FILED
11/16/26
11:35 AM
A2603001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PetDesk, LLC for a certificate of public convenience and necessity to provide Non-facilities Based Fixed Interconnected VoIP services.	Application 26-03-001

ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING FILING OF ADDITIONAL INFORMATION WITHIN 10 DAYS

This ruling directs PetDesk, LLC (PetDesk) to file and serve a response within 10 days of the date of this ruling.

1. Background

In Decision (D.) 24-11-003, the Commission established a regulatory framework for telephone corporations providing interconnected Voice over Internet Protocol (VoIP) service. Effective upon the issuance date of the decision — November 7, 2024 —all fixed interconnected VoIP carriers must obtain operating authority under Public Utilities (Pub. Util.) Code Section 1001 or 1013 before offering service to customers. For carriers already providing fixed interconnected VoIP service at the time Decision (D.) 24-11-003 was issued, the Commission allowed a 180-day grace period to obtain authority.[1] The grace period ended on May 12, 2025.

On March 4, 2026, PetDesk filed Application 26-03-001 for a Certificate of Pubic Convenience and Necessity (CPCN) to provide non-facilities-based fixed

[1] D.24-11-003 at Conclusion of Law 67.

interconnected Voice over Internet Protocol (VoIP) service throughout the State of California. In its application, PetDesk stated that it had already begun providing service as of March 1, 2024.[2] According to PetDesk, its failure to register prior to providing VoIP services was "due to a simple misunderstanding/lack of familiarity with the registration requirements."[3]

2. Operating Without Commission Authority

The Commission has found a violation of Pub. Util. Code Sections 1001 or 1013 when regulated telecommunication carriers operate without certification or registration.[4] PetDesk's application states that it began providing service prior to receiving Commission authority. Moreover, PetDesk filed its application for a CPCN on March 4, 2026, after the 180-grace period allowed by D.24-11-003 expired.

3. Penalty for Operating Without Commission Authority

Pursuant to Pub. Util. Code Sections 2107-2108, the Commission is authorized to impose a penalty on a regulated carrier for violating Commission rules or orders, such as for the unlicensed provision of telecommunication service. D.98-12-075 provides guidance to assess the reasonableness of a penalty: (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

[2] Application at 4.

[3] Application at Appendix D.

[4] *See, e.g.,* D.26-10-015 (finding applicant violated Pub. Util. Code Section 1001); D.25-10-011 (noting application stipulated to a violation of Pub. Util. Code Section 1001 for operating without authority); D.19-05-008 (finding provider operated without authority in violation of Pub. Util. Code Section 1001); D.05-06-033 (finding provider operated as reseller of long distance service without certification by this Commission in violation of Pub. Util. Code Sections 1001 and 1013).

utility's financial resource; (4) the public interest involved; (5) the totality of the circumstances; and (6) Commission precedent.[5]

To determine the severity, three factors are considered: (1) physical harm; (2) economic harm; and (3) harm to the regulatory process. Here, the Commission could consider the economic harm resulting from the costs imposed by the victims of the violation and the unlawful benefits gained by the public utility. The greater of these amounts is used in setting an appropriate penalty.[6] Regarding harm to the regulatory process, the Commission could consider the applicant's choice to operate without regulatory authority.

To assess the conduct of the utility, three factors are considered: (1) the utility's actions to prevent the violation; (2) the utility's actions to detect the violation; and (3) the utility's actions to disclose and rectify a violation. The Commission and the Pub. Util. Code require utilities to take reasonable steps to comply with applicable laws and regulations.[7]

Finally, to help consider Commission precedent, Resolution T-17601 provides a baseline for the penalty structure and assessment contemplated when a telephone corporation operates without authority. For example, T-17601 states that a penalty of $1,000 per month should accrue for each month a carrier operates without authority.[8]

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

[6] *Id.* at 36.

[7] D.25-10-011 at 21.

[8] Res. T-17601 at Appendix A.

4. Surcharges and User Fees

All telephone corporations operating in California are required to assess, collect, report, and remit surcharges, and report and remit user fees.[9] Service providers are assessed interest at an annual rate of 10 percent accrued interest for late remittance of surcharges owed to the Commission.[10] Pub. Util. Code Section 405 also gives the Commission discretion to enforce a late payment penalty of 25 percent of user fees due on delinquent payments.[11]

To remit their past owed surcharges and user fees, a service provider must provide the Commission's Communications Division with a summary of (1) its total monthly gross intrastate revenue subject to user fees for regulated voice services provided in California from the date service began to the issuance date of the CPCN decision, and (2) the number of access lines served each month from the date service began to the issuance date of the decision granting authority. The Commission is unable to issue an accounting of past surcharges and user fees before the applicant provides the necessary information for the Commission to determine the amount owed.

Here, PetDesk began offering services on March 1, 2024. Accordingly, it is appropriate for the Commission to assess past-owed surcharges, related interest on the surcharges, user fees, and a penalty on the user fees.

---

[9] Pub. Util. Code §§ 401 *et seq.* an §§ 431 *et seq.*; D.22-10-021 at Ordering Paragraph 1; General Order (G.O.) 153-A at Section 11.1.1; *see also* CPUC Telephone Surcharges Reporting and Payment Filing Directions *available at* http://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/instructions-for-filing; CPUC User Fee, *available at* http://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/cpuc-user-fee.

[10] D.98-01-023, *as modified by* D.98-04-068; G.O. 153-A at Rule 11.2.1.

[11] Pub. Util. Code § 405.

5. Additional Information Needed

Within 10 days of the date of this ruling, PetDesk is directed to provide responses to the questions below. The questions are relevant to resolving Issue no. 2 in the Scoping Memo, which was issued on August 12, 2026.

1. Does PetDesk stipulate that it violated Pub. Util. Code Section 1001 for operating without Commission authority?
    a. If PetDesk does not stipulate to a violation of Pub. Util. Code Section 1001, PetDesk shall explain why the Commission should not impose penalties including, but not limited to, those set forth in Pub. Util. Code Sections 2107 and 2108, or take other enforcement action against PetDesk for its apparent failure to obtain operating authority from the Commission before the expiration of the 180-day grace period as described in D.24-11-003.
2. What penalty does PetDesk propose for its apparent Pub. Util. Code Section 1001 violation? PetDesk shall explain the basis of its proposal using the legal standard described in this ruling.

IT IS RULED that:

1. PetDesk shall file and serve a response to the questions in this ruling within 10 days of the issuance date of this ruling.

Dated November 16, 2026, at San Francisco, California.

/s/ ROBYN PURCHIA
Robyn Purchia
Assistant Chief
Administrative Law Judge