

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Logical
Telecom, LP for a Certificate of Public
Convenience and Necessity to provide
Interexchange Carrier Telephone Services
pursuant to the Provisions of Public Utilities
Code Section 1001.

Application 13-03-006
(Filed March 1, 2013)

**DECISION GRANTING LOGICAL TELECOM, LP A REGISTRATION
IN ORDER TO PROVIDE INTEREXCHANGE SERVICE**

Table of Contents

Title	Page
DECISION GRANTING LOGICAL TELECOM, LP A REGISTRATION IN ORDER TO PROVIDE INTEREXCHANGE SERVICE	1
Summary	2
1. Background	2
2. The Settlement Agreement and Terms	4
2.1. Stipulated Facts.....	4
2.2. Terms of Settlement Agreement.	6
2.3. Discussion.....	7
2.3.1. The Settlement Agreement is Reasonable in Light of the Whole Record.....	7
2.3.2. The Settlement Agreement is Consistent with Law	10
2.3.3. The Settlement Agreement is in the Public Interest	10
3. Jurisdiction.....	10
4. California Environmental Quality Act (CEQA).....	11
5. Financial Qualifications	12
6. Technical Qualifications	13
7. Tariffs.....	13
8. Expected Customer Base	14
9. Request for Treatment as a Non-dominant Carrier.....	14
10. Conclusion.....	14
11. Request to File Under Seal.....	15
12. Categorization and Need for Hearings.....	16
13. Waiver of Comment Period.....	16
14. Assignment of Proceeding.....	16
Findings of Fact.....	16
Conclusions of Law	18
ORDER.....	20

Attachments A, B, C, and D

**DECISION GRANTING LOGICAL TELECOM, LP A REGISTRATION
IN ORDER TO PROVIDE INTEREXCHANGE SERVICE**

Summary

This decision approves and adopts the settlement agreement and grants Logical Telecom, LP a registration, pursuant to Public Utilities Code Section 1013,¹ to provide resold interexchange service in California subject to the terms and conditions set forth in the Ordering Paragraphs.

1. Background

On March 1, 2013, Logical Telecom, LP (Logical), a limited partnership based in Texas and authorized to do business in California filed an application for a certificate of public convenience and necessity (CPCN) to provide interexchange service in California.

Logical proposes to operate in California as a non-dominant interexchange carrier, offering pre-paid calling services.²

Logical's principal place of business is located at 16414 San Pedro Avenue, Suite 610, San Antonio, TX 78232.

The Commission previously granted Logical a CPCN on July 21, 2006³ as a Non-Dominant Interexchange Carrier (NDIEC) to operate as a switchless reseller of inter-Local Access and Transport Area (LATA), and to the extent authorized

¹ Logical applied for a Certificate of Public Convenience and Necessity pursuant to Public Utilities Code Section 1001; however, Public Utilities Code Section 885 (a) specifies that "[a]ny entity offering the services of prepaid debit cards is subject to the registration requirements of Section 1013[.]" Accordingly, we will grant Logical a registration under Section 1013.

² Application (A.) 13-03-006, Application at 1.

³ Decision (D.) 06-07-038, granted Logical a CPCN with identification number U-7001-C.

by D.94-09-065, intra-LATA telecommunications in California.⁴ Logical voluntarily surrendered this CPCN by Advice Letter on April 8, 2010.

The Commission's Safety and Enforcement Division (SED) filed and served a timely protest to Logical's application on April 22, 2013. SED's protest alleges that, among other violations, Logical operated in California, providing intrastate service, without a license to do so for a period of time beginning when Logical surrendered its previous CPCN.

On July 19, 2013 the assigned Administrative Law Judge (ALJ) held a prehearing conference to discuss the scope and schedule of the case. In preparation for the prehearing conference, the parties submitted a Joint Prehearing Conference Statement on June 28, 2013. The parties stated that SED and Logical were engaged in settlement negotiations and hopeful of resolution.⁵ The parties were directed to keep the Commission up to date with their progress and the issuance of the scoping memo was held in abeyance pending possible settlement.⁶

On January 28, 2014, pursuant to Rule 12.1 of the Commission's Rules of Practice and Procedure, the Parties filed the Joint Motion for Approval of Settlement Agreement (Joint Motion), including the Proposed Settlement Agreement, and requested the Commission's approval and adoption of the Proposed Settlement Agreement.

⁴ Protest of the Safety and Enforcement Division to the Application of Logical Telecom, LP, April 22, 2013 ("SED Protest") at 3.

⁵ A.13-03-006, Reporter's Transcript at 15-16.

⁶ Id.

On August 4, 2014, the ALJ issued an e-mail ruling requesting additional information. Logical filed its response on September 5, 2014.

2. The Settlement Agreement and Terms

The Parties agree that the proposed Settlement Agreement is intended to fully resolve all issues SED's protest raised.

2.1. Stipulated Facts.

The Parties jointly agreed to an undisputed set of facts that form the basis of the proposed settlement agreement (Settlement Agreement, Attachment A to this decision). In addition to the stipulated facts in the Settlement Agreement, the parties also stipulated one important fact in the Joint Prehearing Conference Statement. The stipulated facts from each of these sources that are not addressed above are listed below:

- (i) Since the surrender of Logical's CPCN, Logical continued to sell prepaid phone cards in California which carried limited intrastate traffic.
- (ii) On January 15, 2013, the SED sent Logical a letter requesting that Logical cease and desist operating in California or apply for operating authority.
- (iii) The SED protested the Application on April 22, 2013. The SED's Protest alleged Logical violated California Public Utilities Code⁷ Sections 885, 886, 1001 and 1013 by operating after having voluntarily surrendered its operating authority. The SED's Protest stated that the SED intended to further investigate Logical's business practices for compliance with the standards and requirements of California Business and Professions Code Section

⁷ All statutory references in this decision are to the California Public Utilities Code unless otherwise indicated.

17538.9, including Logical's in-store branding of prepaid cards, any complaints associated with those brands, and the cards' disclosures of fees and surcharges to consumers.

- (iv) The SED conducted an investigation concerning the operability of Logical's prepaid card offerings and its business practices with respect to compliance with Section 17538.9 of the California Business and Professions Code, such as the in-store branding and advertising of the prepaid cards and the disclosures of fees and surcharges. During the course of this investigation, the SED found: (1) certain cards and advertising materials attempted to reserve the right to change rates, terms or conditions by labeling the disclosed rate as "promotional" or "subject to change"; (2) certain cards failed to disclose the value of the card or ancillary charges in the required format; and (3) certain advertising materials associated with a single prepaid card failed to disclose the geographical limitations against intrastate calling. The SED also tested the operability of the cards and encountered problems including: (1) reduction of the value of the cards based on calls which were not connected; (2) busy or inactive customer support numbers; (3) discrepancies between the voice prompt stating the number of minutes remaining and the actual number of minutes provided; (4) one network access number that was inoperable; and (5) incurred rates that were different than those stated on the cards. As a result of the SED's investigation, Logical agreed to make certain changes to the design of some of Logical's prepaid phone card packaging and advertisement materials, disclosures of geographical limitations, ancillary fees, rate changes following promotional periods, and the operability of some of the prepaid cards.

- (v) Logical's revenues for California intrastate traffic amounted to \$13,112.17 during the period of unlicensed operation, from April 2010 to February 2013.

2.2. Terms of Settlement Agreement.

In the Joint Motion, the settling parties summarize the key terms and commitments in the Settlement Agreement as follows:

1. Logical acknowledges that it allowed its prepaid phone cards to be sold in California without having authority to do so under Section 885.⁸ Logical also acknowledges that some of its prepaid phone cards and advertising materials did not meet the requirements of California's Business and Professional Code Section 17538.9.⁹
2. Logical affirms that as of the effective date of the Commission decision adopting the Settlement agreement, Logical will not increase any rate or charge above the amount disclosed on the cards, packaging, or other advertising statements made at the time of sale of the card or service. Logical commits to bringing any of the calling cards already in the stream of commerce into compliance with requirements of Section 17538.9. Logical also agrees to submit information regarding its top thirty revenue producing cards to SED for evaluation of compliance with Section 17538.9.¹⁰
3. Logical will pay \$120,000 to the State of California General Fund. The payments will be made in four quarterly installments over twelve months. The first quarterly payment of \$36,000 must be received no later than 30 calendar days after the effective date of the Commission's approval of the Settlement Agreement. Subsequently,

⁸ A.13-03-006, Joint Motion for Approval of Settlement Agreement at 4.

⁹ Id.

¹⁰ Id. at 4-5.

Logical will pay quarterly installments of \$28,000 until the full amount of \$120,000 is paid.¹¹

The Parties contend that the Proposed Settlement Agreement resolves all of the issues raised in the SED's Protest. The Parties also contend the Proposed Settlement Agreement, based on the above outlined stipulated facts, is reasonable in light of the record, consistent with the law, and in the public interest. The Parties urge the Commission to approve the Proposed Settlement Agreement without modification.

2.3. Discussion

The standard of review for a settlement agreement under Rule 12.1(d) of the Commission's Rules of Practice and Procedure is that a settlement agreement must be reasonable in light of the record, consistent with the law, and in the public interest. For purposes of reviewing the Proposed Settlement Agreement, we adopt and accept as true the joint stipulated facts outlined in Section 2.1 of this decision which seem to comprehensively detail the relevant background history. The Proposed Settlement Agreement satisfies each of those criteria, and therefore we adopt the Proposed Settlement Agreement and grant the registration under Section 1013 to Logical, as discussed below.

2.3.1. Additional Requirement for Logical to Pay User Fees

The Settlement Agreement does not require Logical to pay user fees for intrastate traffic during the period of unlicensed operation. However, Public Utilities Code Sections 401-410 and 431-435 require collection of user fees, and this Commission must ensure that all user fees owed are paid. Therefore, we

¹¹ Id. at 5-6.

require that Logical remit \$23.60 in unpaid user fees within 30 days of this decision.¹² In addition, we require Logical to pay \$5.90 as a penalty under Public Utilities Code Section 405. Therefore, Logical shall remit \$29.50 within 30 days of this decision in addition to compliance with the penalty payment schedule described in Section 2.2, above.

2.3.2. The Settlement Agreement is Reasonable in Light of the Whole Record

In reviewing the settlement terms in light of the jointly agreed-upon set of underlying facts, we conclude that the Settlement Agreement adequately addresses all of the issues raised by the SED's Protest concerning Logical's operation without authority and noncompliance with Business and Professions Code requirements. Three main elements of the Settlement are:

- (i) Logical's acknowledgement of the seriousness of the SED's concerns, as noted in the SED's Protest, relating to Logical's operation without authority and noncompliance with Business and Professions Code requirements;
- (ii) Logical's commitments concerning its legal and regulatory obligations; and
- (iii) Logical's agreement to pay \$120,000 in penalty amount.

As for the penalty amount proposed in the Settlement Agreement, we look to the criteria established in Decision D.98-12-075, Appendix B, which has provided guidance in similar cases. We consider the following criteria: 1) the severity of the economic or physical harm resulting from the violation; 2) the

¹² The user fee factor is 0.18% of gross intrastate revenues; $0.0018 \times \$13,112.17 = \23.60 . See: <http://www.cpuc.ca.gov/NR/rdonlyres/5A8986DC-0697-445D-B645-0A94B7F313AD/0/UserFeeInstructions.pdf>

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 precedents.¹³

We find the penalty amount of \$120,000 to be reasonable. No complaints have been filed with the Commission regarding Applicant's calling cards. Additionally Logical has operated as a 47 U.S.C § 214 authorized service provider before the Federal Communications Commission (FCC) since 2006 without any adverse actions which would reflect non-compliance with the FCC's regulations or requirements. Thus, Logical has operated in such a way that we foresee minimal economic harm to its customers.

In addition to the \$120,000 penalty, Logical will have to expend additional resources in order to bring its business practices into compliance with California Business and Professions Code Section 17538.9. Based on Commission precedent and Logical's consent, the \$120,000 penalty is reasonable, and represents a significant penalty to the Applicant, but would not impact its ability to continue providing service to its customer base.

Together, these terms effectively penalize and deter Logical from future similar noncompliances and provide an effective additional assurance by way of express commitments by Logical that there will not be recurrence of future similar noncompliances. Based thereon, we find the Settlement Agreement reasonable in light of the record.

¹³ D.98-12-075.

2.3.3. The Settlement Agreement is Consistent with Law

With the additional requirement for Logical to pay outstanding user fees and the associated penalty as set forth in section 2.3.1, we find that nothing in the Settlement Agreement contravenes any statutory provisions or prior Commission decisions. The Settlement Agreement also provides sufficient information for the Commission to discharge its future regulatory obligations with respect to the parties and their interests and obligations. The Settlement Agreement does not contradict current Commission rules and it does not constitute a precedent regarding any principle or issue in this proceeding or any future proceeding.

Later in this decision, we evaluate the Logical's application with regard to several legal standards, and conclude that the application is consistent with law.

2.3.4. The Settlement Agreement is in the Public Interest

The Settlement Agreement is in the public interest. It is consistent with the Commission's well-established policy of supporting resolution of disputed matters through settlement and it avoids the time, expense, and uncertainty of evidentiary hearings and further litigation. We find that the benefits to the public, including payment to the General Fund, outweigh the benefits of continued litigation and its associated cost.

3. Jurisdiction

Public Utilities Code Section 216(a) defines the term "Public utility" to include a "telephone corporation," which in turn is defined in Public Utilities Code Section 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state."

The Commission has jurisdiction over Logical's operation in California and that is the subject of the Proposed Settlement Agreement. In the Settlement Agreement, Logical does not contest the Commission's jurisdiction over its operations, and instead affirmatively accepts that it should obtain operating authority in California. Logical expressly agrees that it will fully meet its regulatory and legal obligations and responsibilities to its customers to provide reliable and operational products and services to members of the public in California. Logical further agrees to make certain changes to the design of some of its prepaid phone card packaging and advertisement materials, disclosures of geographical limitations, ancillary fees, rate changes following promotional periods, and the operability of some of the prepaid cards.

Logical proposes to operate in California as a non-dominant interexchange carrier, offering pre-paid calling services. Logical is a telephone corporation and a public utility subject to our jurisdiction.

4. California Environmental Quality Act (CEQA)

The CEQA requires the Commission act as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Logical states that it does not intend to construct any facilities other than equipment to be installed in existing buildings or structures, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. Before it can construct facilities other than equipment to be installed in existing buildings or structures, Logical must file for additional authority, and submit to any necessary CEQA review.

5. Financial Qualifications

To be granted a CPCN, an applicant for authority to provide resold local exchange and interexchange services must demonstrate that it has a minimum of \$25,000 cash or cash equivalent to meet the firm's start-up expenses.¹⁴ An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers and/or interexchange carriers in order to provide the proposed service.¹⁵ In the application, Logical provided a savings account statement that shows an available balance of at least \$25,000 plus an amount equal to the deposit required by AT&T, Verizon, Citizens, and SureWest would be available to Logical for one year following certification. Since Logical has provided documentation that it possesses a minimum of \$25,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement.

Logical proposed to initially interconnect with AT&T, Verizon, Citizens, and SureWest. As stated above, Logical has provided documentation that it has the funds available for the deposit required by AT&T, Verizon, Citizens, and SureWest.

Therefore, no additional resources are required at this time to cover deposits.

¹⁴ The financial requirement for Competitive Local Exchange Carriers is contained in D.95-12-056, Appendix C. The financial requirement for NDIEC is contained in D.91-10-041.

¹⁵ The requirement for Competitive Local Carrier applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

6. Technical Qualifications

To be granted a CPCN for authority to provide local exchange and interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.¹⁶ Logical supplied biographical information on its management in its application that demonstrated that it has sufficient expertise and training to operate as a telecommunications provider.

In its application, Logical verified that no one associated with or employed by Logical as an affiliate, officer, director, partner, or owner of more than 10% of Logical was previously associated with a telecommunications carrier that filed for bankruptcy, was sanctioned by the FCC or any state regulatory agency for failure to comply with any regulatory statute, rule, or order, other than as acknowledged in the Settlement Agreement or has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations, other than as acknowledged in the Settlement Agreement.

For the above reasons, we find that Logical is in compliance with the requirements of D.95-12-056.

7. Tariffs

Logical has requested authority to operate on a de-tariffed basis based on the authority of D.98-08-031. Logical provides solely prepaid international or interstate calling services from California and carries no intrastate traffic. Thus,

¹⁶ D.95-12-056 at Appendix C, Rule 4.A.

Logical has no intrastate rates to disclose. Consequently, the Commission grants Logical Communications a waiver of Rules 5.2 and 5.3 of the Telecommunications Industry Rules in General Order (GO) 96-B pertaining to the disclosure of intrastate rates, terms and conditions, and notice requirements.

8. Expected Customer Base

Logical states that, as “a provider of prepaid long distance phone cards” it is “unable to provide a meaningful projection of the number of California customers.” We find its response reasonable and accept its response that the nature and type of its proposed service make it impossible for Logical to fully comply with the requirement to provide its expected customer base in California. Under the circumstances we excuse Logical from the requirement to provide its expected customer base in California.

9. Request for Treatment as a Non-dominant Carrier

Logical requests treatment as an NDIEC, which would include exemption from the requirements of Pub. Util. Code §§ 816-830 concerning stocks and security and § 851 concerning the encumbrance and transfer of utility property. The Commission detailed its rules regarding exemption of non-dominant carriers in D.85-01-008, and subsequently modified in D.85-07-081 and D.85-11-044. We grant Applicant’s request for NDIEC status, provided that they follow all rules detailed in the above referenced decisions.¹⁷

10. Conclusion

We conclude that the application conforms to our rules for registration as a provider of prepaid debit calling cards. Accordingly, we grant Logical a

¹⁷ While the Commission has granted exemption from §§ 816–830 to others, exemption from §§ 851 – 854 has not been granted previously and is not granted here.

registration to provide interexchange service in California subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The registration granted by this decision provides benefits to Logical and corresponding obligations. Logical receives authority to operate in the prescribed service territory, it can request interconnection with other telecommunications carriers in accordance with Section 251 of the Federal Communications Act (47 U.S.C. 251), and it receives access to public rights-of-way in California as set forth in D.98-10-058 subject to the CEQA requirements set forth in this decision. In return, Logical is obligated to comply with all applicable Public Utilities Codes and Commission Rules, GOs, and decisions applicable to telecommunications carriers providing approved services. The applicable Codes, Rules, etc. include, but are not limited to, consumer protection rules, tariffing, and reporting requirements. Moreover, Logical is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code Section 451 which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

11. Request to File Under Seal

Pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure, Logical has filed motions for leave to file Exhibit C of the application containing financial information, to the application as confidential materials under seal. Logical represents that the information is sensitive, and disclosure

could place Logical at an unfair business disadvantage. We have granted similar requests in the past and do so here.

12. Categorization and Need for Hearings

In Resolution ALJ 176-3312, dated April 4, 2013, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. On April 22, 2013, SED filed a protest to the application. Logical submitted a reply to SED's protest on May 2, 2013. Hence, on July 19, 2013, the assigned ALJ held a prehearing conference (PHC).

An evidentiary hearing is not required.

13. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

14. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and Kevin Dudney is the assigned ALJ in this proceeding.

Findings of Fact

1. Notice of the application appeared on the Daily Calendar March 22, 2013. Logical Telecom, LP submitted a reply to SED's protest on May 2, 2013. Hence, on July 19, 2013, the assigned ALJ held a PHC. An evidentiary hearing is not required.

2. Three main elements of the Proposed Settlement Agreement are:

- (i) Logical's acknowledgement of the seriousness of the SED's concerns, as noted in the SED's Protest, relating to

Logical's operation without authority and noncompliance with Business and Professions Code requirements;

(ii) Logical's commitments concerning its legal and regulatory obligations; and

(iii) Logical's agreement to pay \$120,000 in penalty amount and further expend additional resources in order to bring its business practices into compliance with California Business and Professions Code Section 17538.9.

3. Logical owes \$23.60 in unpaid user fees plus a \$5.90 penalty, \$29.50 in total.

4. Together, the terms of the Settlement Agreement effectively penalize and deter Logical from future similar noncompliances and provide an effective additional assurance by way of explicit acknowledgements that there will not be recurrence of future similar noncompliances.

5. The Settlement Agreement is: (1) reasonable in light of the record; (2) consistent with the law; and (3) in the public interest.

6. The Settlement Agreement conveys to the Commission sufficient information to permit the Commission to discharge its future regulatory obligations with respect to the parties and their interests.

7. Logical is a telephone corporation and a public utility as defined in Pub. Util. Code §§ 234(a) and 216(a).

8. Logical's authority to provide interexchange services will not have a significant adverse effect upon the environment.

9. Logical has a minimum of \$25,000 cash that is reasonably liquid and readily available to meet its start-up expenses.

10. Logical has sufficient additional cash or cash equivalent to cover deposits that may be required by other telecommunications carriers in order to provide the proposed service.

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

12. No one associated with or employed by Logical as an affiliate, officer, director, partner, or owner of more than 10% of Logical was: (1) previously associated with a telecommunications carrier that filed for bankruptcy; (2) sanctioned by the FCC or any state regulatory agency for failure to comply with any regulatory statute, rule, or order other than as acknowledged in the Settlement Agreement; or was previously associated with any telecommunication carrier that has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations, other than as acknowledged in the Settlement Agreement.

13. Logical will not provide Basic Local, Access or Special Access Services and may be granted a registration on a detariffed basis.

14. Logical has no information to report under Rule 3.1(i), which requires that a utility filing an application under Pub. Util. Code § 1001, provide a statement regarding compliance with General Order (GO) 104-A, Section 2.

15. Pursuant to Rule 11.4, Logical filed a motion for leave to file confidential materials under seal, specifically the financial information in Exhibit C to the application.

16. Approving the Application and the Settlement Agreement is the relief requested by the parties and this relief is not opposed by any party in this proceeding.

Conclusions of Law

1. Nothing in the Settlement Agreement contravenes any statute or Commission decision or rule.
2. The benefits to the public of the Settlement Agreement outweigh the benefits of continued litigation.
3. Logical should be required to pay \$23.60 in unpaid user fees plus a \$5.90 penalty, for a total of \$29.50, within 30 days of this decision.
4. With the filing of the Settlement Agreement, this proceeding becomes an uncontested matter. In granting the registration and accepting the Settlement Agreement, we are granting the relief requested.
5. The penalty level of the Settlement Agreement is reasonable given the totality of the circumstances.
6. The Settlement Agreement should be approved.
7. Hearings are not necessary in this proceeding.
8. Logical should be granted a registration to provide resold interexchange telecommunications service in California, subject to the terms and conditions set forth in the Ordering Paragraphs.
9. Logical, once granted a registration, should be subject to the applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities.
10. Logical shall operate on a detariffed basis.
11. Logical's motion to file under seal its Exhibit C to the application, should be granted for two years.
12. Logical should be granted non-dominant carrier status, subject to Commission rules and regulations as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044.

O R D E R**IT IS ORDERED** that:

1. The Joint Motion by Logical Telecom, LP and the Commission's Safety and Enforcement Division for Approval of Settlement Agreement, filed on January 28, 2014, is granted, and we hereby approve and adopt the Settlement Agreement, Attachment A to this decision.
2. A registration is granted to Logical Telecom, LP to provide resold interexchange service in California, subject to the terms and conditions set forth below.
3. Logical Telecom, LP shall pay \$23.60 plus a \$5.90 penalty for a total of \$29.50 in user fees within 30 days of this decision. The payment should be made payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office, Attn: User Fee Unit at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The check or money order shall include the statement "User fees and penalty as required per Decision 15-01-___."
4. Logical Telecom, LP shall pay a penalty totaling \$120,000 to the State of California General Fund. Logical Telecom shall make four (4) quarterly installments over twelve (12) months period following the effective date of this decision. The first quarterly payment of \$36,000 shall be received no later than thirty (30) days after the effective date of this decision. Thereafter, Logical Telecom, LP shall pay quarterly installments of \$28,000 each until the full amount of \$120,000 is paid. Each payment or installment shall be made payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco,

CA 94102. Each check or money order shall include the statement "For deposit to the General Fund per Decision 15-01-___."

5. The new corporate identification number assigned to Logical Telecom, LP, U-7263-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

6. Logical Telecom, LP must obtain a performance bond equal to or greater than 10 percent of intrastate revenues reported on the Commission's User Fee Statement during the preceding calendar year or \$25,000, whichever is greater pursuant to Decisions 10-09-017 and 11-09-026. 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, the Commission must be listed as the obligee on the bond, and performance bond must state that the purpose of the bond is to facilitate the collection of fines, penalties, restitution to customers, taxes and fees. Within five business days after the effective date of the issuance of a registration, Applicant must submit an Information-Only advice letter to the Director of Communications, containing a copy of the license holder's executed bond. Further, Logical Communication, LP must submit an Information-Only advice letter to the Director of the Communications Division containing a copy of the registration license holder's executed performance bond at least annually not later than March 31.

7. Logical Telecom, LP must not allow its performance bond to lapse during any period of its operation. Pursuant to Decisions 10-09-017 and 11-09-026, the Commission may revoke a registration license of a carrier that is more than 120 days late in providing the Director of 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.

8. In addition to all the requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision, Logical Telecom, LP is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

9. Logical Telecom, LP must file, in this docket, a written acceptance of the registration granted in this proceeding within 30 days of the effective date of this order.

10. Logical Telecom, LP must annually pay the user fee and public purpose surcharges specified in Attachment B. Per the instructions in Exhibit E to Decision 00-10-028, the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0. Applicant must pay a minimum user fee of \$100 or 0.18% of gross intrastate revenue, whichever is greater. Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California.

11. Prior to initiating service, Logical Telecom, LP must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

12. Prior to initiating service, Logical Telecom, LP must provide the Commission's Communications Division with the name and address of its designated regulatory/official contact persons(s). This information must be provided electronically, using the "Regulatory/Official Contact Information

Update Request" found at

<http://www.cpuc.ca.gov/PUC/telco/Information+for+providing+service/>.

This information must be updated if the name or telephone number changes, or at least annually.

13. Logical Telecom, LP must file an affiliate transaction report with the Director of the Communications Division, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

14. Logical Telecom, LP must file an annual report with the Director of the Communications Division, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

15. Logical Telecom, LP's motion to file under seal its Exhibit C is granted for a period of two years after the date of this order. During this two year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Logical Telecom, LP believes that it is necessary for this information to remain under seal for longer than two years, Logical Telecom, LP may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

16. Application 13-03-006 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of Logical Telecom, LP for a Certificate of Public Convenience and Necessity to Provide Interexchange Carrier Telephone Services Pursuant to the Provisions of Public Utilities Code Section 1001.

A.13-03-006
(Filed March 1, 2013)

SETTLEMENT AGREEMENT BETWEEN THE SAFETY AND ENFORCEMENT DIVISION OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND LOGICAL TELECOM, LP

In order to avoid the costs and risks of further litigation and to expeditiously resolve this matter, the Safety and Enforcement Division of the California Public Utilities Commission (“SED”), and Logical Telecom, LP and its predecessors, successors, affiliates, and assigns (“Logical” or “Applicant”) (collectively, the “Parties”) hereby agree upon the following terms for the settlement (“Settlement”) of SED’s Protest to the Application of Logical Telecom, LP for a certificate of public convenience and necessity (“CPCN”), A.13-03-006 (“Application”), pursuant to the provisions of Public Utilities Code Section 1001.

I. JOINT FACTUAL STATEMENT

1. Logical is a limited partnership operating and existing under the laws of the State of Texas. Logical is a provider of prepaid phone cards offering interstate and international calling services.

2. On July 21, 2006, the Commission issued D.06-07-038, granting Logical's Application for registration, A.06-02-020, and approving Logical's CPCN to provide telecommunications service in California as a switchless reseller under the Utility Identification No. U-7001.

3. On April 8, 2010, Logical filed an advice letter voluntarily surrendering its CPCN, based upon its belief that it was technically blocking all California intrastate traffic. The advice letter was accepted by the Commission.

4. Since the surrender of Logical's CPCN, Logical continued to sell prepaid phone cards in California which carried limited intrastate traffic.

5. On January 15, 2013, SED sent Logical a letter requesting that Logical cease and desist operating in California or apply for operating authority. In response, Logical filed A.13-03-006 on March 1, 2013, an application for a CPCN to provide interexchange carrier telephone services in California. The Application appeared on the Commission's Daily Calendar on March 22, 2013.

6. SED protested the Application on April 22, 2013. SED's Protest alleged Logical violated Sections 885, 886, 1001 and 1013 of the California Public Utilities

Code by operating after having voluntarily surrendered its operating authority. SED's Protest stated that SED intended to further investigate Logical Telecom's business practices for compliance with the standards and requirements of California Business and Professions Code Section 17538.9, including Logical's in-store branding of pre-paid cards, any complaints associated with those brands, and the cards' disclosures of fees and surcharges to consumers.

7. SED conducted an investigation concerning the operability of Logical's prepaid card offerings and its business practices with respect to compliance with Section 17538.9 of the California Business and Professions Code, such as the in-store branding and advertising of the prepaid cards and the disclosures of fees and surcharges. During the course of this investigation, SED found (1) certain cards and advertising materials attempted to reserve the right to change rates, terms or conditions by labeling the disclosed rate as "promotional" or "subject to change"; (2) certain cards failed to disclose the value of the card or ancillary charges in the required format; and (3) certain advertising materials associated with a single prepaid card failed to disclose the geographical limitations against intrastate calling. SED also tested the operability of the cards and encountered problems including (1) reduction of the value of the cards based on calls which were not connected; (2) busy or inactive customer support numbers; (3) discrepancies between the voice prompt stating the number of minutes

remaining and the actual number of minutes provided; (4) one network access number that was inoperable; and (5) incurred rates that were different than those stated on the cards. As a result of SED's investigation, Logical agreed to make certain changes to the design of some of Logical's prepaid phone card packaging and advertisement materials, disclosures of geographical limitations, ancillary fees, rate changes following promotional periods, and the operability of some of the prepaid cards.

8. On July 19, 2013, a prehearing conference on the Application was held at the Commission's offices in San Francisco. During the prehearing conference, Parties informed the Administrative Law Judge of their ongoing discussions and efforts to reach a settlement.

II. AGREEMENT

9. Acknowledgment. Logical acknowledges that Public Utilities Code Section 885 requires prepaid calling card companies to comply with Commission registration requirements, and that Logical allowed its prepaid phone cards to be sold in California without having authority to do so under Section 885. Logical acknowledges that some of its prepaid phone cards and advertising materials did not meet the requirements of California Business and Professions Code section 17538.9.

10. Regulatory and Legal Obligations. Logical affirms that it will fully meet its regulatory and legal obligations and responsibilities to its customers to provide reliable and operational products and services to members of the public in California in the future. In the calendar year following the effective date of the Commission decision, a) SED commits to sharing with Logical its testing operability results discussed in provision 7 and b) Logical subsequently commits to sharing with SED the results of its internal review of the operability of its prepaid products. As of the effective date of the Commission Decision adopting this Settlement Agreement (and excluding cards, packaging, or other advertising materials already in the stream of commerce as of February 1, 2014), Logical agrees to not increase any rate or charge above the amount disclosed on the cards, packaging, or other advertising statements made at the time of sale of the card or service.

As of February 1, 2014, Logical commits to the production of prepaid phone cards, card packaging and advertisement materials that comply with the requirements of Section 17538.9 of the California Business and Professions Code. Material produced from February 1, 2014 forward shall include a printed production date to distinguish such material from cards, packaging or other materials already in the stream of commerce. For a period of twelve (12) months after the effective date of the Commission's decision

adopting this Settlement Agreement, Logical agrees to submit copies of all of its top thirty revenue producing prepaid phone cards (based on California revenue figures), card packaging and advertisement materials to SED so that SED can examine the cards and materials for compliance with Section 17538.9 of the California Business and Professions Code. Logical shall submit all such copies to SED six (6) months after the effective date of the decision adopting this agreement, and shall submit copies of any new or revised materials to SED six (6) months thereafter. As to noncompliant prepaid phone cards, card packaging and/or advertising materials already in the marketplace, within three (3) months after the effective date of the decision adopting this agreement, Logical agrees to take reasonable steps to attempt to (a) retrieve such materials and (b) otherwise mitigate concerns presented by such materials. Such steps shall include, but are not limited to: a) contacting distributors and/or downstream vendors instructing them to return prepaid phone cards and/or advertising materials already in the stream of commerce; and b) reprinting compliant versions of affected prepaid phone cards and/or advertising materials and attempting to exchange it for existing inventory held by distributors and or downstream vendors.

11. General Fund Payment. In order to resolve the legal issues raised by SED in its Protest, Logical will pay a total of \$120,000 to the State of California General Fund. The payments will be made in four (4) quarterly installments over

twelve (12) months. The first quarterly payment of \$36,000 must be received no later than thirty (30) days after the effective date of the Commission order approving this Settlement. Subsequently, Logical will pay quarterly installments of \$28,000 each until the full amount of \$120,000 is paid. The memo area of the check shall indicate the Decision number approving this settlement, and shall include the words "for remittance to the State of California General Fund." The check shall be made payable to the California Public Utilities Commission and sent to the following address: CPUC Fiscal Office, 505 Van Ness Avenue, San Francisco, CA 94102.

12. Granting of Application. The Parties agree that the Commission order approving this settlement should (1) deem the Protest of SED filed on April 22, 2013 withdrawn and (2) grant A.13-03-006 such that no further Commission order will be required.

13. Final Settlement. The Parties agree and acknowledge that this Agreement shall constitute a final settlement between the Parties with respect to the matters set forth herein. The Parties agree that this Agreement does not constitute an adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of California law.

III. GENERAL PROVISIONS

14. Scope and Effect of Agreement. This Agreement represents a full and final resolution of SED's Protest, and the matters giving rise thereto. The Parties understand that this Settlement Agreement is subject to approval by the Commission. As soon as practicable after the Parties have signed the Settlement Agreement, a Motion for Commission Approval and Adoption of the Settlement Agreement will be filed. The Parties agree to support the Settlement Agreement, recommend that the Commission approve it in its entirety without change and use their best efforts to secure Commission approval of it in its entirety without modification. The Parties agree that, if the Commission fails to adopt the Settlement Agreement in its entirety without material change, the Parties shall convene a settlement conference within 15 days thereof to discuss whether they can resolve any issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded and the Parties shall be released from their obligation to support this Settlement Agreement. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate to establish a procedural schedule for the remainder of the proceeding.

15. Successors. This Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their

successors, heirs, assigns, partners, representatives, executors, administrators, subsidiary companies, divisions, units, agents, attorneys, officers, and directors.

16. Knowing and Voluntary Execution. The Parties acknowledge each has read this Agreement, that each fully understands the rights, duties and privileges created hereunder, and that each enters this Agreement freely and voluntarily.

17. Authority to Execute Agreement. The undersigned acknowledge and covenant that they have been duly authorized to execute this Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency or employment.

18. Entire Agreement. The Parties expressly acknowledge that the consideration recited in this Agreement is the sole and only consideration of this Agreement, and that no representations, promises, or inducements have been made by the Parties or any director, officer, employee, or agent thereof other than as set forth expressly in this Agreement.

19. Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California and the rules, regulations and General Orders of the California Public Utilities Commission.

20. Execution in Counterparts. This Agreement may be executed by any of the Parties in counterparts with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original

and shall together constitute one and the same Agreement. A signature transmitted by facsimile shall be regarded as an original signature.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Settlement Agreement.

SIGNATURES OF THE SETTLING PARTIES:

For LOGICAL TELECOM, LP

Dated: 1/27/14

By: /s/ RAUL CARDENAS

Raul Cardenas
President, Logical Telecom LP
16414 San Pedro
Suite 610
San Antonio, TX 78232

For SAFETY AND ENFORCEMENT DIVISION

Dated: 1/27/14

By: /s/ EMORY J. HAGAN, III

Brigadier General Emory J. Hagan, III
Director of the
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

APPROVED AS TO FORM AND CONTENT:

Dated: 1/27/14

By: /s/ THOMAS K. CROWE

Thomas K. Crowe
House Counsel
Logical Telecom, LP
110 Washington Avenue, Suite 1411
Miami Beach, FL 33139
*(Licensed to practice law in the District of
Columbia and New York. Not admitted in
Florida.)*

Dated: 1/27/14

By: /s/ MARLO GO STROUD

Thomas J. MacBride, Jr.
Marlo Go Stroud
Attorneys for Logical Telecom, LP
Goodin, MacBride, Squeri, Day & Lamprey
505 Sansome Street, Suite 900
San Francisco, CA 94111

Dated: 1/28/14

By: /s/ KIMBERLY J. LIPPI

Kimberly J. Lippi
Attorney for the
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

(End of Attachment A)

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

1. Applicant must file, in this docket with reference to this decision number,¹⁸ a written acceptance of the registration granted in this proceeding within 30 days of the effective date of this order.

2. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879);
- 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 § 739.3; D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (D.07-12-054);
- f. The California Teleconnect Fund (D.96-10-066, at 88, App. B, Rule 8.G).
- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

¹⁸ Written acceptance filed in this docket does not reopen the proceeding.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/PUC/Telco/Consumer+Information/surcharges.htm>.

- Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/Surcharge+Remittance.htm>. To request a user ID and password for TUFFS online filing and for questions, please e-mail Telco_surcharges@cpuc.ca.gov.
- Carriers must file and pay the PUC User Fee (see above item 2g) upon receiving the User Fee statement sent by the Commission. User Fees cannot be reported or paid online. Instructions for reporting filing are available at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/userfee.htm>. Please call (415) 703-2470 for questions regarding User Fee reporting and payment.

3. Applicant must obtain a performance bond equal to or greater than 10 percent of intrastate revenues reported on the Commission's User Fee Statement during the preceding calendar year or \$25,000, whichever is greater pursuant to Decisions 10-09-017 and 11-09-026. 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, the Commission must be listed as the obligee on the bond, and

performance bond must state that the purpose of the bond is to facilitate the collection of fines, penalties, restitution to customers, taxes and fees. Within five business days after the effective date of the issuance of a registration, Applicant must submit an Information-Only advice letter to the Director of Communications, containing a copy of the license holder's executed bond. Further, Logical Communication, LP must submit an Information-Only advice letter to the Director of the Communications Division containing a copy of the registration license holder's executed performance bond at least annually not later than March 31.

4. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to Decisions 10-09-017 and 11-09-026, the Commission may revoke a registration license of a carrier that is more than 120 days late in providing the Director of 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.

5. Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

6. Applicant is a non-dominant interexchange carrier (NDIEC). The effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

7. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in #2 above.

8. Applicant must file a service area map as part of its initial tariff.

9. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. In addition, Applicant must provide the Commission's Communications Division with the name and address of its designated regulatory/official contact persons(s).

This information must be provided electronically, using the

"Regulatory/Official Contact Information Update Request" found at

<http://www.cpuc.ca.gov/PUC/telco/Information+for+providing+service/>.

This information must be updated if the name or telephone number changes, or at least annually.

10. Applicant must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

11. Applicant must notify the Director of the Communications Division in writing of the date local service is first rendered to the public within five days after service begins.

12. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

13. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

14. Applicant must file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

15. Applicant must file an affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

16. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

17. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division in writing of its compliance.

18. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #2 above, and has not received written permission from the Communications Division to file or remit late, the Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

19. Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

20. Applicant is exempt from Pub. Util. Code §§ 816-830.

21. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C**ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

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

Required information:

- 1.Exact legal name and U # of the reporting utility.
- 2.Address.
- 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 registration.
- 7.Date operations were begun.
- 8.Description of other business activities in which the utility is engaged.
- 9.List of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.

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

For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT C)

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);

Brief description of business activities engaged in;

Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);

Ownership of the utility (including type and percent ownership)

Voting rights held by the utility and percent; and

Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #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 material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, 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.

(END OF ATTACHMENT D)