

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

Resolution ALJ-364  
Administrative Law Judge Division

---

**RESOLUTION**

RESOLUTION ALJ-364 Resolves K.19-02-009, the Appeal of 7G Network, Inc. from Citation CD-2018-11-016 issued by the Communications Division on November 9, 2018.

**SUMMARY**

This resolution resolves K.19-02-009, the Appeal of 7G Network, Inc. from Citation CD-2018-11-016 issued by the California Public Utilities Commission, Communications Division for violations of the Public Utilities Code and Commission Resolution T-17601.

**BACKGROUND**

On November 9, 2018, the Communications Division (CD) of the California Public Utilities Commission (Commission) issued Citation CD-2018-11-016 to 7G for failure to report intrastate revenue and remit Public Purpose Program surcharges (Surcharges) as required by Public Utilities (Pub. Util.) Code Sections 702, 2101, and 2107. On February 14, 2019, 7G Network, Inc. (7G) appealed citation CD-2018-11-016. CD timely filed its compliance filing on February 27, 2019. On March 7, 2019, CD moved to dismiss the appeal as being untimely. The matter was set for hearing on April 9, 2019. CD appeared at the hearing but 7G did not attend.<sup>1</sup>

---

<sup>1</sup> 7G did not contact the assigned Administrative Law Judge (Judge) prior to the hearing to request that the matter be rescheduled.

Subsequently, 7G contacted CD and the assigned Judge to request a hearing stating that the hearing notice was never received.<sup>2</sup> Based on internal investigation, we found that the service list for the proceeding did not reflect the correct e-mail address for 7G. We determined that the Notice of Hearing was not properly served on 7G. As a result, the Chief Administrative Law Judge issued a second notice of hearing. On April 30, 2019, both 7G and CD participated in a hearing.

At the hearing CD requested authority to withdraw the Motion to Dismiss. CD stated that, based on additional investigation, CD believed that Appellant timely noticed and attempted to file the appeal but that due to technical problems at the Commission, the appeal was not filed. CD's request to withdraw the Motion to Dismiss was unopposed. We grant CD's request to withdraw the Motion to dismiss.

## DISCUSSION

The Commission regulates telecommunications carriers primarily pursuant to the Pub. Util. Code Sections 701, 2101, and 2017 as well as Commission Orders, Resolutions, and Decisions. Pursuant to Resolution T-17601, issued by the Commission on June 22, 2018, CD is authorized to issue citations to telecommunications carriers for violation of the Public Utilities Code and/or Commission orders. In turn, a carrier issued such a citation may accept the fine imposed or contest it through a process of appeal under Resolution ALJ-299.<sup>3</sup>

At the April 30, 2019 hearing, 7G admitted that it had not reported intrastate revenues and remitted Surcharges as required. However, Ron Kramer, President of 7G, explained that the prior corporate controller who was responsible for reporting intrastate revenues and remitting Surcharges failed to do so. 7G dismissed the controller from the company. Mr. Kramer further explained he worked diligently to catch up on the required reporting of intrastate revenue but that it took time to catch up with three years of reporting. Mr. Kramer stated that he worked with CD to come into compliance but that he was also learning the reporting system. Finally, Mr. Kramer stated that the revenues were reported and surcharges paid as soon as he was able to resolve the problem.

---

<sup>2</sup> Ron Kramer contacted the ALJ on April 17, 2019 by e-mail.

<sup>3</sup> The Commission issued Resolution ALJ-299 on June 26, 2014 for application beginning on January 1, 2015.

Mr. Kramer respectfully requests that the Commission to reduce the fine and/or allow 7G to enter a payment plan. Mr. Kramer acknowledged 7G's lapse in compliance but explained that its total revenues for retail services for the entire period at issue was less than \$500.00. Mr. Kramer worried the penalty would severely impact 7G. Mr. Kramer asked the Commission to take into consideration the problems with the corporation's prior controller and 7G's good faith effort made to come into compliance with the Commission's regulatory obligations.

### **RESOLUTION OF THE APPEAL**

General Order (GO) 153 requires telecommunications carriers to report and remit their surcharge revenues based on intrastate end-user billings.<sup>4</sup> The Commission imposes interest on the outstanding amount due for failure to timely report and remit the required surcharges results.<sup>5</sup> CD is required to issue two notices to carriers who are not in compliance with these regulatory obligations.<sup>6</sup> CD sent e-mail notices to 7G on July 23, 2018 and August 31, 2018.<sup>7</sup>

Resolution T-17601 authorizes CD to issue a citation to a carrier for, as relevant here, failure to timely report intrastate revenue and remit the required Public Purpose Surcharges. Resolution T-17602 provides that the penalty for failure to report and remit surcharge payments for at least six months as directed in Commission Resolutions, Decisions, Orders, and the Public Utilities Code is "\$1,000 per event up to a maximum \$3,000."<sup>8</sup> 7G admitted, in both the Appeal and at the hearing, that they failed to timely report intrastate revenues and remit the requisite Public Purpose Surcharges. As a result, the appeal of 7G is denied.

Given the totality of the circumstances, however, we reduce amount due to \$500.00 with the requirement that the appellant does not violate any Commission rule, regulation or statute for three years. Upon written notice from CD of a violation of any Commission rule, regulation or statute during this three-year period, the suspended penalty amount of \$500.00 shall become immediately due.

---

<sup>4</sup> See GO 153, Section 11.3.

<sup>5</sup> See GO 153, Section 11.4.

<sup>6</sup> See GO 153, Section 11.5.

<sup>7</sup> See Citation CD-2018-11-016.

<sup>8</sup> See Resolution T-17601 at Appendix A.

**SAFETY**

The Commission has broad authority to public utilities, particularly regarding safety concerns. Although a failure to report intrastate revenues and remit surcharges does not pose any direct safety concerns, integrity in the reporting and remission of surcharges process for public utilities furthers safety through regulatory compliance.

**COMMENTS**

Public Utilities Code Section 311(g)(1) requires that a draft resolution be served on all parties and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution. A draft of today's resolution was distributed on July 2, 2019, for comment by the interested parties. CD timely served comments on the draft resolution asserting that the Commission could not alter the amount of the penalty. The Commission has previously modified the amounts of penalties imposed in a citation, allowed appellants to pay penalties over a longer period of time and abated the penalty in citation appeals based on the facts and circumstances of each case. The Commission's role in adjudicating an appeal to a citation is not limited to merely upholding or denying the appeal. No change was made to the draft resolution in response to comments.

**FINDINGS OF FACT**

1. On November 9, 2018, CD issued Citation CD-2018-11-016 to 7G for failure to report intrastate revenue and remit Public Purpose Surcharges.
2. On November 14, 2018, 7G appealed Citation CD-2018-11-016.
3. 7G admitted that it had failed to report intrastate revenues and remit the required Public Purpose Surcharges from 2014-2018.
4. 7G requested a reduction of the \$1,000.00 penalty.

**CONCLUSIONS OF LAW**

1. Section 11.3 of GO 153 requires telecommunications carriers to report intrastate revenues and remit public purpose surcharges to the Commission.
2. Section 11.4 of GO 153 requires CD to notify carriers twice for failure to timely remit the required surcharges.
3. T-17601 authorized CD to issue a citation for failure to report intrastate revenue and remit Public Purpose Surcharges and sets the penalty amounts for specified violations.
4. Given the totality of the circumstances and as a matter of equity the fine should be reduced to \$500.00.
5. The suspended penalty amount of \$500.00 should be due immediately upon written notice from CD to 7G for violation of any applicable Commission rule, regulation or statute for three years from issuance of this resolution.

**THEREFORE, IT IS ORDERED** that:

1. The Appeal of 7G Networks, Inc. of Citation CD-2018-11-016 issued by the Communications Division on November 9, 2018 is denied.
2. 7G Networks, Inc. shall pay the penalty of \$500.00. The penalty is due within 30 days of issuance of this resolution. Payments shall be made payable to the California Public Utilities Commission and mailed or delivered to the California Public Utilities Commission's Fiscal Office at 505 Van Ness Avenue, San Francisco, CA 94102. 7G Networks, Inc. shall write on the face of the check or money order: "For deposit to the State of California General Fund per Resolution ALJ-364."
3. If 7G Networks, Inc. fails to comply with Commission rules, regulations or statutes during the three-year period following issuance of this Resolution, the suspended penalty amount of \$500.00 shall become immediately due upon written notice from the Communications Division.

4. This proceeding is closed.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on \_\_\_\_\_, the following Commissioners voting favorably thereon:

---

Alice Stebbins  
Executive Director