

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T-17676
June 11, 2020**

RESOLUTION

Resolution T-17676. This Resolution revokes the operating authority and imposes fines/penalties against 38 telecommunications service providers for failing to comply with Commission-mandated Public Program Surcharge and/or User Fee Requirements.

SUMMARY

This Resolution revokes the operating authority of 14 wireline (landline) telephone corporations, nine wireless (cellular) telephone corporations (all also known as carriers), and 15 Voice over Internet Protocol (VoIP)-registered service providers for failing to comply with either or both of these California Public Utilities Commission (Commission or CPUC) requirements: a) monthly reporting and remittance of public purpose programs (PPP) surcharges; and b) quarterly reporting and payment of CPUC Utilities Reimbursement Account Fee (User Fees).¹ We also impose a \$3,000 fine against each carrier for failing to comply with these CPUC regulatory requirements. A list of the 38 carriers is attached to this Resolution. If the fine is not paid within 30 days of the effective date of this Resolution along with all past due PPP surcharges and User Fees including interest and penalties, wireline carriers will have their Certificate of Public Convenience and Necessity (CPCN) and / or registration revoked; wireless carriers will have their Wireless Identification Registration (WIR) revoked; and VoIP providers will have their registration revoked. In each case, the listed wireline and wireless carrier will no longer be authorized to operate in California.

BACKGROUND

A. Wireline Carriers

Wireline telephone corporations holding a CPCN and/or registration license must comply with all federal and state statutes, rules and regulations. These requirements include timely monthly intrastate revenue reporting and remittance of PPP surcharges

¹ User Fee requirement does not apply to VoIP carriers.

and quarterly User Fees payment. The 14 wireline carriers listed in this Resolution have failed to comply with both surcharge and User Fee payment requirements.

B. Wireless Carriers

In Decision (D.) 94-10-031, as modified by D. 13-05-035, the Commission established a wireless registration process for Commercial Mobile Radiotelephone Service (CMRS) providers seeking authority to operate in California. The Commission also adopted regulatory compliance requirements for wireless carriers to remit PPP surcharges and User Fees. Wireless telephone carriers holding a WIR must comply with all federal and state statutes, rules and regulations. These requirements include timely monthly intrastate revenue reporting and remittance of PPP surcharges and quarterly User Fee payment. The nine wireless carriers listed in this Resolution have failed to comply with both surcharge and User Fee payment requirements.

C. Voice over Internet Protocol (VoIP) Carriers

VoIP carriers holding a registration license must comply with all federal and state statutes, rules and regulations. These requirements include timely monthly intrastate revenue reporting and resulting PPP surcharge payment pursuant to Public Utilities (PU) Code § 285.² The 15 VoIP carriers listed in this Resolution have failed to comply with surcharge payment requirements. VoIP carriers are not required to pay User Fees.

Section 285(c) states:

“The commission shall require interconnected VoIP service providers to collect and remit surcharges on their California intrastate revenues in support of the ... public purpose programs... ”

To implement Section 285, the Commission’s Communications Division (CD) established the Digital Voice Service (DVS) provider designation so that it could register VoIP providers, enabling companies to report and remit PPP surcharges as well as to allow the Commission to track their compliance. The informal VoIP registration process requires companies to submit a form with the company’s name and contact information for the provider to obtain an identification number. The identification number is necessary, as it allows the provider to access the Commission’s proprietary Telecommunications and User Fee Filing System (TUFFS), the web portal that allows all

² All section references hereafter are to the California Public Utilities Code unless otherwise stated.

other telecommunications corporations operating in California to report revenues and remit surcharges and user fees to the Commission.

D. Public Purpose Program Surcharges

Wireline, wireless and VoIP carriers are required to collect and remit surcharges to the Commission pursuant to PU Code §§ 270, 275-281, 285, and 879, to fund universal service programs that are Commission-administered. In D. 84-05-053, D. 94-09-065, and D. 96-10-066, the Commission established surcharges funding mechanisms to facilitate these programs. The mechanisms require telephone corporation to assess a surcharge on revenues collected from end users for intrastate telecommunications services subject to surcharge,³ and then report and remit surcharges monthly, by the 40th day after the end of each calendar month to avoid incurring interest on surcharges. Telephone corporations that are 90 days or more in arrears of reporting and remitting surcharges may be subject to suspension or revocation of their authority to operate in California.⁴

E. Utility Reimbursement Account Fee

PU Code §§ 401 through 405 and §§ 431 through 435 require telephone corporations (wireline and wireless carriers) to report their California intrastate revenues and remit the corresponding amount of User Fees to the CPUC.⁵ User Fees are determined by multiplying the carrier's intrastate revenue by a fee factor, which is currently set at 0.34%.⁶

The Commission requires carriers with gross intrastate customer revenues of \$750,000 or less (categorized as De minimus) to file annually and carriers with revenues in excess of \$750,000 to file quarterly.⁷ D. 10-09-017 and D.13-05-035 established a minimum of \$100 in User Fees that carriers must remit even if intrastate revenue is zero.⁸ If a carrier is in default of reporting or payment of the User Fee for more than 30 days, the CPUC may suspend or revoke its operating authority under PU Code § 405.

³ Including, but not limited to: custom calling features (such as Caller ID, Voice Store and Forward, Call waiting); private line service; 800/900 service, and non-recurring charges (such as installation and connection charges)

⁴ D.93-05-010.

⁵ User Fees include gross intrastate revenue excluding uncollectible revenue, directory sales, one-way paging, equipment sales, and intercarrier sales.

⁶ Resolution M-4838. User Fee rate effective January 1, 2019.

⁷ De minimus carriers must report annually by January 15th. All other carrier must report quarterly by January 15th, April 15th, July 15th, and October 15th. In either case, carriers that do not remit user fees within thirty days of the itemized payment dates are assessed a 25% penalty.

⁸ Per D.10-09-017, "...registrants must pay an annual user fee based on the Commission established rate in effect at that time...or \$100, whichever is greater."

DISCUSSION

A total 38 wireline, wireless, and VoIP carriers have failed to comply with Commission mandates to report revenue and pay surcharges and/or User Fees. Intrastate revenue and surcharge payments and User Fees tracking is administered by the Commission through the TUFFS system. When a carrier becomes authorized to operate in California, CD informs carriers of their obligation to report intrastate revenue and remit surcharges and/or user fees along with instructions for TUFFS reporting.

On June 21, 2018, the Commission adopted Resolution T-17601, which approved a citation program to enforce reporting compliance by all active and authorized carriers. All the carriers listed in Appendix A are currently active, having been granted a CPCN or registration license, a WIR or a VoIP registration, but have failed to or have never reported and remitted surcharges and/or User Fees for at least 12 consecutive months prior to March 2019. The Commission identified these carriers through the TUFFS reporting database.

In addition to notifying carriers upon registration, CD also notified the identified carriers on multiple occasions regarding their surcharge and/or User Fee reporting and remittance requirements to provide them with the opportunity to remedy their noncompliance:

1. Starting in August 2018, a first and then second email notice of noncompliance and potential citation action was sent to the primary contact listed in the Commission's proprietary Utility Contact Information System (UCS).
2. In November 2018, a certified letter and email was sent to the primary contact stating the issuance of a citation, instructions how to pay and also how to submit a protest against the citation.
3. In December 2018 and January 2019, second and third (final) notices were sent via certified mail and by email to nonresponsive carriers.
4. This Resolution and associated Notice of Availability will constitute the fourth and final notice to providers who are noncompliant with the state's surcharge reporting and remittance obligations.

A. Fines

Since all of the carriers in this Resolution have failed to comply with the State's regulatory requirements despite receiving multiple notices from the CD and instructions to remedy their noncompliance, we find it reasonable to fine, under the authority granted to the Commission under PU Code Sections 2111⁹ and 2108,¹⁰ each of these providers for their violations.

Each of the service providers listed in this resolution must pay a fine in the amount of \$3,000¹¹ within thirty (30) days from the effective date of this Resolution to retain operating authority in California. To achieve compliance and avoid further fines, the service provider must also report in the TUFFS and remit all PPP surcharges and/or User Fees, plus interest, for all months during which the carrier has not reported, within 30 days of the effective date of this Resolution.

Fines must be paid, by a check or money order, 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, Room 3000, San Francisco, CA 94102. The carrier should write on the face of the check or money order "For deposit to the State of California General Fund, per Resolution T-17676."

B. Suspension of Participation in Public Purpose Programs

⁹ Every corporation or person, other than a public utility and its officers, agents, or employees, which or who knowingly violates or fails to comply with, or procures, aids or abets any violation of any provision of the California Constitution relating to public utilities or of this part, or fails to comply with any part of any order, decision, rule, direction, demand, or requirement of the commission, or who procures, aids, or abets any public utility in the violation or noncompliance, in a case in which a penalty has not otherwise been provided for the corporation or person, is subject to a penalty of not less than five hundred dollars (\$500), nor more than fifty thousand dollars (\$50,000) for each offense.

¹⁰ Every violation of the provision of this part or of any part of any order, decision, decree, rule, direction, demand or requirement of the commission, by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof shall be a separate and distinct offense.

¹¹ CD sent to carriers three notifications regarding their non-compliance. In each notification, CD imposed a \$1,000 fine for non-compliance and therefore, each carrier is fined a total of \$3,000.

Every carrier listed in this Resolution shall not be eligible to receive subsidy or draw from any PPP funds until it pays all fines and reports and remits all accrued surcharge revenues and interest. Since the CPUC universal service programs are funded by PPP surcharge revenues, no service provider in violation of the CPUC regulatory requirements may benefit from these programs until they become compliant.¹² If the fines are not paid within 30 days from the effective date of this Resolution, the provider's registration will be archived. Upon archiving of the provider's registration, it will no longer be able to access the TUFFS and report and remit surcharges as required.

SAFETY IMPACT

This Resolution seeks to achieve carrier compliance in submitting PPP surcharges and user fees to support PPPs. Program funding increases access to communication services to California customers, thereby promoting public safety.

CONCLUSION

We find that CD employed the necessary measures to ensure proper carrier notification (Appendix A of this Resolution) and the respective obligation to comply with the CPUC surcharge and User Fees requirements. CD provided ample time and opportunity for these carriers to achieve compliance. Thus, we find it reasonable to apply sanctions against each of the listed carriers and have therefore imposed a fine of \$3,000. To achieve full compliance, any non-reported revenue and resulting PPP surcharges plus interest and/or User Fees plus penalties must also be reported and remitted within 30 days of the effective date of this Resolution.

After revocation of operating authority, a wireline carrier seeking to continue operations is required to file for a new CPCN, and even if previously authorized as a non-dominant interexchange carrier (NDIEC), will be required to undergo the more formal CPCN process, and in doing so, must disclose the previous revocation via sworn affidavit.¹³ Similarly, a wireless carrier seeking to resume operations must apply for a new WIR. A VoIP carrier must also re-register with the CPUC.

¹² PPP funds include the California Advanced Services Fund, California High Cost Fund A, California High Cost Fund B, California LifeLine, California Teleconnect Fund, and the Deaf & Disabled Telecommunications Program.

¹³ D.07-06-017 established a simplified registration process for NDIEC corporations pursuant to P.U. Code § 1013; D.95-12-056, Appendix C; D.13-05-035, Rule 4.A.

COMMENTS ON THE DRAFT RESOLUTION

In compliance with PU Code § 311 (g), a Notice of Availability was e-mailed on May 8, 2020, to all telephone carriers informing these parties that the draft of this Resolution is available at the Commission's website <http://www.cpuc.ca.gov/> and is available for public comments. An itemized list of the 38 carriers were also posted on the CPUC's Daily Calendar for 20 days. In addition, CD informed these parties of the subsequent availability of the conformed resolution, when adopted by the Commission, at the same Commission's website. The Commission received no public comments.

FINDINGS AND CONCLUSIONS

1. The 14 wireline telephone corporations (also known as carriers) listed in Appendix A of this Resolution have received a Certificate of Public Convenience and Necessity (CPCN) or registration license from the California Public Utilities Commission (CPUC or the Commission).
2. The nine wireless telephone corporations (also known as carriers) listed in Appendix A of this Resolution have received a Wireless Identification Registration (WIR) from the Commission to operate in California.
3. The 15 Voice over Internet Protocol carriers listed in Appendix A of this Resolution have registered with the Commission.
4. Public Utilities (PU) Section 285 requires VoIP carriers to collect and remit surcharges in support of the Public Purpose Programs (PPPs).
5. VoIP carriers are not required to pay User Fees.
6. PU Code §§ 270, 275-281, 285, and 879 authorize the Commission to collect surcharge revenues billed by carriers and collected from end users to fund the PPPs.
7. The Commission may suspend or revoke operating authority of telephone carriers that are 90 days or more in arrears on reporting and remitting surcharges and User Fees, per D.93-05-010.
8. PU Code §§ 401 and §§ through 405 and 431 through 435 require telephone carriers to annually or quarterly report their California intrastate revenues and remit corresponding CPUC Utilities Reimbursement Account Fees (User Fees).

9. In Decision (D). 13-05-035, the Commission set a minimum User Fee amount of \$100 for all telephone corporations holding a CPCN or a WIR to be paid annually, even if the telephone corporation reports zero intrastate revenue.
10. The 23 wireline and wireless carriers listed in Appendix A have not complied with both of the Commission requirements to report intrastate revenue and remit surcharges and/or User Fees.
11. The 15 VoIP carriers listed in Appendix A have not complied with the Commission requirement to report intrastate revenue and remit surcharges.
12. Resolution T-17601 adopted a citation program to enforce reporting compliance by all active and authorized carriers.
13. The Communications Division undertook proper and reasonable measures to locate, inform and remind the 38 telephone carriers listed in Appendix A of the CPUC intrastate revenue and reporting requirements.
14. If the fines are not paid within 30 days from the effective date of this Resolution, the provider's registration will be archived. Upon archiving of the provider's registration, it will no longer be able to access the TUFFS and report and remit surcharges as required.
15. We find it reasonable to impose a \$3,000 fine against each of the 38 carriers listed in Appendix A, because they have failed to comply with the CPUC regulatory requirements. To achieve full compliance, any non-reported revenue and resulting PPP surcharges plus interest and/or User Fees plus penalties must also be reported and remitted within 30 days. If the fines are not paid within 30 days, their operating authority or registration will be revoked.
16. To the extent that any of the listed carriers participate in or draw from any PPP funds, such carrier shall not be eligible to receive subsidy or draw from any PPP fund(s) until its respective violation has been remedied by paying all accrued surcharges, interest, User Fees and penalties.
17. After revocation of operating authority, a wireline carrier seeking to continue operations must file for a new CPCN, and even if previously authorized as a non-dominant interexchange carrier (NDIEC), will be required to undergo the more formal CPCN process, and in doing so, must disclose the previous

revocation via sworn affidavit. The wireline carrier must also pay all outstanding PPP surcharges, User Fees, accrued interest, and penalties to operate in California.

18. A wireless carrier whose WIR has been revoked must apply for a new WIR and pay all outstanding PPP surcharges, User Fees, accrued interest and penalties to operate in California.
19. A VoIP carrier whose registration has been revoked must re-register with the CPUC and pay all outstanding PPP surcharges and accrued interest.
20. The Commission e-mailed a Notice of Availability on May 8, 2020, to all telephone carriers informing these parties that the draft of this Resolution is available at the Commission's website <http://www.cpuc.ca.gov/> and is available for public comments. The Commission received no public comments.
21. An itemized list of the 38 carriers were also posted on the CPUC's Daily Calendar for 30 days.

THEREFORE, IT IS ORDERED THAT:

1. The California Public Utilities Commission imposes a \$3,000 fine against each of the carriers listed in Appendix A for failing to comply with Commission-mandated public purpose program surcharge remittance and/or User Fee requirements.
2. Fines shall be paid within 30 calendar days from the effective date of this Resolution, by a check or money order, 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, Room 3000, San Francisco, CA 94102. The carriers shall write on the face of the check or money order "For deposit to the State of California General Fund, per Resolution T-17676."
3. Carriers listed in Appendix A must report intrastate revenue and remit all resulting public purpose program surcharges due, any User Fee due, with any interest and/or penalties owed, through the California Public Utilities Commission's Telecommunications User Fees and Filing System, within thirty (30) days of the effective date of this Resolution.

4. If any of the carriers listed in Appendix A participates in or draws a subsidy from any public purpose program funds, the provider shall not be eligible to receive subsidy or draw from the fund(s) until it pays all fines and remits all accrued surcharge revenues, User Fees and interest.
5. If any of the carriers listed in Appendix does not pay the fines within 30 days from the effective date of this Resolution, the carrier's Certificate of Public Convenience or registration license, a Wireless Identification Registration or a Voice over Internet Protocol Registration shall be revoked and archived and it shall no longer be able to access the Telecommunications and User Fee Filing System to report and remit surcharges or User Fees as required.

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 favorable thereon:

ALICE STEBBINS
Executive Director

Appendix A

Appendix A - List of 38 Revoked Carriers				
Count	Citation Number	Utility ID Number	Carrier	Last Date Reported
VoIP (15)				
1	2018-11-001	U-1114-C	Epik Networks (Us)	Sept. 2016
2	2018-11-003	U-1125-C	Smart Choice Communications, LLC	Dec. 2015
3	2018-11-005	U-1186-C	Wanetics, LLC	Nov. 2015
4	2018-11-006	U-1193-C	NECC Telecom, Inc.	May. 2016
5	2018-11-007	U-1204-C	Connexum, LLC	Oct. 2017
6	2018-11-010	U-1227-C	Telnexus, LLC	Apr. 2017
7	2018-11-011	U-1231-C	Airwave Broadband Wireless, Inc.	Apr. 2014
8	2018-11-012	U-1240-C	Infocus Telcommunications	June. 2016
9	2018-11-013	U-1249C	American Broadband, Inc.	Nov. 2014
10	2018-11-023	U-1374-C	Carrier Network Solutions, LLC	Nov. 2016
11	2018-11-025	U-1419-C	LB Communications, Inc.	Dec. 2016
12	2018-11-026	U-1461-C	Communications Distribution, Inc.	May. 2017
13	2018-11-027	U-1464-C	VC Sat Tech	Never Reported
14	2018-11-029	U-1493-C	Alteva Solutions, Inc.	Dec. 2017
15	2018-11-031	U-1562-C	Nexera Voice, Inc.	Never Reported
Wireless (9)				
16	2018-11-036	U-4418-C	US Connect LLC	May. 2016
17	2018-11-039	U-4440-C	Solavei, LLC	Oct. 2015
18	2018-11-040	U-4445-C	Globalinx Enterprises, Inc.	Feb. 2016
19	2018-11-042	U-4465-C	Defense Mobile Corporation	Sept. 2016
20	2018-11-043	U-4470-C	Grid Mobile, Inc.	May. 2017
21	2018-11-044	U-4477-C	EcoMobile, Inc.	July. 2015
22	2018-11-046	U-4492-C	Pride Wireless, Inc.	June. 2016
23	2018-11-047	U-4498-C	PlatinumTel Communications, LLC	Never Reported
24	2018-11-048	U-4503-C	Charge Communication, Inc.	May. 2016
Wireline (14)				
25	2018-11-049	U-5513-C	Primus Telecommunications, Inc.	Apr. 2016
26	2018-11-050	U-5594-C	Network Enhanced Technologies, Inc	Aug. 2018
27	2018-11-052	U-5631-C	North County Communications	Sept. 2016
28	2018-11-054	U-5809-C	TGEC Communications Co., LLC	July. 2016
29	No Citation*	U-5928-C	Globalinx Enterprises, Inc.	March. 2016
30	2018-11-057	U-6357-C	Reliance GlobalComm Services, Inc.	Feb. 2017
31	2018-11-061	U-6676-C	Onelink Communications, Inc.	March. 2016
32	2018-11-064	U-7117-C	Veza Telecom, Inc.	Jan. 2016
33	2018-11-066	U-7134-C	Convergence Systems, Inc.	July. 2016
34	2018-11-067	U-7185-C	Network Services Solutions, LLC	Oct. 2017
35	2018-11-068	U-7200-C	Krush Communications, LLC	Aug. 2016
36	2018-11-069	U-7226-C	Connection Portal, Inc.	Nov. 2016
37	2018-11-070	U-7273-C	Miracle Communication, Inc.	July. 2017
38	2018-11-071	U-7289-C	Modus Rex, Inc.	March. 2017
<p>*Commission records indicate that prior to closing business, Globalinx Enterprises, Inc.'s third-party primary contact notified the Commission of the business closing. Staff provided instructions to submit appropriate Advice Letter, but we have no record of receipt. This company ceased business and cannot be reached.</p>				