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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Sierra Telephone Company, Inc. (U1016C), Sierra Telephone Long Distance (U5657C), Varcomm-SierraTel, Inc., Varcomm Holdings, Inc. and V Squared Holdings, Inc. For Approval of Transfer Control of Sierra Telephone Company, Inc. (U1016C), Sierra Telephone Long Distance (U5657C) Pursuant to California Public Utilities Code Section 854(a).

Application 26-02-008

**ASSIGNED COMMISSIONER'S SCOPING
MEMO AND RULING**

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's (Commission) Rules of Practice and Procedure (Rules).

1. Procedural Background

Application (A.) 26-02-008, with its accompanying Exhibits 1 through 13, was filed on February 13, 2026 by the following five Joint Applicants:

Commission Licensees¹

1. Sierra Telephone Company, Inc. (U1016C); and
2. Sierra Telephone Long Distance (U5657C), (collectively, the Sierra Telephone Utilities).

Transferees²

3. Varcomm-SierraTel, Inc., a California corporation;
4. Varcomm Holdings, Inc., a California corporation; and
5. V Squared Holdings, Inc., a California corporation.

The Application indicates that the Sierra Telephone Utilities are currently wholly owned by non-applicant/proposed transferor Sierra Tel Communications Group, Inc., a California corporation.³

Joint Applicants seek to enter into a stock purchase agreement dated January 14, 2026 which provides, in part, for Varcomm-SierraTel, Inc. to purchase 100 percent of the stock of each of the Sierra Telephone Utilities from Sierra Tel Communications Group, Inc.⁴ Varcomm-SierraTel, Inc. is a newly formed subsidiary of Varcomm Holdings, Inc. Varcomm Holdings, Inc. is currently a subsidiary of V Squared Holdings, Inc. Once the subject stock purchase agreement and related transactions are fully consummated, the Sierra Telephone Licensees would become subsidiaries of Varcomm Holdings, Inc. In

¹ See A.26-02-008 at 2-3.

² Id.

³ See A.26-02-008 at 1, 5, and Exhibit 2 (*Current Sierra Tel Communications Group Corporate Structure*).

⁴ See A.26-02-008 at 4 and Exhibit 1 (*Stock Purchase Agreement (Public)*) (January 2026 SPA). The January 2026 SPA also provides for non-applicant Sierra Tel Communications Group, Inc.'s sale of 100% of its stock in non-Commission regulated entities – Sierra Tel Internet, Sierra Tel Business Systems, and Sierra Tel Administration – to Varcomm-SierraTel, Inc. See also Exhibit 1, January 2026 SPA at A-2.

addition, V Squared Holdings, Inc. would acquire indirect control of the two Sierra Telephone Licensees (Application or A.26-02-008).⁵

Pursuant to Pub. Util. Code Section 854, Commission authorization is required for the transfer of ownership of the Sierra Telephone Licensees proposed in A.26-02-008.

On March 13, 2026, the assigned Administrative Law Judge (ALJ) set a prehearing conference (PHC) for April 17, 2026 and directed parties to file a joint PHC Statement by April 10, 2026.⁶

The Utility Reform Network (TURN) filed a protest to the Application on March 23, 2026.⁷ Joint Applicants' reply to TURN's protest was filed on April 2, 2026.⁸

Joint Applicants and TURN met and conferred and timely filed a joint PHC Statement on April 10, 2026.⁹ A PHC was held on April 17, 2026 before ALJ Andrea D. McGary to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and to address other matters as necessary. During the PHC, ALJ McGary ordered the Joint Applicants and

⁵ See Application at 4-5 and Exhibit 3 (*Current V Square Holdings, Inc. Corporate Structure/ Pro Forma V Square Holdings, Inc. Corporate Structure*).

⁶ *Administrative Law Judge's Ruling Setting Remote Prehearing Conference & Prehearing Conference Statement Deadline* (March 13, 2026)

⁷ *Protest of The Utility Reform Network of The Joint Application for Approval of Transfer of Control of Sierra Telephone Company, Inc. and Sierra Telephone Long Distance Pursuant to Public Utilities Code Section 854(a)* (March 23, 2026).

⁸ *Reply Sierra Telephone Company, Inc. (U 1016 C), Seirra Telephone Long Distance (U 5657 C), Varcomm-Sierratel, Inc., Varcomm Holdings, Inc., and V Squared Holdings, Inc. To The Protest of The Utility Reform Network* (April 2, 2026).

⁹ *Joint Prehearing Conference Statement of Sierra Telephone Company, Inc. (U 1016 C), Seirra Telephone Long Distance (U 5657 C), Varcomm-Sierratel, Inc., Varcomm Holdings, Inc., V Squared Holdings, Inc., and The Utility Reform Network* (April 10, 2026).

TURN to provide supplemental information to clarify the record as to the status of discovery, data request, and disclosures on or before May 15, 2026.¹⁰ The Joint Applicants' counsel timely provided the requested joint procedural update on May 15, 2026 via email to the A.26-02-008 Official Service List.¹¹

Due to the early stage of this proceeding, the April 10, 2026, joint PHC Statement did not identify legal issues, material facts in dispute, or stipulated facts. However, ALJ McGary reviewed a proposed scope of the proceeding,¹² reviewed public participation hearing options,¹³ and obtained additional party input on the record at the April 17, 2026 PHC.

After considering the application, the transcript of the April 17, 2026 PHC, and the proceeding record, I have determined the issues and initial schedule of the proceeding to be as set forth in this Scoping Memo.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether Joint Applicants' request for transfer of control complies with all Commission requirements, including but not limited to Pub. Util. Code Section 854?
2. Are there conditions of approval necessary to protect and promote the public interest?
3. Does the proposed transfer align with the Commission's Environmental and Social Justice Plan?

¹⁰ See *Reporter's Transcript of April 17, 2026 Prehearing Conference Virtual Proceeding* (RT) at 27:9-13 (April 20, 2026).

¹¹ Email Patrick M. Rosvall, Esq., BRB Law LLP, Re: A.26-02-008 (*Varcomm/Sierra 854*) - *Status of Discovery*) (May 15, 2026).

¹² See RT at 28:21 to 42:17.

¹³ See RT at 14:1 to 23:20.

3. Need for Evidentiary Hearing

There are potential legal issues and material facts in dispute in this proceeding which may require evidentiary hearing to resolve the application. Accordingly, I find that evidentiary hearing is needed. In the event that evidentiary hearing is no longer required, the assigned ALJ may modify this instruction by subsequent ruling to facilitate efficient resolution of the proceeding.

4. Schedule

The following projected schedule is adopted here and may be reconfirmed or modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Intervenor Testimony	July 8, 2026
Public Participation Hearings	3 rd Quarter 2026 (2:00 pm) [Remote] 3 rd Quarter 2026 (2:00 pm) [In-Person, Madera County or Mariposa County, CA] 3 rd Quarter 2026 (6:00 pm) [In-Person, Madera County or Mariposa County, CA]
Rebuttal Testimony	August 6, 2026
Commission Rule 13.9 Party Meet & Confer	August 17, 2026
Joint Status Conference/Hearing Readiness Statements	September 2026
Status Conference [Remote]	September 2026
Scheduling Order	October 2026
Evidentiary Hearings [If Needed]	1 st Quarter 2027

Event	Date
Concurrent Opening Briefs	<i>1st Quarter 2027</i>
Concurrent Reply Briefs	<i>1st Quarter 2027</i>
Proposed Decision	<i>2nd Quarter 2027</i>

The purpose of the September 2026 status conference is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties’ resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

The proceeding will stand submitted on the filing of reply briefs or upon a determination that no further information or evidence is needed to adequately inform and evaluate the issues in the instant proceeding. The ALJ may adjust the proceeding schedule and may require further evidence or argument if necessary to promote the efficient management and fair resolution of this proceeding.

The proposed decision is expected to be filed no later than 90 days from the date the proceeding is submitted, for public review and comment pursuant to Pub. Util. Code Section 311(d) except that, if it grants the uncontested requested relief, public review and comment shall be waived pursuant to Rule 14.6(c)(2).

It is the Commission’s intent to complete this proceeding within 18 months of the original February 13, 2026 application filing date as required by Pub. Util. Code Section 1701.5.

5. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission’s preliminary determination that this is a ratesetting proceeding.¹⁴ Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

6. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission’s daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission’s External Affairs Division with local governments and other interested parties.

7. Response to Public Comments

Parties may, but are not required, to respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

8. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://cpuc.ca.gov/pao>, or contact the Commission’s Public Advisor at 1-866-849-8390, or send an email to public.advisor@cpuc.ca.gov.

¹⁴ Resolution ALJ 176-3577 at 2.

9. Filing, Service, and Service List

The official Service List has been created and is on the Commission's website. Parties should confirm that their information on the Service List is correct and serve notice of any errors on the Commission's Process Office, the Service List, and the ALJ. Persons may become a party pursuant to Rule 1.4.¹⁵

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f). The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and

¹⁵ The form to request additions and changes to the Service list may be found at <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>.

accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

10. Receiving Electronic Service from the Commission

Parties and other persons on the Service List are advised that it is the responsibility of each person or entity on the Service List for Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your email safe Service List and update your e-mail screening practices, settings, and filters to ensure receipt of emails from the Commission.

11. Assignment of the Proceeding

Matthew Baker is the assigned Commissioner and Andrea D. McGary is the assigned Administrative Law Judge for the proceeding.

IT IS RULED that:

1. The scope of the proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The Presiding Officer is Administrative Law Judge Andrea D. McGary.
5. The category of this proceeding is ratesetting.

Dated June 17, 2026, at San Francisco, California.

/s/ MATTHEW BAKER

Matthew Baker
Assigned Commissioner