

ALJ/SMW/avs

PROPOSED DECISION

Agenda ID# 22543 (REV. 1)

Ratesetting

5/30/24 Item 14

Decision **PROPOSED DECISION OF ALJ WILSON** (Mailed 4/24/2024)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LSL Telecom Inc. for
Registration as an Interexchange
Carrier Telephone Corporation
Pursuant to the Provisions of Public
Utilities Code Section 1013.

Application 22-10-017

**DECISION GRANTING LSL TELECOM INC.
A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY TO PROVIDE RESOLD
INTEREXCHANGE SERVICES**

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DECISION GRANTING LSL TELECOM INC. A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IN ORDER TO PROVIDE RESOLD INTEREXCHANGE SERVICES

Summary

Pursuant to Public Utilities Code Section 1001, the California Public Utilities Commission (Commission) grants LSL Telecom Inc. (LSL) a certificate of public convenience and necessity to provide resold interexchange service in California subject to the terms and conditions set forth in the Ordering Paragraphs.

LSL must pay all public purpose program surcharges owed for prior provision of interconnected Voice over Internet Protocol services in California and pay 10 percent interest for late remittance of surcharges accrued prior to its application for a registration. LSL's licensing obligations may be modified by the Commission in its pending Rulemaking 22-08-008.

This proceeding is closed.

1. Background

On October 14, 2022, LSL Telecom Inc. (LSL or Applicant), filed Application (A.) 22-10-017, requesting registration as an Interexchange Carrier Telephone Corporation pursuant to Public Utilities (Pub. Util.) Code Section 1013. On November 8, 2022, Lit San Leandro, LLC (Lit) filed a protest to the current application, stating that it was concerned with what it identified as a similarity of the Applicant's name with its own which violates its "legal rights to be free from unfair competition."¹ Since the registration was protested, the application no longer qualified for the Commission's simplified registration

¹ Protest to Application at 4.

process and the Commission treats this request as an application for a certificate of public convenience and necessity (CPCN) pursuant to Pub. Util. Code Section 1001.

On November 17, 2022, Resolution ALJ 176-3518 preliminarily determined that the category of this proceeding is ratesetting.

A prehearing conference (PHC) was held on April 5, 2023 (which LSL did not attend). A second PHC was held on July 6, 2023, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. Both LSL and Lit attended the second PHC.

An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on August 2, 2023. In the Scoping Memo, the assigned Commissioner stated in part, that "The California Secretary of State has approved the names of both LSL and Lit, and the issue raised by Lit asserting unfair competition is outside the Commission's jurisdiction."

On April 21, 2023, May 8, 2023, July 21, 2023, and September 27, 2023 the assigned Administrative Law Judge (ALJ) issued rulings requesting information, to which LSL responded on May 5, 2023, June 8, 2023, July 24, 2023, and October 3, 2023, respectively.

On October 17, 2023, Lit filed a motion requesting that the Commission examine whether LSL is providing Voice over Internet Protocol (VoIP) service without Commission authority (Motion). On November 9 and 30, 2023, a Status Conference was scheduled and rescheduled to address the issue raised in Lit's Motion. On December 1, 2023, the ALJ issued a ruling granting Lit's November 30, 2023 request that the Status Conference be rescheduled again. The status conference was ultimately held on January 22, 2024.

On January 22, 2024, the assigned ALJ memorialized a briefing schedule set at the January 22, 2024 status conference to address Lit's assertion that LSL is operating without Commission authority. Opening and Reply Briefs were due on March 1 and March 15, 2024, respectively. On February 27, 2024, the assigned ALJ issued a ruling granting LSL and Lits' joint motion requesting an extension of the briefing due dates.

On March 8, 2024: 1) LSL and Lit filed a *Joint Motion of Lit San Leandro, LLC and LSL Telecom, Inc. to enter Settlement Agreement*² into the evidentiary record and to dismiss Protest of LSL Telecom, Inc's Application for Registration as a VoIP Provider; 2) LSL and Lit filed a *Joint Motion of Lit San Leandro, LLC. and LSL Telecom, Inc. for leave to file under seal, confidential Joint Settlement Agreement* (Joint Motion for Confidential Treatment); and 3) the assigned ALJ issued a ruling granting the joint request of LSL and Lit to suspend the briefing schedule set out in her January 22, 2024 ruling and amended in her February 27, 2024 ruling. The Joint Settlement Agreement addresses the names of LSL and LIT, which as stated above, is outside the jurisdiction of the Commission and not an issue in A.22-10-017.

On March 18, 2024 and March 21, 2024, the assigned ALJ issued rulings requesting information, to which LSL responded on March 20, 2024 and March 26, 2024, respectively. In its March 26, 2024 response, LSL stated that it had been operating as a reseller of Voice over Internet Protocol (VoIP) service since March 2021.

All assigned Commissioner and ALJ rulings are affirmed herein.

² This is referred to herein as Joint Settlement Agreement.

2. Submission Date

This matter was submitted on March 26, 2024, upon LSL's filing of its response to the ALJ inquiry.

3. Jurisdiction

The Commission has broad jurisdiction over "public utilities," as defined in Pub. Util. Code Section 216. California's constitution extends the Commission's jurisdiction to companies engaged in "the transmission of telephone and telegraph messages," which includes both public utility services and facilities. The Commission classifies entities providing two-way voice communications service for compensation within California as "telephone corporations" and regulates them as public utilities.

As part of its regulatory authority over "telephone corporations," the Commission authorizes CPCN to "telephone corporations" seeking to construct a "line, plant, or system, or any extension thereof" in California. Pub. Util. Code Section 233 defines a "telephone line" to include "all conduits, ducts, poles, wires, cables, instruments, and appliances, and other real estate, fixtures, and personal property owned or controlled, operated, or managed in connection with or to facilitate communication by telephone, whether such communication is had with or without the use of transmission wires." This includes services delivered over any technology, including but not limited to, traditional copper lines, coaxial cable, fiber optic cable, and mobile or fixed wireless radios.

Providers of interconnected VoIP service are telephone corporations subject to the Commission's jurisdiction. In 2021, the Commission's Communication's Division directed interconnected VoIP carriers operating in California to apply for either a registration pursuant to Pub. Util. Code Section 1013 or a CPCN pursuant to Pub. Util. Code Section 1001. The

Commission is currently considering the licensing obligations for interconnected VoIP carriers in Rulemaking (R.) 22 08 008.

LSL proposes to offer interconnected VoIP services. LSL is a telephone corporation and a public utility subject to the Commission's jurisdiction.

4. CPCN Criteria

4.1. California Environmental Quality Act (CEQA)

Pursuant to the CEQA³ and Rule 2.4 of the Commission's Rules of Practice and Procedure (Rules), the Commission acts as the designated lead agency to consider the environmental consequences of projects that are subject to the Commission's approval to determine any potential environmental impacts, to avoid adverse effects, investigate alternatives, and ensure that any affected environmental impact is restored or otherwise mitigated to the fullest extent possible under CEQA. Since LSL does not intend to construct any facilities, 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, including equipment to be installed in existing buildings or structures, LSL must file for additional authority, and submit to any necessary CEQA review.

4.2. Financial Qualifications

To be granted a CPCN for authority to provide resold interexchange services, an applicant must demonstrate that it has a minimum of \$25,000 cash or cash equivalent, reasonably liquid and readily available to meet the firm's

³ Public Resources Code § 21000 *et seq.*

start-up expenses⁴ as well as deposits required by other carriers.⁵ LSL has provided such documentation in the form of a letter from their bank confirming that LSL holds a money market account with the required funds. LSL's financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available. Accordingly, LSL must demonstrate that it maintained at least \$25,000 that was reasonably liquid and available for its first year of operations by providing the Commission's Communications Division with a confidential copy of its updated financial documentation at both six and 12 months from the issuance date of this decision by e-mail to cdcompliance@cpuc.ca.gov.

4.3. Technical Qualifications

To be granted a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.⁶ LSL supplied biographical information on its management in Attachment C to its application that demonstrates it has sufficient expertise and training to operate as a telecommunications provider.

In its application, LSL verified that no one associated with or employed by LSL as an affiliate, officer, director, partner, or owner of more than 10 percent of LSL, or anyone acting in a management capacity for LSL:

⁴ The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in Decision (D.) 95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

⁵ The requirement for Competitive Local Carrier (CLC) applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers (LEC) 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 D.95-12-056 at Appendix C, Rule 4.A.

held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been (to his/her knowledge) the subject of a criminal referral by judge or public agency; (c) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of [Sections] 17000 *et seq.*, [Sections] 17200 *et seq.*, or [Sections] 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; or (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.⁷

Also, to the best of LSL's knowledge, neither LSL, or any affiliate, officer, director, partner, nor owner of more than 10 percent of LSL, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.⁸

For the foregoing reasons, this decision finds that LSL is in compliance with the requirements of D.13-05-035.

⁷ See Application, answers 8 and 9. These certifications are required by D.13-05-035, OP 14.

⁸ *Id.*

4.4. Tariffs

In its Application, LSL requests detariffed status and may be exempt from the requirement to file tariffs provided LSL complies with the consumer protection rules identified in D.98-08-031. Applicant indicated it will not offer basic service, such as residential local exchange voice or VoIP services, and therefore detariffed status is granted.

Pursuant to D.12-12-038, Appendix A, Section II, parts a and b, basic service must be tariffed or scheduled. In the future, if Applicant decides to offer services that require a tariff or schedule, such as basic service, Applicant must submit proposed tariffs and/or user guides to the Commission's Communications Division via Tier 2 Advice Letters using the General Order 96-B advice letter process at least 30 days before initiation of service.

4.5. Expected Customer Base

LSL provided its estimated customer base for the first and fifth years of operation on July 24, 2023 in response to an assigned ALJ's request for information. Therefore, LSL has complied with this requirement.

4.6. Safety Considerations

With the adoption of the *Safety Policy Statement of the California Pub. Util. Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. The Commission considered the potential safety implications here and is satisfied that LSL will meet the Commission's minimum safety goals and expectations because: (1) LSL has taken steps to meet the financial requirements as set forth in this decision for a reseller of interexchange services and (2) LSL is a public utility that is required pursuant to Pub. Util. Code Section 451 to "... furnish and maintain such adequate, efficient, just and reasonable service,

instrumentalities, equipment, and facilities, including telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

4.7. Prior Provision of Service

In its March 26, 2024 response to the March 21, 2024 assigned ALJ ruling, LSL states that it has been operating as a reseller of interconnected VoIP in California since March 2021. While the Commission may otherwise impose a penalty on a carrier's prior unlicensed provision of service, the Commission will forgo a penalty for LSL for its prior operations while it deliberates the licensing obligations of VoIP carriers in R.22-08-008. LSL is on notice that Commission decisions in R.22-08-008 may impact the licensing status of LSL, as well as any VoIP carriers operating in California that obtained a utility identification number under the informal VoIP registration process previously in effect under Pub. Util. Code Section 285, a registration pursuant to Pub. Util. Code Section 1013, or a CPCN pursuant to Pub. Util. Code Section 1001.

Between March 2021, and the present, LSL also earned intrastate revenue from customers subject to surcharge assessments. Pub. Util. Code Section 285 (Assembly Bill 841, Stats. 2011, Ch. 685), mandates that the Commission require interconnected VoIP service providers to collect and remit surcharges in support of state universal service funds in support of the following public purpose programs:

- California High Cost Fund A Administrative Committee Fund under Pub. Util. Code Section 275.
- California High Cost Fund B Administrative Committee Fund under Pub. Util. Code Section 276.
- Universal Lifeline Telephone Service Trust Administrative Committee Fund under Pub. Util. Code Section 277.

- Deaf and Disabled Telecommunications Program Administrative Committee Fund under Pub. Util. Code Section 278.
- California Teleconnect Fund Administrative Committee Fund under Pub. Util. Code Section 280.
- California Advanced Services Fund under Pub. Util. Code Section 281.

Effective April 1, 2023, all telephone corporations, including VoIP carriers or providers, operating in California are required to assess, collect, and remit California's public purpose program surcharges pursuant to the access line flat rate surcharge mechanism adopted in D.22-10-021. Surcharges apply only to public purpose program surcharges imposed on an end use customer's "place of primary use" that is located within California.

Carriers are assessed a 10 percent accrued interest for late remittance of public purpose program surcharges owed to the Commission.

LSL must remit any past due public purpose program surcharges owed for its prior operation of intrastate, interconnected VoIP service from March 2021 to the issuance date of this decision by providing the Commission's Communications Division with a summary of: (1) its monthly intrastate revenues from March 2021 to March 31, 2023, and (2) the monthly number of active access lines from April 1, 2023 to the effective date of the decision. This information should be sent with the subject line "Surcharge Prior to CPCN Approval Per [Insert Decision Number here, e.g., D.24 XX XXX], A.22-10-017" by sending one e-mail to both telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov within 30 days of the issuance date of this decision.

LSL is subject to the obligation to pay late fees on past due surcharges. However, LSL's obligation to remit 10 percent interest of past due surcharges is waived for the period following the filing date of LSL's application in

acknowledgement of the Applicant's good faith effort to come into compliance with the Commission's requirements by requesting a registration pursuant to Pub. Util. Code Section 1013.

While providers of resold interexchange service are required to pay past due user fees, this decision waives past due user fees in recognition of the Commission's deliberation of licensing obligations for VoIP carriers in R.22-08-008 and R.21-03-002. LSL is on notice that the user fee obligations may be subject to change by determinations made in R.22-08-008 and R.21-03-002.

The Commission's Communications Division staff is authorized to calculate the past due public purpose program surcharges and late fees owed by LSL. LSL will, within 30 days of its receipt of the total amount owed for public purpose program surcharges and interest from the Commission's Communications Division, submit one cashier's check or money order payable to the California Public Utilities Commission for payment of the total amount owed either by mail or in person delivery to: California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. LSL must include a written identification stating the decision number and the application number, such as the following: "Per Decision [enter decision number here] of A.22-10-017." LSL will email the Commission's Communications Division of payment made at telcosurcharge@cpuc.ca.gov. Failure to remit past due surcharges and interest owed within 90 days of the payment deadline will result in additional collections or enforcement action against LSL.

4.8. Conclusion

LSL's application conforms to our rules for authority to provide resold interexchange services pursuant to Pub. Util. Code Section 1001. Accordingly, the Commission grants LSL's CPCN to provide resold interexchange services in

California subject to compliance with the terms and conditions set forth in the OPs.

The CPCN granted by this decision provides benefits to LSL and corresponding obligations. LSL receives authority to operate in the prescribed service territory, and this authority enables LSL, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. Section 251), to interconnect with telecommunications carriers.

In return, LSL is obligated to comply with all Public Utilities Code provisions, Commission rules, General Orders (GO), decisions, and statutes applicable to telephone corporations providing approved services. The applicable rules, GOs, decisions, and statutes include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, LSL 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."

5. Joint Settlement between LSL and LIT

As discussed in Section 1 herein, the issue addressed in the Joint Settlement Agreement filed on March 8, 2024 is not a scoped issue in A.22-10-017 and is outside the jurisdiction of the Commission. Therefore, the Commission does not approve or deny the Joint Settlement Agreement.

6. Request to File Under Seal

Pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure, GO 66-D, and California Government Code Section 7927.705, LSL and Lit jointly filed a Joint Motion for Confidential Treatment of their Joint Settlement Agreement. LSL and LIT represent that the information is proprietary, and disclosure could place LSL at an unfair business disadvantage. Even though the Commission does not approve or reject the Joint Settlement Agreement, we do recognize the inclusion of confidential information in the documents filed by LSL and LIT on March 8, 2024. Therefore, we grant confidential treatment to the Joint Settlement Agreement filed on March 8, 2024.

7. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No public comments were posted to the docket card for this proceeding.

8. Comments on Draft Decision

The proposed decision of the ALJ in this matter was mailed in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3. No comments were filed.

9. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. LSL is a telephone corporation and a public utility as defined in Pub. Util. Code Sections 234(a) and 216(a).

2. LSL submitted a simplified registration pursuant to Pub. Util. Code Section 1013 as an interexchange telephone corporation. However, since the registration was protested, the Commission is treated as an application for a CPCN pursuant to Pub. Util. Code Section 1001.

3. The California Secretary of State has approved the names of both LSL and Lit.

4. Lit asserts unfair competition against LSL for operating with a similar name.

5. The subject of unfair competition between Lit and LSL is not within the scope of issues for this proceeding.

6. The Settlement Agreement addressed and resolved Lit's claim of unfair competition against LSL.

7. LSL will not construct any facilities.

8. LSL has a minimum of \$25,000 available to meet its start-up expenses and to cover deposits that may be required by other carriers in order to provide the proposed service.

9. LSL management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services to the public.

10. No one associated with or employed by LSL as an affiliate, officer, director, partner, agent, or owner (directly or indirectly) of more than 10 percent of LSL, or anyone acting in a management capacity for LSL: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating

authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of Section 17000 *et seq.*, Section 17200 *et seq.*, or Section 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

11. To the best of LSL's knowledge, neither LSL, or any affiliate, officer, director, partner, nor owner of more than 10 percent of LSL, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the FCC or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

12. LSL requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031.

13. LSL provided an estimate of its customer base for the first and fifth year of operation.

14. LSL started providing interconnected VoIP service in March 2021.

15. Between March 2021 and the present, LSL provided VoIP service in California without a VoIP registration pursuant to Pub. Util. Code Section 285, a registration pursuant to Pub. Util. Code Section 1013, or a CPCN pursuant to Pub. Util. Section 1001.

16. Between March 2021 and the present, LSL earned intrastate revenue from customers subject to surcharge assessments.

17. Between March 2021 and the present, LSL is subject to a 10 percent accrued interest for late remittance on public purpose program surcharges.

18. Pursuant to Rule 11.4, GO 66-D and California Government Code Section 7927.705, LSL filed a motion for leave to file confidential materials under seal, including the Joint Settlement Agreement between LSL and LIT.

Conclusions of Law

1. LSL should be granted a CPCN to provide resold interexchange services in California, subject to the terms and conditions set forth in the OPs.

2. LSL should demonstrate that it has maintained at least \$25,000 that was reasonably liquid and available for its first year of operations by providing the Commission's Communications Division with a confidential copy of its updated financial documentation at both six and 12 months from the issuance date of this decision by email to cdcompliance@cpuc.ca.gov.

3. LSL, once granted a CPCN, should be subject to the applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities.

4. LSL should be granted an exemption from the requirement to file tariffs.

5. It is reasonable to forbear from assessing penalties for LSL's unlicensed provision of VoIP service from March 2021 to the present while the Commission deliberates VoIP licensing requirements in R.22-08-008, with the exception of public purpose program surcharges owed and interest payments for late remittance of public purpose program surcharges accrued prior to filing an application for a registration pursuant to Pub. Util. Code Section 1013.

6. LSL should pay all past-due surcharges earned on its VoIP service provided between March 2021 and the present pursuant to Pub. Util. Code Section 285 and D.22-10-021.

7. LSL should pay 10 percent accrued interest for late remittance of public purpose program surcharges between March 2021 and October 14, 2022, the filing date of LSL's application for a registration.

8. LSL should provide the Commission's Communications Division with monthly intrastate revenue or monthly active access lines for the relevant duration of the period owed using the form provided in Attachment E.

9. The Commission's Communication's Division should be authorized to calculate the amount owed by LSL for surcharges and accrued interest owed using the surcharge mechanism applicable at the time the surcharge was incurred.

10. LSL should submit all past-due surcharges and interest owed to the Commission within 30 days of receipt of Communications Division's summary of past-due surcharges and interest owed.

11. LSL's motion to file under seal its Joint Settlement Agreement, should be granted for three years. Resolution of Lit's claim on unfair competition for operating with a similar name is a matter of copyright law, which is outside the Commission's jurisdiction.

12. Since the issue addressed in the Joint Settlement Agreement is not a scoped issue in A.22-10-017 and is outside the jurisdiction of the Commission, the Commission should not approve or deny the Joint Settlement Agreement.

13. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to LSL Telecom Inc. to provide resold interexchange services in California, subject to the terms and conditions in this decision.
2. The Commission does not approve or deny the Joint Settlement Agreement.
3. LSL Telecom Inc. shall demonstrate that it has maintained at least \$25,000 that was reasonably liquid and available for its first year of operations by providing the Commission's Communications Division with a confidential copy of its updated financial documentation at both six and 12 months from the issuance date of this decision by e-mail to cdcompliance@cpuc.ca.gov.
4. LSL Telecom Inc. must remit public purpose program surcharges owed to the Commission in accordance with the established methodology in effect at the time the surcharge was accrued, along with accrued interest on late remittance of past-due surcharges prior to the filing date of this application.
5. Within 30 days of the effective date of this decision, LSL Telecom Inc. (LSL) must provide the Commission's Communications Division with a summary of: (1) its monthly intrastate revenues from April 1, 2021 to March 31, 2023 and (2) the monthly number of active access lines from April 1, 2023 to the effective date of this decision by e-mailing telcosurcharge@cpuc.ca.gov and copying cdcompliance@cpuc.ca.gov in the communication. LSL will provide this information by completing the form included as Attachment E.
6. The Commission's Communications Division is authorized to calculate the public purpose program surcharges owed between March 1, 2021, and the

issuance date of this decision, along with any interest owed between March 1, 2021, and October 14, 2022, for late remittance of past-due surcharges prior to the filing date of this application.

7. LSL Telecom Inc. (LSL) will, within 30 days of its receipt of the total amount owed for public purpose program surcharges and interest from the Commission's Communications Division, send one cashier's check or money order for payment of the total amount owed to: California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. LSL will inform the Commission's Communications Division that payment has been made within one day of e-mailing or otherwise submitting payment by e-mail to telcosurcharge@cpuc.ca.gov.

8. LSL Telecom Inc. will be subject to additional collections or enforcement action in the event it fails to pay the past-due public purpose program surcharges and interest owed within 90 days of the payment deadline.

9. Future payments of public purpose program surcharges and user fees, shall be made through the Communications Division's Telecommunications and User Fee Filing System, as provided in Attachment B.

10. The certificate granted and the authority for LSL Telecom Inc. (LSL) to render service to customers under the rates, charges, and rules authorized, will expire if not exercised, by offering or actively providing service on a wholesale and/or resale basis, after 12 months from the effective date of this decision. LSL is responsible for seeking approval for an extension of time to comply with this decision pursuant to Rules of Practice and Procedure Rule 16.6.

11. LSL Telecom Inc. is assigned utility identification number U7430C and is responsible for using this as its corporate identification number in the caption of

all original filings with this Commission, in the titles of other pleadings filed in existing cases, and informal submissions to the Commission.

12. LSL Telecom Inc. must file in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. The written acceptance filed in this docket does not reopen the proceeding.

13. LSL Telecom Inc. must provide the name, address, e-mail address, and telephone number of its designated primary regulatory/official contact person to the California Public Utilities Commission's Communications Division within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

14. LSL Telecom Inc. must provide the name, address, e-mail address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the California Public Utilities Commission's Consumer Affairs Branch within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

15. LSL Telecom Inc. (LSL) must submit a Tier-1 Advice Letter containing a copy of the license holder's executed performance bond in accordance with Decision 13-05-035 to the California Public Utilities Commission's Communications Division within five business days of the effective date of this decision. LSL is responsible, if needed, for seeking approval for an extension of time to submit the Tier 1 Advice Letter containing a copy of the performance bond. LSL is responsible for ensuring that the performance bond is active for all periods of its operations and comply with the annual performance bond filing on or before March 31 of each year. Refer to Attachment B for additional information on performance bond requirements.

16. LSL Telecom Inc. must submit its compliance with Public Utilities Code Section 708, Employee Identification Cards, to the California Public Utilities Commission's Director of the Communications Division, in writing, by e-mail to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision.

17. LSL Telecom Inc. is subject to California public purpose program surcharges (surcharges) and user fees; and is responsible for timely reporting and remittance of surcharges and user fees using the California Public Utilities Commission's proprietary Telecommunications and User Fee Filing System. Refer to Attachment B for additional information on surcharges and user fees requirements.

18. LSL Telecom Inc. is responsible for submitting an annual report in accordance with General Order 104-A to the California Public Utilities Commission's Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, no later than March 31 of the year following the calendar year for which the annual report is submitted. Refer to Attachment C for additional information on annual report requirements.

19. LSL Telecom Inc. is responsible for submitting its annual affiliate transaction report in accordance with Decision 93-02-019 to the California Public Utilities Commission's Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, no later than May 1 of the year following the calendar year for which the annual affiliate transaction report is submitted. Refer to Attachment D for additional information on annual affiliate transaction report requirements.

20. LSL Telecom Inc. is subject to all the current requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision; all Consumer Protection Rules

contained in General Order 168; and all applicable California Public Utilities Commission rules, decisions, General Orders, and statutes that pertain to California public utilities on an ongoing basis.

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

22. Application 22-10-017 is closed.

This decision is effective today.

Dated _____, at Sacramento, California.

ATTACHMENT A

TARIFF DEFICIENCIES

This Attachment is Intentionally Left Blank.

(END OF ATTACHMENT A)

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

1. Carrier is subject to all the current applicable California Public Utilities Commission (CPUC or Commission) rules, decisions, General Orders, and statutes that pertain to California public utilities and telephone corporations on an ongoing basis.
2. Carrier is responsible for rendering services to customers under the rates, charges and rules authorized by the Commission within 12 months from the date of the decision. Rendering services may include but are not limited to offering and/or actively providing services to its customers on a wholesale and/or resale basis.
3. Carrier is responsible for keeping all contact information up to date with the Commission. Changes to its primary regulatory and/or complaint contact information must be provided electronically, using the "Contact Information Request Update" form at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone> under Service Provider Requirements and Programs. Carrier is responsible for updating this information within 30 days of the change, or at least annually by June 1 of each calendar year.
4. Carrier is subject to California public purpose program surcharges and user fees. Pursuant to Decision (D.) 22-10-021, all telephone corporations operating in California must assess, collect, report and remit public purpose program surcharges based on the number of active access lines. For definition of access line, see Section 5.2.2 of D.22-10-021. The surcharge funds the following California public purpose programs:

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 277);
- 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 § 275.6); D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (Pub. Util. Code § 276.5), D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (Pub. Util. Code § 281; D.07-12-054); and
- f. The California Teleconnect Fund (Pub. Util. Code § 280; D.96-10-066, at 88, App. B, Rule 8.G).

User Fees must be assessed and collected based on intrastate telecommunications revenues. The User Fee funds the CPUC's annual operating budget for regulating the telecommunications corporations under its jurisdiction (Pub. Util. Code §§ 431-435).

5. Carrier is responsible for obtaining guidance and directive from the Commission's Communications Division for timely reporting and remitting of public purpose program surcharges and the user fees through the Commission's proprietary Telecommunications and User Fee Filing System (TUFFS). Additional information about telecommunications surcharges and user fees is available from the CPUC website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees>.

6. Carrier is responsible for timely and accurately reporting its number of access lines and remitting the resulting public purpose program surcharges through TUFFS even if there is zero (0) access line to report and zero (0) resulting surcharges to remit. Carriers that report and/or remit surcharge funds after the

due date will be charged a penalty equal to an annual rate of 10%. Send an email to Telcosurcharge@cpuc.ca.gov for questions related to surcharges and access to TUFFS. Current and historical surcharge rates can be found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/surcharge-rates>.

7. Carrier is responsible for timely and accurately reporting and remitting the user fees based on a standard user fee remittance rate applied to the gross intrastate revenue or an annual minimum user fee of \$100, whichever is greater. The user fee remittance rate is determined annually by the Commission and posted on the Commission's webpage. The reporting and remittance of user fees must be through TUFFS within 15 days after the end of each calendar quarter (March 31, June 30 and September 30, and December 31) or January 15 due date for those paying the annual minimum user fee of \$100. TUFFS will automatically adjust the minimum user fee amount due to \$100 when the annual gross intrastate revenue is zero (\$0) or less than the annual minimum user fee of \$100. Under Pub. Util. Code section 405, carriers that are in default of reporting and submitting user fees more than 30 days after the quarterly user fee payment due dates of April 15, July 15, October 15, and January 15, or more than 30 days after the January 15 due date for those utilities paying the annual minimum user fee of \$100, will be subject to automatic penalties including suspension or revocation of their authority to operate in California. Send an email to userfees@cpuc.ca.gov for questions related to user fees. Current and historical user fee rates can be found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/user-fee-rates>.

8. In compliance with Resolution T-16901, December 2, 2004, Carrier is responsible for checking the joint tariff for public purpose program surcharges

and user fees filed by Pacific Bell (dba AT&T California) and apply the current public purpose program surcharges and user fees amounts in that joint tariff on end-user bills until further revised.

9. Carrier is responsible for ensuring that its tariff filings reflect all surcharges and fees to which it is subject to, as identified above.

10. If Carrier is a competitive local exchange carrier, the effectiveness of its future competitive local exchange carrier tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

11. If Carrier is a non-dominant interexchange carrier, the effectiveness of its future non-dominant interexchange carrier tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

12. Carrier providing competitive local exchange service is responsible for submitting a service area map as part of its initial tariff filed via Advice Letter to the Communications Division.

13. Carrier is responsible for submitting a copy of its complete tariff in use to the California Public Utilities Commission's Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, in compliance with Public Utilities Codes Section 489(a), no later than February 15 of each year. If Carrier is de-tariffed, it is responsible for providing an annual certification that it is granted exemption from tariff filing or is a de-tariffed carrier and identify the authorization granting such status.

14. Carrier is responsible for obtaining a performance bond of at least \$25,000 in accordance with Decision 13-05-035. Within five business days after the effective date of CPCN authority, carrier is required to submit a Tier-1 advice letter to the Director of the Communications Division with a copy of the license holder's executed bond. 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, and the Commission must be listed as the obligee on the bond. Pursuant to Decision 13-05-035, the Commission must revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing 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.

15. Carrier is required to submit a Tier-1 Advice Letter on an annual basis, no later than March 31 of each year, with a copy of the executed performance bond. Carrier is responsible for ensuring that its performance bond does not lapse during any period of its operation. Additional information regarding performance bond requirement is available at

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/performance-bond-requirements>.

16. Carrier is responsible for ensuring that its employees comply with the provisions of Pub. Util. Code Section 2889.5 regarding solicitation of customers.

17. If Carrier is 90 days or more late in complying with its reporting obligations to the Commission including but not limited to filing its annual reports (e.g., Operations and Financials, and Affiliated Transaction Reports), submitting Performance Bonds, reporting and remitting surcharges and user fees; and has not received written permission from the Commission or Communications Division to file or remit late, the Communications Division may issue a citation pursuant to Resolution T-17601. Failure to comply with the issued citation or timely appeal the citation may result in a revocation of the company's operating authority and/or a referral to the Commission's Consumer Protection

and Enforcement Division (CPED) for enforcement action, which could result in additional fines, penalties, or other sanctions.

18. Carrier is exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.

19. Carrier is exempt from Pub. Util. Code Sections 816-830.

20. If Carrier decides to discontinue service or file for bankruptcy, it must immediately notify the California Public Utilities Commission's Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov.

(END OF ATTACHMENT B)

ATTACHMENT C

ATTACHMENT C**ANNUAL REPORT**

In addition to the annual reports requirement pursuant to General Order 104-A, submit the following information electronically via email to cdcompliance@cpuc.ca.gov no later than March 31 of the year following the calendar year for which the annual report is submitted.

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

Required information:

1. Exact legal name and Utility ID number of the reporting utility.
2. Address of the reporting utility.
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 Certificate of Public Convenience and Necessity.
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 31 of the calendar year for which information is submitted, for California operations only.

Additional information about the reporting requirements is available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an email to cdcompliance@cpuca.ca.gov with a subject line that includes: "CD Annual Reports."

(END OF ATTACHMENT C)

ATTACHMENT D

ATTACHMENT D**CALENDAR YEAR AFFILIATE TRANSACTION REPORT**

Submit the following information electronically using the Annual Affiliate Transaction Report Form⁹ via e-mail to cdcompliance@cpuc.ca.gov no later than May 1 of the year following the calendar year for which the annual affiliate transaction 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.

⁹ An Annual Affiliate Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and it is available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form_.pdf.

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 submit, 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.

Additional information about the reporting requirements is available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an e-mail to cdcompliance@cpuca.ca.gov with a subject line that includes: “CD Annual Reports.”

(END OF ATTACHMENT D)

ATTACHMENT E

ATTACHMENT E
SURCHARGE REPORT

Email the following information to telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov.

Subject Line should include "Surcharge Prior to CPUC Approval Per D.24-**XX-XXX**, A.22-10-017."

Body of email should include:

1. Carrier Name
2. Date of Operation without License
3. Date Issuance of the Decision
4. Monthly Intrastate Revenue report prior to April 2023

	2021	2022	2023
January	n/a		
February	n/a		
March			
April			n/a
May			n/a
June			n/a
July			n/a
August			n/a
September			n/a
October			n/a
November			n/a
December			n/a

5. Number of Active Access Line from April 2023 to Issuance of this Decision.
See Section 5.2.2 of D.22-10-021 for definition of access line.

	2023	2024
January	n/a	
February	n/a	
March	n/a	
April		
May		
June		
July		
August		
September		
October		
November		
December		

(END OF ATTACHMENT E)