

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T-17692
August 27, 2020**

RESOLUTION

Resolution T-17692. This Resolution revokes operating authority and imposes fines (penalties) on six (6) telecommunications service providers for failing to comply with Commission-mandated annual reporting requirements for Calendar Year 2017.

SUMMARY

This Resolution revokes the operating authority of four wireline (landline) telephone corporations and two wireless (cellular) telephone corporations (all also known as carriers) for failing to comply with the following California Public Utilities Commission's (Commission or CPUC) annual reporting requirements: a) operational and financial reports; and/or b) affiliate transaction reports for Calendar Year 2017 pursuant to General Order 104-A, Decision 93-02-019, and Decision 94-10-031 as modified by Decision 13-05-035. We also impose fines (penalties) against each carrier for failing to comply with these regulatory requirements. If the fine is not paid within 30 days of the effective date of this Resolution along with all past due operational and financial reports and/or affiliate transaction reports for Calendar Year 2017, 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. A list of the six (6) carriers is attached to this Resolution in Appendix A.

BACKGROUND

A. Wireline Carriers

Wireline telephone corporations holding a Certificate of Public Convenience and Necessity (CPCN) and/or a registration license must comply with all federal and state statutes, rules, and regulations. These requirements include the filing of Commission-mandated annual operational and financial reports and affiliate transaction reports on their California operations.

B. Wireless Carriers

In Decision (D.) 94-10-031, as modified by D. 13-05-035, the Commission established a registration process for Commercial Mobile Radiotelephone Service (wireless) providers seeking authority to operate in California by obtaining a Wireless Identification Registration (WIR). The Commission also adopted regulatory compliance requirements for wireless carriers to annually file an affiliate transaction report. Such carriers must comply with all federal and state statutes, rules and regulations.

C. Annual Reporting Requirements and Commission Citation Program

General Order (GO) 104-A and D.93-02-019 mandate that each public utility subject to Commission jurisdiction file annual reports. Wireline carriers are required to file operational and financial reports and affiliate transaction reports. Wireless carriers are not required to file operational and financial reports but are required to file affiliate transaction reports.

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. The penalty for failure to submit annual financial and affiliate transaction reports as set forth in Resolution T-17601, Appendix A, is \$1,000 per event. Each violation of the Commission's compliance requirements triggers an issuance of notice and is considered an event for the purposes of assessing a penalty.¹ Each subsequent notice of noncompliance increases the penalty amount by an additional \$200, up to a maximum of \$1,400 upon the third notification.² More specifically, the establishment of a citation program does not prevent the Commission from taking other remedial measures, including, but not limited to the revocation of a carrier's Certificate of Public Convenience and Necessity and/or registration licenses.³

DISCUSSION

A total of six wireline and wireless carriers have failed to comply with Commission mandates to file annual operations and financial reports and/or affiliate transaction reports, as shown in Appendix A to this Resolution. All the carriers listed in Appendix A are currently active, having been granted a CPCN, a registration license, or a WIR.

¹ See Resolution T-17601 at 3.

² *Id.* at 4.

³ *Id.* at 5.

Each of listed carriers failed to file the Commission mandated reports for Calendar Year 2017.

When a carrier becomes authorized to operate in California, the Communications Division (CD) Staff informs the carrier of the Commission's annual reporting requirements. Subsequent to the initial carrier notice, CD also notified the identified carriers on multiple occasions about the requirement to file annual operational and financial reports and/or affiliate transaction reports to provide them with the opportunity to remedy their noncompliance:

1. In August and October 2018, CD issued a first and then second email notice of noncompliance and potential citation action to the primary contact listed in the Commission's proprietary Utility Contact Information System (UCS).
2. In January and February of 2019, CD issued \$1,000 citations to non-compliant carriers that failed to submit the required 2017 affiliate transaction report, and \$2,000 citations to non-compliant carriers that failed to submit both the 2017 annual operational and financial report and the affiliate transaction report, via email to the primary contact, providing instructions about how to pay the citation and how to submit a protest to the citation. Also included was an explanation on how the fine may be increased, pursuant to Resolution T-17601, Appendix A, by an additional \$200 with each subsequent notice.
3. In October 2019, second notices for the citations were sent via email to the remaining nonresponsive carriers, including increases to the penalty amount by an additional \$200.
4. In December 2019, CD issued a third notice for the citations by both certified mail and email to the remaining nonresponsive carriers, increases to the penalty amount by an additional \$200.
5. The list in Appendix A consists of six carriers being sanctioned and the associated penalty amounts for their noncompliance.

A. Report Filing and Fines

Since all of the carriers listed in Appendix A of this Resolution have failed to comply with the Commission's reporting requirements, despite receiving multiple notices from CD with instructions to remedy their noncompliance, we find it reasonable to impose penalties, under the authority granted to the Commission under Public Utilities (PU)

Code Sections 2107⁴ and 2108,⁵ on each of these providers for their violations. As none of these carriers have responded after numerous contact attempts by Staff, we further find it appropriate to revoke their respective operating authorities in California.

With operating authority revoked, a wireline carrier seeking to renew operations in California 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 and pay all outstanding citation and associated penalties, as stated in their respective third notices before regaining operating authority. A wireless carrier seeking to renew operations in California is required to file for a new WIR pursuant to D.94-10-031, as modified by D. 13-05-035.

The citation and the associated penalties must be submitted 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-17692."

SAFETY IMPACT

This Resolution seeks to achieve carrier compliance in filing annual financial reports and/or affiliate transaction reports for communications services to California customers, thereby promoting public safety.

CONCLUSION

We find that CD employed the necessary measures to ensure proper carrier notification (as listed by carrier in Appendix A of this Resolution) and the respective obligation to

⁴ Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than one hundred thousand dollars (\$100,000), for each offense.

⁵ 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.

comply with the CPUC reporting requirements. CD provided ample time and opportunity for these carriers to achieve compliance. Thus, we found it reasonable to apply sanctions and after several notifications, revoke operating authority for each of the listed carriers. To achieve full compliance, all listed carriers must file the required annual operational and financial reports and/or affiliate transaction reports, and pay the citation and the associated penalties as shown in Appendix A.

If the fine is not paid within 30 days of the effective date of this Resolution along with all past due operational and financial reports and/or affiliate transaction reports for Calendar Year 2017, 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.

COMMENTS ON THE DRAFT RESOLUTION

In compliance with PU Code § 311 (g), a Notice of Availability was e-mailed on June 12, 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 carriers was also posted on the CPUC's Daily Calendar for 30 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 comments.

During the Comment period, Staff determined two carriers were incorrectly identified as non-compliant. Korea Telecom America, Inc. (U-6143-C) and Vodafone US Inc. (U-4491-C) are, in fact, compliant, and were removed from the revocation list in Appendix A. Another carrier, Sage Telecom Telecommunications, LLC (U-6585-C), filed Advice Letter 157 to cancel its operating authority, which was approved on December 12, 2019.

Additionally, two carriers contacted staff prior to the resolution being adopted. IFN.com, Inc. (U-7240-C) contacted staff regarding achieving compliance with the submission of the 2017 annual and affiliate transaction reports, and payment for the associated citation. Since then, IFN.com, Inc. has achieved full compliance.

CCI Network Services, Inc. (U-7007-C) has also contacted staff to discuss the submission of the 2017 annual and affiliate transaction reports and the associated fine payment. CCI Network Services, Inc. has since submitted the required reports but has yet to remit its associated fine payment. The company has 30 days after the adoption of this resolution to make payment.

FINDINGS AND CONCLUSIONS

1. The four 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 a registration license from the California Public Utilities Commission (CPUC or the Commission) to operate in California.
2. The two 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. General Order 104-A mandates that each wireline carrier file an annual operational and financial report.
4. General Order 104-A also mandates that each wireless carrier file an annual affiliate transaction report.
5. The six carriers listed in Appendix A have not complied with the Commission's annual reporting requirements.
6. Resolution T-17601 adopted a citation program to enforce reporting compliance by all active and authorized carriers and established penalties for violating Commission compliance requirements.
7. The Communications Division undertook proper and reasonable measures to locate, inform and notify the six telephone carriers listed in Appendix A of the Commission's annual reporting requirements.
8. During the Comment period, IFN.com, Inc. (U-7240-C) contacted staff regarding achieving compliance with the submission of the 2017 annual and affiliate transaction reports, and payment of the associated citation. Since then, IFN.com, Inc. has since achieved full compliance.
9. During the Comment period, CCI Network Services, Inc. (U-7007-C) contacted staff to discuss the submission of the 2017 annual and affiliate transaction reports and the associated fine payment. CCI Network Services, Inc. has since submitted the required reports but yet to remit its associated fine payment. The company has 30 days from the effective date of this resolution to make payment.
10. If a carrier's fine is not paid within 30 days of the effective date of this Resolution along with all past due operational and financial reports and/or affiliate

transaction reports for Calendar Year 2017, wireline carriers will have their CPCN and/or registration revoked; wireless carriers will have their WIR revoked.

11. We find it reasonable to impose the associated fine against each of the six carriers listed in Appendix A because they have failed to comply with the Commission's reporting requirements.
12. Pursuant to Resolution T-17601, the establishment of a citation program does not prevent the Commission from taking other remedial measures, including, but not limited to the revocation of a carrier's Certificate of Public Convenience and Necessity and/or registration licenses.
13. 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.
14. Wireless carriers seeking to continue operations in California is required to file for a new WIR pursuant to D.94-10-031, as modified by D. 13-05-035.
15. The Commission e-mailed a Notice of Availability on June 12, 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.
16. A list of the remaining six carriers was also posted on the CPUC's Daily Calendar for 30 days.

THEREFORE, IT IS ORDERED THAT:

1. The California Public Utilities Commission imposes a fine against each of the carriers listed in Appendix A for failing to comply with Commission-mandated annual reporting requirements: a) operational and financial reports; and/or b) affiliate transaction reports for Calendar Year 2017.
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-17692."

3. If a carrier listed in Appendix A does not pay its fine within 30 calendar days from the effective date of this Resolution, the carrier's Certificate of Public Convenience or registration license, or Wireless Identification Registration shall be revoked.
4. A wireline carrier seeking to renew operations after revocation shall file for a new Certificate of Public Convenience and Necessity, and even if previously authorized as a non-dominant interexchange carrier, shall undergo the more formal Certificate of Public Convenience and Necessity process, and in doing so, shall disclose the previous revocation via sworn affidavit.
5. A wireless carrier seeking to renew operations after revocation shall file for a new Wireless Identification Registration pursuant to Decision 94-10-031, as modified by Decision 13-05-035.
6. In each case, the revoked carriers shall pay the citation and the resulting penalties as shown in Appendix A, and also submit the Commission-mandated reports before regaining operating authority in California.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on August 27, 2020. The following Commissioners approved it:

/s/ALICE STEBBINS

ALICE STEBBINS
Executive Director

Resolution T-17692
CD/EYT

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

APPENDIX A

List of Six Revoked Carriers

Count	Citation Number	CORPORATE ID NUMBER	UTILITY NAME	PENALTY AMOUNT
One Wireline Carrier Did Not Submit a 2017 Affiliate Transaction Report				
1	CD-2019-02-040	7014	Norstar Telecommunications, LLC	\$1,400
Three Wireline Carriers Did Not Submit Both a 2017 Annual Report and an Affiliate Transaction Report				
2	CD-2019-01-018	5955	Airnex Communications, Inc.	\$2,800
3	CD-2019-01-042	7007	CCI Network Services, LLC	\$2,800
4	CD-2019-01-064	7276	Look International, Inc.	\$2,800
Two Wireless Carriers Did Not Submit a 2017 Affiliate Transaction Report				
5	CD-2019-02-004	4107	Galaxy Cellular Communications	\$1,400
6	CD-2019-02-015	4434	Connectto World, Inc.	\$1,400