STATE OF CALIFORNIA GAVIN NEWSOM

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

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August 13, 2026

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 25-09-002:

This is the Proposed Decision of Administrative Law Judge (ALJ) Darryl Gruen. 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 September 17, 2026, 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: jds

Decision **PROPOSED DECISION OF ALJ GRUEN (Mailed 08/13/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of IPC Systems, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Non-Dominant Interexchange Carrier.	Application 25-09-002

DECISION GRANTING IPC SYSTEMS, INC., A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTEREXCHANGE SERVICES

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DECISION GRANTING IPC SYSTEMS, INC., A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTEREXCHANGE SERVICES

Summary

Pursuant to Public Utilities Code Section 1001, the Commission grants IPC Systems, Inc. a Certificate of Public Convenience and Necessity to provide intra-Local Access Transport Area high-speed digital private line services throughout California as an interexchange carrier subject to the terms and conditions set forth in the Ordering Paragraphs. Application 25-09-002 is closed.

1. Background

On September 11, 2025, IPC Systems, Inc. (IPC), a corporation authorized to do business in California, filed an application for a certificate of public convenience and necessity (CPCN).

In its application, IPC requested authority to operate as a resold interexchange (intra/inter-Local Access Transport Area (LATA)) service provider.[1] IPC also stated that it will provide resold point-to-point private line voice and data services to business customers in California.[2] According to IPC, the company's services will provide access solely to its private network, and will not permit calls to or from the Public Switched Telephone Network.[3]

IPC's principal place of business is located at 103 Second St., 15th Floor, Harborside Financial Plaza, Jersey City, New Jersey 07311.

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[1] IPC's Application at 3, Section 6.

[2] IPC's Application at 4, Section 8.

[3] IPC's Application at 4, Section 8.

A prehearing conference (PHC) was held on November 12, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

At the PHC, the Administrative Law Judge (ALJ) asked a series of questions. On November 20, 2025, a ruling was issued that restated the questions the ALJ asked during the PHC.

On December 3, 2026, the Assigned Commissioner's Scoping Memo and Ruling was issued.

On December 5, 2026, IPC filed a response to the November 20, 2025, ruling. In its response, IPC stated that it does not intend to provide services other than non-interconnected Voice Over Internet Protocol (VoIP) in California and requested that the procedural schedule be held in abeyance to permit resolution of the threshold jurisdictional issue.

On December 8, 2025, the ALJ issued a ruling granting IPC's request to hold the procedural schedule in abeyance.

On February 27, 2026, May 12, 2026, and June 1, 2026, the ALJ issued a series of rulings directing IPC to file additional information so that the Commission could address the jurisdictional issue. IPC responded to these rulings on March 13, 2026, May 26, 2026, and June 15, 2026, respectively.

2. Submission Date

This matter was submitted on June 15, 2026, upon receipt of IPC's response to the ALJ's Ruling Requesting Additional Information.

3. Issues Before the Commission

The issues in this proceeding are as follows:

1. Whether IPC intends to offer wireline telecommunications services.
2. Whether the Commission has jurisdiction over the services IPC intends to provide.

3. Whether IPC meets all of the Commission requirements, including but not limited to financial, technical, and California Environmental Quality Act requirements for a CPCN.[4]

4. Jurisdiction

As a preliminary issue, IPC questions whether the Commission has jurisdiction over the services it provides. Specifically, after requesting authority to operate as a resold interexchange carrier in its application, IPC claimed at the PHC and in later filings that all voice services it will provide are —by definition —non-interconnected VoIP, because its private network voice services do not interconnect with the Public Service Telephone Network.[5]

In Decision (D.) 88-09-059, the Commission adopted a settlement that defined "high-speed digital services" as service at 1.544 megabits per second (Mbps) and above.[6] It further defined "intra-LATA high-speed digital private line," as a dedicated connection between two or more end-user premises within a LATA to provide intra-LATA non-switched services.[7] The Commission concluded that provision of intra-LATA high-speed digital private line services by an interexchange carrier is not exempt from the CPCN requirements of Public Utilities (Pub. Util.) Code Section 1001, and an interexchange carrier must request Commission authorization.[8]

On May 12, 2026, the ALJ issued a ruling (May 12 Ruling) stating that providing resold point-to-point private line voice and data services to business customers using IPC's private network "could constitute the provision of

[4] Scoping Memo dated December 3, 2025, at 2.

[5] Response of IPC Systems, Inc. to Administrative Law Judge Ruling Dated May 12, 2026, at 3.

[6] D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at n.5.

[7] D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at n.5.

[8] D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at Conclusions of Law 8, 10.

'intraLATA high speed digital private line services' by an interexchange carrier, over which the Commission has jurisdiction."[9] The May 12 Ruling provided the definition of "intra-LATA high-speed digital private line services" from D.88-08-059,[10] and asked whether IPC would stipulate that it is seeking to provide intra-LATA high-speed digital private line services.[11]

In its response, IPC claimed that D.88-08-059 is not readily available and, therefore, it could not determine whether the specific services to be provided are the same as were the subject of the decision.[12] IPC also stated it is unlikely that the services it intends to provide are the same as D.88-08-059 "given the monumental evolution of communications over these nearly forty years" and that it does not otherwise operate as an interexchange carrier.[13]

However, IPC's application shows it will operate as an interexchange intra/inter-LATA service provider.[14] Moreover, IPC stated that it "would be agreeable to a stipulation that it provides high speed digital private line services" if it would permit the expeditious grant of the application.[15]

In a ruling issued June 1, 2026, the ALJ provided IPC with a copy of D.88-08-059 and requested additional information to resolve the CPCN application. IPC provided additional information without further questioning the Commission's jurisdiction.

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[9] May 12 Ruling at 1.

[10] May 12 Ruling at 2.

[11] May 12 Ruling at 4.

[12] May 26 Response at 4.

[13] May 26 Response at 4.

[14] IPC's Application Section 6 at 3.

[15] May 26 Response at 5.

We find that the Commission has jurisdiction over the point-to-point private line voice and data services IPC provides to its business customers because they fit the definition of "intra-LATA high speed digital private line services." IPC noted the "monumental evolution over communications" since the 1988 decision, which we infer includes improvements in internet speeds. Therefore, it is reasonable to conclude that IPC provides service at 1.544 Mbps or above. IPC also clearly notes that it will provide a dedicated connection between two or more end-users. Finally, IPC does not dispute that it meets the basic definition of an intra-LATA high-speed digital private line provider and even goes as far as stating that it is agreeable to stipulating that it will provide these services. Accordingly, we find that the Commission has jurisdiction to consider IPC's application for intra-LATA high-speed digital private line services.

We also note that the Commission has broad jurisdiction over "public utilities," as defined in Pub. Util. Code Section 216.[16] 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.[17] The Commission classifies entities providing two-way voice communications service for compensation within California as "telephone corporations,"[18] and regulates them as public utilities.[19]

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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[16] Pub. Util. Code §§ 216, 234.

[17] *See* Decision (D.) 20-07-011, at 14-15; Cal. Const., art. XII, §§ 1-6; Pub. Util. Code § 701.

[18] Pub. Util. Code §§ 216, 233, 234; D.22-10-021 at 68.

[19] Pub. Util. Code § 216(a). Telephone corporations are required to file annual affiliate transaction reports and pay surcharges and user fees.

extension thereof" in California.[20] 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 voice services, including interexchange carriers are telephone corporations subject to the Commission's jurisdiction.[21] Providers of interexchange services must obtain a CPCN or 1013 registration license to operate in California.

5. Proposed Construction and California Environmental Quality Act (CEQA) Compliance

IPC proposes to provide resold/non-facilities-based service. Pursuant to CEQA and the Commission's Rules of Practice and Procedure (Rule 2.4), the Commission acts as the designated lead agency to consider the environmental consequences of projects subject to the Commission's approval.[22] As the lead agency, the Commission must identify any potential environmental impacts and reduce and avoid them to the extent feasible.

Because IPC 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.[23] Before it can construct

[20] Pub. Util. Code § 1001.

[21] Pub. Util. Code §§ 216, 233, 234, 239; D.22-10-021 at 68; D.24-11-003 at 18-19.

[22] Pub. Resources Code §§ 21000, *et seq*.

[23] *See* D.24-11-003 at 56-58.

facilities, IPC must file for additional authority and submit to any necessary CEQA review.

Granting this CPCN will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

6. Financial Qualifications

To receive a CPCN for authority to provide resold/non-facilities-based services, an applicant is required to demonstrate that it has a minimum of $25,000 cash (or cash equivalent), both reasonably liquid and readily available to meet the firm's start-up expenses in California.[24]

In IPC's Application and in Attachment 1 of its Response to the ALJ Inquiry dated June 15, 2026, IPC demonstrated that it has at least $25,000.00 reasonably liquid and available. This documentation demonstrates that IPC has sufficient funds to meet its start-up expenses and fulfills this requirement. Because IPC is providing the three financial statement items, it does not need to provide a bank statement after the issuance of this decision.

In addition to demonstrating financial fitness, IPC must also demonstrate that it has an additional $25,000.00 available for deposits that may be required to interconnect with local exchange carriers. IPC met this requirement by providing documentation of its ability to pay deposits in its Application and in Attachment 1 of its Response to the ALJ Inquiry dated June 15, 2026.

To receive a CPCN for authority to provide resold/non-facilities-based services, an applicant with existing profitable interstate operations may meet the minimum financial requirement by submitting an audited balance sheet for the

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[24] The financial requirement for CLECs, NDIECs, and fixed interconnected VoIP providers is contained in D.24-11-003 at Appendix F.

recent fiscal year, an unaudited balance sheet for the previous quarter, and a bank statement as of the month prior to the date of filing or a third-party undertaking to provide the required amounts on behalf of the applicant.[25] IPC provided the aforementioned documentation in Appendix K to its Application and Attachment 1 to its Response to the ALJ Inquiry dated June 15, 2026, and, therefore, demonstrated it has sufficient funds to meet its start-up expenses and fulfill this requirement.

7. Technical Qualifications

To receive a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.[26] IPC supplied biographical information on its management in Appendix G to its application and Attachment 3 in its Response to the ALJ Inquiry dated June 15, 2026. The information provided demonstrates that IPC has sufficient expertise and training to operate as a telecommunications provider.

8. Certification Requirements

IPC cannot certify that neither IPC, nor any of its affiliates, officers, directors, partners, agents, or owners (directly or indirectly) of more than 10 percent of IPC, or anyone acting in a management capacity for IPC:

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;

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[25] The financial requirement for CLECs, NDIECs, and fixed interconnected VoIP providers is contained in D.24-11-003 at Appendix F.

[26] D.95-12-056 at Appendix C, Rule 4.A, *as modified by* D.13-05-035 and D.24-11-003.

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.

Similarly, IPC cannot certify that, to the best of IPC's knowledge, neither IPC, nor any affiliate, officer, director, partner, or owner of more than 10 percent of IPC, 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.[27]

IPC disclosed it previously had a telecommunications license revoked. Specifically, IPC reported that in 2012 the Commission revoked the CPCN of IPC Network Services Inc., a wholly-owned subsidiary of IPC Systems Inc. IPC noted, however, that the Commission granted a new certificate to IPC Network Services in 2014.[28] Given that the Commission reviewed the violation and

[27] D.13-05-035 at OP 14.

[28] IPC's Application at Appendix E.

determined that IPC Network Services should still be eligible for a new certification, we affirm the Commission's prior finding in D.14-10-042 that IPC's wholly-owned subsidiary, IPC Network Services Inc., was eligible for a CPCN after the Commission's initial CPCN revocation. We also note that IPC Network Services Inc. has operated without penalty or license revocation by the Commission's Communications Division for the 12 years since its license was reinstated in 2014.

Also, IPC disclosed that in 2009, the Federal Communications Commission's (FCC) Enforcement Bureau issued an Omnibus Notice of Apparent Liability for Forfeiture against IPC Network Services Inc. for allegedly failing to timely file a Customer Proprietary Network Information (CPNI) compliance certification for calendar year 2007. IPC added that in 2010, a subsequent order was issued finding that IPC Network Services Inc. was, "…not required to file a CPNI certification for calendar year 2007," and held that no forfeiture should be imposed.[29] Given that the FCC subsequently ordered that IPC Network Services Inc. was not required to file a certification for calendar year 2007, we find that IPC Network Services Inc. adequately remedied the issue that gave rise to the FCC's enforcement action.

For the aforementioned reasons, this decision finds that IPC, the parent company of IPC Network Services Inc, should be granted a CPCN despite its failure to meet the certification requirements of D.13-05-035 and D.24-11-003.

9. Tariffs

Interexchange carriers (IECs) requesting detariffed status may be exempt from the requirement to file tariffs, provided they do not provide basic service as defined by D.12-12-038 and comply with the consumer protection rules identified

[29] IPC's Application at Appendix H.

in D.98-08-031. IPC indicated it will not offer services that require a tariff or schedule. Therefore, detariffed status is granted.

In the future, if IPC decides to offer services that require a tariff or schedule, such as basic service, IPC must submit proposed tariffs and/or user guides to the Commission's Communications Division by Tier 2 advice letter using the General Order (GO) 96B advice letter process at least 30 days before initiation of service.[30]

10. Request for Treatment as a Non-dominant Interexchange Carrier

IPC requests treatment as a non-dominant interexchange carrier (NDIEC), as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044. The Commission recently streamlined and updated the requirements for CLECs and NDIECs, and established a regulatory framework for VoIP providers in D.24-11-003. Therefore, IPC is accorded all exemptions traditionally granted to NDIECs, without the need for an individual grant for such treatment in this decision. Accordingly, IPC's request for NDIEC treatment is moot. IPC must follow the requirements as summarized and provided for by D.24-11-003,[31] and as indicated in Appendices B through D.

11. 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. The Commission finds that IPC will meet the Commission's minimum safety goals and expectations of interexchange carriers because: (1) IPC has taken steps to

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[30] D.12-12-038 at 10-11.

[31] D.24-11-003 at 58-82 (Section 8.2).

meet the financial requirements, as set forth in this decision for a non-facilities-based interexchange carriers, and (2) IPC 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."

12. Violation of Pub. Util. Code Section 1001

In its application, IPC disclosed that it had contracted with two customers in California as of July 1, 2025.[32] Similarly, in its May 26, 2026, response to the May 12 Ruling (May 26 response), IPC admitted it had begun contracting with customers to provide the services described in its application as of July 1, 2025.[33]

Telephone corporations must obtain authority from the Commission to offer services in California.[34] The ALJ asked IPC whether it would stipulate that it violated Pub. Util. Code Section 1001 for operating without Commission authority by contracting with customers for its services. In its May 26 response, IPC stipulated that it began offering services as of July 1, 2025, before it obtained authority. However, IPC also claimed that, as a private party, "it appears to lack the ability to stipulate to a conclusion of law."[35]

Given IPC's stipulation that it began offering services before receiving Commission authority, we find that IPC violated Pub. Util. Code Section 1001. IPC's claim that it cannot specifically stipulate to a violation of the law is a

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[32] IPC Application at Appendix D.

[33] IPC May 26 response, at 5.

[34] *See* Pub. Util. Code §§ 1001 *et seq.*; *see, e.g.,* D.19-05-008 at 9 (finding provision of services without Commission authority violates Section 1001).

[35] IPC May 26 Response at 5, *citing e.g., Leonard v. City of Los Angeles*, 31 Cal.App. 473, 476 (1973).

misreading of the authority it cites to make its assertion.[36] IPC is cautioned to represent the law to the Commission more carefully in the future.[37]

13. Penalty for Operating Without Authority

In its May 26 response, IPC Systems proposed to remit $2,000 to address the provision of services prior to an application for Commission authority.[38] IPC claimed that amount is consistent with Commission precedent and the factors outlined in D.98-12-075. We address that here.

In assessing the reasonableness of the proposed penalty range, we apply the criteria set forth in Commission D.98-12-075: (1) the severity of the economic or physical harm resulting from the violation; (2) the utility's conduct to prevent, detect, disclose, and rectify the violation; (3) the utility's financial resources; (4) the public interest involved; (5) the totality of the circumstances; and (6) Commission precedent.[39]

13.1. Severity of Harm

Beginning on July 1, 2025, IPC contracted with two customers to provide service in California, and IPC did not apply to the Commission for a CPCN until September 11, 2025. The size of the fine should be proportionate to the severity of the offense. To determine severity, three factors are considered: (1) physical

[36] May 12, 2026, Ruling at 4. (IPC was asked whether it would stipulate by the ALJ, not another party.)

[37] IPC May 12 Response at 5. ("IPC Systems, as a private party, appears to lack the ability to stipulate to a conclusion of law.", citing *Leonard v. City of Los Angeles*, 31 Cal.App. 473, 376 (1973)) However, in *Leonard*, the court states, ("it is generally held that a stipulation between the parties may not bind a court on questions of law.")) IPC appears to have recognized that this prohibition applies to stipulations between parties, not a stipulation to the ALJ, as shown by its quote from *Southern Pacific Transp. Co. v. United States*, 462 F.Supp. 1227, 1239 (E.D. Cal. 1978). (*See* May 26 Response at n. 10.)

[38] IPC May 26 response, at 5.

[39] D.98-12-075, Appendix B, at 9-14.

harm, (2) economic harm, and (3) harm to the regulatory process.[40] IPC claims there was no physical or apparent economic harm, nor harm to the regulatory process.[41]

The Commission finds that IPC harmed the regulatory process, albeit in a limited fashion. IPC contracted with two customers for several months before applying for the CPCN. IPC Systems began business in California before receiving Commission permission to operate in California.

13.2. Conduct of the Utility

In D.98-12-075, the Commission also held that the size of a fine should reflect the conduct of the utility. When assessing the conduct of the utility, we consider the following factors: (1) the utility's actions to prevent a violation; (2) the utility's actions to detect a violation; and (3) the utility's actions to disclose and rectify a violation.

IPC Systems claims it acted in good faith at all times, that it filed the application to ensure that the Commission had the opportunity to determine whether it has jurisdiction to authorize IPC Systems' services, and that it disclosed limited-service offerings beginning in July 2025.[42] IPC's disclosure that it had contracted with customers in its application is a mitigating factor.

13.3. Financial Resources

IPC asserts that its financial resources are, as shown by the confidential documentation it submitted with the application, modest in comparison to large utilities operating in the State.[43] On June 15, 2026, IPC also provided an unaudited balance sheet for the quarter immediately preceding the date of

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[40] D.98-12-075, Appendix B, at 9-14.

[41] IPC May 26 response, at 6.

[42] IPC May 26 response, at 6.

[43] IPC May 26 response at 6.

application and a bank statement as of the month prior to the application filing date, in response to an ALJ inquiry on June 1, 2026. All of the confidential information gives the Commission a basis to agree that IPC's resources are more limited, and to weigh in favor of a relatively small penalty.

13.4. Public Interest

By imposing a penalty against IPC, the Commission furthers the public interest, encouraging utilities to apply for a CPCN before operating in California, even if they are uncertain whether the Commission will assert jurisdiction over them. Therefore, we find the assessment of a penalty in this matter to be in the public interest.

13.5. Totality of the Circumstances

In D.98-12-075, the Commission held that a fine should be tailored to the unique facts of the case.[44] Here, IPC harmed the regulatory process by contracting for services without Commission authority. However, the degree of wrongdoing is mitigated given IPC's conduct in submitting its application, disclosing that it contracted for services before receiving authority, and dutifully responding to ALJ rulings. In all cases, the harm will be evaluated from the perspective of the public interest. Given the scope of the violation and the facts of the proceeding, a penalty of $2,000 is reasonable.

13.6. Commission Precedent

D.98-12-075 requires that the Commission address previous decisions that involve reasonably comparable factual circumstances and explain any substantial differences in outcome. The Commission has considered the range of fines assessed in several other decisions and resolutions, including the penalty structure contemplated in Commission Resolution T-17601, issued on June 21,

[44] D.98-12-075 at 39.

2018. Resolution T-17601 authorized Communications Division Staff to enforce telecommunication carrier compliance with Commission Resolutions, Decisions, Orders and the Pub. Util. Code by way of a range of penalty calculations for failure to obtain authority to operate in California, starting at $1,000 per month for each month that a carrier has been operating without authority or approval.[45] IPC also points out that Resolution T-17601 suggests a baseline assessment of $1,000, where Staff issues a citation to a public utility for failure to obtain authority to operate.[46]

Although Pub. Util. Code Section 2107 allows for a minimum of $500 and a maximum of $100,000 per violation of a Commission requirement, Resolution T-17601 provides an example for the penalty structure and assessment contemplated in the instant proceeding,[47] and the Commission considers it persuasive in this case.

In D.25-10-011, the Commission also applied T-17601 to levy a penalty of $1,000 per month against NTT America.[48] Similar to IPC's act of contracting with customers in California before receiving a CPCN in this case, the Commission found that NTT America continued to provide regulated intrastate service without authority in California following revocation of its CPCN.[49] The Commission then assessed a penalty for $50,000, spanning the time NTT started

[45] Commission Resolution T-17601 at Appendix A (Approval of a Citation Program To Enforce Compliance by Telecommunication Carriers With The Commission's Resolutions, Decisions, Orders, and The Public Utilities Code and Authorizes Staff to Issue Citations; Procedures for Appeal of Citations).

[46] IPC May 26 response at 6, citing Resolution T-17601 at 3-4.

[47] Resolution T-17601, Appendix A.

[48] D.25-10-011 at 23-24.

[49] D.25-10-011 at 37-38, Finding of Fact 12.

providing services in California without a CPCN until the date of the Commission decision.[50]

Here, it is reasonable to assess the penalty up to the date IPC filed its application.[51] In NTT America's proceeding, the ALJ issued multiple rulings that requested supplemental information, and several of NTT's responses were only partially responsive.[52] In contrast, IPC provided timely responses with adequate technical and factual information to respond to the ALJ's rulings. NTT America also did not sufficiently explain why it continued to operate as a telephone corporation providing interexchange services in California for almost three years after the Commission revoked its license.[53] IPC came to the Commission approximately two months after it established its contracts.

The Commission will limit its penalty to only two months, July and August of 2025, given the extent of the mitigating circumstances described herein.

13.7. Penalty Determination

Considering the factors in D.98-12-075, we find the penalty amount of $2,000 reasonable in light of the record as a whole. The penalty is reasonable given the severity of the regulatory harm caused by IPC's failure to obtain authority *before* offering services. In recognition of IPC's mitigating conduct, as described above, the penalty is also limited. The penalty is in the public interest as it is a sufficient deterrent for a company of IPC's size given the factual

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[50] D.25-10-011, at 41, Conclusion of Law 4.

[51] In Resolution T-17601 Appendix A, the Commission requires the penalty schedule to be $1,000 per month for each month that a carrier has been operating without authority. Here, the Commission can look at the totality of the circumstances to determine that the penalty is reasonable up to the date of the application, which we do.

[52] D.25-10-011, at 4-5.

[53] D.25-10-011, at 22.

circumstances of this proceeding. Finally, the factual circumstances discussed herein distinguish IPC's violation from other violations that have necessitated a larger penalty amount. Thus, the stipulated penalty amount of $2,000 is consistent with Commission precedent given the circumstances of this proceeding and reasonable in light of the record.

14. Conclusion

IPC's application conforms with the Commission's rules for certification as an interexchange carrier. Accordingly, the Commission grants IPC's CPCN application to provide intra-LATA high-speed digital private line service throughout the state of California as an interexchange carrier subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to IPC and corresponding obligations. IPC receives authority to operate in the prescribed service territory, and this authority enables IPC, 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.[54]

In return, IPC 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, the consumer protection rules, tariffing, and reporting requirements. Moreover, IPC is obligated to pay all Commission-prescribed user fees and public purpose program surcharges, as set forth in Attachment 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

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[54] The California Pub. Util. Code uses the term "telephone corporation." Its counterpart in federal law is a "telecommunications carrier."

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." Granting this application will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

15. Additional Requirements for Applicant Following Commission's Grant of CPCN

The CPCN granted in this decision is contingent upon IPC 's compliance with several requirements: (1) rendering service to customers within 12 months from the effective date of this decision; (2) using its assigned corporate identification number in the caption of all original filings with the Commission; (3) filing in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision; (4) providing the name, address, e-mail address, and telephone number of its designated primary regulatory/official contact person to the Commission's Communications Division within five days of written acceptance of its certificate; (5) providing the name, address, e-mail address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the Commission's Consumer Affairs Branch within five days of written acceptance of its certificate; (6) submitting a Tier 1 Advice Letter containing a copy of the license holder's executed performance bond within 30 days of the effective date of this decision; (7) submitting its compliance with Pub. Util. Code Section 708, Employee Identification Cards, to the Commission's Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision; and (8) providing the date that competitive local exchange service is first rendered to the public, to the Commission's

Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, no later than five days after service first begins. These requirements are in addition to IPC's ongoing obligation to be subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision (including annual affiliate transaction reports, ongoing performance bond requirements, and payment of surcharges and user fees); all Consumer Protection Rules contained in GO 168; and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities on an ongoing basis.

16. Confidential Treatment of Documents and Other Procedural Matters

IPC provided financial documents as listed in D.24-11-003 Appendix F, in Appendix K of its Application and Attachment 1 of IPC's Response to ALJ ruling dated June 15, 2026. These documents are granted confidential treatment for a period of three years, without the need to file a motion for confidential treatment.[55] During this three-year period, this information shall not be publicly disclosed except on further Commission order or ALJ ruling. If IPC believes that it is necessary for this information to remain under seal for longer than three years, IPC may file a motion showing good cause for extending this order by no later than 30 days before the expiration of the grant of confidentiality.

All rulings by the assigned Commissioner and the assigned ALJ are affirmed. All pending motions are deemed denied.

17. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comments 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)

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[55] D.24-11-003 at 48-54; General Order (G.O.) 66-D.

requires that relevant written comments submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no relevant public comments on the Docket Card for this proceeding.

18. Comments on Draft Decision

The proposed decision of ALJ Darryl J. Gruen in this matter will be mailed to the parties in accordance with Pub. Util. Code Section 311 and comments will be allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on ______________________ by ________________.

19. Assignment of Proceeding

Christine Harada is the assigned Commissioner, and Darryl J. Gruen is the assigned ALJ, in this proceeding.

Findings of Fact

1. IPC is a corporation authorized to do business in California.
2. IPC's principal place of business is 103 Second St., 15th Floor, Harborside Financial Plaza, Jersey City, NJ 07311.
3. IPC is a telephone corporation and a public utility as defined in Pub. Util. Code Sections 234(a) and 216(a).
4. IPC proposes to provide intra-LATA high-speed digital private line services as an interexchange carrier throughout the state of California.
5. In D.88-08-059, the Commission asserted jurisdiction over intra-LATA high-speed digital services providers.
6. IPC will not construct any facilities.
7. Because IPC states that it does not intend to construct any facilities, granting this application will not have an adverse impact upon the environment.
8. Granting this CPCN will expand the availability of technologically advanced telecommunications services within the state.

9. Granting IPC a CPCN is in the public interest.

10. IPC has a minimum of $25,000 cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses in California.

11. IPC has an additional $25,000 to cover deposits that may be required by other telephone corporations to provide the proposed service.

12. IPC meets the financial requirements for a CPCN pursuant to D.24-11-003.

13. IPC's management possesses sufficient experience, knowledge, and technical expertise to provide interexchange services to the public.

14. IPC could not attest that neither IPC, nor any of its affiliates, officers, directors, agents, or owners (directly or indirectly) of more than 10 percent of IPC, or anyone acting in a management capacity for IPC: (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 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; (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.

15. IPC's wholly-owned subsidiary, IPC Network Services, Inc., had its CPCN revoked by the Commission in 2012.

16. The Commission granted a new certification for IPC Network Services in 2014 in D.14-10-042.

17. IPC Network Services Inc. adequately remedied the situation that gave rise to the Commission's initial CPCN revocation in 2012.

18. The FCC's Enforcement Bureau issued an Omnibus Notice of Apparent Liability for Forfeiture against IPC Network Services Inc. for allegedly failing to timely file a CPNI compliance certification for calendar year 2007.

19. In 2010, an order was issued finding that IPC Network Services Inc. was "not required to file a CPNI certification for calendar year 2007" and held that no forfeiture should be imposed.

20. IPC Network Services Inc. adequately remedied the issue that gave rise to the FCC's enforcement action.

21. IPC requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031 and D.24-11-003.

22. IPC meets the technical managerial requirements for a CPCN pursuant to D.13-05-013 and D.24-11-003.

23. IPC meets the certification requirements for a CPCN pursuant to D.13-05-013 and D.24-11-003.

24. IPC proposes to operate throughout California.

25. IPC is eligible for all exemptions traditionally accorded NDIECs through D.24-11-003, without need for an individual grant of such treatment in this decision.

26. IPC will meet the Commission's minimum safety goals.

27. IPC filed documents which have a presumption of confidentiality pursuant to D.24-11-003 and GO 66-D in Appendix K of its Application and Attachment 1 on IPC's Response to ALJ Inquiry dated June 15, 2026.

28. In its September 11, 2025, application, IPC disclosed it contracted with two customers to access its services in California as of July 1, 2025.

29. IPC operated without authority for the period beginning when it contracted with customers, and ending when it filed its application.

30. IPC disclosed to the Commission that it contracted for services before receiving authority.

31. IPC proposed to remit $2,000 to address its provision of services prior to receiving authority.

32. IPC harmed the regulatory process by providing services with customers several months before applying for, and before receiving its CPCN.

33. IPC's resources are more limited in comparison to large utilities that operate in California.

34. IPC's proposed penalty is consistent with Commission precedent.

Conclusions of Law

1. IPC should be granted a CPCN to provide intra-LATA high-speed digital private line services in California as an interexchange carrier, subject to the terms and conditions set forth in this decision.

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

3. IPC is exempt from tariffing. In the future, if IPC decides to offer services that require a tariff or schedule, such as basic service, IPC should submit proposed tariffs and/or user guides to the Commission's Communications

Division via Tier 2 advice letters using the GO 96-B advice letter process at least 30 days before initiation of service.

4. Because IPC does not intend to construct any facilities that would cause a direct physical change or a reasonably foreseeable indirect physical change in the environment, the request at issue in this application should not be subject to the California Environmental Quality Act.

5. IPC's request for NDIEC treatment should be denied as moot.

6. The certificate granted, and the authority for IPC to render service to customers under the rates, charges, and rules authorized, should 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. IPC should be responsible for seeking approval for an extension of time to comply with this decision pursuant to Rule 16.6.

7. IPC should be assigned utility identification number U-7552-C and should be 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.

8. IPC should 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.

9. IPC should provide the name, address, email address, and telephone number of its designated primary regulatory/official contact person to the Commission's Communications Division within five days of written acceptance of its certificate.

10. IPC should provide the name, address, email address, and telephone number of its designated contact person for purposes of resolving consumer

complaints to the Commission's Consumer Affairs Branch within five days of written acceptance of its certificate.

11. IPC should submit a Tier 1 advice letter containing a copy of the license holder's executed performance bond in accordance with the process established in D.10-09-017/D.11-09-026 and modified by D.13-05-035 and D.24-11-003 to the Commission's Communications Division within 30 days of the effective date of this decision.

12. IPC should submit its compliance with Pub. Util. Code Section 708, Employee Identification Cards, to the Commission's Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision.

13. IPC should be subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision (including annual affiliate transaction reports, ongoing performance bond requirements, and payment of surcharges and user fees); all Consumer Protection Rules contained in GO 168; and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities on an ongoing basis.

14. IPC's financial documents should be kept under seal for a period of three years from the issuance date of this decision pursuant to D.24-11-003.

15. IPC should pay a penalty of $2,000 for contracting for services without Commission authority within 30 days of the issuance date of this decision. Payment should be made by check or money order, by mail or in-person delivery to California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. IPC should include on the check a written identification stating the decision number and the application number, such as

the following: "For deposit to the General Fund per Decision 26-09-XXX of A.25-09-002."

16. IPC should email the Commission's Communications Division of payment after payment of the penalty at cdcompliance@cpuc.ca.gov.

17. Failure to remit the penalty amount owed within 90 days of the payment deadline should result in additional collections or enforcement against IPC.

18. All rulings by the assigned Commissioner and the assigned ALJ should be affirmed.

19. All pending motions should be deemed denied.

20. 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 IPC Systems, Inc. to provide intra-Local Access Transport Area high-speed digital private line services throughout California as an interexchange carrier subject to the terms and conditions set forth in this decision.

2. IPC Systems, Inc. may not construct any facilities, including equipment in existing buildings or structures.

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

4. IPC Systems, Inc.'s request for non-dominant carrier status treatment is denied.

5. The certificate granted, and the authority for IPC Systems, Inc. (IPC) 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. IPC 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.

6. The IPC Systems, Inc. is assigned utility identification number U-7552-C and is responsible for using this as its corporate identification number in the caption of all original filings with the California Public Utilities Commission (Commission), in the titles of other pleadings filed in existing cases, and informal submissions to the Commission.

7. IPC Systems, 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.

8. IPC Systems, Inc. must provide the name, address, email 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.

9. IPC Systems, Inc. must provide the name, address, email 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.

10. IPC Systems, Inc. must submit a Tier 1 advice letter containing a copy of the license holder's executed performance bond in accordance with the process established in Decision (D.) 10-09-017/D.11-09-026 and modified by D.13-05-035 and D.24-11-003 to the California Public Utilities Commission's Communications

Division within 30 days of the effective date of this decision. Refer to Attachment B for additional information on annual performance bond requirements.

11. IPC Systems, 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, within 60 days of the effective date of this decision.

12. IPC Systems, Inc. is subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision (including annual affiliate transaction reports, ongoing performance bond requirements, and payment of surcharges and user fees); 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.

13. Confidential treatment of IPC Systems, Inc.'s (IPC) Appendix K of its Application and Attachment 1 on IPC's Response to ALJ Inquiry dated June 15, 2026, are granted for a period of three years after the date of this decision pursuant to Decision 24-11-003. During this three-year period, this information shall not be publicly disclosed except upon further Commission order or Administrative Law Judge ruling. If IPC believes that it is necessary for this information to remain under seal for longer than three years, IPC may file a motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

14. IPC Systems, Inc. must pay a penalty of $2,000 for contracting with customers without a certificate of public convenience and necessity from July 1, 2025, to September 11, 2025. Payment must be made by check or money order payable to the California Public Utilities Commission (Commission) and mailed

or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, San Francisco, California 94102. IPC Systems, Inc. shall write on the face of the check or money order, "For deposit to the General Fund per Decision 26-09-XXX of A.25-09-002."

15. IPC Systems, Inc. must inform the California Public Utilities Commission's Communications Division by email at cdcompliance@cpuc.ca.gov upon payment of the penalty.

16. Failure to remit the penalty amount owed within 90 days of the payment deadline will result in additional collections or enforcement action against IPC Systems, Inc.

17. All rulings by the assigned Commissioner and the assigned Administrative Law Judge are affirmed.

18. All pending motions are deemed denied.

19. Application 25-09-002 is closed.

This decision is effective today.

Dated __, 2026, at San Marcos, California.

ATTACHMENT A

ATTACHMENT A

TARIFF DEFICIENCIES

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(END OF ATTACHMENT A)

ATTACHMENT B

ATTACHMENT B

TELEPHONE CORPORATION REQUIREMENTS APPLICABLE TO PROVIDERS OF COMPETITIVE LOCAL EXCHANGE CARRIERS, INTEREXCHANGE CARRIERS AND FIXED INTERCONNECTED VOIP CARRIERS (Carrier)

1. Carrier is subject to all the current applicable California Public Utilities Commission (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 updated in the Commission's Telecommunications and User Fee Filing System (TUFFS) portal within 30 days of any change or at least annually by June 1 of each calendar year. Additionally, information on accessing TUFFS is available from the Commission's website: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees.

4. Carrier is subject to California public purpose program surcharges and user fees. Pursuant to Decision (D.) 22-10-021, as modified by D.24-11-003, 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 the 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 Commission's annual operating budget for regulating telecommunications corporations under its jurisdiction (Pub. Util. Code §§ 431-435). Pursuant to D.24-11-003, Interconnected VoIP service providers operating in California are subject to User Fees, starting on July 1, 2025.

5. Carrier is responsible for obtaining guidance and directives 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 TUFFS portal. Additional information about telecommunications surcharges and user fees is available from the Commission's website: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees.

6. Carrier is responsible for timely and accurate reporting of its number of access lines and remitting the resulting public purpose program surcharges through TUFFS, even if there are zero access lines 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 for questions related to surcharges and access to TUFFS. Current and historical surcharge rates are available from the Commission's website: 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 accurate reporting and remitting of 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, 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 to $100 when the annual gross intrastate revenue is zero ($0) 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. Pursuant to D.24-11-003, Interconnected VoIP service providers operating in California are subject to User Fees, starting on July 1, 2025. Send an email to userfees@cpuc.ca.gov for questions related to user fees. Send an email to userfees@cpuc.ca.gov for questions related to user fees. Current and historical user fee rates are available from the Commission's website: 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, from 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 d/b/a AT&T California and applying 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, as identified above.

10. If Carrier is a provider of interexchange services, competitive local exchange services, and/or fixed interconnected VoIP services, the effectiveness of its future nondominant carrier tariffs, if applicable, 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 Commission's Director of the Communications Division, by email to cdcompliance@cpuc.ca.gov, in compliance with Pub. Util. Codes Section 489(a), no later than February 15 of each year. Additional information is available from the Commission's Website: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/tariff-filing-requirements.

14. Carrier is responsible for obtaining a performance bond of at least $25,000 in accordance with D.13-05-035 and D.24-11-003. Within 30 calendar 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 via TD._PAL@cpuc.ca.gov with a copy of the license holder's executed performance 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. Requests for an extension of time to submit the initial performance bond must be submitted to the Director of the Communications Division via email at cdcompliance@cpuc.ca.gov within 30 days of the effective date of this decision using the performance bond filing extension form is available from the Commission's website: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/performance-bond-requirements. Pursuant to D. 13-05-035, the Commission must revoke a CPCN 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 from the Commission's website: 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 Commission's Director of the Communications Division by email to 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, Telephone Corporations must submit the following information electronically to the Commission's Communications Division using the Annual Operational and Financial Information Report Form via email to cdcompliance@cpuc.ca.gov, no later than March 31st of the year following the calendar year for which the annual report is submitted.[56]

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;

[56] An Annual Operations and Financial Information Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and available from the CPUC website: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/aropfi.pdf.

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; and…

11. Income statement for California operations for the calendar year for which information is submitted.

Additional information about the reporting requirements is available from the Commission's website: 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@cpuc.ca.gov with a subject line that includes: "CD Annual Reports."

(END OF ATTACHMENT C)

ATTACHMENT D

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

Telephone Corporations must submit the following information electronically to the Commission's Communications Division using the Annual Affiliate Transaction Report Form[57] via email to cdcompliance@cpuc.ca.gov, no later than May 1st of the year following the calendar year for which the annual affiliate transaction 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.

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:
   a.) Form/type of organization (*e.g.,* corporation, partnership, joint venture, strategic alliance, etc.);
   b.) Brief description of business activities engaged in;
   c.) Relationship to the utility (e.g., controlling corporation, subsidiary, regulated subsidiary, affiliate);
   d.) Ownership of the utility (including type and percent ownership)
   e.) Voting rights held by the utility and percent; and…
   f.) 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

[57] An Annual Affiliate Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and available from the Commission's website: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form_.pdf.

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 items 1 and 2 above any affiliated entity that either (a) is 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 D.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 from the Commission's website: 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 with a subject line that includes, "CD Annual Reports."

(END OF ATTACHMENT D)