 7 failed to report and remit surcharges and submit performance bonds
- 17 failed to report and remit surcharges and User Fees
- 12 failed to report and remit User Fees and submit performance bonds
- 16 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 60 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 71 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, 74 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.

Sixty-three (63) telephone carriers have become 100% compliant since the release of Draft Resolution of T-17359. The charts and tables in Appendix A have been updated to reflect the change in compliance level.

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 for 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.
14. Sixty-three (63) telephone carriers have become 100% compliant since the release of Draft Resolution T-17359.

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

Appendix A
List of Carriers to be Revoked

UTILITY TYPE	UTILITY NAME	U-number	Bond	Surcharges	User Fees
RTU	Kern Valley Dispatch, Inc.	2026		X	
PCC	Clear Choice Pcs, LLC	2155		X	X
PCC	Point Bta 79 LLC	3080		X	
IEC	Network Telephone Services	5189		X	
IEC	US Telecom, Inc.	5231		X	
IEC	Economy Telephone, Inc.	5291		X	
IEC	Tel-One	5410		X	X
IEC	US South Communications, Inc.	5636		X	
IEC	Total Corporation	5868	X	X	X
IEC	OLS, Inc.	5886	X	X	
IEC	Public Interest Network Services Inc.	5983	X		
IEC	Uni-Tel Communications Group, Inc.	6026	X	X	X
CLC	Trinsic Communications, Inc	6027		X	X
IEC	The Dodson Group, Inc.	6037	X	X	
IEC	MFS Globenet, Inc	6048	X	X	
IER	U.S. Telestar Communications Group, Inc.	6161	X		
IER	Affordable Voice Communications, Inc	6223	X		X
IER	Miracle Communications, Inc	6243	X		
IER	Telemanagement Systems, Inc	6334	X	X	
IER	Snip Link, LLC	6395	X	X	X
CLC	Western States Teleport	6457		X	X
IER	Closecall America, Inc.	6495	X	X	
IER	Pioneer Telecom, Inc.	6535	X	X	X
IER	Yak Communications (America), Inc.	6578	X		
IEC	QX Telecom, LLC	6600	X		
IEC	McBlue Telecom, Inc.	6617	X		
IEC	Gold Line Telemanagement, Inc.	6643	X		
IEC	Great America Networks, Inc.	6649	X		X
IER	Telenational Communications, Inc.	6666	X		X
IEC	National Access Long Distance, Inc	6678	X	X	X
IER	Today's Resources, Inc.	6690	X	X	X
IER	Local Exchange Technologies, LLC	6705	X		X
IEC	Master Call Communications, Inc	6724	X		
IER	Primo Communications, Inc	6728	X	X	X
IEC	Necc Telecom, Inc.	6736	X		
IEC	Telecom North America Inc.	6737	X		
CLC	Nobeltel, LLC	6739		X	
IEC	Touchtone Communications, Inc	6746	X		
IER	Asia Talk Telecom, Inc.	6752	X	X	X
CLC	Ruralwest-Western Rural Broadband, Inc.	6757		X	
IER	Call Plan USA California, Inc.	6779	X		
CLC	Com Net (USA) LLC	6785		X	
IEC	BCE Nexxia Corporation	6819	X	X	
IER	One Phone, Inc.	6826	X	X	X
IER	Cooperative Communications, Inc	6832	X		
IER	Cable & Wireless Americas Operations,	6835	X		X
CLC	Tierzero Telecom LLC	6836		X	
CLC	Paxio, Inc.	6850		X	
IER	IPC Network Services, Inc. (Gains)	6860	X		
CLC	Quality Telephone, Inc.	6865		X	X
IER	Grid 4 Communications, Inc.	6873	X	X	X

Resolution T-17359
CD/EYT

UTILITY TYPE	UTILITY NAME	U-number	Bond	Surcharges	User Fees
IER	RB Communications, Inc.	6876	X		
IER	Andiamo Telecom, LLC	6895	X	X	X
CLC	Planet Telesis, Inc.	6912		X	X
IER	United American Technology, Inc.	6915	X	X	
IER	Southwest Communications, Inc.	6943	X	X	X
IEC	PG Telecom of California, Inc.	6945	X	X	X
IER	Euro Connect, Inc.	6975	X	X	
IER	MMG Holdings, Inc.	6982	X		
IER	Consumer Telcom, Inc.	6984	X		X
IEC	Myatel Corporation	6992	X	X	X
IER	Ace Communications, Inc.	6995	X	X	X
IER	Nationwide Long Distance Service, Inc.	6999	X		
IER	California Calling 10, LLC	7015	X		X
CLC	Sun Microwave, Inc.	7027		X	
IER	Velocity the Greatest Phone Company	7031	X		X
IER	Pulse Telecom, LLC	7032	X		
CLC	Cost Plus Communications, LLC	7033		X	X
IER	Ztelephony LLC	7037	X		
IER	Owtel, Inc.	7041	X	X	X
CLC	Broadband Associates International	7044		X	X
IER	Devine Communications	7053	X		X
IER	Allcom Telink Corporation	7059	X		X
CLC	Sierra Advantage, Inc	7065		X	X
IER	Applewood Communications Corporation	7066	X		
IER	Global Tech Telecommunications, Inc	7069	X		X
IER	Optic Internet Protocol, Inc	7084	X		
IER	D & N Tel, LLC	7088	X	X	X
IER	Nexustel, LLC	7099	X	X	X
CLR	Praytel Communications, LLC	7106		X	X
IEC	Momentum Telecom, Inc.	7108		X	X
IER	Affinity Telecom Inc.	7115	X	X	X
IER	Saturn Telecommunications Services, Inc.	7116	X		X
IEC	Ald Telecom, LLC	7119	X	X	X
IER	Global Telecom LLC	7120	X	X	X
CLR	Vaya Telecom, Inc.	7122		X	X
CLR	Airdes, LLC	7125		X	X
IER	Central Telecom Long Distance, Inc.	7127	X		
IER	Act Tele, Inc.	7130	X	X	X
CLC	One Source Networks Clec LLC	7132		X	X
IER	&TV Communications, Inc.	7142	X	X	X
IER	BKT Telecom Corporation	7145	X	X	X
IEC	X2 Telecom, Inc.	7149	X	X	X
IER	Adma Telecom, Inc.	7153	X		
IER	Barevox, Inc.	7155	X	X	X
CLC	West Coast Voice & Data, Inc.	7161		X	
IER	Bridgevoice, Inc.	7162	X	X	X
CLC	Redwood Telephone, LLC	7165		X	
CLC	CVC CLEC, LLC	7168		X	X
CLC	Transtelco, Inc.	7173		X	X
IER	JRT, Inc.	7177	X	X	X
CLC	Agnostic Networks, LLC	7180	X	X	X
IER	San Phonedisco Communications, Inc.	7193	X	X	X
IER	Hypersurf Internet Services, Inc.	7196	X	X	X
CLC	Appia Communications, Inc.	7206		X	X
CLC	American Broadband, Inc.	7210		X	

End of Appendix A