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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Telco Experts, LLC for a certificate of public convenience and necessity to provide resold competitive local exchange service throughout the service territories of Pacific Bell Telephone Company, Frontier California, Inc., Frontier Communications of the Southwest, Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California, Inc. and resold interexchange services on a statewide basis.

Application 22-01-013

**ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING APPLICANT
TO FILE A RESPONSE WITHIN 14 CALENDAR DAYS**

On January 24, 2022, Telco Experts, LLC (Telco Experts) filed application (A.) 22-01-013, requesting authority from the California Public Utilities Commission (Commission) for a certificate of public convenience and necessity (CPCN) to operate as a telephone corporation providing (i) resold competitive local exchange service throughout the service territories of Pacific Bell Telephone Company, Frontier California, Inc., Frontier Communications of the Southwest, Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California, Inc, and (ii) resold interexchange services on a statewide basis.

On March 18, 2022, the Administrative Law Judge (ALJ) issued a ruling (ALJ Ruling) requiring the applicant to provide information relevant to its

application. On March 29, 2022, the ALJ granted the applicant's request for an extension of time to respond to the ruling to April 15, 2022. On April 15, 2022, the applicant filed a response to the ruling.

This ruling seeks additional information from Telco Experts concerning its application for a CPCN. Within 14 calendar days of the date of this ruling, Applicant shall file a response addressing the requested information below. Applicant shall title the filing "Response to Administrative Law Judge's Ruling Directing Applicant to File a Response" and serve it on the service list of this proceeding.

1. In response to the ALJ Ruling, Applicant states "...Telco Experts' regulated California operations were carved out from the transaction with Redwood...." From representations made in the application for transfer of control at the Federal Communications Commission (FCC) and the instant application, it appears that California is the only state for which Telco Experts and Redwood Services Group, LLC (Redwood) crafted a carve out from the overall transaction. Explain in detail why Telco Experts and Redwood decided to carve out California operations from their transfer of control transaction. An explanation that consists of only a vague rationale such as for "investment and business reasons" will be considered non-responsive.
2. Explain whether the carve out of California operations from the transfer of control was accounted for in the September 29, 2020 Membership Interest Purchase Agreement between Telco Experts and Redwood.
 - a. Provide a copy of the Membership Interest Purchase Agreement.
 - b. If not, provide the date and any documentation of the agreement to carve out California from the transaction.
3. In the application for transfer of control filed with the FCC, Telco Experts and Redwood represent that California was

one of the states in which Telco Experts held state public utility commission authorization to operate at the time of application. Telco Experts and Redwood further represent in the FCC application that after consummation of the transfer of control, Telco Experts would continue to provide service in the “same geographic areas as currently provided” at the time of application. Nowhere in the FCC filing do Telco Experts and Redwood state that they intended to carve out California from the transaction.

- a. Explain why Telco Experts and Redwood did not disclose that they intended to carve out California operations from the transaction in the FCC application.
 - b. Did Telco Experts and Redwood disclose to the FCC at any point that they intended to carve out California operations from the transfer of control? If so, please state when and how Telco Experts and Redwood made this disclosure to the FCC. If not, explain why not.
4. If Telco Experts had submitted an advice letter to the Commission to transfer its operating authority to EKAG during the pendency of its transfer of control application before the FCC, does Telco Experts believe it would have been obligated to inform the FCC of its intention to transfer its California operating authority to EKAG? Explain why or why not.
5. For each state in which Telco Experts held an authority to operate at the time Telco Experts and Redwood applied to the FCC for a transfer of control, provide the following information:
 - a. The date an application for transfer of control from Telco Experts to Redwood was submitted to the relevant state regulatory oversight authority. Provide either a link to the transfer of control application or a copy of the filing. If no application for transfer of control was submitted, provide the reason one was not submitted.
 - b. The date the relevant state regulatory oversight authority ruled on the application for transfer of

- control. Provide either a link to the ruling on the application for transfer of control or a copy of the ruling.
- c. If no application for transfer of control was submitted to the relevant state regulatory oversight authority, provide the date the state regulatory authority was notified that the transaction had been executed.
 6. Explain why Telco Experts did not disclose to the Commission in its advice letter requesting to transfer operating authority to EKAG that Telco Experts and Redwood had recently received approval from the FCC to transfer control of Telco Experts to Redwood and that the entities intended to execute the transaction only after receiving approval to transfer Telco Experts' California operating authority to EKAG.
 7. In response to the ALJ Ruling, Applicant states that in California it supports "...EKAG's provision of services to its customers through a private, non-public utility wholesale serving arrangement pursuant to a Management Services Agreement...." Describe the specific wholesale services Telco Experts provides to EKAG. Provide a copy of the Management Services Agreement between Telco Experts and EKAG.
 8. Provide the email and physical addresses that EKAG provides to its California customers for purposes of contacting EKAG regarding service provision.
 9. In response to the ALJ Ruling, Applicant states that if awarded authority to operate, it will likely seek to acquire EKAG's customer base and serve those customers directly. Explain why it is in the best interest of California customers to be passed back and forth between Telco Experts and EKAG.
 10. Explain why the public interest is better served by Telco Experts providing services to California customers directly versus supporting EKAG's provision of services through a wholesale servicing arrangement.

11. Provide resumes for all key officers, directors, and owners of 10 percent or more of outstanding shares of Telco Experts.
12. The financial showing contained in Exhibit F of the application does not meet Commission requirements. Applicant shall provide proof of financial viability using an instrument listed in Decision (D.) 95-12-056 Appendix C. Pursuant to D.95-12-056, applicants who have profitable interstate operations may meet the minimum financial requirement by submitting an audited balance sheet and income statement demonstrating sufficient cash flow. New applicants are permitted to use any of the following instruments:
 - a. Cash or cash equivalent, including cashier's check, sight draft, performance bond proceeds, or traveler's checks;
 - b. Certificate of deposit or other liquid deposit, with a reputable bank or other financial institution;
 - c. Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 - d. Letter of credit, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 - e. Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
 - f. Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the

- applicant by the Commission, and payable on an interest-only basis for the same period;
- g. Guarantee, issued by a corporation, co-partnership, or other person or association, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 - h. Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond the certification of the applicant by the Commission.
13. Applicant states on page 1 of its application that it requests authority to provide resold competitive local exchange service throughout the service territories of Pacific Bell Telephone Company, Frontier California, Inc., Frontier Communications of the Southwest, Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California, inc. Applicant states on page 9 of its application that "Telco Experts will not purchase any wholesale services for resale from upstream carriers that require Telco Experts to submit a deposit." Pursuant to D.95-12-056, Appendix C, Applicant shall document any deposits required by the above referenced carriers and demonstrate that it has resources to cover all such deposits. Applicant shall either:
- a. Reach out to the above-referenced carriers to confirm the amount of deposit they would require and demonstrate it has the resources to cover those deposits; or
 - b. Demonstrate that it has an additional \$25,000 available to account for potential deposits.

In a responsive filing, Telco Experts must clearly format its filing so that each element of its response indicates which question it is responding to.

IT IS RULED that:

1. Telco Experts, LLC shall properly file and serve its responses to the questions in this ruling within 14 calendar days from the date of this ruling.

Dated August 9, 2022, at San Francisco, California.

/s/ SHANNON O'ROURKE
Shannon O'Rourke
Administrative Law Judge