

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**

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July 2, 2024

**Agenda ID #22733**  
**Ratesetting**

TO PARTIES OF RECORD IN A.23-04-013:

This is the proposed decision of Administrative Law Judge Patricia B Miles. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 22, 2024 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:hma

Attachment

Decision **PROPOSED DECISION OF ALJ MILES** (Mailed 7/2/2024)

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

Application of VNILA SERVICES INC.  
for Registration as an Interexchange  
Carrier Telephone Corporation Pursuant  
to the Provisions of Public Utilities Code  
Section 1013.

Application 23-04-013

**DECISION GRANTING VNILA SERVICES, INC. A CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE  
SERVICES**

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**Attachment A - Tariff Deficiencies**

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**Attachment E - Surcharge Report**

**DECISION GRANTING VNILA SERVICES, INC. A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES**

**Summary**

Pursuant to Public Utilities Code Section 1001, the Commission grants VNILA Services, Inc. (VNILA) a Certificate of Public Convenience and Necessity to provide resold interexchange services in California subject to the terms and conditions set forth in the Ordering Paragraphs.<sup>1</sup>

VNILA must pay all public purpose program surcharges owed for prior provision of interconnected Voice over Internet Protocol services in California and any 10 percent interest accrued for late remittance of surcharges prior to its application for a registration. VNILA's licensing obligations may be modified by the Commission in its pending Rulemaking 22-08-008.

Application 23-04-013 is closed.

**1. Background**

On April 27, 2023, VNILA Services, Inc. (VNILA or Applicant) filed an Application for Registration as an Interexchange Carrier Telephone Corporation pursuant to the provisions of Public Utilities (Pub. Util.) Code Section 1013 (Application). After reviewing the Application, it was converted to an application for a certificate of public convenience and necessity (CPCN) pursuant to Pub. Util. Code Section 1001 because the Applicant did not meet the requirements to register with the Commission pursuant to Pub. Util. Code Section 1013.

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<sup>1</sup> While this Application was filed pursuant to Pub. Util. Code Section 1013, an expedited and ministerial registration process, the Application didn't qualify for registration process, etc. and resulting assignment to an Administrative Law Judge removed it from the registration track. It has therefore been evaluated as a CPCN under Pub. Util. Code Section 1001.

VNILA proposes to operate as a switchless reseller of Voice Over Internet Protocol (VoIP) services<sup>2</sup> to business and residential customers in the service territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T California), Frontier California, Inc. (Frontier California), Frontier Communications of the Southwest, Inc. (Frontier Southwest), Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California (Frontier Communications), and Consolidated Communications of California Company (Consolidated Communications) and limited facilities-based and resold interexchange services throughout California.

VNILA's principal place of business is located at 10303 Fernglen Ave., Tujunga, CA 91042.<sup>3</sup>

There were no responses nor protests to the Application. A prehearing conference (PHC) was held on October 5, 2023, to address issues of law and fact and to determine whether there was need for evidentiary hearing. The Assigned Commissioner's Scoping Memorandum and Ruling (Scoping Memo) was filed January 18, 2024. It confirmed that there are no disputed issues of material fact or law requiring an evidentiary hearing. However, it identified the following issues for determination before a CPCN should be issued:

- (a) Whether VNILA meets all of the Commission requirements, including but not limited to financial and technical requirements for a CPCN;

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<sup>2</sup> Application at Item 4.

<sup>3</sup> VNILA's agent for service of legal process is: Ergueen Herrera, 10303 Fernglen Ave., Tujunga, CA 91042, whose email is [Ergueen@vnila.com](mailto:Ergueen@vnila.com), and whose phone and fax numbers are: Phone: (323) 358-3803 Fax: (213) 263-3313.

- (b) Whether VNILA owes any outstanding surcharges or other obligations as a result of operating prior to requesting a registration pursuant to Pub. Util. Code Section 1013.2, and
- (c) Whether there are impacts on environmental and social justice communities, including the extent to which this application impacts achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.

## **2. Submission Date**

This matter was submitted on June 14, 2024 upon the filing of Applicant's responses to the Administrative Law Judge's (ALJ) May 22, 2024 email ruling.

## **3. Jurisdiction**

The Commission has broad jurisdiction over "public utilities,"<sup>4</sup> as defined in Pub. Util. Code Section 216.<sup>5</sup> California's constitution extends the Commission's jurisdiction to companies engaged in "the transmission of telephone and telegraph messages," which includes both public utility services and facilities.<sup>6</sup> The Commission classifies entities providing two-way voice communications service for compensation within California as "telephone corporations"<sup>7</sup> and regulates them as public utilities.<sup>8,9</sup>

As part of its regulatory authority over "telephone corporations," the Commission authorizes certificates of public convenience and necessity to "telephone corporations" seeking to construct a "line, plant, or system, or any

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<sup>4</sup> Pub. Util. Code § 216.

<sup>5</sup> Pub. Util. Code § 234.

<sup>6</sup> See D.20-07-011, at 14-15, See Cal. Const., Art. XII, §§ 1-6; Pub. Util. Code § 701.

<sup>7</sup> Pub. Util. Code §§ 216, 233, 234; D.22-10-021 at 68.

<sup>8</sup> Pub. Util. Code § 216(a).

<sup>9</sup> Telephone corporations are required to file annual affiliate transaction reports, and pay surcharges and user fees.

extension thereof” in California.<sup>10</sup> Pub. Util. Code Section 233 defines a “telephone line” to include “all conduits, ducts, poles, wires, cables, instruments, and appliances, and other real estate, fixtures, and personal property owned or controlled, operated, or managed in connection with or to facilitate communication by telephone, whether such communication is had with or without the use of transmission wires.” This includes services delivered over any technology, including but not limited to, traditional copper lines, coaxial cable, fiber optic cable, and mobile or fixed wireless radios.

Providers of interconnected VoIP service are telephone corporations subject to the Commission’s jurisdiction.<sup>11</sup> In 2021, the Commission’s Communication’s Division directed interconnected VoIP carriers operating in California to apply for either a registration pursuant to Pub. Util. Code Section 1013 or a Certificate of Public Convenience and Necessity pursuant to Pub. Util. Code Section 1001. The Commission is currently considering the licensing obligations for interconnected VoIP carriers in Rulemaking 22-08-008.

VNILA proposes to operate as a reseller of interconnected VoIP services and will provide voice and data telecommunications only. Therefore, VNILA is a telephone corporation and a public utility subject to the California Public Utilities Commission’s (Commission) jurisdiction.

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

Pursuant to the CEQA<sup>12</sup> and Rule 2.4 of the Commission’s Rules of Practice and Procedure (Rules), the Commission acts as the designated lead agency to

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<sup>10</sup> Pub. Util. Code § 1001.

<sup>11</sup> Pub. Util. Code §§ 216, 233, 234; D.22-10-021 at 68, *citing* R.22-08-008.

<sup>12</sup> Public Resources Code § 21000 *et seq.*

consider the environmental consequences of projects that are subject to the Commission's approval to determine any potential environmental impacts, to avoid adverse effects, investigate alternatives, and ensure that any affected environmental impact is restored or otherwise mitigated to the fullest extent possible under CEQA. Since VNILA states that it does not intend to construct any facilities, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. In the future, should VNILA decide to construct facilities, including equipment to be installed in existing buildings or structures, VNILA must file for additional authority, and submit to any necessary CEQA review.

#### **5. Financial Qualifications**

To be granted a CPCN for authority to provide resold interexchange services, a new applicant must demonstrate that it has a minimum of \$25,000 cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up expenses.<sup>13</sup> With its application, VNILA provided banking documentation for at least \$25,000 of assets. Because VNILA has provided banking documentation that it possesses a minimum of \$25,000 that is reasonably liquid and available, it demonstrated that it has sufficient funds to meet its start-up expenses and fulfilled this requirement. VNILA's financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available. Accordingly, VNILA must demonstrate that it has maintained at least \$25,000 that was reasonably liquid and available for its first year of operations by providing the Commission's

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<sup>13</sup> The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in D.13-05-035 and D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.14-11-004.



Communications Division with a confidential copy of its updated financial documentation at both six and 12 months from the issuance date of this decision by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

In addition to demonstrating financial fitness, VNILA must also demonstrate it has an amount equal to the deposit required by AT&T California, Frontier California, Frontier Communications, and Consolidated Communications that would be available to VNILA for one year following certification.<sup>14</sup> VNILA proposes to initially interconnect with AT&T California, Frontier California and Frontier Communications. In addition to the \$25,000 discussed above, VNILA has provided documentation that it has the funds available for the deposit required by AT&T California, Frontier California and Frontier Communications.

## **6. Technical Qualifications**

To be granted a CPCN for authority to provide competitive local exchange and/or interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.<sup>15</sup> VNILA supplied biographical information on its management in Exhibits C and D to its application that demonstrates that it has sufficient expertise and training to operate as a telecommunications provider.

In its application, VNILA verified that no one associated with or employed by VNILA as an affiliate, officer, director, partner, or owner of more than 10 percent of VNILA, or anyone acting in a management capacity for VNILA (a) held one of

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<sup>14</sup> The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in D.13-05-035 and D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.14-11-004.

<sup>15</sup> D.13-05-035; D.95-12-056 at Appendix C, Rule 4.A.

these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been (to his/her knowledge) the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of [Sections] 17000 et seq., [Sections] 17200 et seq., or [Sections] 17500 et seq. of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; or (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.<sup>16</sup>

Also, to the best of VNILA's knowledge, neither VNILA, nor any affiliate, officer, director, partner, nor owner of more than 10 percent of VNILA, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.<sup>17</sup>

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<sup>16</sup> Application at Item 8. These certifications are required by D.13-05-035, OP 14.

<sup>17</sup> Application at Item 9.

For the foregoing reasons, this decision finds that VNILA is in compliance with the requirements of D.13-05-035.

## **7. Tariffs**

VNILA has requested detariffed status<sup>18</sup> and may be exempt from the requirement to file tariffs provided VNILA complies with the consumer protection rules identified in D.98-08-031. Applicant indicates that it will not offer basic service, such as residential local exchange voice or VoIP services, and therefore detariffed status is granted. In the future, if Applicant decides to offer services that require a tariff or schedule, such as basic service, Applicant must submit proposed tariffs and/or user guides to the Commission's Communications Division by Tier 2 Advice Letter using the General Order 96-B advice letter process at least 30 days before initiation of service. Applicant states that it plans to offer services on a non-discriminatory basis as well as individual case basis contracts.

## **8. Expected Customer Base**

VNILA did not provide an estimate of its customer base for the first and fifth years in its application. However, at the PHC, VNILA indicated that it currently serves 35 to 40 customers and plans to serve 350 to 500 customers in five years. VNILA provided written confirmation of its expected customer base in a written response to the assigned ALJ's May 22, 2024 email ruling. Therefore, VNILA has complied with this requirement.

## **9. Request for Treatment as a Non-dominant Interexchange Carrier**

Applicant requests treatment as a non-dominant interexchange carrier (NDIEC), which would exempt it from the requirements of Pub. Util.

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<sup>18</sup> Application at Item 13.

Code Sections 816-830 concerning stocks and security. Applicant also requests an exemption from Pub. Util. Code Section 851, solely for the transfer and encumbrance of utility property to secure debt. The Commission detailed its rules regarding exemption of non-dominant carriers in D.85-01-008, and subsequently modified in D.85-07-081 and D.85-11-044. Pursuant to D.85-07-081 and D.85-11-044 (addressing NDIECs) and D.97-01-015 (addressing CLECs), NDIECs and CLECs are exempt from Pub. Util. Code Section 851 for the sole purpose of the transfer or encumbrance of utility assets to secure debt. This decision grants Applicant's request for NDIEC status because VNILA is not a facilities-based carrier. NDIEC status provides an exemption from Pub. Util. Code Sections 816-830 concerning stocks and security, provided Applicant follows all rules detailed in the above referenced decisions. Thus, VNILA's request for exemption from Pub. Util. Code Section 851 for the sole purpose of securing debt pursuant to the decisions referenced above, is granted.

#### **10. Prior Provision of Service**

VNILA indicates that it has been operating as an interconnected VoIP provider in California since April 2022.<sup>19</sup> While the Commission may otherwise impose a penalty on a carrier's prior unlicensed provision of service, the Commission will forgo a penalty for VNILA for its prior operations while it deliberates the licensing obligations of VoIP carriers in R.22-08-008. VNILA is on notice that Commission decisions in R.22-08-008 may impact the licensing status of VNILA, as well as any VoIP carriers operating in California that obtained a

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<sup>19</sup> On July 10, 2023, VNILA submitted responses to questions which informed Commission staff that VNLA has been offering resold VoIP services and stated that it began offering these services in April 2022. Also, at the October 6, 2023 PHC, VNILA admitted that it presently serves 35-40 customers in Los Angeles, San Diego and San Francisco.<sup>19</sup>

utility identification number under the informal VoIP registration process previously in effect under Pub. Util. Code Section 285, a registration pursuant to Util. Code Section 1013, or a Certificate of Public Convenience and Necessity pursuant to Pub. Util. Code Section 1001.

Between April 2022 and the present, VNILA also earned intrastate revenue from customers subject to surcharge assessments. Pub. Util. Code Section 285 (Assembly Bill 841, Stats. 2011, Ch. 685), mandates that the Commission require interconnected VoIP service providers to collect and remit surcharges in support of state universal service funds in support of the following public purpose programs:

- California High-Cost Fund-A Administrative Committee Fund under Pub. Util. Code Section 275.
- California High-Cost Fund-B Administrative Committee Fund under Pub. Util. Code Section 276.
- Universal Lifeline Telephone Service Trust Administrative Committee Fund under Pub. Util. Code Section 277.
- Deaf and Disabled Telecommunications Program Administrative Committee Fund under Pub. Util. Code Section 278.
- California Teleconnect Fund Administrative Committee Fund under Pub. Util. Code Section 280.
- California Advanced Services Fund under Pub. Util. Code Section 281.17 17 Pub. Util. Code § 285(c).

Effective April 1, 2023, all telephone corporations, including VoIP carriers or providers, operating in California are required to assess, collect, and remit California's Public Purpose Program surcharges pursuant to the access line flat rate surcharge mechanism adopted in Decision 22-10-021. Surcharges apply only to public purpose program surcharges imposed on end-use customers' "place of primary use" that is located within California.

Carriers are assessed interest at an annual rate of 10 percent accrued interest for late remittance of public purpose program surcharges owed to the Commission. VNILA must remit any past-due public purpose program surcharges owed for its prior operation of intrastate, interconnected VoIP service from April 2022 to the issuance date of this decision by providing the Commission's Communication's Division with a summary of: (1) its monthly intrastate revenues from April 1, 2022 to March 31, 2023, and (2) the monthly number of active access lines from April 1, 2023 to the issuance date of the decision. This information should be sent with the subject line "Surcharge Prior to CPCN Approval Per [Insert Decision Number here, e.g. D.24-XX-XXX], A.23-04-013" by sending one email to both [telcosurcharge@cpuc.ca.gov](mailto:telcosurcharge@cpuc.ca.gov) and [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), within 30 days of the issuance date of this decision.

VNILA is subject to the obligation to pay late fees on past due surcharges. However, VNILA's obligation to remit 10 percent interest of past-due surcharges is waived for the period following the filing date of VNILA's application in acknowledgement of the Applicant's good faith effort to come into compliance with the Commission's requirements by requesting a registration pursuant to Pub. Util. Code Section 1013.

While providers of resold interexchange service are required to pay past-due user fees, this decision waives past-due user fees in recognition of the Commission's deliberation of licensing obligations for VoIP carriers in R.22-08-008 and D.21-03-002. VNILA is on notice that the user fee obligations may be subject to change by determinations made in R.22-08-008 and D.21-03-002.

The Commission's Communications Division staff is authorized to calculate the past due public purpose program surcharges and late fees owed by VNILA. VNILA will, within 30 days of its receipt of the total amount owed for

public purpose program surcharges and interest from the Commission's Communications Division, submit one cashier's check or money order payable to the California Public Utilities Commission for payment of the total amount owed either by mail or in-person delivery to: Commission's, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. VNILA must include a written identification stating the decision number and the application number, such as the following: "Per Decision [enter decision number here] of A.23-04-013." VNILA will email the Commission's Communications Division of payment made at [telcosurcharge@cpuc.ca.gov](mailto:telcosurcharge@cpuc.ca.gov). Failure to remit past-due surcharges and interest owed within 90 days of the payment deadline will result in additional collections or enforcement action against VNILA.

#### **11. Environmental and Social Justice Action Plan**

Based on the information provided in the application, and discussion during the prehearing conference, this decision finds that approval of the application does not impact the Commission's ESJ goals.

#### **12. Safety Considerations**

With the adoption of the *Safety Policy Statement of the California Pub. Util. Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. The Commission considered the potential safety implications here and is satisfied that VNILA will meet the Commission's minimum safety goals and expectations of CLECs because: (1) VNILA has taken steps to meet the financial requirements as set forth in this decision for a limited facilities-based NDIEC, and (2) VNILA is a public utility that is required pursuant to Pub. Util. Code Section 451 to "... furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities ... as

are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

### **13. Conclusion**

VNILA’s application conforms with the Commission’s rules for certification as a resold interexchange carrier. Accordingly, the Commission grants VNILA a CPCN to provide resold interexchange services in California subject to compliance with the terms and conditions set forth in the OPs.

The CPCN granted by this decision provides benefits to VNILA and corresponding obligations. VNILA receives authority to operate in the prescribed service territory, and this authority enables VNILA, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. Section 251), to interconnect with telecommunications carriers.<sup>20</sup>

In return, VNILA is obligated to comply with all Pub. Util. Code provisions, Commission rules, GOs, and decisions applicable to telephone corporations providing approved services. The applicable statutes, rules, GOs, and decisions include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, VNILA is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code Section 451 which states that every public utility “...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

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<sup>20</sup> The California Pub. Util. Code uses the term “telephone corporation.” Its counterpart in federal law is a “telecommunications carrier.”



**14. Request to File Under Seal**

Pursuant to Rule 11.4, VNILA has filed a motion for leave to file financial Exhibits to the application as confidential materials under seal. VNILA represents that the information is sensitive, and disclosure could place VNILA at an unfair business disadvantage. The Commission granted similar requests in the past and does so here.

**15. Summary of Public Comments**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. To date, no public comments have been received.

**16. Comments on Draft Decision**

As provided by Rule 14.3 of the Commission’s Rules and Pub. Util. Code Section 311(g)(1), the draft decision of the ALJ in this matter was mailed to the parties on \_\_\_\_\_. Comments were filed on \_\_\_\_\_.

**17. Assignment of Proceeding**

John Reynolds is the assigned Commissioner and Patricia B. Miles is the assigned ALJ in this proceeding.

**Findings of Fact**

1. VNILA is a telephone corporation and a public utility as defined in Pub. Util. Code Sections 234(a) and 216(a).
2. VNILA will not construct any facilities.
3. VNILA has a minimum of \$25,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

4. VNILA has sufficient additional cash or cash equivalent to cover deposits that may be required by other telephone corporations in order to provide the proposed service.

5. VNILA's management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services to the public.

6. No one associated with or employed by VNILA as an affiliate, officer, director, partner, agent, or owner (directly or indirectly) of more than 10 percent of VNILA, or anyone acting in a management capacity for VNILA: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of Section 17000 *et seq.*, Section 17200 *et seq.*, or Section 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

7. To the best of VNILA's knowledge, neither VNILA, or any affiliate, officer, director, partner, nor owner of more than 10 percent of VNILA, or any person

acting in such capacity whether or not formally appointed, is being, or has been investigated by the FCC or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

8. VNILA requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031.

9. VNILA provided an estimate of its customer base for the first and fifth year of operation.

10. Pursuant to Rule 11.4, VNILA filed motions for leave to file confidential financial materials under seal.

### **Conclusions of Law**

1. VNILA should be granted a CPCN to provide resold interexchange services in California, subject to the terms and conditions set forth in the OPs.

2. VNILA should be granted resold interexchange authority and may not construct any facilities, including equipment in existing buildings or structures.

3. In order to ensure that VNILA maintains its financial requirements, VNILA should be required to provide the Commission's Communications Division with updated financial documentation both six and 12 months from the issuance date of this decision by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

4. VNILA, once granted a CPCN, should be subject to the applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities.

5. VNILA is exempt from tariffing. In the future, if VNILA Services, Inc. decides to offer services that require a tariff or schedule, such as basic service, Applicant should submit proposed tariffs and/or user guides to the Commission's Communications Division via Tier 2 Advice Letters using the

General Order 96-B advice letter process at least 30 days before initiation of service.

6. VNILA's motion to file under seal its financial information in Exhibit G related to the application, should be granted for three years.

7. VNILA should be granted non-dominant carrier status, subject to Commission rules and regulations as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044.

8. This proceeding should be closed.

## **O R D E R**

**IT IS ORDERED** that:

1. A Certificate of Public Convenience and Necessity is granted to VNILA Services, Inc. to provide resold interexchange services in California, subject to the terms and conditions in this decision.

2. The certificate granted, and the authority for VNILA Services, Inc. to render service to customers under the rates, charges, and rules authorized, will expire if not exercised, by offering or actively providing service on a wholesale and/or resale basis, after 12 months from the effective date of this decision. VNILA Services, Inc. is responsible for seeking approval for an extension of time to comply with this decision pursuant to Rules of Practice and Procedure Rule 16.6.

3. VNILA Services, Inc. is assigned utility identification number U-7454-C and is responsible for using this as its corporate identification number in the caption of all original filings with this Commission, in the titles of other pleadings filed in existing cases, and informal submissions to the Commission.

4. VNILA Services, Inc. must file in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. The written acceptance filed in this docket does not reopen the proceeding.

5. VNILA Services, Inc. must confirm the name, address, e-mail address, and telephone number of its designated primary regulatory/official contact person to the California Public Utilities Commission's Communications Division within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

6. VNILA Services, Inc. must provide the name, address, e-mail address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the California Public Utilities Commission's Consumer Affairs Branch within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

7. VNILA Services, Inc. (VNILA) must submit a Tier-1 Advice Letter containing a copy of the license holder's executed performance bond in accordance with Decision 13-05-035 to the California Public Utilities Commission's Communications Division within five days of the effective date of this decision. VNILA is responsible, if needed, for seeking approval for an extension of time to submit the Tier-1 Advice Letter containing a copy of the performance bond. VNILA is responsible for ensuring that the performance bond is active for all periods of its operations and comply with the annual performance bond filing on or before March 31 of each year. Refer to Attachment B for additional information on performance bond requirements.

8. VNILA Services, Inc. must submit its compliance with Public Utilities Code Section 708, Employee Identification Cards, to the California Public

Utilities Commission's Director of the Communications Division, in writing, by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), within 60 days of the effective date of this decision.

9. VNILA Services, Inc. (VNILA) may operate on a detariffed basis. In the future, if VNILA decides to offer services that require a tariff or schedule, such as basic service, Applicant must submit proposed tariffs and/or user guides to the Commission's Communications Division via a Tier 2 Advice Letter using the General Order 96-B advice letter process at least 30 days before initiation of service.

10. VNILA Services, Inc. must demonstrate that it maintained at least \$25,000 that was reasonably liquid and available for its first year of operations by providing the California Public Utilities Commission's Communications Division with a confidential copy of its updated financial documentation at both six and 12 months from the issuance date of this decision by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

11. VNILA Services, Inc. is subject to California public purpose program surcharges (surcharges) and user fees; and is responsible for timely reporting and remittance of surcharges and user fees using the California Public Utilities Commission's proprietary Telecommunications and User Fee Filing System. Refer to Attachment B for additional information on surcharges and user fees requirements.

12. VNILA Services, Inc. is responsible for submitting an annual report in accordance with General Order 104-A to the California Public Utilities Commission's Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), no later than March 31 of the year following the

calendar year for which the annual report is submitted. Refer to Attachment C for additional information on annual report requirements.

13. VNILA Services, Inc. is responsible for submitting its annual affiliate transaction report in accordance with Decision 93-02-019 to the California Public Utilities Commission's Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), no later than May 1 of the year following the calendar year for which the annual affiliate transaction report is submitted. Refer to Attachment D for additional information on annual affiliate transaction report requirements.

14. VNILA Services, Inc. is subject to all the current requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision; all Consumer Protection Rules contained in General Order 168; and all applicable California Public Utilities Commission rules, decisions, General Orders, and statutes that pertain to California public utilities on an ongoing basis.

15. VNILA Services, Inc. must not construct any facilities other than equipment installed in existing buildings or structures.

16. VNILA Services, Inc. must submit an application for expanded authority to operate without NDIEC status prior to construction of full facilities.

17. VNILA Services, Inc. (VNILA) motion to file under seal its Exhibit G is granted for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If VNILA believes that it is necessary for this information to remain under seal for longer than three years, VNILA may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

18. Application 23-04-013 is closed.

This decision is effective today.

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



**EXAMPLE**

*(Communications Division provides specific U number and deficiencies for each case. If CD reports no tariff deficiencies or if you are granting detariffing, then insert "This Attachment is Intentionally Left Blank")*

**ATTACHMENT A**

**TARIFF DEFICIENCIES**

This Attachment is Intentionally Left Blank.

**(END OF ATTACHMENT A)**

**ATTACHMENT B****REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS (Carrier)**

1. Carrier is subject to all the current applicable California Public Utilities Commission (CPUC or Commission) rules, decisions, General Orders, and statutes that pertain to California public utilities and telephone corporations on an ongoing basis.

2. Carrier is responsible for rendering services to customers under the rates, charges and rules authorized by the Commission within 12 months from the date of the decision. Rendering services may include but are not limited to offering and/or actively providing services to its customers on a wholesale and/or resale basis.

3. Carrier is responsible for keeping all contact information up to date with the Commission. Changes to its primary regulatory and/or complaint contact information must be provided electronically, using the "Contact Information Request Update" form at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone> under Service Provider Requirements and Programs. Carrier is responsible for updating this information within 30 days of the change, or at least annually by June 1 of each calendar year.

4. Carrier is subject to California public purpose program surcharges and user fees. Pursuant to Decision (D.) 22-10-021, all telephone corporations operating in California must assess, collect, report and remit public purpose program surcharges based on the number of active access lines. For definition of access line, see Section 5.2.2 of D.22-10-021. The surcharge funds the following California public purpose programs:

- a. The Universal Lifeline Telephone Service Trust  
Administrative Committee Fund (Pub. Util. Code § 277);

- b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 275.6); D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (Pub. Util. Code § 276.5), D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (Pub. Util. Code § 281; D.07-12-054); and
- f. The California Teleconnect Fund (Pub. Util. Code § 280; D.96-10-066, at 88, App. B, Rule 8.G).

User Fees must be assessed and collected based on intrastate telecommunications revenues. The User Fee funds the CPUC's annual operating budget for regulating the telecommunications corporations under its jurisdiction (Pub. Util. Code §§ 431-435).

5. Carrier is responsible for obtaining guidance and directive from the Commission's Communications Division for timely reporting and remitting of public purpose program surcharges and the user fees through the Commission's proprietary Telecommunications and User Fee Filing System (TUFFS). Additional information about telecommunications surcharges and user fees is available from the CPUC website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees>.

6. Carrier is responsible for timely and accurately reporting its number of access lines and remitting the resulting public purpose program surcharges through TUFFS even if there is zero access line to report and zero resulting surcharges to remit. Carriers that report and/or remit surcharge funds after the due date will be charged a penalty equal to an annual rate of 10 percent. Send an email to [Telcosurcharge@cpuc.ca.gov](mailto:Telcosurcharge@cpuc.ca.gov) for questions related to surcharges and access to TUFFS. Current and historical surcharge rates can be found at

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/surcharge-rates>.

7. Carrier is responsible for timely and accurately reporting and remitting the user fees based on a standard user fee remittance rate applied to the gross intrastate revenue or an annual minimum user fee of \$100, whichever is greater. The user fee remittance rate is determined annually by the Commission and posted on the Commission's webpage. The reporting and remittance of user fees must be through TUFFS within 15 days after the end of each calendar quarter (March 31, June 30 and September 30, and December 31) or January 15 due date for those paying the annual minimum user fee of \$100. TUFFS will automatically adjust the minimum user fee amount due to \$100 when the annual gross intrastate revenue is zero or less than the annual minimum user fee of \$100. Under Pub. Util. Code Section 405, carriers that are in default of reporting and submitting user fees more than 30 days after the quarterly user fee payment due dates of April 15, July 15, October 15, and January 15, or more than 30 days after the January 15 due date for those utilities paying the annual minimum user fee of \$100, will be subject to automatic penalties including suspension or revocation of their authority to operate in California. Send an email to [userfees@cpuc.ca.gov](mailto:userfees@cpuc.ca.gov) for questions related to user fees. Current and historical user fee rates can be found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/user-fee-rates>.

8. In compliance with Resolution T-16901, December 2, 2004, Carrier is responsible for checking the joint tariff for public purpose program surcharges and user fees filed by Pacific Bell Telephone Company dba AT&T California and apply the current public purpose program surcharges and user fees amounts in that joint tariff on end-user bills until further revised.

9. Carrier is responsible for ensuring that its tariff filings reflect all surcharges and fees to which it is subject to, as identified above.

10. If Carrier is a competitive local exchange carrier, the effectiveness of its future competitive local exchange carrier tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

11. If Carrier is a non-dominant interexchange carrier, the effectiveness of its future non-dominant interexchange carrier tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

12. Carrier providing competitive local exchange service is responsible for submitting a service area map as part of its initial tariff filed via Advice Letter to the Communications Division.

13. Carrier is responsible for submitting a copy of its complete tariff in use to the California Public Utilities Commission's Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with Public Utilities Codes Section 489(a), no later than February 15 of each year. If Carrier is de-tariffed, it is responsible for providing an annual certification that it is granted exemption from tariff filing or is a de-tariffed carrier and identify the authorization granting such status.

14. Carrier is responsible for obtaining a performance bond of at least \$25,000 in accordance with Decision 13-05-035. Within five business days after the effective date of CPCN authority, carrier is required to submit a Tier-1 advice letter to the Director of the Communications Division with a copy of the license holder's executed bond. The performance bond must be a continuous bond (*i.e.*, there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Pursuant to Decision 13-05-035, the Commission must revoke a certificate of public convenience and necessity if a

carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

15. Carrier is required to submit a Tier-1 Advice Letter on an annual basis, no later than March 31 of each year, with a copy of the executed performance bond. Carrier is responsible for ensuring that its performance bond does not lapse during any period of its operation. Additional information regarding performance bond requirement is available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/performance-bond-requirements>.

16. Carrier is responsible for ensuring that its employees comply with the provisions of Pub. Util. Code Section 2889.5 regarding solicitation of customers.

17. If Carrier is 90 days or more late in complying with its reporting obligations to the Commission including but not limited to filing its annual reports (e.g., Operations and Financials, and Affiliated Transaction Reports), submitting Performance Bonds, reporting and remitting surcharges and user fees; and has not received written permission from the Commission or Communications Division to file or remit late, the Communications Division may issue a citation pursuant to Resolution T-17601. Failure to comply with the issued citation or timely appeal the citation may result in a revocation of the company's operating authority and/or a referral to the Commission's Consumer Protection and Enforcement Division for enforcement action, which could result in additional fines, penalties, or other sanctions.

18. Carrier is exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.

19. Carrier is exempt from Pub. Util. Code Sections 816-830.

20. If Carrier decides to discontinue service or file for bankruptcy, it must immediately notify the California Public Utilities Commission's Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

**(END OF ATTACHMENT B)**

**ATTACHMENT C**



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

In addition to the annual reports requirement pursuant to General Order 104-A, submit the following information electronically via email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov) no later than March 31 of the year following the calendar year for which the annual report is submitted.

Failure to submit this information on time may result in a penalty as provided for in Pub. Util. Code Sections 2107 and 2108.

Required information:

1. Exact legal name and Utility ID number of the reporting utility.
2. Address of the reporting utility.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.).  
If incorporated, specify:
  - a. Date of filing articles of incorporation with the Secretary of State.
  - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
  - a. Regulated public utility.
  - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

12. Cash Flow statement as of December 31 of the calendar year for which information is submitted, for California operations only.

Additional information about the reporting requirements is available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an email to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: "CD Annual Reports."

**(END OF ATTACHMENT C)**

**ATTACHMENT D**

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

Submit the following information electronically using the Annual Affiliate Transaction Report Form<sup>21</sup> via e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov) no later than May 1 of the year following the calendar year for which the annual affiliate transaction report is submitted.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.
  - Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
  - Brief description of business activities engaged in;
  - Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
  - Ownership of the utility (including type and percent ownership)
  - Voting rights held by the utility and percent; and
  - Corporate officers.
2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in item 1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.
3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of item 1 and item 2 above any affiliated entity that either (a) is

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<sup>21</sup> An Annual Affiliate Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and it is available at: [https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form .pdf](https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form.pdf).

a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.
5. Any required information, documents, or other material that a utility is unable to provide must be reasonably described and the reasons they cannot be obtained, as well as the efforts expended to obtain them, must be set forth in the utility's Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.
6. Utilities that do not have affiliated entities must submit, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

Additional information about the reporting requirements is available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an e-mail to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: "CD Annual Reports."

**(END OF ATTACHMENT D)**

# **ATTACHMENT E**

**ATTACHMENT E**  
**SURCHARGE REPORT**

Email the following information to [telcosurcharge@cpuc.ca.gov](mailto:telcosurcharge@cpuc.ca.gov) and [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

**Subject Line** should include “Surcharge Prior to CPUC CPCN Approval Per D.24-XX-XXX, A.23-04-013.”

**Body of email should include:**

Background: Carriers are obligated to pay all past-due surcharges pursuant to Pub. Util. Code Section 285 and D.22-10-021. A 10 percent accrued interest for late remittance of public purpose program surcharges should be paid between the date of operation without license and the filing date for the application. The Commission’s Communications Division is authorized to calculate the following:

- public purpose program surcharges owed between the date of operation without the license, and the issuance date of this CPCN decision; and
- interest owed between date operation without a license and filing date for the application.

Request: Please calculate the surcharge and interest owed. Below is the following information to perform the calculations:

1. Carrier Name \_\_\_\_\_
2. Starting date of Operation without License \_\_\_\_\_
3. Filing Date of application \_\_\_\_\_
4. Issuance Date of the Decision \_\_\_\_\_
5. Monthly Intrastate Revenue report between April 2022 and March 2023.

	<b>2022</b>	<b>2023</b>
<b>January</b>	n/a	
<b>February</b>	n/a	
<b>March</b>	n/a	
<b>April</b>		n/a
<b>May</b>		n/a
<b>June</b>		n/a
<b>July</b>		n/a
<b>August</b>		n/a



	2022	2023
<b>September</b>		n/a
<b>October</b>		n/a
<b>November</b>		n/a
<b>December</b>		n/a

6. Number of Active Access Line from April 2023 to Issuance of this Decision.  
*See Section 5.2.2 of D.22-10-021 for definition of access line.*

	2023	2024
<b>January</b>	n/a	
<b>February</b>	n/a	
<b>March</b>	n/a	
<b>April</b>		
<b>May</b>		
<b>June</b>		
<b>July</b>		
<b>August</b>		
<b>September</b>		
<b>October</b>		
<b>November</b>		
<b>December</b>		

**(END OF ATTACHMENT E)**