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

Order Instituting Rulemaking Proceeding  
to Consider Changes to Licensing Status  
and Obligations of Interconnected Voice  
over Internet Protocol Carriers.

Rulemaking 22-08-008

**COMMENTS OF THE SMALL BUSINESS UTILITY ADVOCATES ON THE  
PROPOSED DECISION UPDATING REGULATORY FRAMEWORK FOR  
TELEPHONE CORPORATIONS PROVIDING INTERCONNECTED VOICE OVER  
INTERNET PROTOCOL SERVICE AND CLOSING PROCEEDING**

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## **SUBJECT INDEX**

### Recommended Changes to the Proposed Decision:

1. The final decision should confirm that data centers constitute telephone facilities
2. The final decision should require providers to disclose the basis for their facilities classification

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**I. INTRODUCTION AND SUMMARY**

Small Business Utility Advocates (SBUA) submits these comments on the Proposed Decision updating the regulatory framework for telephone corporations providing interconnected Voice over Internet Protocol (VoIP) service and closing this proceeding (Proposed Decision or PD).

SBUA has actively participated in both phases of this proceeding, representing the interests of small businesses, including those in Environmental and Social Justice (ESJ) communities. Throughout this proceeding, SBUA has urged the Commission to ensure that its regulatory framework for interconnected VoIP services supports equitable access, service reliability, and regulatory transparency—particularly for small business ratepayers and ratepayers in ESJ communities, who are often first and hardest hit by regulatory gaps or degraded service.

SBUA commends the Commission for advancing a framework that promotes competitive neutrality, customer transparency, and meaningful regulatory oversight and generally supports the Proposed Decision. SBUA submits these comments to request

clarifications to the facilities definitions adopted in Section 5 and to the Tier 1 advice letter process adopted in Section 4.

## **II. COMMENTS: THE FINAL DECISION SHOULD CLARIFY THE SCOPE OF THE ADOPTED FACILITIES DEFINITIONS**

SBUA recommended throughout this proceeding that the Commission adopt a clear and inclusive definition of facilities-based status and urged that the definition not be drawn too narrowly so as to exclude facilities that the provider “controls” in providing voice service. (See, e.g., SBUA Reply Comments on the Definition of Facilities of Interconnected Voice Over Internet Protocol Service Providers at 3-5, July 29, 2025.)

SBUA supports the Proposed Decision's revised definitions of facilities-based, limited facilities-based, and non-facilities-based interconnected VoIP service providers in the context of the Commission's licensing and registration framework. Decision (D.) 24-11-003 provisionally defined “facilities-based” to mean “the service provider owns all or part of the network facilities that provision the telephone service.” (D.24-11-003 at 36-37.) The Proposed Decision expands this to whether the provider “owns, controls, operates, or manages” facilities used to furnish voice service to California end users — a refinement SBUA supported throughout this proceeding. (PD at 26-27.) The Proposed Decision defines these categories as follows:

Full facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, which directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances, in connection with or to facilitate communications within the local exchange portion of the public switched network and intends to build or install telecommunications infrastructure and equipment in public rights-of-ways or engage in other trenching activity.

Limited facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, which directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances, in connection with or to facilitate communications within the local exchange portion of the public switched network and intends to build or install telecommunications infrastructure and equipment within existing structures or facilities of other licensed providers, public utilities, or municipalities.

Non-facilities-based providers are those telecommunications providers, including interconnected VoIP service providers which do not directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances, in connection with or to facilitate communications within the local exchange portion of the public switched network.

(PD at 27-28.)

While SBUA supports the definitions as adopted, two gaps in the Proposed Decision risk undermining their practical effectiveness. First, the definitions do not explicitly address whether data centers and the equipment housed within them qualify as facilities — a significant omission given that modern VoIP services depend heavily on data center infrastructure. Second, the Tier 1 advice letter process does not require providers to disclose the infrastructure and arrangements that underlie their stated facilities classification, leaving the Commission without the information needed to verify that classification. SBUA asks the Commission to address both gaps in the final decision.

**A. The Final Decision Should Confirm That Data Centers Constitute Telephone Facilities**

The definitions say that facilities-based status turns on whether a provider owns, controls, operates, or manages “conduits, ducts, poles, wires, cables, instruments,

switches, appurtenances, or appliances” in connection with or to facilitate communications within the local exchange portion of the public switched network. This list — drawn from the statutory language of Public Utilities Code Section 233 — reflects traditional physical telecommunications infrastructure and does not explicitly address whether data centers and the equipment housed within them qualify. The statutory framework underlying the definitions, however, supports their inclusion. Public Utilities Code Sections 233 and 234 define “telephone line” and “telephone corporation” to include all instruments, appliances, and equipment owned, controlled, operated, or managed in connection with or to facilitate communication by telephone — language broad enough to cover data center equipment that performs switching, routing, billing, and interconnection functions essential to voice service delivery. (D.24-11-003 at 36-37; PD at 26-27.)

The Commission should confirm this in the final decision. Data centers frequently house exactly this kind of critical infrastructure. (See SBUA Opening Comments on the Definition of Facilities of Interconnected Voice Over Internet Protocol Service Providers at 4, June 27, 2025.) Without that confirmation, two providers delivering functionally identical voice services — one through owned physical infrastructure and one through data center equipment — could end up subject to different regulatory obligations, undermining the competitive neutrality the definitions are designed to achieve. Customers of the less-regulated provider would be left without the consumer protections that facilities-based classification was designed to ensure. SBUA asks the Commission to confirm in the final decision that data centers and the equipment housed within them that is used in connection with or to facilitate voice communications fall within the

definition of facilities for purposes of the interconnected VoIP licensing and registration framework.

**B. The Final Decision Should Require Providers to Disclose the Basis for Their Facilities Classification**

The Tier 1 advice letter process established in the Proposed Decision requires providers to identify their wireline facilities status and whether they offer facilities-based or non-facilities-based fixed interconnected VoIP services. (PD at 10-15.) But stating a facilities classification without disclosing the infrastructure and arrangements that underlie it gives the Commission no basis to evaluate the accuracy of the classification. Modern VoIP architecture frequently relies on a combination of owned equipment, leased infrastructure, cloud-hosted functions, and third-party transport agreements — any of which may satisfy the adopted definitions of facilities-based status. Without disclosure of the types and functions of equipment providers own, control, or manage, the locations of that infrastructure including infrastructure located out of state, and the nature of any third-party agreements, leases, or virtual infrastructure arrangements relied upon to deliver voice service, the Commission cannot assess whether a provider's self-reported classification is correct. (See SBUA Reply Comments on the Definition of Facilities of Interconnected Voice Over Internet Protocol Service Providers at 6, recommending that the Commission require providers to disclose the types and functions of equipment they control, the locations of their critical infrastructure, and the extent to which they rely on leased, virtualized, or third-party assets.)

Without these disclosures, the Commission has no way to know whether a provider that self-reports as non-facilities-based is actually operating facilities-based infrastructure and therefore subject to heightened regulatory requirements — including

CPCN obligations, financial showings, and service quality standards — that exist precisely to protect consumers, including small businesses and ratepayers in ESJ communities who depend on these providers for reliable voice service and have limited recourse when service fails. The final decision should require these disclosures as part of the Tier 1 advice letter so that the Commission can verify that a provider's stated facilities classification is accurate.

### **III. CONCLUSION**

For the foregoing reasons, SBUA respectfully requests that the Commission confirm in the final decision that data centers and the equipment housed within them constitute telephone facilities for purposes of the interconnected VoIP licensing and registration framework, and that providers filing Tier 1 advice letters must disclose the infrastructure and arrangements that form the basis for their stated facilities classification.

Respectfully submitted,

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