

Decision 24-11-003 November 7, 2024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking
Proceeding to Consider Changes to
Licensing Status and Obligations of
Interconnected Voice over Internet
Protocol Carriers.

Rulemaking 22-08-008

**DECISION ESTABLISHING REGULATORY FRAMEWORK FOR
TELEPHONE CORPORATIONS PROVIDING INTERCONNECTED
VOICE OVER INTERNET PROTOCOL SERVICE**

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**DECISION ESTABLISHING REGULATORY FRAMEWORK FOR
TELEPHONE CORPORATIONS PROVIDING INTERCONNECTED
VOICE OVER INTERNET PROTOCOL SERVICE AND
LAUNCHING SECOND PHASE OF PROCEEDING**

Summary

This decision establishes a regulatory framework for public utility telephone corporations providing interconnected Voice over Internet Protocol (VoIP) services to California consumers. State law requires all telephone corporations selling voice communications services in California to seek operating authority from the California Public Utilities Commission (Commission or CPUC) through a certificate of public convenience and necessity or registration. Despite their public utility status, interconnected VoIP service providers have operated in California for decades without any formal licensing or registration requirements, which the Commission has applied to other wireline and wireless voice service providers. In a straightforward exercise of our core authority, we implement these state requirements for interconnected VoIP service providers by adopting two new utility type designations for their voice services: (1) Digital Voice Nomadic (DVN) designation for providers who offer nomadic-only interconnected VoIP services, and (2) Digital Voice Fixed (DVF) designation for providers offering fixed interconnected VoIP as part of their service offerings. Nomadic-only interconnected VoIP service providers shall be subject to a Nomadic Registration process similar to the Commission's existing Wireless Identification Registration. Fixed interconnected VoIP service providers shall continue to be subject to operating authority requirements similar to traditional wireline service providers.

This decision also establishes an automatic migration process for interconnected VoIP service providers already registered with the Commission

under the prior informal registration pursuant to Public Utilities Code Section 285.

This decision streamlines or removes certain existing requirements for other wireline telephone corporation utility types to be consistent with those applicable to interconnected VoIP telephone corporations. The improvements to the Commission's application processes for operating authority include the following: (1) standardized fees and performance bond amounts, (2) industry-wide adoption of the Energy Division's 21-day California Environmental Quality Act Expedited Review process, and (3) presumptive confidential treatment of certain financial and business information.

This decision requires all interconnected VoIP service providers (DVN and DVF utility types) to post performance bonds, pay the CPUC User Fee and file annual affiliate transaction reports.

Finally, it is appropriate to open a second phase of this proceeding to address implementation and technical issues associated with integrating interconnected VoIP services providers into the regulatory framework.

This proceeding remains open.

1. Background

On August 30, 2022, the California Public Utilities Commission (Commission or CPUC) issued its *Order Instituting Rulemaking to Consider Changes to Licensing Status and Obligations of Interconnected Voice over Internet Protocol [(VoIP)] Carriers* (OIR) opening Rulemaking (R.) 22-08-008 to consider changes to address the licensing status of interconnected VoIP service providers that were

previously registered informally¹ with the Commission. The OIR also aimed to consider other ongoing obligations for all interconnected VoIP service providers and ministerial licensing reforms. The OIR included a Staff Proposal containing recommendations to resolve the issues identified preliminarily as within the scope of the proceeding.

The Commission had previously initiated rulemakings addressing the obligations for interconnected VoIP service providers but, until now, had yet to develop specific administrative procedures by which to implement regulatory oversight. In 2004, the Commission initiated Investigation (I.) 04-02-007 to determine the appropriate regulatory framework for interconnected VoIP service, stating “VoIP represents the next generation technology for the provision of voice and other services.”² At that time, the Commission identified existing interconnected VoIP service providers operating in California (Vonage, 8X8, and Level 3 Communications) and noted that traditional providers of voice telephony, including incumbent telephone companies, competitive local exchange³ carriers, and cable telephony providers were deploying interconnected VoIP telephony on a commercial basis and migrating customers to interconnected VoIP telephony technology.⁴ In Decision (D.) 06-06-010, the

¹ *VoIP Letter Notice for AB 841* from Paul Clanon, Commission Executive Director, directing Interconnected VoIP service providers to register with the Commission, November 9, 2011. Interconnected VoIP service providers were issued utility type Digital Voice Service (DVS) when registered.

² Order Initiating Investigation 04-02-007 (OII) at 1-2.

³ ‘Local exchange’ is known generally as ‘local service’.

⁴ OII at 1-2.

Commission closed I.04-02-007, finding it premature to establish a regulatory framework for interconnected VoIP service.⁵

Subsequently, the California Legislature enacted laws regarding universal service, E911, and market competition expressly applicable to interconnected VoIP service. Assembly Bill (AB) 2393 (Ch. 776, Stats. 2006) added Section 776, Section 2872.5, and Section 2892.1 to the Public Utilities (Pub. Util.) Code to address emergency telephone system reliability.⁶ Section 776 and Section 2892.1 address telephone backup power systems⁷ while Section 2872.5 addresses emergency notification systems. For purposes of applying Section 2892.1, the statute identifies interconnected VoIP among the technologies provisioning voice communication service.

Section 776, addressing telephone system backup power located on the customers' premises, applies to "facilities-based providers of telephony services." Section 2872.5, addressing telephone emergency system notification, applies to all manner of "911 emergency telephone systems" as referenced in subdivision (e) of Section 2872. In implementing AB 2393,⁸ the Commission determined the terms of Section 776 and Section 2872.5 applied equally to interconnected VoIP service, concluding, "to interpret AB 2393 to exclude

⁵ D.06-06-010 at 2-3.

⁶ All section references are to the Public Utilities Code unless otherwise indicated.

⁷ Section 776 addresses backup power systems located on the customer's premises and Section 2892.1 addresses backup power systems not located on the customers' premises.

⁸ The Commission implemented AB 2393 in R.07-04-015 with the issuance of D.08-09-014 addressing the above matters and finding that a customer education program regarding backup power was needed. In addition, the Commission determined that the proceeding should remain open for further investigation into the need for standards for backup power located on the customer's premises. Attachment A to D.08-09-014 is the Final Analysis Report prepared by the Commission's Communications Division which constitutes the Commission's required report to the Legislature.

telephone services provided by cable companies and/or VoIP providers would seriously undermine the purpose of the bill.”⁹

AB 1315 (Ch. 358, Stats. 2010) added Section 716, declaring:

Consistent with the federal Telecommunications Act of 1996, state law declares the policies for telecommunications for California to include removal of the barriers to open and competitive markets and promoting fair product and price competition in a way that encourages greater efficiency, lower prices, and more consumer choices, while continuing the state’s universal service commitment.

Subsection (b)(2) of Section 716 requires:

All providers of voice communications services, including, but not limited to, local exchange carriers, interexchange carriers, mobile telephony service providers, and providers of facilities-based interconnected Voice over Internet Protocol (VoIP) service, shall provide all data and other information relevant to the forbearance petition requested by the commission pursuant to this Section.

In January 2011, the Commission opened R.11-01-008 in order “to ensure that the California universal service programs are supported in a competitively and technologically neutral manner and that contributions to the programs are sufficient to preserve and advance universal service.”¹⁰ During the pendency of that proceeding, the California Legislature enacted two statutes addressing questions at issue in R.11-01-008.

AB 841 (Ch. 841, Stats. 2011) added Section 285, requiring providers of interconnected VoIP service to collect and remit surcharges in support of six telecommunications universal service programs. For purposes of Section 285, the

⁹ D.10-01-026 at 18-21, Finding of Fact (FoF) 34, FoF 40, and Conclusion of Law (CoL) 27-36.

¹⁰ D.13-02-022 at 2.

term “interconnected VoIP service” has the same meaning as Section 9.3 of Title 47 of the Code of Federal Regulations.¹¹ Senate Bill (SB) 1161 (Ch. 733, Stats. 2012), added Section 239 to define interconnected VoIP service and added Section 710 to proscribe new regulation of interconnected VoIP or other internet protocol (IP) enabled service and to fix the scope of the Commission’s jurisdiction over interconnected VoIP service to that “required or expressly delegated by federal law or expressly directed to do so by statute or as set forth in subdivision (c).”¹²

¹¹ The definition of interconnected VoIP service in Section 9.3 of Title 47 of the Code of Federal Regulations (CFR) referenced in Section 285(a) to was revised by Federal Communications Commission (FCC) on August 2, 2019. (See Report and Order FCC 19-76 *Inquiry Concerning 911 Access, Routing, and Location in Enterprise Communications Systems; Amending the Definition of Interconnected VoIP Service in Section 9.3 of the Commission’s Rules* implementing 2018 federal legislation Section 506 of RAY BAUM’S Act.)

¹² Section 710 expired on January 1, 2020. Subsection c of Section 710 stated, “This Section does not affect or supersede any of the following:

- (1) The Emergency Telephone Users Surcharge Law (Part 20 (commencing with Section 41001) of Division 2 of the Revenue and Taxation Code) and the state’s universal service programs (Section 285).
- (2) The Digital Infrastructure and Video Competition Act of 2006 (Division 2.5 (commencing with Section 5800)) or a franchise granted by a local franchising entity, as those terms are defined in Section 5830.
- (3) The commission’s authority to implement and enforce Sections 251 and 252 of the federal Communications Act of 1934, as amended (47 U.S.C. Secs. 251 and 252).
- (4) The commission’s authority to require data and other information pursuant to Section 716.
- (5) The commission’s authority to address or affect the resolution of disputes regarding intercarrier compensation, including for the exchange of traffic that originated, terminated, or was translated at any point into Internet Protocol format.
- (6) The commission’s authority to enforce existing requirements regarding backup power systems established in Decision 10-01-026, adopted pursuant to Section 2892.1.

On November 9, 2011, the Commission established an informal registration (Section 285 registration) process for interconnected VoIP service providers to report and remit public purpose program surcharges pursuant to the requirements established in Section 285.¹³

In 2013, the Commission found Section 285 made the consideration of the scoped issue in R.11-01-008 moot,¹⁴ that Section 710 made consideration of a request to examine interconnected VoIP providers' compliance with consumer protection statutes moot,¹⁵ and accordingly closed the proceeding.¹⁶ Also in 2013, in R.11-11-006 to revise the certification process for telephone corporations and the registration process for wireless service providers, the Commission declined to expand the scope of R.11-11-006 to include registration requirements for interconnected VoIP service providers. The Commission identified that there were over 100 interconnected VoIP providers holding a Certificate of Public Convenience and Necessity (CPCN) operating authority at that time. The Commission stated: "While we agree that the Commission may need to create some process for carriers providing service using VoIP in order to collect basic information that would enable the Commission to protect consumers and fulfill

(7) The commission's authority relative to access to support structures, including pole attachments, or to the construction and maintenance of facilities pursuant to commission General Order 95 and General Order 128.

(8) The Warren-911-Emergency Assistance Act (Article 6 (commencing with Section 53100) of Chapter 1.5 of Part 1 of Division 2 of Title 5 of the Government Code).

¹³ *VoIP Letter Notice for AB 841* from Paul Clanon, Executive Director, to interconnected VoIP service providers that are providing service in California, November 9, 2011.

¹⁴ D.13-02-022 at FoF 2.

¹⁵ D.13-02-022 at FoF 4.

¹⁶ D.13-02-022 at Ordering Paragraph (OP) 2.

obligations under SB 1161, the Commission needs to more fully determine the extent of its regulatory duties.”¹⁷

In April 2021, the Commission discontinued the Section 285 registration process and updated the instructions on its website for interconnected VoIP service providers to obtain operating authority pursuant to Section 1001 or Section 1013, as applicable.

1.1. Procedural Background

At issuance, the Commission invited comments on the OIR including comments on the staff proposal. Opening Comments were due October 17, 2022, and Reply Comments were due October 31, 2022. Twelve groups of parties filed opening comments: (1) Pacific Bell Telephone Company d/b/a AT&T California and AT&T Corp. (jointly, AT&T); (2) Cloud Communications Alliance (Cloud); (3) Consolidated Communications of California Company and Consolidated Communications Enterprise Services, Inc. (Consolidated); (4) Computer & Communications Industry Association (CCIA); (5) CTIA – The Wireless Association (CTIA); (6) Frontier California Inc., Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California, and Frontier Communications of the Southwest Inc. (collectively, Frontier); (7) The Utility Reform Network (TURN) and Center for Accessible Technology (CforAT) (jointly, Joint Consumers); (8) Small Business Utility Advocates (Small Business); (9) Calaveras Telephone Company, Cal-Ore Telephone Co., Ducor Telephone Company, Foresthill Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Co., Pinnacles Telephone Co., The Ponderosa Telephone Company, Sierra Telephone Company, Inc., The

¹⁷ D.13-05-035 at 10-11.

Siskiyou Telephone Company, Volcano Telephone Company, Winterhaven Telephone Company (collectively, Small LECs); (10) the California Broadband and Video Association (CBVA);¹⁸ (11) US Telecom – The Broadband Association (US Telecom); and (12) Voice on the Net Coalition (VON). Reply comments were filed by AT&T, Frontier, Joint Consumers, Small Business,¹⁹ Small LECs, CBVA, and Sangoma U.S., Inc. and affiliated subsidiaries NetFortris Acquisition Company, Inc., Fonality, Inc., and Star2Star Communications, LLC (collectively, Sangoma).

On January 24, 2023, the assigned ALJ held the prehearing conference (PHC). At the PHC, the ALJ granted oral motions for party status by (1) Comcast Phone of California, LLC d/b/a Comcast Digital Phone and its affiliates: Comcast IP Phone, LLC, Blueface US, LLC, Masergy Cloud Communications, Inc. (collectively, Comcast); (2) Cox California Telecom, LLC d/b/a Cox Communications (Cox); and (3) Charter Fiberlink CA-CCO, LLC, Time Warner Cable Information Services (California), LLC, and Bright House Networks Information Services (California), LLC (collectively, Charter).

On February 16, 2023, the assigned ALJ issued a Ruling seeking further information concerning technological distinctions of interconnected VoIP services (ALJ Ruling). On March 9, 2023, the following parties filed responses to the ALJ Ruling: Sangoma, CBVA, Consolidated, Frontier, VON Coalition, Comcast, Charter, Cloud, CTIA, Cox, Small LECs, AT&T, and Joint Consumers.

¹⁸ On March 13, 2023, the California Cable & Telecommunications Association filed a notice of name change to the California Broadband and Video Association.

¹⁹ On November 1, 2022, Small Business filed a motion requesting permission to late-file reply comments on the OIR. The Administrative Law Judge (ALJ) granted the Small Business motion in a ruling issued January 13, 2023.

On April 28, 2023, the assigned Commissioner issued the Scoping Memo and Ruling (Scoping Memo). On June 2, 2023, opening comments on the Scoping Memo were filed by AT&T, CBVA, VON Coalition, CTIA, Small Business, US Telecom, and jointly Joint Consumers and Communications Workers of America, District 9 (CWA). CWA did not file comments on the OIR nor did CWA seek party status in this proceeding. On June 30, 2023, reply comments were filed by AT&T, CBVA, Cloud, Small Business, and jointly by Joint Consumers and CWA.

Several interested entities filed motions for party status in conjunction with filing comments on the proposed decision. ALJ email rulings issued October 11, 2024, October 17, 2024, and October 25, 2024, respectively, granted party status to HWCA LP d/b/a Hotwire (Hotwire), the Advanced Communications Law & Policy Institute at New York Law School (ACLP), and Sonic Telecomm, LLC (Sonic).

Party comments on the OIR, responses to the ALJ Ruling, and opening and reply comments on the Scoping Memo are the basis for this decision's formal establishment of the regulatory framework for interconnected VoIP service in California.

1.2. Workshops

The Commission's Rules of Practice and Procedure require quasi-legislative proceedings to include a staff proposal, one workshop for parties and one workshop for the public unless the assigned Commissioner finds cause to change these requirements.

The Scoping Memo confirmed the categorization of this proceeding as quasi-legislative. At the PHC and in the Scoping Memo, the ALJ and assigned Commissioner solicited party input into whether the proceeding would benefit from workshops. At the PHC, no party recommended a public engagement

workshop and public engagement workshops were not included in the schedule of this proceeding.²⁰ Therefore, the schedule in the Scoping Memo did not include public engagement workshops. The schedule in the Scoping Memo included a placeholder for technical workshops depending on party responses to the Scoping Memo. The Scoping Memo directed parties to identify scoped issues that would benefit from workshop discussion, propose workshop structures to address any specific issues identified for workshops, and asked for comment on three specific potential workshop topics. Only one respondent, Small Business, supported by Joint Consumers, proposed a workshop on the impacts of interconnected VoIP licensing on Environmental and Social Justice communities.²¹ Cal Broadband supported workshops generally and AT&T stated that, in the event there were lingering technical questions, workshops may provide an appropriate forum to discuss such issues.²² As reflected in the industry parties' minimal responses to technical issues posed in the OIR and the Scoping Memo, we deem workshops premature prior to establishing the structure of the regulatory framework.²³

However, with the issuance of this proposed decision, which puts a regulatory framework in place, there are specific topics that the parties have

²⁰ Reporter's Transcript of Prehearing Conference (RT) 76:5-12.

²¹ Small Business Opening Comments on the Scoping Memo at 17-18, Joint Consumers Reply Comments on the Scoping Memo at 17-18.

²² Cal Broadband Opening Comments on the Scoping Memo at 32 and Reply Comments on the Scoping Memo at 14, AT&T Opening Comments on the Scoping Memo at 16.

²³With the exception of Cal Broadband, industry parties primarily raised jurisdictional preemption issues and gave less attention to addressing proposals for the regulatory framework. As noted in Joint Consumers Opening Comments on the Scoping Memo at 1 and 18.

identified that may now benefit from workshop discussion.²⁴ A second phase of this proceeding is necessary and appropriate to pursue implementation details and clarify whether differences in various configurations of interconnected VoIP service provision require further refinement to the regulatory framework. The schedule for the second phase in which workshop(s) will be held is discussed in section 9 of this decision.

2. Submission Date

This matter was submitted on June 30, 2023, upon the parties filing Reply Comments to the Scoping Memo.

3. Issues Before the Commission

The issues established in the Scoping Memo for consideration in this proceeding, and commented on by the parties are as follows:

1. What is the appropriate regulatory framework for telephone corporations providing VoIP service in California, consistent with applicable law and policy?
2. If at all, how should the regulatory framework for telephone corporations providing VoIP service in California differ from the existing regulatory frameworks for telephone corporations providing:
 - a. Local exchange service;
 - b. Interexchange service;²⁵ and
 - c. Wireless service.
3. Does the current market for telephone service, or technologies in use today for providing telephone service, necessitate changes to the Commission's licensing and registration processes?

²⁴ In opening and reply comments on the Proposed Decision, the following parties call for workshops: AT&T Opening at 4-5, Cal Broadband Opening at 5, 7-9, CCA at 3.

²⁵ 'Interexchange service' is known generally as 'long-distance service'.

4. The impact of responses to Scoped Issues 1-3 on:
 - a. competitive neutrality;
 - b. universal service;
 - c. public health, safety and welfare;
 - d. administrative convenience;
 - e. consumer interests, including consumers in Environmental and Social Justice (ESJ) communities; and
 - f. the public interest.
5. Are there impacts to ESJ communities? This includes the extent to which any regulatory framework for VoIP service impacts achievement of any of the nine goals of the Commission's ESJ Action Plan.
6. How should adoption of an appropriate regulatory framework for telephone corporations providing VoIP service in California impact telephone corporations already in possession of any of the following:
 - a. CPCN;
 - b. Section 1013 registration;
 - c. Informal registration with the Commission in what was termed a Section 285 registration; or
 - d. Wireless Information Registration (WIR)?
7. How should the Commission treat any entities providing VoIP service in California without possession of any of the following:
 - a. CPCN;
 - b. Section 1013 registration;
 - c. informal registration with the Commission in what was termed a Section 285 registration; or
 - d. WIR?

8. In the interim while this proceeding is ongoing, how should the Commission process requests of new entities intending to provide VoIP service in California?

4. Jurisdiction

4.1. Interconnected Voice Over Internet Protocol Service Providers Are Public Utility Telephone Corporations

The Commission has broad jurisdiction over public utilities, including public utility services and facilities of telephone corporations.²⁶ The Commission is required to ensure that utilities, including telephone corporations, “furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”²⁷

A “public utility” includes every “telephone corporation” “where the service is performed, or a commodity is delivered to the public or any portion thereof.”²⁸ A “telephone corporation” broadly includes “every corporation or person owning, controlling, operating, or managing any telephone line for compensation in this state.”²⁹ A “telephone line” includes “all conduits, ducts, poles, wires, cables, instruments, and appliances, and all 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.”³⁰

²⁶ See Cal. Const., Art. XII, §§ 1-6; Pub. Util. Code § 701.

²⁷ Pub. Util. Code, § 451.

²⁸ Pub. Util. Code § 216.

²⁹ Pub. Util. Code § 234.

³⁰ Pub. Util. Code § 233.

California's Constitution specifically extends the Commission's jurisdiction to companies engaged in "the transmission of telephone and telegraph messages."³¹ The California Supreme Court has found that if a service is offered "for the transmission of telephone messages" or "in connection with and to facilitate communication by telephone" the provider is engaged in the public utility telephone business and "[a]s such its services, property, and charges are subject to the recognized supervision of the commission."³² The Court took a broad approach to interpreting whether private mobile communications service "facilitates communication by telephone," citing the definition of "telephony" in the *Encyclopedia Britannica* (1954 ed.): "In a broad sense the term telephone or telephony includes the entire art of speech transmission with the many accessories and operating methods which research, development and invention have supplied to facilitate and extend conversation at a distance by electrical means."³³ The Court recognized that "[m]any technological improvements in the art of telephony have since been made, including radiotelephony and the instruments used for carrying on conversations at distances greater than the human voice naturally carries" and found that "the exact form or shape of the transmitter and the receiver or the medium over which the communication can be effected is not prescribed by law."³⁴ Even though the Court found that the mobile service at issue differed in

³¹ Cal. Const., Art. XII, § 3; see also *Commercial Communications, Inc. v. Pub. Util. Com.* (1958), 50 Cal. 2d 512, cert. den. (1959) 359 U.S. 341.

³² *Commercial Communications, supra*, 50 Cal. 2d at p. 512.

³³ *Id.* at p. 522.

³⁴ *Id.* at p. 523.

some respects from land line telephone service, it was nonetheless a telephone service subject to this Commission's jurisdiction.

Applying the Court's logic, voice services, delivered over any technology, including but not limited to, traditional copper lines, coaxial cable, fiber optic cable, and mobile or fixed wireless radios, would be telephone services subject to CPUC jurisdiction.³⁵ Thus, consistent with statutory, court, and Commission authority, we have found that "[w]ireless service and VoIP service both facilitate two-way communication by speaking as well as by listening" and are services we have authority to regulate.³⁶ The definition of "VoIP" in Section 239 supports this conclusion.

Section 239 defines VoIP as a "voice communications service that does all of the following: (1) Uses Internet Protocol or a successor protocol to enable real-time, two-way, voice communication that originates from, or terminates at, the user's location in Internet Protocol or a successor protocol; (2) Requires a broadband connection from the user's location; and (3) Permits a user generally to receive a call that originates on the public switched telephone network (PSTN) and to terminate a call to the public switched network."³⁷ Internet Protocol (IP) enabled service means "any service capability, functionality, or application using [IP], or any successor [IP], that enables an end user to send or receive a

³⁵ VoIP OIR at 2; see also e.g., *Order Modifying D.19-08-025, and Denying Rehearing of Decision, as Modified, D.20-09-012, Slip Op.* at 35 citing *City of Huntington Beach v. Pub. Util. Com.* (2013) 214 Cal. App. 4th 566, 585-586 ("[T]he phrase to 'facilitate communication by telephone' encompasses services beyond traditional landline service if the service facilitates 'two way communication by speaking as well as listening,' regardless of the '[e]xact form or shape of the transmitter and the receiver or the medium over which the communication can be effected.'").

³⁶ *Ibid*; see also *Decision Updating the Mechanism for Surcharges to Support Public Purpose Programs, D.22-10-021, Slip. Op.*, at 68.

³⁷ Pub. Util. Code § 239(a)(1).

communication in existing Internet Protocol format, or any successor Internet Protocol format through a broadband connection, regardless of whether the communication is voice, data, or video.”³⁸ The ability to both originate a call to and terminate a call from the PSTN is what makes VoIP service “interconnected.”³⁹ To the end-use customer, this voice service serves the same functionality as voice service provided by other wireline or wireless telephone corporations – to make and receive phone calls.

The Commission has repeatedly found that it has jurisdiction over interconnected VoIP service providers as public utility telephone corporations pursuant to California law.⁴⁰ As we have explained, “[b]y its very terms, Section 239 demonstrates that VoIP service constitutes a service that is provided over a ‘telephone line’ because it ‘facilitates communication by telephone, whether such communication is had with or without the use of transmission wires.’”⁴¹ Specifically, interconnected VoIP service facilitates communication by telephone because it “enable[s] real-time, two-way, voice communication that originates from, or terminates at, the user’s location in Internet Protocol or a successor protocol.” Moreover, “the means by which a telephone corporation provides service – analog, wireless technology or Internet protocol (IP) technology – does not affect whether the provider is a public utility telephone

³⁸ Pub. Util. Code § 239(b).

³⁹ In 2019, the FCC amended the definition of “interconnected VoIP” for the purpose of 9-1-1 calls only to include outbound-only calls. (*In re Implementing Kari’s Law and Section 506 of RAY BAUM’S Act* at ¶ 183.)

⁴⁰ See Pub. Util. Code §§ 216, 233-234; see also D.19-08-025 at CoL 17, as affirmed in D.20-09-012 at 30-39; see also D.22-10-021 at 68-69.

⁴¹ *Order Modifying Decision (D.) 19-08-025, and Denying Rehearing of Decision, as Modified, D.20-09-012, Slip Op.* at 36.

corporation.”⁴² In other words, “the fact that VoIP service requires a broadband connection is immaterial to the analysis here; utilizing a broadband connection does not exclude a service from being provided over a ‘telephone line’ as defined in Section 233.”⁴³

We reject parties’ unfounded arguments in this proceeding claiming that their voice service, which serves the same telephony functionality as other wireline and wireless voice services, somehow does not involve their direct or indirect control or use of telephone lines.⁴⁴ All of these voice providers are in the public utility telephone business and we find no reasonable basis to find otherwise.

Thus, as “telephone corporations,” interconnected VoIP service providers are subject to laws and regulations applicable to other wireline and wireless telephone corporations, unless otherwise exempt by the CPUC, state law, or federal law, as discussed further below.

4.2. Market Entry Requirements Applicable to Interconnected Voice Over Internet Protocol Service Providers

Telephone corporations operating in California shall either have a CPCN pursuant to Section 1001, be registered pursuant to Section 1013, or be a telephone corporation authorized to operate in California without a CPCN, unless otherwise preempted by federal law.⁴⁵ This includes providers of voice service, who are required to obtain a CPCN if they build facilities or are required to obtain a Section 1013 registration if they do not build facilities. However,

⁴² D.20-09-012, *Slip Op.* at 37.

⁴³ *Ibid.*

⁴⁴ See, *e.g.*, Opening Comments on the OIR: AT&T at 2, Small LECs at p. 1, CCIA at 2-3.

⁴⁵ Pub. Util. Code § 1013(a).

telephone corporations providing commercial mobile radio service (CMRS) (wireless service) are not required to obtain a CPCN or register pursuant to Section 1013 in order to operate in California.⁴⁶ Instead, the Commission requires wireless service providers to register with the Commission pursuant to its WIR process.⁴⁷

Whether interconnected VoIP service providers must obtain a CPCN, register pursuant to Section 1013, or follow some other process determined by the Commission in order to operate in California depends on whether the interconnected VoIP service is “fixed” or “nomadic,” terms which have generally been applied by the FCC in the context of regulatory obligations defined at the federal level for interconnected VoIP service.⁴⁸ Despite both services facilitating voice communications, the FCC’s 2004 Vonage Order requires us to make this distinction for state licensing purposes. We address the Commission’s jurisdiction over each type of interconnected VoIP service below and explain what features distinguish one from the other for the Interconnected VoIP services framework we establish in this decision.

Nomadic-Only Interconnected VoIP Service. The Commission’s authority to regulate those telephone corporations offering only nomadic interconnected VoIP service has been limited by a 2004 FCC Order, *In Re the Matter of Vonage Holdings Corporation’s Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission* (Vonage Order) (WC Docket No. 03-211)

⁴⁶ See Pub. Util. Code § 1013(m); see also 47 U.S.C. § 332(c)(3)(A).

⁴⁷ D.94-10-031; D.13-05-035; D.95-10-032.

⁴⁸ See FCC Frequently Asked Questions-Dispatchable Location found at [Dispatchable Location for 911 Calls from Fixed Telephony, Interconnected VoIP, TRS, and Mobile Text Service | Federal Communications Commission](#).

(2004) 19 FCC Rcd 22404. While these nomadic-only interconnected VoIP service providers are telephone corporations under state law, based on market conditions and FCC policy twenty years ago, the FCC preempted states from imposing rate regulation, tariffing, or other requirements that operate as “conditions to entry” for nomadic interconnected VoIP service providers.⁴⁹

Specifically, in the *Vonage Order* the FCC preempted the Minnesota Public Utilities Commission from applying its traditional telephone company regulations to Vonage’s DigitalVoice service. The FCC found that Vonage’s DigitalVoice service resembled the telephone service provided by the circuit-switched network, but with some fundamental differences that made it impossible or impracticable to separate the service into interstate or intrastate components.⁵⁰ The FCC identified the basic characteristics of Vonage’s DigitalVoice as the following:

- Access – access from any broadband connection, location and Internet access provider irrelevant;⁵¹
- Equipment – Specialized Customer Premise Equipment, *e.g.* a personal computer with a microphone and speaker, and software to perform the conversion (softphone);⁵²
- Integrated capabilities and features, *e.g.* voicemails, three-way calling, geographically independent phone numbers, etc.;⁵³ and
- Customer/Call Location – Telephone number not necessarily tied to user’s physical location for assignment or use. Call to Vonage number can reach customer

⁴⁹ See *Vonage Order* at ¶ 22, ¶ 46; and *In re Universal Serv. Contribution Methodology* at ¶ 23.

⁵⁰ *Vonage Order* at ¶ 4, ¶ 23.

⁵¹ *Id.* at ¶ 5.

⁵² *Id.* at ¶ 6.

⁵³ *Id.* at ¶ 7 - 8.

anywhere in the world and does not require the user to remain at a single location.⁵⁴

The FCC did not classify Vonage's DigitalVoice service as either a telecommunications or information service under federal law, but distinguished the service from traditional circuit-switched telephony because (a) "it is not relevant where that broadband connection is located" and (b) it is "fully portable" – customers may use the service anywhere in the world where they can find a broadband connection to the Internet.⁵⁵ In contrast to traditional circuit-switched telephony, while Vonage's service uses North American Numbering Plan (NANP) numbers as the identification mechanism for the user's Internet address, the NANP number is not necessarily tied to the user's physical location for either assignment or use.⁵⁶

At the time, the FCC found that Vonage had no way of directly or indirectly identifying the geographic location of DigitalVoice subscribers and no service-driven reason to incorporate the ability to separate interstate and intrastate services.⁵⁷ Based on these specific facts, the FCC concluded that there were no practical means for separating Vonage's DigitalVoice into interstate and intrastate components for purposes of enabling dual federal and state jurisdiction over market entry regulations.⁵⁸

Minnesota's rules required that telephone companies apply for operating authority provide detailed financial information, business plans, and proposed

⁵⁴ *Id.* at ¶¶ 5-9, VON Coalition Opening Comments on Scoping Memo at 3.

⁵⁵ Vonage Order at ¶ 5.

⁵⁶ *Id.* at ¶ 9.

⁵⁷ Vonage Order at ¶ 23, ¶ 25.

⁵⁸ *Id.* at ¶ 23.

services.⁵⁹ The FCC, on the other hand, had eliminated interstate market entry requirements out of concern that these could stifle innovation and new services, while unconditional entry would promote competition.⁶⁰ Thus, the FCC held that allowing Minnesota to regulate DigitalVoice would thwart federal law and policy.⁶¹

Three parties to this proceeding identify their members as providers of only nomadic interconnected VoIP service: VON Coalition, Sangoma, and Cloud. These parties further clarified how nomadic interconnected VoIP may be distinguished. Cloud states that nomadic interconnected VoIP service is “able to operate independently from the network operators by providing over the top, nomadic solutions that are **network provider agnostic.**”⁶² VON similarly emphasizes the independence from the telecommunications network in its description. “Nomadic, or over-the-top, VoIP services do not provide last mile infrastructure but instead allow a user to make phone calls with the same NANP [North American Numbering Plan] number anywhere with an internet connection.”⁶³ Cloud describes the distinction between fixed and nomadic interconnected VoIP as follows:

Nomadic or Non-fixed Interconnected VoIP services are the most common design and are intended to be decoupled from physical location or specific devices. They are principally software applications communicating via the Internet, similar in nearly all technology to accessing a web email service (like Gmail). The software communicating with the Service

⁵⁹ *Id.* at ¶ 20.

⁶⁰ *Id.* at ¶ 21.

⁶¹ *Ibid.*

⁶² Cloud Reply Comments on Scoping Memo at 4-5 (emphasis added).

⁶³ VON Opening Comments on Scoping Memo at 2.

Provider can operate on mobile devices, or dedicated devices like desk phones. The data flows to and from the user like any other Internet application; and

.....

Calls can be placed to either a phone system, IP based telephone instrument, or softphone application on a mobile device, PC, tablet, or Internet of Things device. Any one of those devices can be at any one physical location for any amount of time or mobile as long as they are connected to the public Internet.⁶⁴

While we recognize that the *Vonage Order* preempts us from adopting regulations that act as conditions to market entry for nomadic-only interconnected VoIP services similar to Vonage’s DigitalVoice, we find that the *Vonage Order* does not otherwise limit our ability to regulate these service providers in other areas such as public safety and consumer protection. Indeed, in the *Vonage Order* the FCC explicitly preserved state authority over “general laws governing entities conducting business within the state” including tax laws, consumer protection laws, and “general commercial dealings.”⁶⁵ More recently, in *ACA Connects v. Bonta*, the Ninth Circuit reaffirmed the dual federal-state system of telecommunications regulations that exists today, noting that the Communications Act “reflects a federal scheme that leaves room for state regulation that may touch on interstate service.”⁶⁶

Since the *Vonage Order*, the FCC has not similarly distinguished nomadic and fixed interconnected VoIP services for purposes of applying other types of

⁶⁴ Cloud Response to ALJ Ruling at 4.

⁶⁵ Vonage Order at ¶ 1.

⁶⁶ *ACA Connects v. Bonta*, 24 F.4th 1233, 1243 (9th Cir. Jan. 28, 2022) rehearing denied, en banc *ACA Connects America’s Communs. Assn’n v. Bonta*, 2022 U.S. App LEXIS 10669 (9th Cir. Apr. 20, 2022).

common carrier regulation. For example, in 2005, the FCC applied 9-1-1 requirements to both fixed and nomadic interconnected VoIP service providers.⁶⁷ In 2006, the FCC established universal service contribution obligations for both fixed and nomadic providers of interconnected VoIP services.⁶⁸ In this order, the FCC also clarified that preemption under the *Vonage Order* does not apply to an interconnected VoIP service provider that is capable of tracking the jurisdictional confines of customer calls (*e.g.*, a “fixed” interconnected VoIP provider), and that such a provider would be subject to state regulation.⁶⁹ The FCC has concluded that interconnected VoIP service providers “provide telecommunications”⁷⁰ and has acknowledged that interconnected VoIP is increasingly being used to replace analog voice service.⁷¹ Moreover, the FCC has used its Title I jurisdiction to apply numerous telecommunications requirements to interconnected VoIP service.

Fixed Interconnected VoIP Service. The Commission’s authority to regulate fixed interconnected VoIP service providers, including imposing market entry requirements, is not preempted by the FCC *Vonage Order*. Unlike *Vonage’s* nomadic-only voice service, where calls on the *Vonage* system could be made from any point where a broadband connection could be made (thus making it

⁶⁷ *In re IP-Enabled Services Proceeding, First Report and Order and NOPR* (WC Docket No. 04-36) 20 FCC Rcd 10245.

⁶⁸ *Universal Service Contribution Methodology Proceeding, Report and Order of Proposed Rulemaking* (WC Docket No. 06-122) (2006) 21 FCC Rcd 7518 at ¶ 2. On appeal, the U.S. Court of Appeals for the District of Columbia upheld the FCC’s statutory authority to require interconnected VoIP providers to make USF contributions and found that the FCC acted reasonably in analogizing interconnected VoIP to wireline toll service for purposes of setting the presumptive percentage of interconnected VoIP revenues generated interstate and internationally. (*Vonage Holdings Corp. v. FCC*, 498 F.3d 1232 (D.C. Cir. 2007).)

⁶⁹ *Id.* at ¶ 56.

⁷⁰ *Id.* at ¶ 38.

⁷¹ *Id.* at ¶ 2, quoting *CALEA First Report and Order*, 20 FCC Rcd at 15009-10, ¶ 42.

“impossible” to separate interstate from intrastate calls) the fixed VoIP service is tethered to the subscriber’s location, which would therefore subject any intrastate calls to state regulation. Fixed voice service is not “intended to be decoupled from physical location or specific devices,” as with nomadic-only service.⁷² Accordingly, the regulatory obligations applicable to other wireline telephone corporations, including statutorily required market entry conditions, apply to fixed interconnected VoIP service providers without exception.

Fixed Interconnected VoIP Service with Ancillary Portability Feature.

Cox, Frontier, Consolidated, Small LECs, Comcast, Charter and AT&T all report offering fixed interconnected VoIP service. Some of the providers of fixed interconnected VoIP service state they include “nomadic functionality,” or “nomadic components,” described by Cal Broadband as “the ability to receive calls through an app on a mobile device.”⁷³ Their use of the term “nomadic” to describe this type of call forwarding feature is misleading. This portability feature does not decouple the underlying fixed VoIP service from customer’s physical location or specific devices. In other words, simply adding portability to fixed interconnected VoIP service does not convert the fixed service to a nomadic-only interconnected VoIP service like that covered under the FCC’s Vonage Order. Providers cannot change the status of a service by adding this ancillary functionality.⁷⁴

⁷² See e.g., Cloud Response to ALJ Ruling at 4.

⁷³ Cal Broadband Opening Comments on the Scoping Memo at 11.

⁷⁴ See e.g., AT&T Order (In the Matter of Petition for Declaratory Ruling that AT&T’s Phone-to-Phone IP Telephony Services are Exempt from Access Charges (2004) 19 FCC Rcd 7457; also known as the “IP-in-the-Middle Order”).

Joint Consumers argue that fixed interconnected VoIP service that has the option to access the phone line from public network access points additional to the provider's private network access point sold with the interconnected VoIP service does not constitute nomadic interconnected VoIP service addressed by the *Vonage Order*.⁷⁵ In opening comments on the proposed decision, VON Coalition argues more clarity is necessary in order to fairly distinguish nomadic-only interconnected VoIP qualifying for the preemptions established by the Vonage Order from interconnected VoIP generally.⁷⁶ Cloud states that the proposed decision's reliance on a service provider's ability to track the jurisdictional boundaries to define fixed interconnected VoIP service is misplaced, stating "it is unassailably true that even fixed VoIP providers cannot accurately track the termination points of calls. The ability to identify the origination point does not extend to the call's endpoint, particularly with mobile users and the dynamic nature of internet-based telephony."⁷⁷ We find further clarification on this issue is warranted.

The nomadic-only definition requires clarification to our description of Vonage's service, especially concerning the requirement for access to broadband from a provider other than Vonage. As described earlier in this section, VON Coalition, Sangoma, and Cloud provide the clarification that a nomadic-only interconnected VoIP provider is network agnostic; access to the telephone network is possible from any broadband connection *irrespective* of access at any one, fixed broadband connection. For example, TDS Metrocom's interconnected VoIP service provider is not limited to a single location and may be accessed

⁷⁵ Joint Consumers Response to ALJ Ruling at 7-12.

⁷⁶ VON Coalition Opening Comments on the proposed decision at 5.

⁷⁷ Cloud Opening Comments on the proposed decision at 2-5.

from any broadband connection, but TDS Metrocom's interconnected VoIP service is conditional upon the purchase of service in at least one, fixed location.⁷⁸

Even if the interconnected VoIP service provider also provides portable functionality that is ancillary to the fixed interconnected VoIP service, that does not make the fixed service "fully portable" in the Vonage sense. Thus, the Commission's authority to require that provider to comply with market entry requirements remains the same because the voice service is tethered to the customer's physical location. The Commission's jurisdiction arises primarily from the fixed interconnected VoIP service and providing some portability capability does not move the fixed service outside the Commission's primary jurisdiction. Thus, those telephone corporations offering fixed interconnected VoIP service with additional limited portability but without the additional characteristics of nomadic-only interconnected VoIP service outlined in the FCC Vonage Order would not be preempted.

5. Regulatory Framework for Interconnected Voice Over Internet Protocol Service Providers

Establishing a standard set of rules for telecommunications service providers of functionally similar services to ensure a level playing field is the role of state and federal regulators in a competitive communications market. Since the advent of competition in the provision of telephone services beginning in the 1980s, the Commission's changes to the regulatory frameworks for public utility telephone corporations is a history of how to adapt regulation to incorporate new technologies.

The staff proposal issued with the OIR announced the Commission's intention to model the regulatory framework for interconnected VoIP service

⁷⁸ Small LECs Opening Comments on the proposed decision at 6.

providers on the framework applied to nondominant telephone corporations, or Non-Dominant Interexchange Carriers (NDIECs).

In D.84-06-113, the Commission found economic regulation of competitive carriers unnecessary, since they were in no position to extract monopoly profits or to maintain predatory prices. Accordingly, NDIECs were given substantial pricing freedom, and the Commission relied on the competitive character of NDIECs as the basis for modifying and streamlining regulatory procedures related to other elements of their business. With the start of local exchange competition, the Commission found that CLCs were not monopoly service providers and in D.98-07-094, determined that the rationale for simplifying regulation of NDIECs was equally applicable to CLCs since they did not have the power to engage in anticompetitive pricing.⁷⁹

The Commission's inquiry into "how the Commission could streamline the regulatory process for nondominant telephone corporations under existing legal requirements"⁸⁰ was refined over the decades, exempting NDIECs and CLCs from those regulatory obligations found to be inappropriate or unnecessary for voice providers without market or monopoly power.⁸¹ The Commission also developed a simplified registration process for NDIECs reflecting the limited scope of regulation. In fact, as described in D.10-09-017 and subsequent decisions further revising regulatory requirements, in 2010 the simplified registration process was found to be excessively minimal and the Commission added

⁷⁹ D.07-04-024 at 2-3.

⁸⁰ OIR 94-02-003/OII 94-02-004 at 16.

⁸¹ For example, Commission decisions in OII 83-06-01 addressed exemptions from section 851-854. Decisions in A.84-03-92 addressed exemptions from section 816-830.

additional requirements to the NDIEC registration process in order to adequately scrutinize market entrants.⁸²

While the Commission was limited to its regulation of interconnected VoIP providers by Section 710, the expiration of Section 710 on January 1, 2021, rendered the Section 285 registration extraneous and provided an opportunity to update the licensing process to better match today's regulatory obligations and to better reflect current technological and market conditions. In comments on the proposed decision, many parties assert that incorporating interconnected VoIP providers into the existing (yet amended) regulatory frameworks to be an unnecessary imposition of licensing requirements and associated regulatory obligations. Such characterizations fail to acknowledge that the new regulatory framework for interconnected VoIP service providers is modeled upon an already existing and less burdensome regulatory framework developed for NDIECs and CLCs, where the Commission already disposed of public utility-type obligations such as rate regulation applicable to the monopoly providers. In fact, many commenters acknowledge the new regulatory framework will have little to no impact on their business operations and register opposition in principle.

The regulatory framework for interconnected VoIP service will have two categories of service providers: Digital Voice Fixed (DVF) and Digital Voice Nomadic (DVN). DVF providers are those telephone corporations providing interconnected VoIP service that is not exclusively nomadic, or nomadic-only. DVF providers will be subject to operating authority requirements similar to those for traditional wireline providers.

⁸² D.10-09-017 at 1, as updated by D.11-09-026, D.14-11-004.

DVN providers are those telephone corporations offering only nomadic interconnected VoIP service, and thus would fall within the terms of the FCC's *Vonage Order*, discussed above. Thus, DVN providers will be subject to operating authority requirements similar to wireless providers.

This interconnected VoIP regulatory framework includes the specific processes and procedures that apply to DVF and DVN providers for operating authority or registration with the Commission, as well as ongoing obligations that apply thereafter. The application or registration processes and procedures are described in Section 6 of this decision: *Streamlining the Application and Registration Processes Including Interconnected VoIP*. Section 8 of this decision, *Regulatory Obligations for All Telephone Corporations including Interconnected VoIP Service Providers*, recites the existing statutory provisions of the Public Utilities Code as well as the Rules of Practice and Procedure and General Orders of the Commission which apply generally to interconnected VoIP service providers, with distinctions based on facilities-status and fixed or nomadic status.

5.1. Fixed Interconnected Voice Over Internet Protocol Service Functionally Similar to Traditional Wireline Phone Service

Some parties assert that interconnected VoIP services are functionally similar to traditional wireline services.⁸³ Fixed interconnected VoIP service marketing makes little to no reference to the underlying technology supporting the home phone service advertised by Comcast, AT&T, Verizon, Cox or Frontier.⁸⁴ From a consumer perspective, the underlying technology enabling

⁸³ AT&T Opening Comments on the OIR at 6, Joint Consumers Opening Comments on the Scoping Memo at 3, 16, and CforAT and TURN's Technological Methods Response filed March 9, 20203, at 3-7; Attachment A at A2-A5, A7, A10-A11, A13.

⁸⁴ Joint Consumers Response to ALJ Ruling at 4-7.

their home telephone service may provide additional functionality and possibly a mobile add-on option, but the need for reliable home phone service does not change.

The Staff Proposal recommended interconnected VoIP service be classified as either local or long-distance service.⁸⁵ However, parties argued that such a distinction demonstrated the traditional wireline regulatory framework's inapplicability to interconnected VoIP service.

We are persuaded that the legacy classifications of local and long-distance service within the traditional wireline regulatory framework are inapplicable to interconnected VoIP service. Accordingly, the existing Section 1013 registration process is updated to remove this unnecessary distinction for interconnected VoIP service providers. Likewise, the Nomadic Registration process for DVN providers will not have this distinction.

5.2. Uniform Licensing Requirements Necessary for Competitive and Technological Neutrality

This proceeding revealed considerable variation in the licensing status of currently operating interconnected VoIP service providers, and also disparities between interconnected VoIP service providers operating with and without authority. Section 285 registration is inadequate to provide oversight of the regulatory obligations applicable to all interconnected VoIP service providers, including those providing only nomadic interconnected VoIP service. For example, public safety directives explicitly inclusive of interconnected VoIP service providers require knowledge of the geographies and physical facilities of interconnected VoIP service to fairly administer them, yet providers' discretionary use of licenses to fulfill these obligations obscures the

⁸⁵ OIR at A-2.

Commission's ability to oversee vital safety obligations. It is contrary to the competitive marketplace to allow providers to discretionarily access the benefits and obligations of operating authority, depending on their unique circumstances.

For example, Frontier and Consolidated are both Incumbent Local Exchange Carriers (ILEC), though Frontier provides interconnected VoIP service through incumbent companies pursuant to wireline regulating authority⁸⁶ while Consolidated provides interconnected VoIP service through an affiliate regulated as a long-distance provider, with the utility type designation of Interexchange Carrier (IEC).⁸⁷ Consolidated regards its interconnected VoIP service as unrelated, despite the regulatory authority it holds.⁸⁸

Cox is regulated as a Competitive Local Exchange Carrier (CLEC)⁸⁹ pursuant to Section 1001. However, Cox effectively agreed that its fixed interconnected VoIP service would comply with all regulatory obligations applicable to CLECs, pursuant to the terms of its 2015 Settlement Agreement for status as a federal Eligible Telecommunications Carrier.⁹⁰

Among the Small LECs, only one affiliate registered under Section 285 offers interconnected VoIP service: TDS Metrocom LLC.⁹¹

⁸⁶ Frontier Opening Comments on the OIR at 1.

⁸⁷ Consolidated Opening Comments on the OIR at 1.

⁸⁸ RT 36:18-24.

⁸⁹ RT 36:18-24 and RT 15:17-24.

⁹⁰ Cox Response to ALJ Ruling at 2 and RT 45:17-25 and RT 46:1-3.

⁹¹ Small LEC Response to ALJ Ruling at 3-4, 7, and RT 40:24-25; RT 41:1-5.

Charter's interconnected VoIP service providers are all fully regulated telephone corporations, yet it explains it has a fourth affiliate registered pursuant to Section 285 to pay and remit the required surcharges.⁹²

Comcast reports an opposite approach: it operates its interconnected VoIP service through Comcast IP Phone, a corporate entity that has no license and is not registered pursuant to Section 285. Instead, Comcast meets its Section 285 regulatory obligation to collect and remit surcharges through its regulated affiliate with no retail customers, Comcast Phone, which it describes as having a separate construction authority.⁹³ Comcast explains the physical facilities Comcast IP Phone uses to provide interconnected VoIP service are owned and operated its affiliate Comcast Cable Communications Management, LLC.⁹⁴

5.3. Interconnected Voice Over Internet Protocol Service Generally

All interconnected VoIP service providers except providers of only nomadic interconnected VoIP service, will be subject to authority to operate pursuant to either Section 1001 or Section 1013. This decision adds to the existing regulatory frameworks for telephone corporations a fourth framework for interconnected VoIP service. From the date of issuance of this decision, telephone corporations will fall within at least one of the following categories of voice service:

- a. Local exchange service;
- b. Interexchange service;

⁹² RT 41:18-25; RT 42:1-17.

⁹³ RT 14:10-24 and Comcast Response to ALJ Ruling at 5-14.

⁹⁴ Comcast Response to ALJ Ruling at 14 (footnote 13).

- c. Wireless service; and
- d. Interconnected VoIP service.

The industry parties generally objected to requiring interconnected VoIP service providers to obtain operating authority. Some argue that it would be unnecessary and contrary to the goals of supporting competition and protecting consumers. For example, US Telecom states regulation arguably would have promoted fairness to customers in a monopolistic environment, but regulation today would undermine private investment and hamper competition.⁹⁵ Cloud cites “close to one thousand businesses actively serving the California market with VoIP services” with reference to 893 interconnected VoIP providers registered with the FCC.⁹⁶

Small Business and Joint Consumers support requiring interconnected VoIP service providers to obtain operating authority.⁹⁷ Joint Consumers assert that, from the interconnected VoIP consumer perspective, the product they are receiving is telephone service.⁹⁸ Consumers are often unaware whether a telephone call is enabled by traditional telephony or interconnected VoIP service. Joint Consumers state that interconnected VoIP service providers market their interconnected VoIP service as simply phone service, or even home phone service, and some limit the use of the service to a specific location.⁹⁹ Sonic asserts

⁹⁵ US Telecom Opening Comments on Scoping Memo at 1-3.

⁹⁶ Cloud Reply Comments on Scoping Memo at 5.

⁹⁷ *Ibid.*

⁹⁸ Joint Consumers Opening Comments on the Scoping Memo at 3.

⁹⁹ Joint Consumers Opening Comments on the Scoping Memo at 3, 16, and CforAT and TURN’s Technological Methods Response filed March 9, 20203, at 3-7; Attachment A at A2-A5, A7, A10-A11, A13.

that consumers do not care about the underlying technical details of how their voice telephony is provisioned.¹⁰⁰

Parties' recommendations to reinstate the Section 285 registration process¹⁰¹ conflict with the fundamental policy objectives of competitive neutrality and customer transparency. As explained above, nomadic interconnected VoIP service providers are not required to obtain operating authority pursuant to Section 1001 or Section 1013 and, therefore, must attest that the service they offer is only nomadic interconnected VoIP (*i.e.*, without a fixed component).

Parties also recommend the Commission create a unique classification, or utility type, specific to interconnected VoIP service.¹⁰²

Establishing new utility type codes for interconnected VoIP service is consistent with the Commission's historical approach of treating unique types of providers differently. For example, interconnected VoIP service providers were issued utility type Digital Voice Service (DVS) when registered. Cal Broadband provided the historical example of how, following the breakup of AT&T's

¹⁰⁰ Sonic Opening Comments on the proposed decision at 3.

¹⁰¹ Cal Broadband Reply Comments on the OIR at 7, Opening Comments on the OIR: Small LECs at 7, AT&T at 16; Consolidated at 5-6; Frontier at 8.

¹⁰² Cal Broadband Reply Comments on the OIR at 5, citing Opening Comments on the OIR of (1) Consolidated Communications at 5 ("The Commission should not deem interconnected VoIP service a 'competitive local exchange' or 'interexchange' service; it should identify interconnected VoIP providers according to their own designation."); (2) Frontier at 7 ("[T]he Commission should not deem interconnected VoIP service a 'competitive local exchange' or an 'interexchange' service... [but instead] identify interconnected VoIP providers according to their own designation."); (3) US Telecom at 3 ("[T]he CPUC should not impose the same CPCN and registration requirements on interconnected VoIP providers as it does for telecommunications providers such as CLECs."); and (4) Cal Broadband Opening at 12-13. *Also see* Sangoma Reply Comments on the OIR at 4-5; Cloud Reply Comments on the Scoping Memo at 2-3; VON Coalition Opening Comments on Scoping Memo at 5.

telephone monopoly in California, the Commission created the classifications of CLECs and IECs, to reflect provision of local telephone service within a specified area and long-distance telephone service outside of that specified area. Cal Broadband also recites Commission history of establishing the wireless classifications of CMRS and radiotelephone utilities (RTUs), as well as CLECs.¹⁰³

To effectively implement the regulatory framework established by this decision, the Commission distinguishes interconnected VoIP service providers for which states are prohibited from applying market entry requirements as Nomadic-only. Interconnected VoIP service providers will be issued a utility identification (ID) number and designated the appropriate utility type: interconnected VoIP service providers will be assigned a DVF utility type unless they attest to providing nomadic-only. Those attesting to providing nomadic-only interconnected VoIP service will be assigned a DVN utility type.

5.4. Facilities Status

All regulatory frameworks have specific requirements, processes and obligations depending on the nature and extent of the telecommunications infrastructure owned and operated by the provider. The definitions of facilities-based service developed as different parts of the telephone network transitioned from monopoly to competitive.¹⁰⁴ Here, the Commission uses the

¹⁰³ Cal Broadband Opening Comments on the OIR at 11 referencing *e.g.*, D.88-09-059 (classifications of LECs and IECs), D.88-05-067 (classifications of CMRS, RTUs, paging companies), and D.95-07-054 (classifications of CLCs).

¹⁰⁴ The Commission opened the interexchange (long-distance) market to competition in 1985. The Commission made different rules for exemptions to whether to require applications for mergers and acquisitions depending on the ownership of the facilities. In D.85-06-115, the Commission determined:

A reseller is public utility which resells telecommunications services to the public, or a segment of the public, under a certificate issued to it by

term facilities-based to mean the service provider owns all or part of the network facilities that provision the telephone service. As described in Section 6 of this decision, the Section 1013 registration is not available to facilities-based service providers.

Cloud asserts that the traditional understanding of telephone infrastructure is misapplied to interconnected VoIP service, stating “VoIP relies on cloud-based architecture and dynamic, flexible infrastructure, which is fundamentally different from traditional wireline networks.”¹⁰⁵ We agree that a review the definition of the term facilities-based is necessary while integrating

this Commission for that purpose, but which, while it may have its own switches to access its customers to the network, does not have transmission capability on the network side of the switches. (D.85-06-115 at 128-132.)

Later that year, the Commission clarified, “nondominant interexchange telecommunications carriers in California include both pure resellers and carriers who have some network transmission capability.” Today, we consider this type of ownership of facilities as “limited facilities-based.”

In opening the market to local exchange competition, the Commission defined facilities-based providers by way of reference to the statutory definition in Section 233:

L. Non-facilities-based CLCs are those which do not directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances in connection with or to facilitate communications within the local exchange portion of the public switched network.

M. Facilities-based CLCs are those which directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances in connection with or to facilitate communications within the local exchange portion of the public switched network. (D.95-07-054, Appendix A at 3.)

In 1999, the Commission introduced the status of “limited facilities-based” providers, which was defined in order for the Commission to fulfill its responsibility with regard to the California Environmental Quality Act (CEQA) for public utility telephone corporations. Limited facilities-based refers to equipment installed within or on existing structures.

¹⁰⁵ Cloud Opening Comments on the proposed decision at 3.

interconnected VoIP into the wireline regulatory framework. As discussed further in this decision section 9.1 *Workshop on Application of Wireline Regulatory Framework*, this topic should be further discussed and addressed through workshops.

All telephone corporations, including all interconnected VoIP service providers, that own telecommunications network facilities over which their voice service is transmitted, including switches or other equipment installed in or on existing buildings, must seek operating authority through a CPCN application. This decision makes no change to the rule that CPCN operating authority is required for all types of providers owning facilities. For interconnected VoIP service providers without facilities, they would follow the Section 1013 registration or Nomadic Registration processes.

The Commission makes further distinction herein between full facilities-based and limited facilities-based providers when making CEQA determinations for telecommunications service providers.¹⁰⁶ (See Section 6.1.5 of this decision for discussion of CEQA review.) Interconnected VoIP service providers who build in rights-of-ways or conduct other trenching activity and construct or install equipment in trenches will be considered full facilities-based, consistent with existing definitions. Interconnected VoIP service providers only owning and installing equipment within existing structures or facilities of other licensed service providers, public utilities, or municipalities, will be considered limited facilities-based, consistent with existing definitions. Interconnected VoIP

¹⁰⁶ By CEQA (Public Resources Code § 21000, *et seq.*), public agencies approving projects (in this case, the Commission) must “inform governmental decision-makers and the public about the potential significant environmental effects of the proposed activities.”

service providers that do not own telecommunications infrastructure necessary for transmitting telephone calls will be considered non-facilities-based.

5.5. Nomadic Registration

This decision establishes a formal registration process for nomadic interconnected VoIP service providers (Nomadic Registration). The Nomadic Registration form is contained in Appendix A of this decision. Nomadic-only interconnected VoIP service providers must attest under penalty of perjury that their service has the same characteristics of Vonage's DigitalVoice service at issue in the FCC Vonage Order and they do not have the capability to track intrastate and interstate calls. The Nomadic Registration process is delegated to the ministerial approval of the Director of the Communications Division (or its successor). Upon approval, nomadic interconnected VoIP service providers will be issued a Utility ID Number and designated as utility type DVN.

If there are any pending CPCN and Section 1013 applications with the Commission from companies offering only nomadic interconnected VoIP service, these applications may be dismissed. Prior to dismissal, the applicant must file in the pending docket an attestation that its service meets the qualifications for the DVN utility type, such as the one provided in Appendix A. Consistent with this decision, these companies must now obtain a Nomadic Registration approval from the Director of the Communications Division by filing a Nomadic Registration form, see Appendix A.

In addition to establishing a Nomadic Registration, it is reasonable to adopt and require a Nomadic Registration fee to help offset the costs of reviewing, processing and maintaining Nomadic Registrations. This is the same

amount as the Wireless registration fee and Section 1013 registration fee.¹⁰⁷

Therefore, this decision establishes a Nomadic Registration fee of \$250. The Nomadic Registration form shown at Appendix A includes this requirement and payment instructions.

Since the cost of processing the Nomadic Registration increases over time with inflation, the Commission will adjust the application fee on an annual basis to account for changes to the consumer price index (CPI) using the United States Bureau of Labor Statistics (BLS) CPI-U calculator.¹⁰⁸ Updating the fee annually balances the need to increase the fee based on increasing costs while shielding applicants from the monthly and/or seasonal volatility of inflation. The fee will be updated on July 1 of each year, unless the Commission makes a finding stating otherwise. The new fee will be posted on the Commission's website by July 15 of each year and will be effective on August 1 of each year.

Consistent with the increase of the Nomadic Registration cost and because the cost of processing Section 1013 registrations and WIR also increases over time due to inflation, the Commission will also increase the amounts of the Section 1013 Wireless registration fees on an annual basis to adjust for inflation using the BLS CPI-U calculator on July 1 of each year (starting with July 1, 2026, unless the Commission makes a finding stating otherwise), update the Commission's website by July 15 of each year to reflect the new cost, and make the new fee effective on August 1 of each year. This aligns the Section 1013 registration and WIR fees with the Nomadic Registration and is technology-neutral. This is also consistent with the annual increase for the CPCN

¹⁰⁷ D.13-05-035.

¹⁰⁸ U.S. Bureau of Labor Statistics Website, CPI Inflation Calculator, (Last visited Aug. 22, 2024), https://www.bls.gov/data/inflation_calculator.htm?ss=P.

application fee to adjust it for the CPI, which is authorized in Pub. Util. Code Section 1904(a) and implemented in Resolution (Res.) ALJ-464.¹⁰⁹

5.6. Compliance with Licensing and Registration

Effective upon the issuance date of this decision, all interconnected VoIP service providers are required to obtain the requisite operating authority or approval through the Commission's licensing and registration requirements prior to offering services in California. All interconnected VoIP service providers should be allowed ample time to comply with the licensing requirement before becoming subject to a penalty for unlicensed provision of service. Therefore, within 180 calendar days from issuance of this decision, all unlicensed interconnected VoIP service providers must file either a CPCN application, Section 1013 registration, or Nomadic Registration.

After the 180-day grace period to comply with licensing and registration requirements, applicants without operating authority or registration will be subject to the penalty for noncompliance. For CPCN applications, the Commission shall determine the applicable penalty for the violation associated with unlicensed provision of service. Any Section 1013 registration requests involving interconnected VoIP service providers that have operated without the requisite license or registration will not be eligible for the Section 1013 registration process and their application must be considered under the CPCN application process. For Nomadic Registrations, the Communications Division is authorized to issue a citation pursuant to Res. T-17601 for unregistered provision of service (*i.e.*, \$1,000 penalty per month of operation without a registration).

¹⁰⁹ Draft Res. ALJ-464 was issued on August 20, 2024, and is currently under consideration by the Commission.

All past-due surcharges accrued during operation without authority or approval must be reported and remitted to the Commission. Service providers must also pay 10 percent interest accrued for late remittance of surcharges. Section 8.1.1 discusses the surcharge obligation and applicable late interest on surcharges.

Additionally, interconnected VoIP service providers seeking to voluntarily surrender their authority or approval and cease to operate in California are required to comply with Res. T-17723.

6. Streamlining the Application and Registration Processes for all Telephone Corporations Including Interconnected Voice Over Internet Protocol Service Providers

This proceeding considered how to incorporate interconnected VoIP service providers into existing regulatory frameworks, and whether the current market for technologies in use today for providing telephone service necessitate changes to the Commission's licensing and registration processes.¹¹⁰ Parties were invited to identify differences between the obligations for providers of interconnected VoIP service and other service types such as local exchange service, interexchange service, and/or wireless service.¹¹¹

Industry party arguments against integrating interconnected VoIP service providers into the existing regulatory framework are premised on the assumption that the existing CPCN and Section 1013 registration processes will

¹¹⁰ Scoping Memo issues 1-3.

¹¹¹ Scoping Memo at 13 (“...existing or potential rules, regulations, requirements, or penalties related to or concerning: (i) licensing (*e.g.*, Pub. Util. Code § 1001 and § 1013), registration, or other operating authority requirements, such as performance bonds”).

remain as implemented yesterday.¹¹² Consumer parties argue for integrating interconnected VoIP service into the existing regulatory framework, even with no changes. Small Business asserts that the regulatory framework for other telephone utility types ensures protection from unauthorized charges, service disruptions, and preserves baseline standards for service quality, reliability, and customer support to resolve disputes with their service provider, and customer support standards promulgated by the Commission such as those in General Order (GO) 133-D.¹¹³ In contrast, Cal Broadband makes specific recommendations to reduce administrative burdens associated with the existing processes and adapt the processes as necessary to incorporate interconnected VoIP service providers.¹¹⁴ This is the approach taken in this decision.

Our evaluation of differences leads to the determination in this decision that updates to existing licensing and registration processes pertaining to all telephone corporation types, including interconnected VoIP, are reasonable and necessary. Updating processes for all telephone corporation types has benefits. Outdated or unclear requirements are barriers to a competitive and neutral communications market. Although the review in this proceeding is focused on interconnected VoIP service and providers, many outdated or unclear requirements identified for purposes of regulating interconnected VoIP are equally outdated, unclear or extraneous for all telephone corporation types.

¹¹² AT&T Opening Comments on the Scoping Memo at 11, 16; US Telecom Opening Comments on the Scoping Memo at 3-5; Cloud Communications Reply Comments on the Scoping Memo at 2-4.

¹¹³ Small Business Opening Comments on the Scoping Memo at 3.

¹¹⁴ Cal Broadband Opening Comments on the Scoping Memo at 16-22.

Making changes universally allows interconnected VoIP service providers to be included within existing application and registration processes.

Without exception, parties in concept recommended a streamlined administrative process be developed and applied for interconnected VoIP service.¹¹⁵ However, rather than reserve a new set of processes solely for interconnected VoIP service, we find it preferable to amend the existing processes by which all wireline telephone corporations apply for operating authority.

The CPCN application process is extended to all facilities-based interconnected VoIP service providers. This decision adopts a new CPCN application form and streamlines certain CPCN requirements. The Section 1013 registration form, process, and requirements is extended to all non-facilities-based interconnected VoIP service providers, except nomadic-only interconnected VoIP service providers.¹¹⁶ In the event a Section 1013 application either does not meet the requirements for a simplified registration or the application is protested, an interconnected VoIP service provider must seek operating authority through a CPCN application.

Cal Broadband recommends simplifying the process for providers intending to build limited facilities, or for providers that own only their own switches and otherwise do not own or operate facilities by the Section 1013 registration to limited facilities-based providers.¹¹⁷ This decision does not expand

¹¹⁵ CCTA Opening Comments on the OIR at 29, Reply at 9.

¹¹⁶ The Section 1013 registration process was established in R.94-02-003/Investigation 94-02-004. (See D.97-06-107 as modified by D.97-08-050, D.97-09-035, D.10-09-017, D.11-09-026, and D.14-11-004.)

¹¹⁷ Cal Broadband Opening Comments on the OIR at 21.

the Section 1013 registration to providers with facilities (full or limited).¹¹⁸ However, this decision improves efficiency for all CPCN applicants in a number of ways, allowing self-attestation and default exemptions to fulfill CEQA requirements (Section 6.1.5 of this decision), and default grants of confidential status of financial resource documentation (Section 6.1.3 of this decision). Additionally, limited facilities-based interconnected VoIP service providers are granted default exemptions to certain application requirements consistent with the default exemptions for NDIECs (Section 8.2.9 of this decision).

As described in greater detail in the sections immediately following, the CPCN application form will be the mode of seeking authority for all facilities-based telephone corporations including interconnected VoIP service providers, as well as telephone corporations who are not qualified to use the Section 1013 registration process. For non-facilities-based telephone corporations including interconnected VoIP service providers, an updated Section 1013 registration is established. Additionally, this decision adopts a new formal registration process for providers of only nomadic interconnected VoIP service (Nomadic Registration). The updates to the existing processes, and the new Nomadic Registration process are described below.

6.1. Certificate of Public Convenience and Necessity Application and Section 1013 Registration Updates

This section makes multiple minor modifications and updates to the existing CPCN application and Section 1013 registration forms and processes. The sample forms, instructions and processes found in Appendices B-C reflect the updates adopted in this decision.

¹¹⁸ *Ibid.*

6.1.1. Application Fee Related to Section 1013 Registration Reassignments

Currently, when a Section 1013 applicant is found ineligible for a Section 1013 registration and the applicant opts to pursue operating authority through a CPCN, the applicant is not required to pay the difference between the Section 1013 registration fee and the CPCN application fee.

The administrative burden to process a CPCN application is higher than the administrative burden to process a Section 1013 application and requires the CPCN fee to process the application. Therefore, in this decision we resolve the discrepancy in fees paid. From the date of issuance of this decision, in the event the Section 1013 applicant is found ineligible for a Section 1013 registration, and opts to pursue operating authority through a CPCN, the applicant is required to pay the difference between the Section 1013 registration fee and the CPCN application fee within 15 calendar days of the reassignment notice, as discussed in Appendix B. If payment is not made by the due date, the application will be dismissed without prejudice.

6.1.2. Licensing and Registration Application Information

Currently, providers may hold multiple licenses. Performance under other operating authority, whether current or past, is relevant to approving additional operating authority. Therefore, this decision establishes a requirement for the applicant to list other licenses, whether current or past, which the applicant obtained from the Commission. This new requirement is applicable to all types of licensing applications and registrations.

Currently, background checks include review of whether ownership is foreign or domestic, but this is not a standard item on the application form.

Identifying foreign ownership on an application or registration form will make the administrative review more efficient. Therefore, this decision establishes a requirement for the applicant to identify whether they are or are affiliated with a foreign entity.

6.1.3. Presumption of Confidentiality for Certain Financial Documents, Construction Costs, and Customer Numbers

The Commission requires CPCN and Section 1013 applicants to possess a minimum amount of funds for operation.¹¹⁹ CPCN applicants for facilities-based service must also provide a statement detailing the estimated cost of construction, and the estimated number of customers for the first and fifth years of operation.¹²⁰ CPCN applicants may request that the information be kept confidential by filing a motion pursuant to Rule 11.4 and GO 66-D. Section 1013 applicants, on the other hand, can seek confidential treatment using an alternative procedure established by the Commission in D.97-09-035 “[t]o allow commercially valuable financial information to be held under seal, while maintaining the schedule for registrations.”¹²¹

Any process involving requests for confidential treatment of information submitted to the Commission must be consistent with the Commission’s disclosure obligations. GO 66-D, effective January 1, 2018, sets forth the Commission’s rules and guidelines concerning the submission of confidential information to the Commission and access to its records. Subsequently, the

¹¹⁹ D.95-07-054, D.95-12-056 pertain to CLECs and D.97-006-107, D.10-09-017, D.11-09-026, D.14-11-004 pertain to IECs.

¹²⁰ Rule 3.1(f) and (j) of the Commission’s Rules of Practice and Procedure (Rules).

¹²¹ See D.97-09-035 at 1.

Commission updated its GO 66-D rules to make Commission records more accessible.¹²²

State law, discussed below, and GO 66-D require that we update the Section 1013 confidentiality process to be consistent with current requirements.¹²³ Updating the Section 1013 registration and CPCN application processes regarding confidentiality also facilitates our goal of streamlining both of these licensing processes.

First, the Commission's disclosure requirements must be consistent with Article 3, subdivision (b)(2) of the California Constitution, which states that statutes, court rules, and other authority limiting access to information must be broadly construed if they further the people's right of access, and narrowly construed if they limit the right of access. Rules that limit the right of access must be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.¹²⁴

Second, the Commission's disclosure requirements must meet the California Public Records Act (CPRA), which furthers public access by requiring public agency records be open to public inspection unless the records are exempt

¹²² See D.17-09-023 at 11-12, 14; see also D.20-03-014 at 22-23 ("Because of the need to promote greater transparency by providing more public access to Commission proceedings and the related documents developed therein, on November 14, 2014, the Commission opened Rulemaking (R.) 14-11-001 [fn. omitted] "to increase public access to records furnished to the Commission by entities we regulate, while ensuring that information truly deserving of confidential status retains that protection." [fn. 56 cites R.14-11-001 at 1.]")

¹²³ See, e.g., D.20-03-014, *Decision on Data Confidentiality Issues Track 3* at 10-13; see also D.17-09-023, *Phase 2A Decision Adopting General Order 66-D and Administrative Processes for Submission and Release of Potentially Confidential Information* at 2-3, 9-12.

¹²⁴ *Id.*

from disclosure under the provisions of the CPRA.¹²⁵ “Public records” are broadly defined to include all records “relating to the conduct of the people’s business;” only records expressly excluded from the definition by statute, or of a purely personal nature, fall outside this definition.¹²⁶ Since records received by a state regulatory agency from regulated entities relate to the agency’s conduct of the people’s regulatory business, the CPRA definition of public records includes records received by, as well as generated by, the Commission.¹²⁷ The CPRA requires the Commission to adopt written guidelines for access to agency records, and requires that such regulations and guidelines be consistent with the CPRA and reflect the intention of the Legislature to make agency records accessible to the public.¹²⁸

Third, GO 66-D, Section 3.4(b), addresses the Commission’s discretion to make preemptive confidentiality determinations in proceedings. Specifically, “in any proceeding in which the Commission issues a decision requiring the submission of information, the Commission may make a determination of whether the information required by the decision will be treated as public or confidential.”¹²⁹ Pursuant to GO 66-D, Section 3.4, subdivision (b), in this decision, the Commission determines that the following information warrants

¹²⁵ *Roberts v. City of Palmdale* (1993) 5 Cal.4th 363, 370 (“The Public Records Act . . . was enacted in 1968 and provides that ‘every person has a right to inspect any public record, except as hereafter provided.’ We have explained that the act was adopted for the explicit purpose of increasing freedom of information by giving the public access to information in possession of public agencies.”) (internal citations and quotation marks omitted).

¹²⁶ See, e.g., *Cal. State University v. Superior Court* (2001) 90 Cal.App.4th 810, 825.

¹²⁷ See Gov. Code § 6252, subd. (e).

¹²⁸ Gov. Code § 6253.4, subd. (b) (“Guidelines and regulations adopted pursuant to this section shall be consistent with all other sections of this chapter and shall reflect the intention of the Legislature to make the records accessible to the public.”).

¹²⁹ GO 66-D § 3.4, subd. (b).

confidential treatment for three years if submitted in accordance with this decision: (1) financial documents listed in Appendix F, which Section 1013 and Section 1001 (CPCN) applicants are required to submit, and (2) the estimated cost of construction and the estimated number of customers for the first and fifth years of operation, which Rule 3.1(f) and (j) require CPCN applicants to submit.

This decision maintains longstanding requirements for applicants for operating authority pursuant to Section 1013 or Section 1001 to support their request with documentation of the requisite financial resources first established in D.95-07-054.¹³⁰ This decision also maintains the longstanding requirement for facilities-based CPCN applicants provide estimates of the cost of construction, and of customer numbers in the first and fifth years of operation.¹³¹

CPCN applicants frequently seek confidential treatment of this required information. These requests are rarely opposed, and the Commission routinely grants confidential treatment of this limited required information for a period of three years in CPCN decisions.

Rather than continue to individually adjudicate the requests for confidential treatment of the same documents proving financial resources required to be furnished in Section 1013 registrations and CPCN applications, we believe it is in the public interest to streamline and expedite these confidentiality requests in this decision. Thus, this decision determines that this discrete set of financial documents and business data concerning construction costs and customer numbers submitted as a requirement of obtaining operating authority

¹³⁰ The list of financial instruments required for applicants was originally issued in D.95-07-054, reissued in D.95-12-056, Appendix C and upheld in D.13-05-035 and D.20-08-011. The same list for Section 1013 applicants is contained in D.14-11-004.

¹³¹ Rule 3.2, subds. (i) and (j).

should be treated as confidential in the context of the review process for granting operating authority.

Specifically, Appendix F in the instant decision sets forth in a clarified list of financial instruments by which applicants without profitable interstate operations may prove they possess at least \$25,000 (for Section 1013 applicants) or \$100,000 (for CPCN applicants) as follows:

- (1) Unaudited bank statements;
- (2) certificate of deposit or other liquid deposits with a reputable bank or financial institution;
- (3) preferred stock proceeds or other shareholder equity;
- (4) letter of credit issued by a reputable bank or other financial institution;
- (5) loan issued by a qualified subsidiary, affiliate, of applicant, or a qualified corporation holding controlling interest in the applicant;
- (6) guarantee, issued by a corporation, copartnership, or other person or association;
- (7) guarantee, issued by a qualified subsidiary, affiliate, or applicant; and
- (8) audited financial statements.

Any of the financial instruments listed above are likely to display sensitive financial information relating to a provider's bank accounts, cash deposits and transactions to prove financial fitness. Moreover, estimated costs of construction and estimated customers numbers are developed by applicants for their specific business operations and could reveal their expenditures and market share, which their competitors could use to obtain a competitive advantage over them.

California Government Code section 7925.005 "does not require the disclosure of a statement of personal worth or personal financial data required by a licensing agency and filed by an applicant with the licensing agency to establish the applicant's personal qualification for the license, certificate, or permit requested." In addition, Government Code section 7927.605, subdivision (a), "does not require the disclosure of records that are any of the following: corporate financial records, corporate proprietary information including trade

secrets”¹³² In other words, these provisions authorize the Commission to treat this type of financial information as confidential.

Government Code section 7922.000 also allows the Commission to withhold information where “the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure.”¹³³ With regard to the information required to support applications for voice service, including interconnected VoIP, the public interest benefits from efficient facilitation of market entry which in turn supports the policy goals of a neutral and competitive telecommunications marketplace. On the other hand, it is not clear from the record before us what public interest, if any, is served by disclosing this financial and business information. Absent a showing to the contrary, it is thus reasonable to presume that the public interest in maintaining the confidentiality of the financial documents listed in Appendix F clearly outweighs the public interest in their disclosure.

Treating the list of financial documents in Appendix F, construction costs, and customer numbers as presumptively confidentiality harmonizes the expedited confidentiality process, we envisioned for Section 1013 applicants in D.97-09-035 with the current requirements of GO 66-D. In order for applicants for Section 1013 and CPCN operating authority to be granted confidential treatment

¹³² Our analysis here does not turn on the information at issue falling under the trade secret exemption. That exemption is driven by the specific facts pled by the entity seeking confidentiality protection. The public interest balancing test, set forth in Cal. Gov. Code § 7922.000, drives our confidentiality determinations here.

¹³³ Cal. Gov. Code § 7922.000; see *Michaelis, Montanari & Johnson v. Superior Court* (2006) 38 Cal. 4th 1065, 1073 (ruling that, under Section 6255 (recodified as Section 7922.000), proposals for lease of hangar facility at public airport were exempt from disclosure during negotiation period to ensure benefits of competition which “assure the best social, environmental, and economic result for the public”).

of the financial documents listed in Appendix F, construction costs, and customer numbers, applicants must clearly designate on the electronic document or in a separate sealed envelope “Protected from public disclosure pursuant to Decision xx-xx-xxx [*insert decision number of final decision in R.22-08-008 once issued*] and submit a public confidentiality declaration on the confidential documents and cite to this decision as the basis for confidential treatment.

GO 66-D, Sections 5-6, address the Commission’s response to CPRA requests for disclosure of information submitted in compliance with Section 3.4. As long as information is submitted lawfully, *i.e.*, as directed in this decision, it will not be released per a CPRA request absent an order of the Commission. Parties seeking the disclosure of any specific information covered by this decision should be prepared to rebut the presumption of confidentiality by showing what public interest would be served by the disclosure.

6.1.4. Clarification of Cash Requirements for New Market Entrants

The existing CPCN application and Section 1013 registration process requires that applicants clearly demonstrate that they are financially capable of rendering their proposed services and meeting the new firm’s expenses. We make minor modifications to the existing financial requirements for new market entrants.

First, we standardize the amount of cash required for deposits as \$25,000 rather than requiring the applicant to show that it has the deposit amount equivalent to that required by each ILEC it seeks to interconnect with. This decision changes the deposit requirement for any service provider intending to interconnect with ILECs to a flat \$25,000 instead of an amount equal to the deposits required by ILECs.

Second, we clarify the means by which new market entrants without profitable interstate operations may satisfy the requirement to demonstrate a minimum unencumbered financial requirement for the first year of operation using “cash or cash equivalent.” Currently, the means by which new market entrants may demonstrate possession of the requisite amount of the unencumbered financial requirement differs by whether the new market entrant is already financially profitable or not yet financially profitable. We make no modifications to the means for financially profitable entities. For entities not yet financially profitable, we remove the cash options (*i.e.*, cash, traveler’s checks, etc.) and instead include an option to provide unaudited bank statements.¹³⁴ For those utilizing unaudited bank statements, the first statement must be dated within two months prior to the application date. In order to meet the requirement to demonstrate funds are available for the first year of operations, applicants electing to use unaudited bank statements must also provide updated bank statements at six and twelve months after the issuance date of the decision granting their operating authority, with applicants submitting the documents within 8 and 14 months of the issuance date of the decision authorizing operating authority, respectively, to the Director of Communications Division via email to cdcompliance@cpuc.ca.gov.

Appendix F to this decision contains the complete list of acceptable means by which new market entrants, whether profitable or unprofitable, may document possession of the requisite financial resources. Applicants should refer

¹³⁴ The list of financial instruments required for applicants is contained in D.13-05-035 and D.95-12-056, Appendix C and was originally listed in D.95-07-054. The financial requirement for NDIECs is contained in D.14-11-004.

Section 6.1.3, above, regarding presumptive designation of confidentiality for required financial documents.

6.1.5. California Environmental Quality Act Review

Pursuant to the CEQA¹³⁵ and Rule 2.4, 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. All telephone corporations, including interconnected VoIP service providers, that are limited facilities-based or non-facilities-based are not subject to CEQA review because it can be seen with certainty that there is no possibility that granting these licenses will have an adverse impact on the environment.¹³⁶

Full facilities-based voice, including interconnected VoIP, service providers, are subject to CEQA review. Service providers who intend to construct only those types of facilities which are highly likely to be categorically exempt from CEQA may utilize the Energy Division's 21-day expedited CEQA review process, as outlined in Appendix H. This 21-day review process has routinely been granted on an individual application basis, and the Commission extends this process on an industry-wide basis to full facilities-based voice providers, including interconnected VoIP.¹³⁷ In their CPCN applications,

¹³⁵ Public Resources Code § 21000 *et seq.*

¹³⁶ D.99-10-025.

¹³⁷ The decision to require full facilities-based CPCN applicants to utilize the Energy Division's 21-day expedited CEQA review process is also consistent with D.21-04-006.

applicants should indicate that they comply with applicable sections of Rule 3.1 and list the categorical exemptions relevant to their proposed projects, as requested in the CPCN form (questions 13-15) included in Appendix C.

Currently recognized exemptions for CEQA include most of the activities that full facilities-based providers of interconnected VoIP use in construction, including the following:

1. Class 1 Exemption: operation, repair, maintenance, leasing or minor alteration of existing public or private structures and facilities, with negligible or no expansion of an existing use. This includes existing facilities used to provide public utility services. (California Code of Regulations, Title 14, Section 15301.)
2. Class 2 Exemption: replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. (California Code of Regulations, Title 14, Section 15302.)
3. Class 3 Exemption: construction including water main, sewage, electrical, gas and other utility extensions of reasonable length to serve such construction. This includes the construction of limited numbers of new small facilities or utility extensions. (California Code of Regulations, Title 14, Section 15303.)
4. Class 4 Exemption: minor public or private alterations in the condition of land, water, and/or vegetation which do not involve the removal of healthy, mature, scenic trees except for forestry and agricultural purposes. Among other things, this includes filling of earth into previously excavated land with material compatible with the natural features of the site, and minor trenching and backfilling where the surface is restored. (California Code of Regulations, Title 14, Section 15304.)

5. Class 32(a)-(e) Exemption: consists of projects characterized as in-fill development meeting the following conditions: (a) The project is consistent with applicable general plan designation, general plan policies, and applicable zoning designation and regulations; (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses; (c) The project site has no value, as habitat for endangered, rare or threatened species; (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and (e) The site can be adequately served by all required utilities and public services. (California Code of Regulations, Title 14, Section 15332.)
6. Section 21080.51 of the Public Resources Code, which provides an exemption from CEQA for projects that consist of linear broadband deployment that meet certain requirements.

Categorical exemptions to the CEQA change periodically. The Commission's Energy Division is authorized to post a list of categorical exemptions to CEQA which are applicable to interconnected VoIP service providers on the Commission's website and to update this list to reflect statutory changes to CEQA.

Applicants requesting to construct full facilities that do not qualify for a categorical exemption under CEQA must provide a Preliminary Environmental Assessment with their CPCN application and will be subject to CEQA review as part of their application.

6.2. Communications Division May Revise Application and Registration Forms Consistent with Commission Decisions

The Staff Proposal recommended that the Commission authorize the Communications Division to make administrative changes to Section 1013

registration and WIR forms and instructions, as needed and consistent with existing Commission rules and requirements. These registration processes were established as ministerial ones.¹³⁸ Ambiguous or outdated language on the forms and instructions has resulted in common application deficiencies and questions from applicants, which in turn have caused unnecessary delays in staff review and processing. Thus, authorizing Communications Division staff to update and clarify registration and application requirements on the forms and instructions in response to the most common deficiencies and applicant inquiries can further expedite these processes.

We therefore authorize Communications Division staff to modify the Section 1013 and WIR registration forms and instructions to clarify their contents, to improve the accessibility of the document in electronic form, or make other changes when necessary, consistent with this decision.

This decision also updates the Section 1013 registration form and adds the CPCN application and Nomadic Registration forms into the licensing and registration process. Communications Division staff may also modify these application and registration forms to clarify their content, to improve the accessibility of the document in electronic form, or make other changes when necessary, consistent with this decision.

All changes to application and registration forms will be posted on the Commission's website under the Communications Division Licensing and Registration Information Section, or its successor. Applicants are directed to

¹³⁸ See D.97-06-107 at 9 and D.95-10-032 at 12.

review and utilize the latest forms and instructions provided on the Commission's website.¹³⁹

7. Migration Process for Interconnected Voice Over Internet Protocol Service Providers Holding Prior Section 285 Registration or Section 1001 or Section 1013 Operating Authority

This proceeding scoped the issue of how the currently operating interconnected VoIP service providers should be migrated to the new interconnected VoIP regulatory framework adopted in this decision. Parties provided input in response to proposals recommended in the Staff Proposal and in comments on the Scoping Memo. A few providers sought party status after the issuance of the proposed decision in order to file comments asking the Commission to address the impact of telephone providers in possession of operating authority prior to August 2022.

Most industry parties commenting on the framework and process for currently operating interconnected VoIP service providers recommended reinstating the prior Section 285 registration process. Cal Broadband also argued that, in the event the Commission did not reinstate Section 285 registration and required a different process "it would be contrary to the public interest for the Commission to conduct a lengthy *de novo* review of companies that have been providing interconnected VoIP service in the state."¹⁴⁰ We agree that conducting a lengthy *de novo* review of a provider currently operating in California would be burdensome and counterproductive.¹⁴¹

¹³⁹ Staff Proposal 4.a., OIR at A-9.

¹⁴⁰ Cal Broadband Opening Comments on the Scoping Memo at 24.

¹⁴¹ Cal Broadband Opening Comments on the OIR at 14.

We therefore adopt a streamlined migration process to implement the new licensing and registration framework adopted in this decision for interconnected VoIP service providers as described below. Once the migration process is complete, all interconnected VoIP service providers are required to comply with the regulatory obligations, some existing and some new, outlined in this decision. By default, all interconnected VoIP service providers subject to migration are granted either a non-facilities-based fixed interconnected VoIP operating authority pursuant to Section 1013 (*i.e.*, DVF status)¹⁴² or a nomadic-only interconnected VoIP status (*i.e.*, DVN status) subject to the regulatory obligations adopted herein. The migration process adopted today will not diminish the ability of interconnected VoIP service providers to continue their operations in the state or to bring new, innovative offerings to the market. Nor does the migration impact the ability of interconnected VoIP service providers that registered through the prior Section 285 process to continue their obligation to report and remit surcharges.

Existing and currently operating interconnected VoIP service providers are considered in three sets. The first set consists of interconnected VoIP service providers already registered through the prior Section 285 registration process designated as utility type DVS, as listed in Appendix D. The second set consists of interconnected VoIP service providers granted operating authority between August 2022 and the present designated as utility type IER, as listed in Appendix E. The third set consists of interconnected VoIP service providers

¹⁴² An interconnected VoIP service provider that was granted operating authority under CPCN application process must continue to comply with the requirements and obligations under its CPCN decision.

granted operating authority prior to August 2022 with any utility type designation. Each migration group is discussed more fully below.

7.1. Migration for Providers Already Registered as Section 285 Service Providers

7.1.1. Automatic Migration from Digital Voice Service to Digital Voice Fixed Status

This decision migrates existing interconnected VoIP providers already registered through the prior Section 285 process and listed in Appendix D to the new regulatory framework adopted in this decision. These providers are automatically granted operating authority as non-facilities-based providers, effective 45 calendar days from the issuance date of this decision. Each migrated provider will maintain its existing Utility ID Number and its assigned utility type will change from DVS to DVF.¹⁴³ This migration process includes a 45-calendar day opt-out period for those providers. After the expiration of the 45-calendar day opt-out period, Communications Division staff will update Commission records in accordance with the two new interconnected VoIP service utility types set forth in this decision. No additional information will be requested from these providers unless they voluntarily take the action to opt-out as described below. This will complete the migration process. Providers wishing to confirm their updated status may do so by reviewing their record on the Commission's Utility Contact System Search webpage.¹⁴⁴

¹⁴³ The date of migration will become the registration date associated with the DVF utility type. The migrated provider's date of registration as a DVS provider will terminate on the date of migration.

¹⁴⁴ <https://apps.cpuc.ca.gov/apex/f?p=102:1>.

7.1.2. Opt-Out from Automatic Migration Options

To avoid automatic migration to DVF status, existing interconnected VoIP service providers with 285 registrations must opt out within 45 calendar days of the issuance of this decision, if they either (1) qualify as a nomadic-only interconnected VoIP service provider, or (2) no longer plan to operate in California.

7.1.2.1. Opt-Out for Section 285 Nomadic-Only Interconnected Voice Over Internet Protocol Service Providers

A nomadic-only interconnected VoIP service provider must attest in writing to the Commission that it qualifies for nomadic-only status.¹⁴⁵ The attestation must include the provider's legal name as registered with the Commission and its assigned Utility ID Number. The attestation must be signed under penalty of perjury by an officer of the company. This information must be submitted to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov within 45 calendar days of this decision's issuance date. Once staff receives and reviews this information, the service provider will be migrated to a non-facilities-based nomadic-only interconnected VoIP service provider. Each migrated provider will maintain its existing Utility ID Number and its assigned utility type will change from DVS to DVN.

After the expiration of the 45-calendar day opt-out period, Communications Division staff will update Commission records, and the updated information will be reflected in the Commission's Utility Contact System Search webpage. This will complete the migration process.

¹⁴⁵ See example attestation in Appendix A.

Any service provider who has not opted-out of the automatic migration process during the 45-calendar day period and seeks to offer nomadic-only interconnected VoIP service at a later time must simultaneously apply for a Nomadic Registration and voluntarily surrender its existing operating authority (obtained through the automatic migration under this decision) via a Tier 2 advice letter.

7.1.2.2. Opt-Out for Section 285 Providers Planning to Cease Operations

Section 285 service providers who do not want to continue providing interconnected VoIP services in California and seek to voluntarily surrender their prior Section 285 registration must opt-out from the automatic migration within 45 calendar days of this decision's issuance date.

To opt-out and surrender, providers must submit a request to the Director of the Communications Division via email to CDcompliance@cpuc.ca.gov. The request should include:

- Utility ID Number and Utility Name;
- Requested effective date of deactivation and attestation that it has no active customers, no pending complaints, and no outstanding monies (*e.g.*, surcharges, interest, and penalties) owed to the Commission; and
- A copy of the Telecommunications and User Fee Filing System reporting through the month prior to filing the request should also be included to ensure that the provider is current and up to date with its public purpose programs surcharges obligations.

Communications Division staff will review and approve all requests contingent on surcharge reporting status.¹⁴⁶ Upon approval, the service provider's Utility ID Number will be deactivated from the Commission systems.

7.1.3. Providers Changing Status After Conclusion of Migration Process

Once the migration period concludes, interconnected VoIP service providers ceasing operations must adhere to the process outlined in Res. T-17723 if they no longer wish to operate in California.

Any Section 285 service provider that is approved to voluntarily surrender and subsequently seeks to operate in California must apply for and comply with the new licensing or registration framework set forth in this decision. Any Section 285 service provider that continues to operate after voluntarily surrendering its Section 285 registration is subject to enforcement action by the Commission, including possible fines or other sanctions.

7.1.4. Options for Interconnected VoIP Service Providers Holding Operating Authority

Some existing interconnected VoIP service providers sought and were granted operating authority, and additionally registered through the prior Section 285 process. Unique Utility ID Numbers were issued to service providers registered through the prior Section 285 process even if they already held operating authority under a separate utility ID Number. Unless these providers take action to deactivate one of the Utility ID Numbers, they will remain in possession of more than one Utility ID Number; the Utility ID Number associated with the prior grant of operating authority, and the Utility ID Number associated with the prior Section 285 process.

¹⁴⁶ Utility ID Numbers may not be surrendered if the provider has not remitted all surcharges and any late fees or other outstanding amounts owed.

To ease administrative burdens, make the migration as seamless as possible, and accommodate providers' business models, providers subject to the migration process may elect to consolidate their Utility ID Numbers into the existing wireline authority or maintain separate Utility ID Numbers each with unique utility type designation. Providers must comply with all reporting obligations associated with each Utility ID Number.

After the completion of the migration process, providers with a DVF utility type may request approval to discard the Utility ID Number associated with the DVF utility type designation by filing a Tier 2 advice letter.¹⁴⁷ Upon approval, Communications Division staff will update Commission records to reflect the change, including deactivating the provider's Utility ID Number (*i.e.*, the one originally issued through the Section 285 registration process that underwent the migration) and adding the DVF utility type into the wireline Utility ID Number. After the consolidation, the provider will continue to operate under the remaining Utility ID Number and attendant obligations.

**7.2. Existing Interconnected Voice Over
Internet Protocol Service Providers
Granted Section 1001 or Section 1013
Operating Authority Since August 2022**

During the pendency of this proceeding, some interconnected VoIP service providers obtained operating authority as interexchange resellers (IER) pursuant to Section 1001 and Section 1013. This decision adopts a streamlined migration of existing interconnected VoIP service providers that were granted operating authority solely as resold interexchange service providers to the new regulatory framework adopted in this decision.

¹⁴⁷ Advice letter filings must follow GO 96-B rules.

7.2.1. Automatic Migration from Interexchange Reseller Status to Digital Voice Fixed Status

All Interconnected VoIP service providers granted operating authority with IER status from August 2022 to the present (and listed in Appendix E) will be automatically migrated to DVF status. The provider must continue to comply with the obligations and requirements set forth in this decision.

Each migrated service provider will maintain its existing Utility ID Number and its assigned utility type will change from IER to DVF. After the expiration of the 45-calendar day opt-out period, Communications Division staff will update Commission records. This will complete the migration process. Appendix E contains a list of providers included in this automatic migration process. No additional information will be requested from these providers except if they opt out as described below.

7.2.2. Opt-Out of Migration From Interexchange Reseller Status to Digital Voice Fixed Status

Nomadic-only interconnected VoIP service providers holding an operating authority must opt out within 45 calendar days of this decision's issuance date following the process described in Section 7.1.2.1. The utility type will change from IER to DVN. In addition, this decision effectively revokes the operating authority previously granted.

7.3. Existing Interconnected Voice Over Internet Protocol Service Providers Granted Section 1001 or Section 1013 Operating Authority Prior to August 2022

Several parties raise concerns that the proposed decision did not explicitly address voice providers granted operating authority pursuant to Section 1001 or

Section 1013 prior to August 2022.¹⁴⁸ This section clarifies that the regulatory obligations of voice providers, including interconnected VoIP service providers, already in possession of operating authority pursuant to Section 1001 or Section 1013 are not impacted by this decision other than one new exemption granted to all facilities-based CLECs¹⁴⁹ discussed in this decision in section 8.2.9 *Exemption From Transfers of Assets for Purposes of Securing Debt, and Issuance of Stocks and Securities Under Sections 816830 and Section 851.*

8. Regulatory Obligations for All Interconnected Voice Over Internet Protocol Service Providers

8.1. Existing Obligations Ongoing and Unchanged by This Decision

This decision does not change existing obligations applicable to interconnected VoIP service providers. Those continuing obligations include but are not limited to collecting, reporting and remitting public purpose programs surcharges, preserving emergency calling access, reporting responses in emergencies and disasters,¹⁵⁰ property tax reporting,¹⁵¹ reporting retail pricing data of essential communications services to support the Commission's production of the Annual Affordability Report,¹⁵² and consumer protection.

¹⁴⁸ Sonic Opening Comments on the proposed decision at 5-6, Hotwire Opening Comments on the proposed decision at 1-2.

¹⁴⁹ Except facilities-based CLECs affiliated with incumbent LECs.

¹⁵⁰ California Code of Regulations Sections 2480.2-2480.3. A "community isolation outage" is an event that (i) lasts at least 30 minutes, (ii) "limits a telecommunications service provider's end users' ability to make 9-1-1 calls or receive emergency notifications," and (iii) affects a threshold percentage of customers. (D.19-08-025 at OPs 1-2, OP 7.)

¹⁵¹ Utilities pay property taxes based on the value of their property, otherwise known as facilities," or physical infrastructure, which is updated in their annual reports to the Commission.

¹⁵² D.20-07-032 at CoLs 19-22 and OP 3. (See also D.22-08-023 at OPs 10-11.)

8.1.1. Universal Service Surcharge Obligations

This decision clarifies that all interconnected VoIP service providers must continue to collect, report and remit universal service surcharges pursuant to Section 285 and D.22-10-021.¹⁵³ Most parties acknowledge Section 285 obligates the Commission to collect universal service surcharges from all interconnected VoIP service providers, including nomadic-only. A few erroneously argue that contributions of interconnected VoIP service providers pursuant to Section 285 are not required or unnecessary.¹⁵⁴

Today, California's public purpose programs include:

- 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 281.¹⁵⁵

Since April 1, 2023, all telephone corporations, including interconnected VoIP service providers operating in California, have been required to assess,

¹⁵³ See D.22-10-021 at 67-70, FoF 4, OPs 1-2, and OP 6.

¹⁵⁴ US Telecom Opening Comments on the Scoping Memo at 3-5, CCIA Opening Comments on the OIR at 2.

¹⁵⁵ Pub. Util. Code § 285(c).

collect, report and remit California's Public Purpose Program surcharges pursuant to the access line flat rate surcharge mechanism adopted in D.22-10-021.¹⁵⁶ Public Purpose Program surcharges are applied only when an end-use customer's "place of primary use" is located within California.¹⁵⁷

The Commission's longstanding requirement is to assess interest equal to an annual interest rate of 10 percent for late reporting and remittance of public purpose program surcharges owed to the Commission.¹⁵⁸

8.1.1.1. Failure to Comply with Surcharge Obligation

This proceeding considered the appropriate action and treatment for interconnected VoIP service providers that have not complied with surcharge obligations to date.¹⁵⁹ The licensing and registration procedures adopted by this decision require telephone corporations to affirm that they have been in good standing with this requirement, or to come into compliance with the requirement.

The OIR asked for party comment on whether penalties should be imposed for non-compliance, and whether a 10 percent annual interest rate

¹⁵⁶ For definition of access line, *see* Section 5.2.2 of D.22-10-021.

¹⁵⁷ Pub. Util. Code § 285(d).

¹⁵⁸ Res. T-17704 at 11 ("The CPUC has imposed a 10 [percent] interest payment on untimely remitted surcharges across all of its [public purpose programs] innumerable times, and has done so for retroactive periods of varying lengths."). When all existing interconnected VoIP service providers are migrated to either a non-facilities-based fixed interconnected VoIP operating authority (DVF status) or a nomadic-only interconnected VoIP status (DVN status), a new registration date will be issued. Even with a new registration date, the obligation to report and remit surcharge payment plus 10 percent interest continues to be based on the original registration date of the VoIP provider.

¹⁵⁹ The preliminary scope of issues in the OIR include whether surcharge obligations should be enforced upon Nomadic-Only Interconnected VoIP service (OIR preliminary scope 1.g. at 7) and some parties commented on this issue in their comments on the OIR.

assessed on late surcharge remittances and a penalty in the range of \$1,000-\$3,000 per year would be appropriate for non-compliance in most situations.

Cal Broadband believes that “[t]he Commission’s focus should be on ensuring that the PPP surcharges have been appropriately paid. VoIP providers that have remitted surcharges – whether through a registered Section 285 Provider or an affiliated, certificated carrier – should not be penalized by the Commission, nor be limited from participating in the new VoIP licensing framework.”¹⁶⁰

AT&T states, “[t]he Commission already imposes “penalty interest” at an annual 10 percent rate on late and unremitted Public Purpose Program surcharges...” Consolidated and Frontier states that a 25 percent late fee on top of the 10 percent late fee is excessive and should not be adopted. In addition, AT&T also states: “Regarding potential penalties for the non-payment of the user fee, there is no authorizing statute that permits the Commission to collect the user fee from VoIP providers. Thus, any penalty related to non-payment of the user fee would not be allowed.”¹⁶¹ AT&T is wrong. As explained, interconnected VoIP service providers are public utility telephone corporations and Section 431 expressly mandates that all telephone corporations remit user fees to the Commission.

Cloud recommends “[t]he Commission should consider a limited window in which providers can fix any reporting and remitting failures to ensure

¹⁶⁰ Cal Broadband Opening Comments on the OIR at 31-32.

¹⁶¹ AT&T Opening Comments on the OIR at 17; Pub. Util. Code §§ 2107-2108.

compliance as the proposed new licensing and registration process develops. Cloud disagrees with Staff that penalties and fees should be applied..."¹⁶²

Small Business, US Telecom, Small LECs, Joint Consumers, VON, CTIA, CCIA, and Sangoma were neutral on this proposal.

Upon consideration, the Commission finds that any currently operating telephone corporation will be required to remit any past-due public purpose program surcharges owed for its prior operation and to pay the annual interest rate of 10 percent on past due surcharges. However, in the interest of bringing all currently operating telephone corporations into compliance with surcharge obligations as expeditiously as possible, interconnected VoIP service providers who come forward within 180 calendar days of the issuance date of this decision shall only be assessed the annual interest rate of 10 percent on past-due surcharges from the time they started operations up until the date they filed an application or registered.

After the 180-day grace period, the 10 percent annual interest rate on late surcharge remittances will be applied, and interconnected VoIP service providers are subject to penalties in the range of \$1,000-\$3,000 consistent with Res. T-17601.¹⁶³

8.1.1.2. Collection of Past Surcharges Owed

Once the application or registration of an interconnected VoIP service provider who has past surcharges owed is approved, Communications Division staff is authorized to calculate the past due surcharges and 10 percent interest for late filed surcharges owed by each telephone corporation. The telephone

¹⁶² Cloud Opening Comments on the OIR at 9.

¹⁶³ Res. T-17601, Appendix A (\$1000 per year up to a maximum of \$3000 for not reporting and/or remitting surcharges).

corporation must, within 30 days of its receipt of Communications Division's notice stating the total amount owed for public purpose program surcharges and interest, 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. Providers coming into compliance with the surcharge obligations must include a written identification stating the decision number and the proceeding number, such as the following: "Per Decision [*insert number of this decision*] of R.22-08-008." 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 the service provider.

8.1.2. Public Safety

Since 2005, interconnected VoIP service providers have been subject to the FCC's E911 obligations.¹⁶⁴

On June 3, 2005, in the *IP-Enabled Services Proceeding*, the FCC adopted rules requiring providers of interconnected VoIP service to supply enhanced 9-1-1 (E911) capabilities to their customers.^{165,166} "Interconnected" VoIP service is

¹⁶⁴ *IP-Enabled Services Proceeding*, First Report and Order and NOPR (WC Docket No. 04-36) 20 FCC Rcd 10245 at ¶¶ 36-51 and cited by VON in Opening Comments on the OIR at 4, *Implementation of the NET 911 Improvement Act of 2008*, 23 FCC Rcd 15884 (2008).

¹⁶⁵ Basic 9-1-1 systems transmit calls from the service provider's switch to an appropriate public safety entity. Basic 9-1-1 is not capable of processing caller's location, nor does it provide the public safety entity with the caller's location information or, in some cases, a call back number. In contrast, enhanced 9-1-1 systems route calls through the use of a selective router to a geographically appropriate public safety entity based on the caller's location. E911 provides the call taker with the caller's call back number, and in many cases, location information. (*IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶¶ 12-13.)

¹⁶⁶ *IP-Enabled Services Proceeding*, First Report and Order and Notice of Proposed Rulemaking (NOPR) (WC Docket No. 04-36) 20 FCC Rcd 10245 at ¶ 24.

defined as follows: (1) the service enables real-time, two-way voice communications; (2) the service requires a broadband connection from the user's location; (3) the service requires IP-compatible customer premises equipment (CPE); and (4) the service offering permits users generally to receive calls that originate on the PSTN and to terminate calls to the PSTN.¹⁶⁷

The FCC stated that it had not decided whether interconnected VoIP services are telecommunications or information services. Thus, the FCC analyzed the issues under its Title I ancillary jurisdiction to encompass both types of services.^{168,169} The FCC concluded it had authority to impose E911 requirements on interconnected VoIP service providers under the broad regulatory authority conferred by Title I of the 1934 Communications Act (47 U.S.C. § 152(a)), which applies to "all interstate and foreign communications by wire or radio"^{170,171}

The *911 Order* applies to all interconnected VoIP service providers, both "nomadic" and "fixed." The FCC noted that the implementation challenges faced by "nomadic" or "portable" interconnected VoIP service providers were similar

¹⁶⁷ *IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 24.

¹⁶⁸ *IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 22.

¹⁶⁹ Ancillary jurisdiction may be employed when Title I of the Act gives the FCC subject matter jurisdiction over the service to be regulated, and the assertion of jurisdiction is "reasonably ancillary to the effective performance of [the FCC's] various responsibilities." (*United States v. Southwestern Cable Co.* (1968) 392 U.S. 157, 178.) The FCC found that both predicates for ancillary jurisdiction were satisfied in the instant case. (*IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 27.) The FCC noted that this order in no way prejudices how the FCC might ultimately classify interconnected VoIP services. "To the extent that the Commission later finds these services to be telecommunications services, the Commission would have additional authority under Title II to adopt these rules." (*IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 26.)

¹⁷⁰ *IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 26.

¹⁷¹ The FCC found an additional and separate source of authority in its plenary numbering authority over U.S. NANP numbers granted to the FCC in Section 251(e) of the Act. (*IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 33.)

to obstacles faced by wireless service providers in implementing E911.¹⁷² Recognizing that, currently, it is not always technologically possible to automatically determine the location of end users without end users' active cooperation, the FCC required providers of interconnected VoIP services to obtain location information from their customers. Furthermore, where services can be used from more than one physical location, interconnected VoIP providers must provide their end users with one or more methods of updating information regarding the user's physical location. The most recent location provided by a customer is the "Registered Location."^{173,174}

The FCC expanded 9-1-1 rules in 2019 to update 9-1-1 dispatchable location requirements for communications providers.¹⁷⁵ Dispatchable location means the 9-1-1 operator automatically receives from the telephone service provider the location of the 9-1-1 caller from the telephone service provider, even when the underlying technology permits mobility, *e.g.*, interconnected VoIP or wireless service.

The Communications Assistance for Law Enforcement Act (CALEA), released August 5, 2005, requires telecommunications equipment, facilities, and services to have necessary surveillance capabilities in order to preserve the ability of law enforcement agencies to conduct electronic surveillance.¹⁷⁶

¹⁷² *IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 25.

¹⁷³ *IP-Enabled Services Proceeding*, First Report and Order and NOPR at ¶ 46.

¹⁷⁴ In November of 2007, the House of Representatives passed a bill (H.R. 3403 (Gordon)) that would mandate all interconnected VoIP providers to provide 9-1-1 services as required by the FCC. On February 26, 2008, the Senate passed a similar bill (S.428 (Nelson)). The two bills now must be reconciled.

¹⁷⁵ FCC 19-76A1, implementing RAY BAUM'S Act of 2018.

¹⁷⁶ *Communications Assistance for Law Enforcement Act and Broadband Access and Services*, First Report and Order and NOPR (ET Docket No. 04-295) (2005) 20 FCC Rcd 14989.

In the *CALEA Order*, the FCC explained that the term “telecommunications carrier” under CALEA is broader and more inclusive than the similar definition of “telecommunications carrier” in the 1934 Communications Act.¹⁷⁷ The FCC ruled that both facilities-based broadband Internet access service providers and providers of interconnected VoIP services are “telecommunications carriers” under CALEA.

8.1.3. State Law

The Commission requires that providers that own, operate, or are “otherwise responsible for” infrastructure in Tier 2 and Tier 3 high-fire threat districts that support the transport of voice services, including interconnected VoIP, comply with the Commission’s 72-hour backup power requirement for network facilities and the corresponding annual reporting requirements. Providers must maintain sufficient backup power to maintain access for all customers to minimum service levels and coverage including 9-1-1 service, 2-1-1, ability to receive alerts and notifications, and basic internet browsing during a disaster or commercial power outage and the provider’s long-term investment plan to comply with the 72-hour back up power requirement maintaining the Network Resiliency Strategies.¹⁷⁸ The Commission requires providers to file annual compliance reporting of Communications Resiliency Plans pursuant to Section 5.6.2 of D.21-02-029 detailing the network’s ability to maintain service in a disaster or an electric grid outage.¹⁷⁹

¹⁷⁷ *CALEA Order* at ¶ 10.

¹⁷⁸ D.21-02-029. Frontier and AT&T characterize network resiliency as an important policy objective; Frontier Opening Comments on the OIR at 1 and AT&T Reply Comments on the OIR at 10.

¹⁷⁹ D.21-02-029 at 91-92.

Facilities-based providers of telephony services, including those providing interconnected VoIP service, must follow the Commission's mandate pursuant to AB 2393 (Ch. 776, Stats. 2006) and D.10-01-026 to educate their customers regarding backup power batteries associated with equipment facilitating telephony service at the customer's premises. Interconnected VoIP service providers also report community isolation outages to the Governor's Office of Emergency Services, in compliance with Government Code (Gov. Code) Section 2480.2 and Section 2480.3, and concurrently file FCC Network Outage Reporting System (NORS) reports with the Commission, in compliance with GO 133-D. Network outage reporting to emergency responders, impacted customers and the general public at the onset of, and throughout a disaster or Public Safety Power Shutoff.¹⁸⁰

8.1.4. Consumer Protection

All telephone corporations, regardless of the CPUC regulatory framework applicable to the services they provide, are required by federal and state laws to ensure prices, taxes, charges and fees are made clear to customers before, during

¹⁸⁰ D.21-02-029 at 91-92. (*See also* Cal. Gov. Code § 53122.)

and after the customer buys the service.¹⁸¹ As Cal Broadband notes,¹⁸² all interconnected VoIP service providers are also subject to laws of general applicability such as laws: (1) prohibiting unfair or deceptive acts or practices in or affecting commerce;¹⁸³ (2) prohibiting untrue, misleading, and fraudulent statements in advertising;¹⁸⁴ (3) requiring disclosure of solicitation at initial point of contact;¹⁸⁵ (4) establishing legal obligations stemming from breaches in data security.¹⁸⁶

As part of its general oversight of telecommunications in California, the Commission offers several programs to assist consumers resolve individual issues with communications service providers.¹⁸⁷ In addition, all CPUC regulatory frameworks, including those for wireless and nomadic-only

¹⁸¹ Section 2896 and GO 168 require that providers disclose sufficient information about pricing and charges on bills. Section 2890 requires that a telephone bill only contain charges that were authorized by a subscriber. The Commission's rules exempting telephone corporations from tariff requirements require the telephone corporation to instead make price information clearly and easily accessible to customers as directed in D.98-10-031 and D.07-09-018. The FCC Truth in Billing rules prohibit unauthorized charges and require consumers' bills to contain a brief, clear, non-misleading, plain language description of the service or services rendered to accompany each charge (47 C.F.R. § 64.2401). New FCC "Broadband Nutrition Label" rules adopted in 2024 require point-of-sale and webpage disclosures of all fees and charges for broadband internet access services. These labels provide full transparency as to the charges and fees (and broadband speed and capacity among other things) that consumers face with a service. (See 47 C.F.R. § 8.1(a)(1).)

¹⁸² Cal Broadband Opening Comments on the Scoping Memo at 15.

¹⁸³ 15 U.S.C. § 45(a)(1).

¹⁸⁴ California Business and Professions Code § 17500.

¹⁸⁵ *Id.* at § 17500.3(a), *et seq.*

¹⁸⁶ California Civil Code § 1798.82.

¹⁸⁷ The Commission's Consumer Affairs Bureau (CAB) assists consumers to resolve complaints. The Commission's Telecommunications Education and Assistance in Multiple Languages (TEAM) works with limited and non-English speaking communities through Community Based Organizations to educate, train, and mediate consumer complaints with telecommunications providers.

interconnected VoIP services, require the provider to keep current the company's regulatory contact information.

8.2. New Obligations and Exemptions Applicable to All Interconnected Voice Over Internet Protocol Service Providers

In comments on the proposed decision, some parties expressed concern about the requiring interconnected VoIP service providers to comply with all laws applicable to telephone corporations.¹⁸⁸ This section reviews laws applicable to public utility telephone corporations classified as NDIECs, CLCs, and wireless providers. As stated in this decision in Section 5, the simplified registration process originally developed for NDIECs, and subsequently made available to reselling CLCs, reflects the deregulated market under which those telephone corporations possessing Section 1013 operating authority in California operate.

8.2.1. Initial and Annual Performance Bond

The Staff Proposal 2.a. recommended all interconnected VoIP service providers be subject to performance bond requirements. Pursuant to Section 1013(e), the Commission has established, and this decision affirms, requiring a performance bond except for service providers who are exempt from this requirement.¹⁸⁹

In the interest of competitive neutrality and consumer protection, all interconnected VoIP service providers are required to provide proof of the required performance bond. Therefore, all interconnected VoIP service providers granted operating authority by this decision must submit an initial performance

¹⁸⁸ Consolidated Reply Comments on the proposed decision at 5.

¹⁸⁹ D.13-05-035 at OP 5 exempts ILECs and Carriers of Last Resort from performance bond requirements.

bond via Tier 1 advice letter between March 1 and May 31, 2025.¹⁹⁰ The performance bond requirements established in D.13-05-035 are adopted for all interconnected VoIP service providers to facilitate the collection of fines penalties, taxes, surcharges, fees, and restitution to customers. An initial performance bond must be submitted via Tier 1 Advice Letter within 30 days of being granted an operating authority or registration. 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.

An original hard copy of the performance bond must be submitted to the Commission's Communications Division-Telco Licensing Registration Oversight Section (or its successor) for record keeping. However, if no hard copy exists (the performance bond is only in electronic version), the interconnected VoIP service provider must submit an attestation with its initial performance bond advice letter filing that there is no original hard copy provided by the surety company and that the electronic bond is the same legal instrument as a paper bond. The hard copy document must be sent to the following address:

California Public Utilities Commission
ATTN: Communications Division – Performance Bond
505 Van Ness Avenue, Third Floor
San Francisco, California 94102

All interconnected VoIP service providers must also comply with the annual performance bond requirements as established in D.13-03-035. Due to the timing and filing schedule associated with initial performance bonds, interconnected VoIP service providers that file initial performance bonds

¹⁹⁰ Interconnected VoIP providers already in possession of operating authority have already satisfied this obligation.

pursuant to this decision will have their first annual performance bond filing due on March 31, 2026, and continue annually thereafter.

8.2.1.1. Performance Bond Requirements Updates

Prior to today's decision, the performance bond amount for existing applicants for operating authority had to be equal to or greater than 10 percent of intrastate revenues reported to the Commission during the preceding calendar year or \$25,000, whichever is greater. One standard amount is more administratively efficient. Today's decision establishes a minimum bond requirement of \$25,000 for existing and new registrants alike. Existing service providers who currently have a bond in the amount of 10 percent of intrastate revenue may either continue to maintain a bond in that amount or may obtain a new bond for \$25,000. If a performance bond is modified or replaced by a new bond, the service provider must file the updated or new bond as a Tier 1 advice letter. Additionally, some telephone corporations were required to maintain two performance bonds to comply with separate requirements established under its CPCN and NDIEC authorities. This is no longer necessary, and all telephone corporations are only required to maintain one performance bond per Utility ID Number with a minimum amount of \$25,000.¹⁹¹

Moving forward, the new bond template must be used by new and existing telephone corporations who obtain a new performance bond. Telephone corporations who have a bond in place using the old performance bond template

¹⁹¹ Communications Division staff will update the performance bond template on its website to reflect the change to the performance bond amount as well as to reference all authorizing decisions (D.10-09-017/D.11-09-026, D.13-05-035, and the decision number of today's decision.)

are not required to update their performance bond to the new template unless they elect to obtain a new performance bond.

The Staff Proposal 4.b. recommended making the performance bond advice letter filing consistent between CPCN holders and Section 1013 registration holders by requiring the filing via a Tier 1 advice letter instead of an information-only submittal. In addition, the Staff Proposal recommended that telephone corporations submit additional supporting documentation with their annual performance bond advice letter including, but not limited to, a continuation certificate, payment invoice, or other documentation that shows the performance bond is still in full force and effect to facilitate staff review and confirm the bond is still in effect.¹⁹²

Joint Consumers supported the changes to performance bond requirements in the Staff Proposal.¹⁹³ Consolidated, Frontier and Small LECs disagreed and recommended keeping the existing practice of relying on information-only submittals to confirm performance bond requirements for “registration license holders.”¹⁹⁴ “Cal Broadband submits that, because performance bond filings are simple and straightforward, license holders should be permitted to file performance bonds via an information-only submittal, as NDIECs do today.”¹⁹⁵ AT&T agrees with the majority of commenters who say performance bonds should remain an information-only submittal.¹⁹⁶ Cloud

¹⁹² Staff Proposal 4.b., OIR at A-11 to A-12.

¹⁹³ Joint Consumers Opening Comments on the OIR at 9.

¹⁹⁴ Consolidated Opening Comments on the OIR at 9, Frontier Opening Comments on the OIR at 12, Small LECs Opening Comments on the OIR at 6.

¹⁹⁵ Cal Broadband Opening Comments on the OIR at 34.

¹⁹⁶ AT&T Reply Comments on the OIR at 14-15.

believes that business-only interconnected VoIP providers should not be required to file performance bonds.¹⁹⁷

For administrative ease and consistency, this decision adopts the Staff Proposal's recommendations to the initial and annual performance bond requirements for all telephone corporations including interconnected VoIP service providers. Particularly, we adopt the following: (1) all telephone corporations are only required to maintain one performance bond per Utility ID Number with a minimum amount of \$25,000, (2) all advice letters related to performance bonds are submitted using the Tier 1 advice letter process, and (3) annual performance bond filings must include supporting documentation that demonstrates that the performance bond is still in full force and continuous for the duration of the telephone corporation's active license or registration with the Commission.¹⁹⁸

8.2.2. California Public Utilities Commission User Fees

Staff recommended all interconnected VoIP service providers be required to pay the CPUC User Fee, a fee collected from all public utilities to finance the Commission's annual operating budget.¹⁹⁹ Cal Broadband, TURN and CforAT, and Small Business support this recommendation.²⁰⁰ We agree.

¹⁹⁷ Cloud Opening Comments on the OIR at 11.

¹⁹⁸ Telephone corporations that request approval to voluntarily surrender operating authority pursuant to Res. T-17723 are required to keep their performance bond active until the request has been approved.

¹⁹⁹ Staff Proposal 2.a., OIR at A-7. The CPUC User fee was established in Section 401. Section 431 directs the Commission to collect user fees from public utilities.

²⁰⁰ Cal Broadband Opening Comments on the Scoping Memo at 14.

Pub. Util. Code Section 431 requires that the Commission annually determine a fee to be paid by every telephone corporation.²⁰¹ As telephone corporations, the CPUC User Fee should apply to all interconnected VoIP service providers. The Commission has jurisdiction and regulatory oversight over them. We see no basis for exempting these telephone corporations from the same CPUC User Fee obligations as other providers of telephone service in California.

Similarly, since August 6, 2007, the FCC has concluded that interconnected VoIP service providers would be required to pay FCC regulatory fees.²⁰² The FCC noted that “interconnected VoIP providers offer a service that is almost indistinguishable, for the consumers’ point of view, from the services offered by interstate telecommunications service providers.”²⁰³ Furthermore, the FCC stated that “the explosive growth of the VoIP industry in recent years” and the extent to which interconnected VoIP service is used as a substitute for analog voice service have necessitated a number of FCC rulemaking proceedings pertaining to interconnected VoIP services.²⁰⁴

The Commission annually updates the CPUC User Fee. As of January 1, 2024, the CPUC User Fee rate for all telephone corporations is 1.2 percent of intrastate revenues as adopted by Res. M-4870.²⁰⁵ All telephone corporations with annual gross intrastate revenues in excess of \$750,000 are required to remit

²⁰¹ Pub. Util. Code § 431(a).

²⁰² *Assessment and Collection of Regulatory Fees for Fiscal Year 2007*, Report and Order (*Regulatory Fees Order*) (MD Docket No. 07-81) (2007) 22 FCC Rcd 15712 at ¶ 11. The FCC again asserted its Title I ancillary jurisdiction to its order for interconnected VoIP providers to pay regulatory fees.

²⁰³ *Regulatory Fees Order* at ¶ 18.

²⁰⁴ *Regulatory Fees Order* at ¶ 18.

²⁰⁵ Regardless of revenues, a minimum annual CPUC User Fee of \$100 is required as established in D.10-09-017 and D.13-05-035.

this fee quarterly, by the 15th of April, July, October, and January. Those with annual gross intrastate revenues of \$750,000 or less are directed to remit the fee annually on or before January 15.²⁰⁶ All telephone corporations including interconnected VoIP service providers are subject to the late payment penalty for CPUC User Fees as set forth in Pub. Util. Code Section 405.

To allow for sufficient time for implementation, effective July 1, 2025, Interconnected VoIP service providers shall report gross intrastate revenue subject to user fees monthly and remit user fees quarterly (for those with intrastate revenues in excess of \$750,000) or annually (for those with intrastate revenues of \$750,000 or less).

8.2.3. Annual Affiliate Transaction Report

As telephone corporations, all interconnected VoIP service providers shall be required to file an Annual Affiliate Transaction Report. Cal Broadband asserts such requirements are unnecessary, costly and burdensome because the interconnected VoIP market is competitive, and no interconnected VoIP service provider has substantial market power.²⁰⁷

Section 587 and Section 797, however, obligate the Commission to monitor and audit the transactions between telephone corporations and affiliates. Certain exemptions to regulatory obligations depend upon whether a telephone corporation is affiliated with an incumbent. For example, D.04-10-038 exempts telephone corporations except those affiliated with an incumbent from formal application filings to transfer control or assets pursuant to Sections 851-854. In another example, D.99-02-038 exempts competitive local exchange providers

²⁰⁶ *Ibid.*

²⁰⁷ Cal Broadband Opening Comments on Scoping Memo at 16.

from the requirement to adhere to FCC accounting, unless the competitive provider is affiliated with an incumbent. With regard to a competitive market, affiliate relationships directly impact the degree of competition in the market. Maintaining a current status on affiliate relationships among corporations is fundamental to identifying how many independent services are available to consumers.

Therefore, all interconnected VoIP service providers, regardless of whether they provide nomadic-only service, will be subject to the Affiliate Transaction Reporting Requirements established by D.93-02-019. The annual affiliate transaction report, using the Communications Division's prescribed reporting template,²⁰⁸ must be submitted to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov no later than May 1 of the year following the calendar year for which the report is submitted. Due to the timing and filing schedule associated with the annual affiliate transaction report, all migrated interconnected VoIP service providers must file their first annual affiliate transaction report on or before May 1, 2026, and continue annually thereafter.

8.2.4. Annual Report on Operations and Financials Pursuant to General Order 104-A

All interconnected VoIP service providers except nomadic-only interconnected VoIP service providers are required to comply with the same annual reporting requirements on operations and financials pursuant to GO 104-A applicable to all telephone corporations. Therefore, all interconnected VoIP service providers excluding nomadic-only interconnected VoIP service

²⁰⁸ <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>.

providers (*i.e.*, DVN status) are subject to the Annual Reports on operations and financials pursuant to GO 104-A. The annual report on Operations and Financials, using the Communication Division's prescribed reporting template,²⁰⁹ must be submitted to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov no later than March 31 of the year following the calendar year for which the report is submitted. Due to the timing and filing schedule associated with the annual report, all migrated interconnected VoIP service providers, except those DVN service providers, must file their first annual report on operations and financials on or before March 31, 2026, and continue annually thereafter.

8.2.5. Maintenance of Books and Records with Generally Accepted Accounting Principles

Today, CLECs are exempt from the requirement to maintain books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32, with the exception of CLCs affiliated with ILECs.²¹⁰ This decision finds it reasonable to extend this exemption to all interconnected VoIP service providers not affiliated with ILECs as well.

8.2.6. Rates of Service

By 2006, the Commission had ceased regulating rates of telephone service in 2006 for all providers with the exception of small rural incumbent providers.²¹¹

²⁰⁹ <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>.

²¹⁰ D.99-02-038 and D.99-02-038 exempts competitive local exchange providers from the requirement to adhere to FCC accounting, unless the competitive provider is affiliated with an incumbent.

²¹¹ D.06-08-030 (ceasing wireline rate regulation) and D.95-10-032 (prohibiting wireless rate regulation in accordance with 47 U.S.C. Section 332(c)(3)).

Today, the Commission only regulates rates of small telecommunications providers that are ILECs serving small LEC territories. We find that interconnected VoIP service providers are not and should not be subject to rate regulation, which is consistent with our treatment of most telephone corporations.

8.2.7. Tariff Exemptions

Tariffs are a regulatory tool associated with rate regulation, traditionally serving as a reliable source of information about telephone rates and services, and a safeguard against anticompetitive behavior. Because the Commission deregulated all but what is known as “basic service” rates in 2006, tariffs are generally not applicable to the telephone services, including interconnected VoIP service, that customers purchase today.²¹² However, tariffs are statutorily required by Section 489, Section 491, and Section 495. In two major decisions, D.98-08-031 and D.07-09-081, the Commission found the voice market met the conditions required by Section 495.7 to grant exemptions from the tariff requirements.²¹³ The Commission’s licensing and registration processes allow new market entrants to request an exemption from tariffing requirements on the condition they comply with D.98-10-031. The Commission also relies upon rules

²¹² Sangoma Reply Comments on the OIR at 3-4.

²¹³ Section 495.7 gives the Commission authority to establish procedures for telephone corporations to apply for exemption from tariffing requirements of Sections 454, 489, 491 and to exempt certain classes of providers as a group. The criteria for exempting classes of providers are the Commission finding after finding competitive alternatives are available and sufficient alternative modes of customer protection are in place. The Commission established alternative consumer protections for customers regarding rates and pricing in D. 98-08-031 and D.07-09-018. The procedure for updating tariffs and the alternative consumer protections are also contained General Order 96-B, in the Telecommunication Industry Rules.

of general applicability protecting consumers as described in Section 8.1.4
Consumer Protection.

Parties argue regulatory oversight of clear and accessible price information and fair consumer treatment is more important than ever before for the voice service market.²¹⁴ No party disagrees with the importance of fair and transparent pricing and consumer protection. The only disagreement among parties is whether the federal oversight of interconnected VoIP providers is sufficient or if state oversight, as implemented by D.98-10-031 and D.07-09-018 is also necessary for interconnected VoIP service providers.²¹⁵

In D.07-09-018, the Commission considered whether service providers should request exemptions from tariff requirements (called permissive detariffing) or be granted a default exemption from tariff requirements without making a request (called mandatory detariffing). The Commission concluded that mandatory detariffing was statutorily prohibited and since that time, permissive detariffing is allowed.²¹⁶ Therefore, permissive detariffing (*i.e.*, detariffing by request) will continue to apply for the CPCN and Section 1013 processes. All interconnected VoIP service providers except nomadic-only interconnected VoIP service providers may request detariffing for their services in the CPCN application or Section 1013 registration form. Because existing Section 285 registrants have been operating already without tariffs, it is reasonable to grant detariffed status to those Section 285 registrants migrated to operating authority as described in Section 7.1.1 of this decision for all their

²¹⁴ Small Business Opening Comments on the Scoping Memo at 3, Joint Consumers Opening Comments on the Scoping Memo at 10-11, 19.

²¹⁵ Cloud Reply Comments on the Scoping Memo at 6-8.

²¹⁶ D.07-09-018 at 53-55, CoL 18-19.

services. Providers granted CPCNs between August 2022 and the present, who will be migrated as described in Section 7.2.1 of this decision shall retain the tariff (or detariffed) status for their services set forth in their decision granting operating authority.

In D.07-09-018, the Commission concluded once a service was detariffed, the provider of that service would not be required to file anything further with the Commission regarding the detariffed service.²¹⁷ This is a logical approach that should be implemented for detariffed services of all types of telephone corporations, including all interconnected VoIP service providers. The current compliance requirement for service providers without tariffed services to annually confirm to the Commission that this remains the case is a vestige of the time when detariffed status was more the exception than the rule. In determining to require interconnected VoIP service providers to possess operating authority, we have also determined to shed legacy compliance requirements. An annual certification for service providers without tariffed services should be among those legacy compliance requirements being shed. Therefore, all types of service providers without tariffed services are relieved of the obligation to annually certify that their services remain detariffed. All interconnected VoIP service providers granted detariffed status may elect to tariff their services. If an interconnected VoIP service provider granted detariffed status through the migration process subsequently decides to offer services that require a tariff or schedule, such as basic service, the interconnected VoIP service provider must submit its proposed tariffs to the Commission's Communications Division via a Tier 2 Advice Letter using the GO 96-B advice letter process at least 30 days

²¹⁷ D.07-09-018 at CoL 27.

before initiation of service.²¹⁸ Finally, this decision maintains that all tariffed telephone corporations including interconnected VoIP are required to comply with the tariff requirements pursuant to Pub. Util. Code Section 489(a). To effectively implement this requirement, all telephone corporations, except nomadic-only interconnected VoIP and WIR service providers, must submit to the commission its complete tariff in effect at the beginning of each year.²¹⁹ The annual tariff filing, using the Communications Division's prescribed filing process, must be submitted to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov no later than February 15 of each year.

**8.2.8. Transfer of Control or Assets
Pursuant to Sections 851-854**

Since 2004, the Commission has permitted all telephone corporations other than incumbents or affiliates of incumbents to seek authority for mergers or transfers of control or assets through a Tier 2 advice letter with certain exceptions as outlined in Appendix G, unless the transactions are subject to the requirements of Sections 854(b)-(c). The Commission has found consumer interests in such transactions involving ILECs utilities require a higher level of scrutiny than in transactions of non-incumbent utilities. The public interest in streamlined regulatory oversight relied upon by the Commission in D.04-10-038 is a compelling reason to grant the same advice letter approval process to all interconnected VoIP service providers except those affiliated with incumbents. All interconnected VoIP service providers not affiliated with incumbents may utilize the advice letter process reprinted for convenience in this decision in

²¹⁸ Pursuant to D.12-12-038, Appendix A, Section II, parts a and b.

²¹⁹ GO 96-B, Telecommunications Industry Rule 5.5.

Appendix G for prospective authority to transfer assets or control subject to Sections 851-854.

8.2.8.1. Transfers Involving Nomadic-Only Interconnected Voice Over Internet Protocol Service Providers

Consistent with current rules for transfers involving CMRS providers,²²⁰ all nomadic-only interconnected VoIP service providers must submit an information-only submittal setting forth changes in the provider's registration information. For clarity, an information-only submittal is the term of art for the requirement to notify the Commission 30 days in advance of such a transfer. While the Commission has jurisdictional authority to approve transfers of control involving wireless telephone corporations, the Commission also found it reasonable to implement the requirement in the least burdensome manner possible (information-only submittal) and to reserve the formal application for approval only in rare instances when the circumstances warrant further review. As an example of a rare circumstance in which a proposed transfer of control of a wireless telephone corporation merited formal review, the proposed merger between T-Mobile and Sprint was evaluated through A.18-07-011 *et. al.* In opening comments on the PD, VON Coalition questions whether the information-only submittal requirement is indeed "ministerial" as characterized in this decision.²²¹ A benefit of applying existing processes to interconnected VoIP service providers is that these processes have a long track record of implementation, and the number of information-only submittals processed by the Commission with no intervention provides support for the characterization

²²⁰ GO 96-B Telco Industry Rule 8.6.3.

²²¹ VON Coalition Opening Comments on the PD at p. 3.

of this requirement as ministerial. Therefore, it is reasonable and necessary to maintain basic oversight of voice providers by requiring interconnected VoIP providers to notify the Commission 30 days in advance of a change in corporate structure resulting from a transfer of control, and reserving the option to require the transaction to be reviewed in an application or other formal proceeding should fact-specific circumstances warrant a higher level of review.

8.2.9. Exemption for Transfers of Assets for Purposes of Securing Debt, and Issuance of Stocks and Securities Under Sections 816-830 and Section 851

The Commission exempted NDIECs from the requirements of the obligations established in Sections 816-830 concerning stocks and security in D.85-01-008, subsequently modified in D.85-07-081 and D.85-11-044. The exemption applies also to Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt. The Commission allowed the same exemptions for non-facilities-based CLECs in D.96-02-072 and D.97-01-015.

Cal Broadband argues the same exemptions should apply to interconnected VoIP providers as “communications providers may have already organized their business to provide VoIP service via a different affiliate than the one that is certificated or registered as a CLEC or NDIEC for legitimate business, operational, and-or regulatory reasons.”²²²

This decision exempts all interconnected VoIP service providers and all facilities-based CLECs from Sections 816-830 pertaining to the issuance of stocks and securities and from Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt, with the exception of affiliates

²²² Cal Broadband Opening Comments on OIR at 18.

associated with incumbents. Regulatory oversight of issuance of stocks and securities and pertaining to transfers for purposes of securing debt is relevant to rate regulated entities. Today, the Commission does not regulate the rates of full facilities-based CLECs with the exception of affiliates associated with incumbents, so it is appropriate to apply this exemption to all CLECs, consistent with our treatment of interconnected VoIP.

8.2.10. Service Offered in Small LEC Service Territories

In 2020, the Commission issued D.20-08-011 adopting specific obligations for service providers seeking and obtaining operating authority to provide voice wireline service in the territories served by the Small LECs. In this proceeding, the Small LECs requested the Commission consider whether and how the obligations established for facilities-based CLECs serving customers in Small LEC areas would apply to interconnected VoIP service providers.²²³ Many of the requirements adopted by the Commission for competitive wireline voice service providers are already extended to facilities-based interconnected VoIP service providers in the instant decision, *e.g.* compliance with affiliate transaction rules and reporting requirements, consumer protection and public safety and reliability requirements.²²⁴ All interconnected VoIP service providers seeking and obtaining facilities-based operating authority in the territories of the Small LECs (Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, The Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, Volcano Telephone

²²³ Small LEC Reply Comments on the OIR at 4.

²²⁴ D.20-08-011 at CoL 8, CoL 14.

Company, Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company) shall comply with the applicable rules adopted in Appendix A and Appendix B of D.20-08-011.

8.3. Enforcement

On June 21, 2018, the Commission adopted Res. T-17601 that authorized Communications Division to implement a citation program for enforcing compliance by telephone corporations with the Commission's resolutions, decisions, orders and the Public Utilities Code. The public interest requires the rules and requirements established in this decision be equally enforced in the same manner. Thus, this decision confirms Communications Division's authority to issue citations pursuant to Res. T-17601 to all telephone corporations including interconnected VoIP service providers.

All enforcement tools that the CPUC uses against other telephone corporations and public utilities apply equally to all interconnected VoIP service providers.

9. Second Phase of Proceeding for Implementation

9.1. Workshop on Technical Aspects of Interconnected VoIP Services

The second phase of this proceeding will focus on identifying providers' configuration of voice offerings, including provision of interconnected VoIP service, and address any outstanding questions in how to apply the new regulatory classifications for interconnected VoIP service. In opening comments on the proposed decision, several parties identified potential workshop topics. Frontier and Consolidated request a technical workshop needed to evaluate the

practical ramifications of reclassification of interconnected VoIP services.²²⁵ Several practical ramifications of the reclassification of interconnected VoIP services are whether and Cloud identifies a need to bridge the definitions of telecommunications facilities describing traditional local and long distance wireline networks to apply to the “cloud-based architecture and dynamic, flexible infrastructure” employed in the provision of nomadic-only interconnected VoIP service.²²⁶

Related, some parties request the proposed decision address issues not yet developed in this proceeding, such as the Small LECs’ request for the interconnected VoIP regulatory framework to distinguish operating authority granted in the Small LEC service territories from other operating authority. This request is appropriate to present and develop in a workshop setting.

Next, some parties already granted operating authority pursuant to Section 1001 or Section 1013 prior to August 2022 raised issues in their comments on the proposed decision that may benefit from workshop discussion; whether existing wireline voice service providers offering interconnected VoIP service and granted operating authority pursuant to Section 1001 or Section 1013 prior to August 2022 should append to their existing utility type designations the DVF utility type designation.²²⁷

²²⁵ Frontier Reply Comments on the proposed decision at 4, Consolidated Reply Comments on the proposed decision at 5.

²²⁶ Cloud Opening Comments on the proposed decision at 3.

²²⁷ Sonic Opening Comments on the proposed decision at 5-6, Hotwire Opening Comments on the proposed decision at pp. 1-2.

A forthcoming ruling will invite party input on the workshop topics identified in this decision and also invite proposals for workshop structure(s) to address the specific issue(s) identified.

9.2. Statutory Deadline Extension

The initial deadline to complete this proceeding was within 18 months, as required by Section 1701.5(a). Due to the complexity of the issues, the statutory deadline for this proceeding was extended from February 30, 2024, to August 30, 2024 in the Scoping Memo and until December 31, 2024 in D.24-08-045.

An extension of the statutory deadline is necessary to conduct the second phase of this proceeding, including the issuance of rulings, conducting workshops, and filing of party comments, and to issue a decision on issues in the second phase of this proceeding. Therefore, this decision extends the statutory deadline of this proceeding to August 1, 2026.

10. Summary of Public Comment

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 comments were posted on the public comments tab in the docket of this proceeding.

11. Conclusion

This decision establishes a new regulatory framework applicable to interconnected VoIP services in order to evenly extend to all voice customers the safeguards and consumer protection avenues administered by the Commission, regardless of the technology underlying the voice service. This decision identifies the necessary and appropriate regulatory obligations depending on whether the

interconnected VoIP service provider is fixed or nomadic-only and whether the interconnected VoIP service provider is affiliated with an incumbent provider. Furthermore, this decision streamlines the Commission's CPCN application and Section 1013 registration granting operating authority to wireline telephone corporations to remove extraneous and outdated requirements and clarify requirements and obligations. This decision establishes a Nomadic Registration process for the Commission to oversee the provision of voice service by nomadic-only interconnected VoIP service providers, consistent with FCC Orders, including the FCC Vonage Order and subsequent FCC orders limiting its preemptive effect over state market entry regulations. Finally, this decision launches a second phase of the proceeding to consider any outstanding questions regarding the application of the new regulatory classifications for interconnected VoIP service.

12. Request to File Under Seal and other Procedural Matters

On March 9, 2023, Comcast and Charter filed public and confidential versions of their responses to the ALJ Ruling seeking further information concerning technological distinctions of interconnected VoIP services issued February 16, 2023. Pursuant to Section 583, GO 66-D, and Rule 11.4, Comcast and Charter filed motions for confidential treatment of their subscribership information contained in the confidential versions of their responses to Question 5 of the ALJ Ruling. In their motion, Comcast and Charter assert their subscribership information is confidential according to state and federal law and Commission precedent, and request the Commission afford confidential treatment to the sensitive information therein.

No party opposed the motions of Comcast and Charter to file under seal. Good cause having been shown, the motions to file under seal are granted and the confidential versions of the Comcast and Charter responses shall be protected from public disclosure.

This decision also affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

13. Comments on Proposed Decision

The proposed decision of Commissioner John Reynolds in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3.

On September 27, 2024, the ALJ granted a request to extend the date for the submission of opening and reply comments by one week, respectively, by ruling. Comments were filed on October 10, 2024 by Comcast, Cox, Consolidated, Frontier, VON Coalition, Cloud, CTIA, Small LECs, AT&T, Small Business, TURN, CforAT, Cal Broadband, US Telecom, Hotwire and Sonic. Reply comments were filed on October 15, 2024 by Comcast, Consolidated, Frontier, Small LECs, AT&T, Small Business, TURN, Cal Broadband, ACLP, and Sonic.

We have reviewed all comments and reply comments. We have added further discussion or modified various sections of the proposed decision in response to comments, where clarifications or changes were warranted.²²⁸ Below, we provide further discussion of issues raised in comments.

Parties' comments on the proposed decision raise four categories of issues: (a) the Commission's jurisdiction over interconnected VoIP services, (b) due

²²⁸ Silence on an issue raised in comments on the proposed decision does not mean that the Commission did not consider it.

process, (c) the migration process and nomadic-only definition, and (d) clarifications to jurisdiction and confidentiality discussions to avoid ambiguity.

The first category consists of repetitious jurisdictional arguments already raised in the multiple rounds of comments in this proceeding prior to the issuance of the proposed decision. We have duly considered these arguments in the context of this proceeding, as well as in other final Commission decisions cited herein. Thus, we are not persuaded by comments on the proposed decision that simply restate previous arguments claiming the Commission lacks jurisdiction over interconnected VoIP service providers under state or federal law. We do, however, agree with TURN that it would be helpful to reference relevant FCC and court orders to our jurisdiction discussion.²²⁹ We have revised Section 4 accordingly to provide further clarification on this issue. Relatedly, several industry parties characterize the establishment of the interconnected VoIP regulatory framework and associated licensing requirements as burdensome and unnecessary regulation from a legacy era when voice service was provided by monopoly providers. They also warn of negative market and economic effects as a result of today's decision. These arguments are not supported by the record and the Commission does not find them compelling.

As an initial matter, many interconnected VoIP service providers already possess operating authority in California, including those interconnected VoIP providers listed in Appendix E of this decision; some have held operating authority for decades. Adopting a regulatory framework for interconnected VoIP service providers as this decision does is required by state law because these companies are engaged in the public utility telephone business within this state.

²²⁹ See TURN Opening Comments on PD, at pp. 1-4.

It is not consistent with state law nor competitively neutral to continue to allow interconnected VoIP service providers to operate on an informal or voluntary basis when other wireline and wireless telephone corporations must comply with formal licensing or registration requirements.

Second, in practice, today's registration requirements for NDIECs and wireless telephone corporations in California are limited to oversight requirements to maintain competitive and technological neutrality in a continually evolving market for voice telephone service, and to administer and enforce regulatory obligations consistent with state and federal law such as consumer protections. Similarly, CLECs are not rate regulated and have been extended many of the exemptions to the Public Utilities Code first given to NDIEC carriers. Where necessary, this decision takes the opportunity to further amend, update and streamline the existing regulatory models.

The second category regards adherence to Rule 7.5 and additional requests for workshops in this proceeding, which we accommodate by launching a second phase of this proceeding and renewing the request for parties to identify topics that would benefit from workshop treatment and propose workshop agendas and structures.

The third category raised issues about the need for clarifications concerning the migration process and the nomadic-only definition. Where warranted, we have added the necessary clarifications throughout this decision.

14. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Camille Watts-Zagha is the assigned ALJ in this proceeding.

Findings of Fact

Regulatory Framework

1. Interconnected VoIP service is functionally similar to existing wireline telephone service in that both provide voice service to end users by connecting to the public switched telephone network (PSTN), regardless of the underlying technology used to provide the voice service.

2. A two-way voice communication that may be originated or terminated from the PSTN is what makes VoIP service interconnected.

3. The Commission has established regulatory frameworks for the following categories of voice service: (1) local exchange service; (2) interexchange service; and (3) commercial mobile radio service (wireless service).

4. Interconnected VoIP service does not involve distinguishing between local service and long-distance service as occurs within the traditional wireline regulatory framework.

5. The Commission's existing designations of service types of LEC, CLC, IEC, CLR, and IER are not appropriate for classifying interconnected VoIP service.

6. The Commission's term-of-art "switchless reseller" that applies to licensing and registration of traditional local and long-distance service providers does not apply to interconnected VoIP service.

7. Interconnected VoIP service requires its own regulatory framework that appropriately distinguishes between the two main types of interconnected VoIP service, which are generally characterized as fixed or nomadic.

8. Fixed interconnected VoIP service is not operated independently from the network operator providing the broadband connection.

9. Fixed interconnected VoIP service includes last mile infrastructure associating the service with one primary location.

10. Fixed interconnected VoIP service may include ancillary portability that allows the voice service to be accessed from locations other than the primary location, but that feature does not change the fixed status of the underlying voice service because the service remains connected to a physical location and to the broadband service provider.

11. Fixed interconnected VoIP service may be accessed by more than one type of end-user communications device.

12. While nomadic interconnected VoIP service resembles the voice service provided by fixed interconnected VoIP service or traditional telephony service providers, the FCC, in the Vonage Order (19 FCC Rcd. 22404) found some fundamental differences that made it impossible or impracticable to separate the service into intrastate and interstate components. The key characteristics of nomadic interconnected VoIP service are:

- Access from any broadband connection to the internet; location and Internet access provider irrelevant; fully portable;
- Specialized Customer Premise Equipment — , *e.g.* a personal computer with a microphone and speaker, and software to perform the conversion (softphone);
- Integrated capabilities and features (*e.g.*, voicemails, three-way calling, geographically independent phone numbers, etc.)
- Customer/Call Location - Telephone numbers not necessarily tied to user's physical location for assignment or use; call to telephone number can reach customer anywhere in world and does not require the user to remain at a single location.

13. Nomadic interconnected VoIP service uses North American Numbering Plan numbers as the identification mechanism for the user's Internet address, but

those numbers are not necessarily tied to the user's physical location for either assignment or use.

14. The FCC, in the Vonage Order, preempted states from adopting regulations that act as conditions to market entry for nomadic interconnected VoIP services.

15. Nomadic interconnected VoIP service with the four key characteristics that the FCC relied upon to preempt state market entry regulations shall be identified in the Commission's Interconnected VoIP regulatory framework as "nomadic-only interconnected VoIP service".

16. Nomadic-only interconnected VoIP service may be described as network operator agnostic and end-user communications device agnostic.

17. The Commission identified interconnected VoIP service providers registered through the prior Section 285 registration process with the utility type designation DVS.

18. The utility type designation DVS does not distinguish between fixed interconnected VoIP service providers and nomadic-only interconnected VoIP service providers.

19. A new utility type designation DVF is necessary to identify a fixed interconnected VoIP service provider for California regulatory purposes.

20. A new utility type designation DVN is necessary to identify a nomadic-only interconnected VoIP service provider for California regulatory purposes, and should be used to classify interconnected VoIP service providers with the following characteristics: (1) service may be used from more than one location or at multiple locations anywhere, (2) service can be accessed from any broadband connection, (3) service is provided to nomadic (portable) IP compatible communication devices, (4) provider cannot track exact location of

calls, (5) provider does not have facilities, and (6) does not provide any component of fixed interconnected VoIP service.

21. The utility type designations DVF and DVN should be established to facilitate regulation of interconnected VoIP service providers in California.

22. Full facilities-based providers refers to telecommunications providers, including interconnected VoIP service providers, owning, operating, or intending to build or install telecommunications infrastructure and equipment in public rights-of-ways or engage in other trenching activity.

23. Limited facilities-based providers refers to telecommunications providers, including interconnected VoIP service providers, owning or operating telecommunications infrastructure or equipment and installing it within existing structures or facilities of other licensed providers, public utilities, or municipalities.

24. Public utility telephone corporations that do not own or operate telecommunications network infrastructure are considered non-facilities-based providers.

25. Interconnected VoIP service providers may be facilities-based, limited facilities-based, or non-facilities-based.

26. The Nomadic Registration fee should be set at \$250 to be consistent with the Wireless registration fee and Section 1013 registration fee.

27. The cost of processing the Nomadic Registration will increase over time due to inflation and should be adjusted annually using the BLS CPI-U calculator unless the Commission makes a finding stating otherwise.

Application and Registration Processes and Requirements

28. Outdated or unclear requirements are barriers to a competitive and neutral telecommunications market.

29. Making uniform changes to CPCN application processes and Section 1013 registration processes allows interconnected VoIP service providers to be licensed through the CPCN application or Section 1013 registration.

30. Fairness and neutrality are maintained by streamlining the CPCN application processes and Section 1013 registration processes for all telephone corporation utility types.

31. Currently applicants found ineligible for the Section 1013 registration and transferred to the CPCN application are not required to pay the full CPCN application fee.

32. The administrative burden to process a CPCN application is higher than the administrative burden to process a Section 1013 registration application.

33. Currently telephone corporations seeking operating authority are required to document possession of financial resources in the following amounts:

- a. Non-facilities-based providers – at least \$25,000 in unencumbered cash;
- b. Facilities-based providers – at least \$100,000 in unencumbered cash; and
- c. Any service provider intending to interconnect with ILECs – an amount equal to the deposit required by the ILECs or \$25,000.

34. The means by which telephone corporations may document possession of financial resources was originally specified in D.95-07-054 and D.95-12-056, Appendix C and affirmed in D.13-05-035.

35. The means by which applicants for operating authority document possession of “cash or cash equivalent,” in the required amounts has been the subject of confusion.

36. An acceptable means of documentation for “cash or cash equivalent” is a sequence of three unaudited bank statements, as follows:

- a. At the time of application, an unaudited bank statement dated within two months of the application date for a CPCN or Section 1013 registration included with the application; and
- b. At six and 12 months after of the issuance date of the authorizing decision, unaudited bank statements submitted to the Commission in an information-only submittal within eight and 14 months, respectively.

37. The Energy Division's 21-day expedited process is used for approval of projects proposed by telephone corporations that are highly likely to be categorically exempt from CEQA review, and was previously made available through decisions in individual applications.

38. A CPCN application form is required to streamline the process to obtain operating authority for telephone corporations.

39. The Section 1013 registration form requires updates to incorporate interconnected VoIP service providers and incorporate the changes made by this decision.

40. A Nomadic Registration form is required to register nomadic-only interconnected VoIP providers.

41. The Communications Division is responsible for maintaining application forms on the Commission website consistent with Commission decisions updating the regulatory obligations of all telecommunications provider utility types.

42. Establishing a Nomadic Registration process will allow the Commission to administer the regulatory obligations applicable to nomadic-only interconnected VoIP service providers.

43. A self-attestation form is the appropriate vehicle for interconnected VoIP service providers to qualify for Nomadic Registration.

44. In D.97-09-035, the Commission granted presumptive confidential treatment for one year to financial documentation supporting Section 1013 applications for operating authority as long as the applicant submitted commercially valuable financial documentation in a separate envelope clearly marked as directed in D.97-09-035.

45. In 2018, the Commission updated its confidentiality rules and guidelines in GO 66-D.

46. In D.20-08-031, the Commission updated GO 66-D containing the requirements for public utilities seeking confidential treatment of commercially valuable information.

47. The requirements for granting confidential treatment for requisite proof of financial resources, and estimated costs of construction and customer numbers supporting registration applications for operating authority should be updated to be consistent with GO 66-D and should be extended to applications for operating authority through a CPCN.

48. The Commission currently makes individual determinations in CPCN decisions on the confidential treatment of documents proving applicants' financial fitness through certain financial documents and instruments showing their financial resources.

49. The Commission currently makes individual determinations in CPCN decisions on the confidential treatment of applicants' estimated costs of construction and number of customers in the first and fifth year of operation.

50. CPCN applicants' motions to file under seal the requisite proof of financial fitness through documentation of their financial resources, as well as statements detailing their estimated costs of construction and estimated number of customers are often undisputed and granted by the Commission.

51. The Commission requires applicants seeking operating authority pursuant to Pub. Util. Code section 1001 or 1013 to submit the same financial documents proving financial fitness, as ordered in D.95-12-056 and D.14-11-004, respectively, and restated in this decision, Appendix F.

52. Confidentiality determinations of financial information submitted in Section 1013 or Section 1001 (CPCN) applications to prove financial fitness through documentation of applicants' financial resources, as well as statements detailing estimated costs of construction and customer numbers in CPCN applications, should be consistent with state laws and CPUC orders, including GO 66-D.

53. Cal. Gov. Code section 7925.005 allows the Commission to withhold information of an applicant's financial resources that establishes the applicant's qualification for a license or certificate requested.

54. Cal. Gov. Code section 7922.000 allows the Commission to withhold information submitted to the Commission by a public utility where the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure.

55. Treating as presumptively confidential the requisite proof of financial resources supporting Section 1013 and CPCN applications for operating authority will aid the Commission in efficiently processing these applications, which in turn will benefit consumers by providing quicker access to more communications service providers.

56. Treating as presumptively confidential the requisite proof of estimated costs of construction and customer numbers supporting CPCN applications for operating authority will aid the Commission in efficiently processing these

applications, which in turn will benefit consumers by providing quicker access to more communications service providers.

57. Treating as presumptively confidential the requisite proof of financial resources supporting Section 1013 and CPCN applications and proof of estimated costs of construction and customer numbers supporting CPCN applications promotes a neutral and competitive telecommunications market by expanding consumer access to all qualified service providers.

58. Treating as presumptively confidential the financial documents listed in Appendix F of this decision, as well as the estimates of construction costs and customer numbers submitted in CPCN applications, harmonizes the expedited confidentiality process we envisioned for Section 1013 applicants in D.97-09-035 with state law and GO 66-D requirements.

59. Annually updating performance bond documentation via a Tier 1 advice letter instead of by information-only submittal will improve administration and streamline requirements for all telephone corporations.

60. Annual filing of a continuation certificate, payment invoice, or letter facilitates staff review in order to confirm the performance bond is still in effect.

Migration

61. The Commission registered interconnected VoIP service providers through the prior Section 285 process without distinction to the fixed or nomadic functionality of the service.

62. The Commission has granted interconnected VoIP service providers CPCN or Section 1013 operating authority without distinction to the fixed or nomadic functionality of the service.

63. Prior Section 285 registrants, with the exception of nomadic-only interconnected VoIP service providers, require operating authority.

64. Prior Section 285 registrants qualifying as nomadic-only interconnected VoIP service providers require a Nomadic Registration.

65. CPCN holders and Section 1013 registrants qualifying as nomadic-only interconnected VoIP providers require a Nomadic Registration.

Interconnected VoIP Service Providers' Regulatory Obligations

66. In D.13-05-035 the Commission found imposition of a performance bond requirement is not a bar to market entry.

67. All interconnected VoIP service providers, including nomadic-only, are required to collect, report and remit Public Purpose Program surcharges to support universal service in California.

68. Interconnected VoIP service providers out of compliance with Public Purpose Program surcharges requirements must come into compliance to be granted operating authority or given Nomadic Registration.

69. Waiving the 10 percent interest on past-due Public Purpose Program surcharges for interconnected VoIP service providers, who remedy their failure within 180 calendar days of the issuance date of this decision to pay past-due charges and late fees in accordance with the deadlines established in Section 8.1.1.1 of this decision, is reasonable to expeditiously bring all currently operating interconnected VoIP service telephone corporations into compliance with Section 285.

70. Exempting interconnected VoIP service providers from paying the Section 431 CPUC User Fee is inconsistent with state law obligating all utility telephone corporations to pay the fee.

71. The Commission requires information about affiliate relationships among telephone corporations to carry out its duties mandated in Section 587 and Section 797.

72. Affiliate relationships directly impact the degree of competition in the market.

73. Maintaining a current status on affiliate relationships among corporations is fundamental to identifying how many independent services are available to consumers.

74. D.99-02-038 exempts CLECs from the requirement to maintain books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32, with the exception of CLECs affiliated with ILEC.

75. The Commission has the authority to change the procedure for transfers of control or assets subject to Sections 851-854.

76. Except nomadic-only interconnected VoIP and wireless service providers, all tariffed telephone corporations that did not elect detariffed status are required to comply with the tariff requirements pursuant to Pub. Util. Code Section 489(a).

Procedural Matters

77. Pursuant to Section 583, GO 66-D, and Rule 11.4, Comcast and Charter filed motions for leave to file confidential versions of their responses to the ALJ Ruling under seal.

78. The current statutory deadline for this proceeding is December 31, 2024.

79. A second phase of this proceeding is necessary to address application of the new regulatory classifications and other technical issues and to issue a decision resolving issues in the second phase of the proceeding.

80. The second phase of this proceeding is expected to extend until August 1, 2026.

Conclusions of Law

Regulatory Framework

1. The CPUC has broad jurisdiction over public utilities, including public utility services and facilities of telephone corporations.
2. Telephone corporations operating in California shall either have a CPCN pursuant to Pub. Util. Code Section 1001, Section 1013 registration, or be a telephone corporation authorized to operate in California without a CPCN or Section 1013 registration.
3. Telephone corporations as defined in Section 234, providing service over telephone lines as defined in Section 233, include companies providing service enabled by interconnected VoIP service as defined in Section 239.
4. The Commission should establish a distinct regulatory framework for interconnected VoIP service.
5. The FCC Vonage Order limits state regulation of market entry and rates only where voice service is not tied to the user's physical location for use or assignment of telephone numbers, it can be used on any broadband connection from any service provider, it is fully portable, and has no direct or indirect way to track the jurisdictional confines of customer calls.
6. Interconnected VoIP service with the distinguishing features similar to Vonage's voice service at issue in the FCC Vonage Order should be classified as "nomadic-only interconnected VoIP service" for California regulatory purposes.
7. Nomadic-only interconnected VoIP service providers cannot be granted operating authority through the Commission's existing CPCN or Section 1013 registration processes due to the FCC Vonage Order preempting state market entry regulation for such service.

8. The regulatory framework for interconnected VoIP service, with the exception of nomadic-only interconnected VoIP service, should generally mirror the existing traditional wireline regulatory framework.

9. All interconnected VoIP service providers except providers of nomadic-only interconnected VoIP service should be subject to authority to operate pursuant to either Section 1001 (CPCN)s or Section 1013.

10. The regulatory framework for nomadic-only interconnected VoIP service should generally mirror the existing wireless regulatory framework.

11. Local service and long-distance service designations of LEC, CLC, IEC, CLR, and IER should not be applied to interconnected VoIP service providers.

12. The term switchless reseller is not applicable to interconnected VoIP service.

13. The utility type designation DVS should be discontinued.

14. New utility type designations DVF and DVN should be established to facilitate regulation of interconnected VoIP service providers in California.

15. DVF should be the utility type designation to identify a fixed interconnected VoIP service provider for California regulatory purposes.

16. DVN should be the utility type designation to identify a nomadic-only interconnected VoIP service provider for California regulatory purposes.

17. CPCN licensing and Section 1013 registration should be used to grant operating authority for all wireline telephone corporation types except nomadic-only interconnected VoIP service providers.

18. All facilities-based utility types including LEC, CLC, IEC, CLR, IER, and DVF require operating authority through a CPCN.

19. It is reasonable to allow a period of 180 days for unlicensed interconnected VoIP service providers required by this decision to obtain operating authority to

comply with the licensing requirement before becoming subject to a penalty for unlicensed provision of service.

20. It is reasonable to allow interconnected VoIP service providers already in possession of operating authority to opt to fulfill regulatory obligations using existing authority and to discontinue the DVS utility type designation and the Utility ID Number associated with the DVS utility type designation.

21. The Commission is responsible for administering regulatory obligations applicable to nomadic-only interconnected VoIP service providers.

22. Nomadic Registration should be used to establish regulatory oversight of nomadic-only interconnected VoIP service providers.

23. All nomadic-only interconnected VoIP service providers should register with the Commission through a Nomadic Registration.

24. Interconnected VoIP service providers filing a Nomadic Registration should include an attestation to the Commission that its voice service has the key characteristics of nomadic service as set forth in the Vonage Order and attest that it cannot separate intrastate calls from interstate calls.

25. The Nomadic Registration fee should be set at \$250.

26. Unless the Commission finds otherwise, the Communications Division staff should annually adjust the Nomadic Registration, Section 1013, and WIR registration fees by the consumer price index (CPI) using the United States Bureau of Labor CPI-U calculator on July 1, post the new fees on the Commission's website by July 15, and the new fees will become effective on August 1.

Application and Registration Processes and Requirements

27. The Commission should update and streamline existing licensing and registration processes pertaining to all telephone corporation types.

28. It is reasonable to create a CPCN application form for use by all CPCN applicants.

29. The fee for operating authority through a CPCN application should be the same regardless of whether the applicant initiates their application using a CPCN application or the Section 1013 registration process.

30. A Section 1013 registration applicant notified to pursue operating authority through a CPCNs should be required to pay the full application fee within 15 days of notice.

31. The amount of financial resources unencumbered and available for one year following certification required to obtain operating authority for a provider intending to interconnect with ILECs should be changed from the amount equal to the deposits required by ILECs to a flat \$25,000.

32. All applicants for operating authority should demonstrate possession of financial resources in their application or registration with any of the financial instruments listed in Appendix F.

33. Unaudited bank statement should be added as a means by which applicants for operating authority can document possession of "cash or cash equivalent," in the required amounts, and the financial requirement should be met with a sequence of three unaudited bank statements, as follows:

34. At the time of application, an unaudited bank statement dated within two months of the application date for a CPCN or Section 1013 registration included with the application; and

35. At six and 12 months after of the issuance date of the authorizing decision, unaudited bank statements submitted to the Commission in an information only submittal, within 8 and 14 months of the issuance date of the authorizing decision, respectively.

36. The amount of unencumbered cash required for deposits to be documented for new market entrants seeking to interconnect with ILECs should be \$25,000.

37. Disclosing the financial documents, as listed in Appendix F of this decision, which reveals a Section 1013 or CPCN applicant's financial resources, does not serve a public interest that substantially outweighs potentially putting the service provider at a competitive disadvantage by disclosing its financial status.

38. Disclosing information of a CPCN applicant's estimated costs of construction and estimated customer numbers does not serve a public interest that substantially outweighs potentially putting the service provider at a competitive disadvantage by disclosing this type of business expense or market share information.

39. The financial documents, as listed in Appendix F of this decision, which reveals a Section 1013 or CPCN applicant's financial resources, and a CPCN applicant's estimated costs of construction and estimated customer numbers qualify for and should be treated as presumptively confidential pursuant to GO 66-D, Section 3.4.

40. Presumptively confidential information supporting Section 1013 and CPCN applications must be clearly identified electronically or by being submitted in a sealed envelope clearly marked "CONFIDENTIAL FINANCIAL AND BUSINESS INFORMATION - SUBMITTED UNDER SEAL PURSUANT TO Decision xx-xx-xxx [*insert decision number of final decision in R.22-08-008 once issued*]" and must be accompanied by a public confidentiality declaration that specifies the confidential documents and cite to this decision as the basis for confidential treatment.

41. Presumptively confidential information supporting Section 1013 and CPCN applications should be exempt from disclosure pursuant to GO 66-D, Section 3.4, Section 5, and Section 6, including requests for Commission records pursuant to the California Public Records Act.

42. All telephone corporations should annually update performance bond documentation via a Tier 1 advice letter to confirm the performance bond is still in full force and effect including, but not limited to, a continuation certificate, payment invoice, or other documentation.

43. CPCN applicants, including all providers of telephone service including interconnected VoIP service, should be allowed to utilize the Commission's 21-day expedited CEQA review process if their proposed full facilities-based project activities are highly likely to qualify for a categorical exemption under CEQA review.

44. The Commission should delegate authority to the Communications Division to modify the CPCN application form, the Section 1013 registration form, the Nomadic Registration form, and the WIR form to clarify its contents, improve the accessibility of the document in electronic form, or make other changes as are necessary and consistent with Commission decisions.

45. The Commission should create a formal registration process for nomadic-only Interconnected VoIP service providers.

46. The formal registration process for nomadic-only Interconnected VoIP service providers should be called Nomadic Registration.

47. The Commission should delegate processing of Nomadic Registration to the Director of the Communications Division (or its successor).

48. Pending CPCN applications of companies offering nomadic-only interconnected VoIP service should be dismissed.

49. Upon approval by the Director of the Communications Division, nomadic-only Interconnected VoIP service providers should be issued a Utility ID Number and utility type code DVN.

50. The Nomadic Registration fee should be set at \$250, and increase annually using the United States Bureau of Labor Statistics Consumer Price Index-U calculator unless the Commission makes a finding stating otherwise. The Commission should update the Nomadic Registration fee annually on July 1, post the new fee on the Commission's website by July 15, and make the new fee effective as of August 1.

51. The fee for Section 1013 registrations and WIRs should be the same as that set for Nomadic Registrations, and on the same schedule, unless the Commission makes a finding stating otherwise.

Migration

52. Prior Section 285 registrants, with the exception of nomadic-only Interconnected VoIP service providers, listed in Appendix D of this decision should be automatically migrated to DVF utility type and operating authority 45 calendar days after the date of issuance of today's decision unless the provider opts-out of automatic migration.

53. Prior Section 285 registrants opting-out of automatic migration within 45 days of the date of issuance of today's decision should be designated as DVN utility type, if appropriate.

54. Prior Section 285 registrants who do not want to continue providing interconnected VoIP services in California and seek to voluntarily surrender their prior Section 285 registration should opt-out from the automatic migration within 45 calendar days of the date of issuance of today's decision.

55. CPCN holders and Section 1013 registrants qualifying as fixed interconnected VoIP service providers, listed in Appendix E of this decision, should retain their operating authority and be automatically migrated to DVF utility type 45 days after the date of issuance of today's decision, unless the provider opts-out of automatic migration.

56. Existing CPCN holders and Section 1013 registrants opting-out of automatic migration within 45 calendar days of the date of issuance of today's decision should have their utility type changed from IER to DVN and have their operating authority revoked.

57. The Commission should not grant any pending CPCN applications and Section 1013 registrations of non-facilities-based nomadic-only interconnected VoIP providers.

58. The Commission should annually update the Nomadic Registration fee on July 1, post the new fee on the Commission's website by July 15, and make the new fee effective as of August 1.

59. The fee for Section 1013 registrations and WIRs should be the same as that set for Nomadic Registrations, unless the Commission makes a finding stating otherwise.

Interconnected VoIP Service Providers' Regulatory Obligations

60. Except for nomadic-only interconnected VoIP providers, all other interconnected VoIP service providers applying for operating authority that were not registered under the prior Section 285 process should be required to demonstrate possession of the requisite financial resources at the time of application or registration.

61. All interconnected VoIP service providers migrated to operating authority or Nomadic Registration should be subject to the performance bond requirement.

62. Requiring a performance bond is consistent with the authority granted the Commission pursuant to Pub. Util. Code Section 701 and Section 709.

63. An initial performance bond must be submitted via Tier 1 Advice Letter within 30 days of being granted an operating authority or registration.

64. All interconnected VoIP service providers, including nomadic-only, are required to collect, report and remit Public Purpose Program surcharges.

65. It is reasonable to require interconnected VoIP service providers to pay the CPUC User fee to help fund Commission regulatory activities on behalf of consumers.

66. The establishment of a Nomadic Registration process does not function as a bar to market entry.

67. It is reasonable to forbear from assessing penalties on currently operating providers of interconnected VoIP service for a period of 180 days from the issuance of this decision 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 interconnected VoIP registration pursuant to Pub. Util. Code Section 285, Section 1013, or Section 1001.

68. For a period of 180 days from the issuance of this decision, penalties for failure to pay public purpose program surcharges should be waived for interconnected VoIP service providers that pay all past-due public purpose program surcharges earned on its interconnected VoIP service and 10 percent interest on past-due surcharges from the time of initiating service to the time of filing an application or registration.

69. Interconnected VoIP service providers coming into compliance with the surcharge remittances, including a 10 percent interest, within 180 days of the date of issuance of this decision should have other penalties waived.

70. Interconnected VoIP providers out of compliance with public purpose program surcharge obligations should provide the Commission's Communications Division with monthly intrastate revenue or monthly active access lines for the relevant duration of the period owed.

71. The Commission's Communications Division should be authorized to calculate the amount owed by interconnected VoIP service providers out of compliance with public purpose program surcharge obligations for public purpose program surcharges and late fees owed using the surcharge mechanism in effect for the respective period.

72. Interconnected VoIP service providers out of compliance with public purpose program surcharge obligations should report and remit all past-due public purpose program surcharges and interest owed to the Commission within 30 days of receipt of Communications Division's summary of past-due surcharges and interest owed.

73. It is reasonable and prudent to apply the Communications Division's Citation Program approved in Res. T-17601 to all interconnected VoIP service providers.

74. Interconnected VoIP service providers migrated to DVF utility type should be automatically detariffed.

75. In the future, if an interconnected VoIP service provider decides to offer services that require a tariff or schedule, such as basic service, the interconnected VoIP service provider must submit proposed tariffs and/or user guides to the Commission's Communications Division via a Tier 2 advice letter using the GO 96-B advice letter process at least 30 days before initiation of service.

76. Except nomadic-only interconnected VoIP and WIR service providers, all tariffed telephone corporations that did not elect detariffed status should submit

their complete tariff in effect at the beginning of each year to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov no later than February 15 of each year.

77. Telephone corporations granted detariffed status should not have an annual requirement to notify the Commission that their services remain detariffed.

78. All interconnected VoIP service providers should be subject to Pub. Util. Code Section 431 to pay the CPUC User Fee.

79. All interconnected VoIP service providers should be subject to the Affiliate Transaction Reporting Requirements.

80. All interconnected VoIP service providers, except interconnected VoIP service providers affiliated with an incumbent, should be exempt from the requirement to maintain books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32.

81. All interconnected VoIP service providers, except nomadic-only interconnected VoIP service providers, should be subject to the annual reporting requirements for operations and finances pursuant to GO 104-A.

82. Nomadic-only interconnected VoIP service providers should be exempt from the annual reporting requirements for operations and finances pursuant to GO 104-A.

83. The first operations and finances report for interconnected VoIP service providers should be due by March 31, 2026, and annually by March 31 of each year thereafter.

84. The obligations established in this decision for nomadic-only interconnected VoIP service providers do not function as a bar to entry.

85. If a financial requirement showing relies on unaudited bank statements or certificate of deposit with a term extending less than 12 months after certification to meet financial fitness requirements, the applicant should be required to satisfy the updated financial documentation both six and 12 months from the issuance date of this decision by email to cdcompliance@cpuc.ca.gov.

86. All nontariffed providers with operating authority should no longer annually update their nontariffed status.

87. In the future, if a nontariffed interconnected VoIP service provider with operating authority decides to offer services that require a tariff or schedule, such as basic service, the nontariffed interconnected VoIP provider should submit proposed tariffs and/or user guides to the Commission's Communications Division via Tier 2 advice letters using the GO 96-B advice letter process at least 30 days before initiation of service.

88. All facilities-based CLECs and all interconnected VoIP service providers not affiliated with incumbents should be allowed to utilize the advice letter process to seek prospective authority to transfer assets or control subject to Sections 851-854.

89. All facilities-based CLECs and all interconnected VoIP service providers with the exception of affiliates associated with incumbents, whether fixed or nomadic, should equally be exempt from Sections 816-830 pertaining to the issuance of stocks and securities and from Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt.

90. All interconnected VoIP service providers seeking and obtaining facilities-based operating authority in the territories of Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone

Company, The Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, Volcano Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company) should be required to comply with the applicable rules adopted in Appendix A and Appendix B of D.20-08-011.

Procedural Matters

91. The motions of Comcast and Charter to file under seal and afford confidential treatment to the confidential version of the Comcast and Charter responses should be granted.

92. The information identified in the motions of Comcast and Charter shall be received under seal, shall remain under seal, and shall not be made accessible to the public or disclosed to anyone other than Commission staff, except upon further order or ruling of the Commission for a period of three years.

93. All rulings of the assigned Commissioner and the assigned ALJ in this proceeding should be affirmed, and all motions not addressed in this proceeding should be deemed denied.

94. Pursuant to the authority granted to the Commission under Pub. Util. Code Section 1701.5(a), the statutory deadline should be extended to August 1, 2026.

95. This proceeding should remain open.

O R D E R

IT IS ORDERED that:

Regulatory Framework

1. All interconnected Voice over Internet Protocol (VoIP) service providers, with the exception of nomadic-only interconnected VoIP service providers as

defined in this decision, must obtain a grant of operating authority through a Certificate of Public Convenience and Necessity or a Section 1013 registration.

2. Facilities-based telephone corporations, including all interconnected Voice over Internet Protocol service providers, must obtain operating authority through a Certificate of Public Convenience and Necessity.

3. Non-facilities-based telephone corporations, including all interconnected Voice over Internet Protocol (VoIP) service providers with the exception of nomadic-only interconnected VoIP providers, must obtain operating authority through a Section 1013 registration.

4. Nomadic-only interconnected Voice over Internet Protocol service providers must register with the California Public Utilities Commission using the Nomadic Registration process contained in Appendix A.

5. Nomadic-only interconnected Voice over Internet Protocol (VoIP) service providers with pending applications for operating authority must file in the pending docket of the application an attestation that its service qualifies for Digital Voice Nomadic utility type.

6. Applicants for Section 1013 operating authority must utilize the Section 1013 registration process contained in Appendix B.

7. Applicants for Certificate of Public Convenience and Necessity operating authority must utilize the process contained in Appendix C.

8. The California Public Utilities Commission gives authority to the Director of the Communications Division (or its successor) to process Nomadic Registrations, similar to the Commission's Section 1013 registration process.

9. The Nomadic Registration fee is set at \$250.

10. Unless the Commission makes a finding otherwise, annually the Commission will adjust the Nomadic Registration, Section 1013 registration and

WIR fees by the consumer price index (CPI) using the United States Bureau of Labor CPI-U calculator on July 1, will post the new fee on the Commission's website by July 15, and the new fee will become effective on August 1.

Application and Registration Processes and Requirements

11. All telephone corporations granted operating authority must obtain an initial performance bond of at least \$25,000. 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 California Public Utilities Commission must be listed as the obligee on the bond.

12. All initial performance bonds must be submitted as a Tier 1 advice letter to the California Public Utilities Commission's Communication Division with a copy of the license holder's executed bond within 30 days of being granted an operating authority or registration. The hard copy document must be sent to the following:

California Public Utilities Commission
ATTN: Communications Division - Performance Bond
505 Van Ness Avenue, Third Floor
San Francisco, California 94102

If no hard copy exists (the performance bond is only in electronic version), the service provider must submit to the Direction of Communications via email to cdcompliance@cpuc.ca.gov an attestation with its Tier 1 advice letter filing stating that there is no original hard copy provided by the surety company and that the electronic bond is the same legal instrument as a paper bond.

13. Telephone corporation applicants seeking operating authority must list other licenses, whether current or past, which the applicant obtained from the California Public Utilities Commission.

14. Telephone corporation applicants seeking operating authority must identify whether they are, or are affiliated with, a foreign entity.

15. Full facilities-based service providers of telephone service, including interconnected Voice over Internet Protocol service providers, who intend to construct only those types of facilities which are highly likely to be categorically exempt from California Environmental Quality Act (CEQA) may utilize the Energy Division's 21-day expedited CEQA review process, as outlined in Appendix H.

16. A Certificate of Public Convenience and Necessity holder must apply to the California Public Utilities Commission's Energy Division staff for a determination of exemption from California Environmental Quality Act in accordance with the process in Appendix H.

17. The staff of the California Public Utilities Commission's Energy Division is authorized to review, process, and act upon requests from Certificate of Public Convenience and Necessity holders for a determination that their full facilities-based construction activities are exempt from the requirements of the California Environmental Quality Act in accordance with the process in Appendix H.

18. Documentation of financial resources required of Section 1013 registration and Certificate of Public Convenience and Necessity applicants, as listed in Appendix F of this decision, shall be treated as presumptively confidential, if applicants note electronically or submit the requisite documents in a sealed envelope clearly marked "CONFIDENTIAL FINANCIAL INFORMATION - SUBMITTED UNDER SEAL PURSUANT TO Decision xx-xx-xxx [*insert decision number of final decision in R.22-08-008 once issued*]" and must be accompanied by a public confidentiality declaration that specifies the

confidential documents and cite to this decision as the basis for confidential treatment.

19. Documentation of estimates of costs of construction and number of customers in the first and fifth year of operation required of Certificate of Public Convenience and Necessity applicants for facilities-based operating authority is presumptively confidential, if applicants notate electronically or submit the information in a sealed envelope clearly marked "CONFIDENTIAL FINANCIAL AND BUSINESS INFORMATION - SUBMITTED UNDER SEAL PURSUANT TO Decision xx-xx-xxx [*insert decision number of final decision in R.22-08-008 once issued*] and must be accompanied by a public confidentiality declaration that specifies the confidential documents and cite to this decision as the basis for confidential treatment.

20. Information submitted in accordance with Ordering Paragraph 17 or 18 of this decision shall not be publicly disclosed except on further California Public Utilities Commission order or Administrative Law Judge ruling.

21. The Communications Division is authorized to modify the Certificate of Public Convenience and Necessity application form, Section 1013 Registration form, Nomadic Registration form and Wireless Information Registration form to clarify the contents, improve the accessibility of the document in electronic form, or make other changes as are necessary and consistent with California Public Utilities Commission decisions.

22. The fee for operating authority through a Certificate of Public Convenience and Necessity (CPCN) application is the same regardless of whether the applicant initiates their application using a CPCN application or the Section 1013 registration process.

23. The Section 1013 registration applicant notified to pursue operating authority through a Certificate of Public Convenience and Necessity (CPCN) must pay the balance of the CPCN application within 30 days of notice.

24. All telephone corporations are required to annually update performance bond documentation via a Tier 1 advice letter to confirm the performance bond is still in full force and effect including, but not limited to a continuation certificate, payment invoice, or other documentation to facilitate staff review and confirm the bond is still in effect.

25. Telephone corporations seeking operating authority and intending to interconnect with Incumbent Local Exchange Carriers are required to have \$25,000 additional to the financial requirements unencumbered and available for one year following approval.

26. All full facilities-based Competitive Local Exchange Carriers with the exception of affiliates associated with incumbents are exempt from Sections 816-830 pertaining to the issuance of stocks and securities and from Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt.

Migration

27. Interconnected Voice over Internet Protocol (VoIP) service providers who are nomadic-only and listed in Appendix D and Appendix E shall opt-out within 45 days of this decision's issuance date by notifying the Director of the Communications Division via email to cdcompliance@cpuc.ca.gov and include the qualifying attestation of nomadic-only Interconnected VoIP service.

28. Interconnected Voice over Internet Protocol service providers that opted out as directed in Ordering Paragraph 27 are designated as Digital Voice

Nomadic (DVN) utility type and granted operating authority after 45 days of this decision's issuance date.

29. Interconnected Voice over Internet Protocol service providers listed in Appendix D who are ceasing operations shall opt-out within 45 days of this decision's issuance date by notifying the Director of the Communications Division via email to cdcompliance@cpuc.ca.gov with the following information:

- (a) Utility ID Number and Utility Name.
- (b) Requested effective date of deactivation and attestation that it has no active customers, no pending complaints, and no outstanding monies (*e.g.*, surcharges, interest, and penalties) owed to the California Public Utilities Commission (Commission).
- (c) A copy of the Commission's proprietary Telecommunications and User Fee Filing System reporting through the month prior to filing the request shall be included.

30. Except for interconnected Voice over Internet Protocol service providers opting out from automatic migration as directed in Ordering Paragraph 27, service providers listed in Appendix D are designated as Digital Voice Fixed utility type and granted operating authority after 45 days of this decision's issuance date.

31. Except for interconnected Voice over Internet Protocol service providers opting out from automatic migration as directed in Ordering Paragraph 25, service providers listed in Appendix E are designated as Digital Voice Fixed utility type after 45 days of this decision's issuance date.

32. Interconnected Voice over Internet Protocol providers migrated to Section 1013 operating authority and migrated to Nomadic Registration are granted detariffed status.

33. Interconnected Voice over Internet Protocol service providers granted operating authority with a Certificate of Public Convenience and Necessity shall retain the tariffed/detariffed status made in the initial grant of operating authority.

34. Interconnected Voice over Internet Protocol service providers granted detariffed status that subsequently elect to offer service that requires a tariff or schedule, such as basic service, must submit proposed tariffs and/or user guides to the California Public Utilities Commission's Communications Division via a Tier 2 advice letter using the General Order 96-B advice letter process at least 30 days before initiation of service.

Interconnected Voice Over Internet Protocol Service Providers' Regulatory Obligations

35. All interconnected Voice over Internet Protocol (VoIP) service providers, except for nomadic-only interconnected VoIP service providers, are required to demonstrate possession of requisite financial resources at the time of application or registration.

36. All interconnected Voice over Internet Protocol service providers must obtain an initial performance bond of at least \$25,000. 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 California Public Utilities Commission must be listed as the obligee on the bond.

37. All interconnected Voice over Internet Protocol service providers must submit an initial performance bond via Tier 1 advice letter between March 1-May 31, 2025. Providers must submit the original hard copy of the performance bond or affidavit stating possession of a performance bond in electronic version only to the California Public Utilities Commission's

Communications Division for record keeping. The hard copy document must be sent to the following:

California Public Utilities Commission
ATTN: Communications Division - Performance Bond
505 Van Ness Avenue, Third Floor
San Francisco, California 94102

If no hard copy exists (the performance bond is only in electronic version), the service provider must submit to the Direction of Communications via email to cdcompliance@cpuc.ca.gov an attestation with its Tier 1 advice letter filing stating that there is no original hard copy provided by the surety company and that the electronic bond is the same legal instrument as a paper bond.

38. All interconnected Voice over Internet Protocol service providers must annually update their performance bond beginning March 31, 2026, and continue annually thereafter.

39. All interconnected Voice over Internet Protocol service providers shall 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 application.

40. For a period of 180 days from the issuance of this decision, new interconnected VoIP service providers who file an application shall have 10 percent interest of past-due surcharge waived from the date they filed an application or registration to the date a decision is issued.

41. All interconnected Voice over Internet Protocol service providers must pay the California Public Utilities Commission User Fee quarterly or annually as described in Section 8.2.2 of this decision.

42. All interconnected Voice over Internet Protocol (VoIP) service providers are subject to Affiliate Transaction Reporting Requirements. Beginning May 1, 2026, interconnected VoIP providers shall file the report and continue annually thereafter.

43. All interconnected Voice over Internet Protocol (VoIP) service providers with the exception of interconnected VoIP providers affiliated with an incumbent are exempt from the requirement to maintain books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32.

44. All interconnected Voice over Internet Protocol (VoIP) service providers, except nomadic-only interconnected VoIP service providers, are subject to the annual reporting requirements for operations and finances pursuant to General Order 104-A and shall file the report beginning March 31, 2026 and continue annually thereafter.

45. Nomadic-only interconnected Voice over Internet Protocol service providers are exempt from the annual reporting requirements for operations and finances pursuant to General Order 104-A.

46. All interconnected Voice over Internet Protocol (VoIP) service providers, including nomadic-only interconnected VoIP service providers, shall submit an annual affiliate transaction report to the California Public Utilities Commission's Director of the Communications Division via email to cdcompliance@cpuc.ca.gov no later than May 1.

47. As public utility telephone corporations, all interconnected Voice over Internet Protocol service providers are subject to all Consumer Protection Rules contained in General Order 168; and all other applicable California Public Utilities Commission rules, decisions, General Orders, and statutes that pertain to California public utility telephone corporations on an ongoing basis.

48. All interconnected Voice over Internet Protocol service providers, except affiliates of small incumbent local exchange carriers, are exempt from rate regulation.

49. In the event an interconnected Voice over Internet Protocol (VoIP) service provider offering nontariffed services plans to offer services that require a tariff or schedule, such as basic service, the interconnected VoIP provider shall submit proposed tariffs and/or user guides to the California Public Utilities 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.

50. All tariffed telephone corporations, including interconnected Voice over Internet Protocol service providers, must annually submit its tariffs to the Director of the Communications Division via email to CDCompliance@cpuc.ca.gov no later than February 15 of each year.

51. Interconnected Voice over Internet Protocol service providers granted operating authority and not affiliated with incumbents may file an advice letter for prospective authority to transfer control or assets pursuant to Public Utilities Code Sections 851-854 to the extent that the conditions set forth in Appendix G of this order are satisfied.

52. All interconnected Voice over Internet Protocol service providers with the exception of affiliates associated with incumbents, whether fixed or nomadic, are exempt from Sections 816-830 pertaining to the issuance of stocks and securities and from Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt.

53. All full facilities-based Competitive Local Exchange Carriers with the exception of affiliates associated with incumbents are exempt from

Sections 816-830 pertaining to the issuance of stocks and securities and from Section 851 transfers only when the transfer or encumbrance is for purposes of securing debt.

54. The California Public Utilities Commission's Communications Division's Citation Program pursuant to Resolution T-17601 is applicable to all interconnected Voice over Internet Protocol service providers.

55. All interconnected Voice over Internet Protocol service providers seeking and obtaining facilities-based operating authority in the territories of Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, The Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, Volcano Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company) shall comply with the applicable rules adopted in Appendix A and Appendix B of D.20-08-011.

Procedural Matters

56. The motion of Comcast Phone of California, LLC d/b/a Comcast Digital Phone and its affiliates: Comcast IP Phone, LLC, Blueface US, LLC, Masergy to file under seal a confidential version of the response to the Administrative Law Judge's Ruling issued February 16, 2023 is granted for a period of three years, and this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling.

57. The motion of Charter Fiberlink CA-CCO, LLC, Time Warner Cable Information Services (California), and LLC, Bright House Networks Information Services (California), LLC to file under seal a confidential version of the response to the Administrative Law Judge's Ruling issued February 16, 2023 is granted for

a period of three years, and this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling.

58. All motions not addressed in this decision are denied.

59. The statutory deadline for completion of this proceeding is extended to August 1, 2026.

This order is effective today.

Dated November 7, 2024, at Bakersfield, California.

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners

APPENDIX A

APPENDIX A

Under Separate Cover

APPENDIX B

APPENDIX B

Under Separate Cover

APPENDIX C

APPENDIX C
Under Separate Cover

APPENDIX D

APPENDIX D**List of Currently Operating Interconnected VoIP Service Providers Already Registered Through the Section 285 Process Subject to Migration to Non-facilities-Based Fixed Interconnected VoIP Operating Authority**

*As of July 30, 2024

Corporate ID Number	Current Utility Type	New Utility Type	Utility Name
1107	DVS	DVF	Vocal Ip Networx, Ltd.
1109	DVS	DVF	Xcast Labs, Inc.
1115	DVS	DVF	Voda Networks, Inc.
1116	DVS	DVF	NetFortris Acquisition Co., Inc.
1117	DVS	DVF	2Talk, LLC
1118	DVS	DVF	NEXTIVA. INC,
1119	DVS	DVF	INTERGLOBE COMMUNICATIONS, INC.
1122	DVS	DVF	Network Innovations, LLC
1123	DVS	DVF	AccessLine Communications Corporation
1124	DVS	DVF	UT&T LLC
1125	DVS	DVF	Smart Choice Communications, LLC
1127	DVS	DVF	Telmate, LLC
1130	DVS	DVF	Cebridge Telecom CA, LLC
1132	DVS	DVF	Lightyear Network Solutions, LLC
1135	DVS	DVF	Vonage America LLC
1136	DVS	DVF	Nobelbiz, Inc.
1138	DVS	DVF	Impulse Advanced Communications, LLC
1139	DVS	DVF	8x8, Inc.
1141	DVS	DVF	PNG Telecommunications, Inc.
1142	DVS	DVF	CARYCO Tech
1143	DVS	DVF	Tierzero
1144	DVS	DVF	Ringcentral, Inc.
1146	DVS	DVF	Jivetel, LLC
1148	DVS	DVF	Intrado IP Communications, Inc.
1150	DVS	DVF	Vonage Business, Inc.
1151	DVS	DVF	DigitalPath, Inc.
1152	DVS	DVF	BCT Consulting, LLC
1155	DVS	DVF	EZ Network Systems, Inc.
1157	DVS	DVF	Fuze, Inc
1158	DVS	DVF	Spectrum Advanced Services, LLC
1164	DVS	DVF	Callis Communications, Inc.

1165	DVS	DVF	G3 Telecom USA, Inc.
1168	DVS	DVF	NPG Digital Phone, LLC
1171	DVS	DVF	Avaya Cloud Inc.
1174	DVS	DVF	Personal Network for Computing, Inc.
1175	DVS	DVF	Evolve IP
1177	DVS	DVF	Vodex Communications Corporation
1178	DVS	DVF	Greenfly Networks, Inc.
1181	DVS	DVF	Fastmetrics, LLC
1182	DVS	DVF	SouthPoint Communications, LLC
1183	DVS	DVF	Phone.Com
1184	DVS	DVF	The Maynard Group, Inc.
1187	DVS	DVF	Meriplex Telecom, LLC
1191	DVS	DVF	Masergy Cloud Communications, Inc.
1197	DVS	DVF	IP Networked Services, Inc.
1201	DVS	DVF	NetstaffHR, Inc
1202	DVS	DVF	GigaKOM Inc.
1203	DVS	DVF	Orange Business Services U.S., Inc.
1207	DVS	DVF	Single Digits, Inc.
1211	DVS	DVF	Encore Technology Group, LLC
1213	DVS	DVF	Ongoing Operations, LLC
1215	DVS	DVF	GoTo Communications, Inc.
1217	DVS	DVF	VoIP Innovations, LLC
1219	DVS	DVF	CIO NOW, LLC
1220	DVS	DVF	Star2Star Communications, LLC
1223	DVS	DVF	Cedar Wireless, Inc.
1224	DVS	DVF	Top Notch Networking, LLC
1225	DVS	DVF	Voyzze Communications Inc.
1228	DVS	DVF	Hughes Network Systems, LLC
1229	DVS	DVF	Cytracom, LLC
1230	DVS	DVF	ViaSat, Inc.
1232	DVS	DVF	Equivoice, Inc.
1234	DVS	DVF	BroadSoft Adaption, Inc.
1238	DVS	DVF	Cohere Communications, LLC
1241	DVS	DVF	DLS Computer Services, Inc.
1245	DVS	DVF	Pure IP California LLC
1246	DVS	DVF	Go Solo Technologies of Florida One, Inc.
1247	DVS	DVF	Central Park Systems Corporation
1250	DVS	DVF	Glencom Corporation, Inc.
1251	DVS	DVF	S-Net Communications, Inc.
1253	DVS	DVF	NEC Cloud Communications America, Inc.

1257	DVS	DVF	Velocity The Greatest Phone Company Ever, Inc
1258	DVS	DVF	Autus Technology, LLC
1260	DVS	DVF	iNet Communications, LLC
1263	DVS	DVF	NWN Corporation
1266	DVS	DVF	nexVortex, Inc.
1268	DVS	DVF	AltaWorx, LLC
1270	DVS	DVF	inContact, Inc.
1271	DVS	DVF	Eze Castle Integration, Inc.
1275	DVS	DVF	Arena One, LLC.
1279	DVS	DVF	Estech Systems, Inc.
1281	DVS	DVF	Desert Telecom Inc.
1284	DVS	DVF	TDS Metrocom, LLC
1285	DVS	DVF	Ultimate Internet Access, Inc.
1286	DVS	DVF	Atlantic Metro Communications II, Inc.
1289	DVS	DVF	LunaTech, Inc.
1290	DVS	DVF	California Internet, LP
1291	DVS	DVF	Ooma, Inc.
1293	DVS	DVF	7G Network, Inc.
1294	DVS	DVF	Creative Business Solutions, LLC
1296	DVS	DVF	Iloka, Inc.
1298	DVS	DVF	Transtelco, Inc.
1299	DVS	DVF	Flagman Telecom Inc.
1301	DVS	DVF	Zultys, Inc.
1305	DVS	DVF	Broad Communication Solutions, LLC
1307	DVS	DVF	Dialpad, Inc.
1308	DVS	DVF	Cloudcall, Inc.
1312	DVS	DVF	South Valley Internet Inc.
1313	DVS	DVF	Block Line Systems, LLC
1314	DVS	DVF	Zen Communications, LLC
1317	DVS	DVF	G12 Communications, LLC
1318	DVS	DVF	RingRx, LLC
1319	DVS	DVF	IT Management Corporation
1320	DVS	DVF	Succeed.net
1321	DVS	DVF	Central Valley Networks, Inc.
1322	DVS	DVF	BluIP, Inc
1323	DVS	DVF	Bespoke Communications LLC
1324	DVS	DVF	InfoReach, Inc.
1326	DVS	DVF	Olaffe, LLC
1327	DVS	DVF	NuWave Communications, Inc.
1328	DVS	DVF	TeleVoIPs, LLC

1329	DVS	DVF	CCI Systems, Inc.
1330	DVS	DVF	IP Living, LLC
1331	DVS	DVF	Bridgeconnex, LLC
1334	DVS	DVF	Cobalt IT, Inc.
1335	DVS	DVF	Zray Technologies Corporation
1339	DVS	DVF	Junction Networks, Inc.
1340	DVS	DVF	Cal.net, Inc.
1341	DVS	DVF	Sierra Nevada Communications LLC
1345	DVS	DVF	YTEL Inc.
1348	DVS	DVF	Airus Inc
1350	DVS	DVF	UniVoIP Inc.
1351	DVS	DVF	Comm-Core LLC
1352	DVS	DVF	Google North America Inc.
1353	DVS	DVF	Vine Clouds Technologies
1354	DVS	DVF	Granite Telecommunications LLC
1356	DVS	DVF	Ipitimi Inc
1357	DVS	DVF	RingSquared Telecom LLC
1358	DVS	DVF	DentalTek LLC
1359	DVS	DVF	Iprot Inc
1362	DVS	DVF	Bandwidth Inc.
1363	DVS	DVF	ThinkSecureNet, LLC
1364	DVS	DVF	DelmarvaVoIP, LLC
1365	DVS	DVF	WaveNation LLC
1367	DVS	DVF	NthoNet Inc
1370	DVS	DVF	Synpact, LLC
1372	DVS	DVF	Advent Technologies Inc.
1373	DVS	DVF	Preferred Long Distance Inc.
1375	DVS	DVF	Abbax Technologies Inc
1377	DVS	DVF	Zito West Holding, LLC
1379	DVS	DVF	Accelerated Voice LLC
1380	DVS	DVF	T4 Telecom
1381	DVS	DVF	Bluetone Communications LLC
1383	DVS	DVF	Sangoma U.S., Inc.
1384	DVS	DVF	Anza Electric Cooperative, Inc.
1385	DVS	DVF	Xobee Networks, LLC
1386	DVS	DVF	Renegade Technologies
1387	DVS	DVF	Voyant Communications, LLC
1388	DVS	DVF	Silicon Business System
1389	DVS	DVF	Morse Communications Inc
1390	DVS	DVF	EMRFaxBox LLC

1391	DVS	DVF	Interactive Intelligence Telecom Inc
1392	DVS	DVF	USIPCommunications LLC
1394	DVS	DVF	VoIP Tech LLC
1397	DVS	DVF	Clarity Communication Advisors Inc.
1398	DVS	DVF	Centurylink Communications LLC
1399	DVS	DVF	NTT Cloud Communications US, Inc.
1400	DVS	DVF	MJ2 IP, LLC
1401	DVS	DVF	PanTerra Networks Inc.
1403	DVS	DVF	Telnet Worldwide Inc.
1404	DVS	DVF	Mix Networks Inc.
1406	DVS	DVF	American Prepaid Telecard Inc.
1409	DVS	DVF	Extended Office Solutions, Inc.
1410	DVS	DVF	GoTel Communications, LLC
1411	DVS	DVF	Northview Communications Inc.
1412	DVS	DVF	Skype Communications US Corporation
1417	DVS	DVF	Happy Hamster Computer Repair LLC
1420	DVS	DVF	Fresno Area Telephone & PBX
1422	DVS	DVF	DSCI, LLC
1423	DVS	DVF	NTT America, Inc.
1424	DVS	DVF	Ipitomy Communications LLC
1425	DVS	DVF	Bludog Telecom Inc.
1427	DVS	DVF	SIP.US LLC
1428	DVS	DVF	Votacall, Inc.
1429	DVS	DVF	MagicJack SMB, Inc.
1431	DVS	DVF	QuantumShift Communications, Inc.
1432	DVS	DVF	SimpleVoIP, LLC
1433	DVS	DVF	CallTower, Inc.
1440	DVS	DVF	Inteltrace, Inc.
1441	DVS	DVF	Comstar Technologies, LLC
1443	DVS	DVF	Interface Security Systems, LLC
1444	DVS	DVF	WhiteSky Communications, LLC
1445	DVS	DVF	California Telecom Inc.
1447	DVS	DVF	Affiliated TEchnology Solutions Inc
1448	DVS	DVF	Telelink Services
1449	DVS	DVF	VTech Support, Inc.
1450	DVS	DVF	Zayo Group, LLC
1452	DVS	DVF	VoIP International LLC
1453	DVS	DVF	Distributed Computing, Inc.
1454	DVS	DVF	Fore Street Telecom LLC
1457	DVS	DVF	Broadsmart Global, Inc

1458	DVS	DVF	BullsEye Telecom, Inc.
1459	DVS	DVF	Tailwind Voice and Data, Inc.
1460	DVS	DVF	Cox Strategic Services, LLC
1465	DVS	DVF	ITC Global Networks, LLC
1466	DVS	DVF	Assist Wireless, LLC
1467	DVS	DVF	CNK Network Solutions
1468	DVS	DVF	Chicago Business VoIP, LLC
1472	DVS	DVF	JT Global, Limited
1473	DVS	DVF	GoDaddy.com, LLC
1475	DVS	DVF	iCommerce Services, Inc.
1476	DVS	DVF	DMR Communications, Inc
1477	DVS	DVF	WTI Communications, Inc.
1479	DVS	DVF	France Telecom Corporate Solutions L.L.C.
1480	DVS	DVF	Perrins Management Corporation
1482	DVS	DVF	Hosted Connection, Inc.
1483	DVS	DVF	IsoFusion, Inc.
1484	DVS	DVF	D4US, LLC
1485	DVS	DVF	ACN Communication Services, LLC
1487	DVS	DVF	Google Fiber North America Inc.
1490	DVS	DVF	UPNETWORKX, Inc.
1491	DVS	DVF	WAVE.BAND, LLC
1492	DVS	DVF	Telecom LLC
1494	DVS	DVF	ShivaGenesis Networks, Inc a California S Corporation
1495	DVS	DVF	Engage Holdings, LLC
1496	DVS	DVF	WindyCitySDR
1497	DVS	DVF	PNG Telecommunications Inc.
1498	DVS	DVF	Covoda Communications, Inc.
1499	DVS	DVF	Veracity Networks, LLC
1501	DVS	DVF	IT Support Pros, Inc.
1502	DVS	DVF	smplsolutions
1506	DVS	DVF	DPAccess, LLC
1507	DVS	DVF	FracTel LLC
1510	DVS	DVF	Triton Networks, LLC
1511	DVS	DVF	Tekscape, Inc
1512	DVS	DVF	Northland Cable Television, Inc.
1513	DVS	DVF	Syndeo, LLC
1514	DVS	DVF	VOXtell LLC
1515	DVS	DVF	Xact Associates, LLC
1516	DVS	DVF	Telesupply, LLC
1517	DVS	DVF	Voipia Networks, Inc.

1518	DVS	DVF	Cloud Computing Concepts, LLC
1519	DVS	DVF	ConVergence Technologies, Inc.
1520	DVS	DVF	VOIPo LLC
1521	DVS	DVF	Mitel Cloud Services, Inc.
1522	DVS	DVF	Fourteen IP, Inc.
1523	DVS	DVF	Pact-One Solutions, Inc.
1524	DVS	DVF	Technology By Design, LLC
1527	DVS	DVF	Conifer Communications, Inc.
1528	DVS	DVF	DVS Technologies, LLC
1529	DVS	DVF	TieTechnology, LLC
1530	DVS	DVF	Intelligent Communications Services
1531	DVS	DVF	Encartele, Inc.
1532	DVS	DVF	Origin Networks, LLC
1533	DVS	DVF	Ringaro Telecom, Inc.
1534	DVS	DVF	Audian Inc.
1536	DVS	DVF	ICIM Corporation
1537	DVS	DVF	Tekify, LLC
1538	DVS	DVF	WWT, Inc.
1539	DVS	DVF	Consolidated Smart Broadband Systems, LLC
1542	DVS	DVF	Onvoy, LLC
1544	DVS	DVF	Integrity Networks of CA LLC
1545	DVS	DVF	BA Telecom, Inc.
1546	DVS	DVF	Telephone Diagnostic Services, Inc.
1547	DVS	DVF	Headland Communications
1548	DVS	DVF	Frontier Communications of America Inc.
1550	DVS	DVF	Vicomptel USA Inc.
1551	DVS	DVF	MitoTec, LLC
1555	DVS	DVF	Varietel Communications, LLC
1556	DVS	DVF	PayG, LLC
1557	DVS	DVF	Digital Comm Inc.
1559	DVS	DVF	Windstream Communications, LLC
1560	DVS	DVF	Teliix, Inc.
1561	DVS	DVF	ALE USA Inc.
1563	DVS	DVF	nexMatrix Telecom, Inc.
1564	DVS	DVF	Grupo NGN, Inc.
1565	DVS	DVF	Exiant Communications LLC
1567	DVS	DVF	Transcom Telecommunications
1568	DVS	DVF	Jive Technology Inc
1569	DVS	DVF	Convergence Solutions, Inc
1571	DVS	DVF	Momentum Telecom, Inc

1572	DVS	DVF	Corcom Communications, Inc
1574	DVS	DVF	Yardi Kube, Inc.
1575	DVS	DVF	Fusion, LLC
1576	DVS	DVF	Digital West Networks, Inc
1577	DVS	DVF	Fortessa Hosting
1579	DVS	DVF	Gabbit, LLC
1580	DVS	DVF	Alternate Network Technologies Inc.
1581	DVS	DVF	WiLine Networks, Inc
1582	DVS	DVF	Telzio, Inc
1584	DVS	DVF	Advanced Telecom Solutions, LLC
1585	DVS	DVF	Cloudli Communications Inc.
1586	DVS	DVF	Global Telecom Exchange, LLC
1587	DVS	DVF	Astound Broadband, LLC
1588	DVS	DVF	COEO Solutions, LLC
1590	DVS	DVF	Atlanta DataCom, Inc
1592	DVS	DVF	Forerunner Technologies, Inc.
1594	DVS	DVF	Asset Black, LLC
1595	DVS	DVF	Kornerstones, Inc
1596	DVS	DVF	ipSBS Managed Services, LLC
1597	DVS	DVF	IGEM Communications LLC
1598	DVS	DVF	Simwood, Inc.
1599	DVS	DVF	Smart City Networks, Limited Partnership
1602	DVS	DVF	TTM communications, Inc.
1603	DVS	DVF	Konica Minolta Business Solutions U.S.A, Inc.
1604	DVS	DVF	HD Carrier LLC
1605	DVS	DVF	Ednetics, Inc.
1606	DVS	DVF	TCE Company, Inc.
1607	DVS	DVF	VB Cloud Communications LLC
1608	DVS	DVF	Innovative Telephone and Data Solutions, LLC
1609	DVS	DVF	BlueCloud Communications LLC
1610	DVS	DVF	One Ring Networks Inc
1611	DVS	DVF	Maven IT, Inc.
1612	DVS	DVF	Virtual Technologies Group, Inc.
1613	DVS	DVF	SimpliFone, Inc.
1614	DVS	DVF	Essensys, Inc.
1615	DVS	DVF	ComDirect, Inc.
1616	DVS	DVF	Hamilton Long Distance Company
1618	DVS	DVF	2600Hz, Inc.
1619	DVS	DVF	Vodafone US Inc.
1620	DVS	DVF	QxC Communications, Inc

1621	DVS	DVF	Penny Family Corporation
1622	DVS	DVF	Precision West Telecommunications, Inc.
1623	DVS	DVF	Junction Cloud Connections, Inc.
1624	DVS	DVF	Vision Voice and Data Systems, LLC
1625	DVS	DVF	BT Voice, LLC
1626	DVS	DVF	Unified Office, Inc.
1627	DVS	DVF	ClearFuze Networks, Inc.
1628	DVS	DVF	U.S. South Communications, Inc
1629	DVS	DVF	WIRED Telecom, LLC
1630	DVS	DVF	Computer Technology Solutions, Inc.
1631	DVS	DVF	Magic Apple Technology, LLC
1632	DVS	DVF	VoIPX International, Inc.
1633	DVS	DVF	Broadband Voice, LLC
1634	DVS	DVF	ThinQ Technologies, Inc.
1635	DVS	DVF	VoIPLY, LLC
1636	DVS	DVF	Noble Systems Communications LLC
1637	DVS	DVF	Ring-U, LLC
1638	DVS	DVF	No More PBX, LLC
1639	DVS	DVF	NumberBarn, LLC
1640	DVS	DVF	Fulton Communications, Inc
1641	DVS	DVF	Mango Voice, LLC
1642	DVS	DVF	GTT Americas, LLC
1643	DVS	DVF	Tadiran Telecom, Inc.
1644	DVS	DVF	ServiceTitan, Inc.
1646	DVS	DVF	Phoneware, Inc.
1648	DVS	DVF	Fonality, Inc.
1649	DVS	DVF	Aquablue Corp.
1650	DVS	DVF	FluentStream Technologies, LLC
1652	DVS	DVF	King Tech Repair LLC
1653	DVS	DVF	Velocity Communications, Inc.
1654	DVS	DVF	Plivo Inc.
1656	DVS	DVF	Rockynet.com, Inc
1657	DVS	DVF	Lingo Telecom, LLC
1658	DVS	DVF	NetCarrier Telecom, Inc.
1659	DVS	DVF	Nuso, LLC
1660	DVS	DVF	Vision CTS, LLC
1661	DVS	DVF	Allbridge, LLC
1662	DVS	DVF	Lingo Telecom of the West, LLC
1663	DVS	DVF	DCT Telecom Group, Inc.
1664	DVS	DVF	iTalk Global Communications, Inc.

1665	DVS	DVF	Dutale, Inc.
1666	DVS	DVF	HEHE Enterprises, LLC
1668	DVS	DVF	Telecom Evolutions, LLC
1671	DVS	DVF	Verve Cloud, Inc.
1673	DVS	DVF	Blu Space Inc
1674	DVS	DVF	Pulsar360 Corp.
1677	DVS	DVF	Telexent, Inc.
1678	DVS	DVF	Southwest Telephone Company
1679	DVS	DVF	StarTechTel.com, Inc.
1680	DVS	DVF	Sun Communications, Inc
1681	DVS	DVF	Rage technologies, Inc
1683	DVS	DVF	Google Voice, Inc.
1684	DVS	DVF	Tophat Communications, LLC
1685	DVS	DVF	Teletonix Communications, LLC
1688	DVS	DVF	Lake Linx Inc.
1689	DVS	DVF	PhoenixSoft, Inc.
1690	DVS	DVF	Edge Communications Solutions LLC
1691	DVS	DVF	Xentric Solutions Inc.
1692	DVS	DVF	Sequire LLC
1693	DVS	DVF	Pioneer Technology, LLC
1695	DVS	DVF	Vive Communications, LLC
1696	DVS	DVF	Alternative Techs Cooperative, Inc.
1699	DVS	DVF	UVoice USA, LLC
1701	DVS	DVF	Versatel, LLC
1702	DVS	DVF	Allegiant Networks, LLC
1703	DVS	DVF	BREK Communications, Inc.
1704	DVS	DVF	PulseOne Communications, LLC
1705	DVS	DVF	Campus Communications Group, Inc.
1706	DVS	DVF	Interactive Services Network, Inc.
1707	DVS	DVF	BT Americas, Inc.
1708	DVS	DVF	Weave Communications, Inc.
1709	DVS	DVF	NocTel Communications, Inc.
1710	DVS	DVF	The Atteberry Group, Inc.
1711	DVS	DVF	Cynexlink LLC
1712	DVS	DVF	Medtel Communications, LLC
1713	DVS	DVF	Education Networks of America, Inc.
1714	DVS	DVF	B2B Tech Services, LLC
1716	DVS	DVF	White Label Communications, LLC
1717	DVS	DVF	Sharpen Technologies, Inc.
1718	DVS	DVF	Ton80 Communications, LLC

1720	DVS	DVF	Kumo Cloud Solutions, Inc.
1721	DVS	DVF	Eton InfoComm Technology Inc.
1722	DVS	DVF	Phone Systems Plus
1723	DVS	DVF	Telelink Business Telephone Systems
1724	DVS	DVF	National Processing Alliance, Inc.
1725	DVS	DVF	Dedicated IT, LLC
1726	DVS	DVF	Priority Telecom Inc.
1727	DVS	DVF	Televergence Solutions, Inc.
1729	DVS	DVF	DyoPath, LLC
1730	DVS	DVF	Techmode Go, LLC
1731	DVS	DVF	DYL, LLC
1733	DVS	DVF	The Computer Guys LLC
1734	DVS	DVF	VDT, LLC
1735	DVS	DVF	Tele Express Business Systems Inc.
1736	DVS	DVF	Horizon Cable TV, Inc.
1737	DVS	DVF	Skye Telecom LLC
1739	DVS	DVF	Red River Technology LLC
1740	DVS	DVF	805VoIP LLC
1741	DVS	DVF	Coastline Technology Group
1742	DVS	DVF	SoCal Computer Guys, LLC
1743	DVS	DVF	TampaBay DSL Inc.
1744	DVS	DVF	Loud & Clear Telecommunications, LLC
1745	DVS	DVF	Twilio International Inc.
1746	DVS	DVF	Stellar Private Cable Systems, Inc.
1747	DVS	DVF	4 Voice LLC
1748	DVS	DVF	Unified Global Solutions, LLC
1749	DVS	DVF	Unitas Global, Inc.
1750	DVS	DVF	Shammam Consulting Services, Inc.
1751	DVS	DVF	OIT, LLC
1752	DVS	DVF	Single Point Global Incorporated
1753	DVS	DVF	Earthlink, LLC
1754	DVS	DVF	Marco Technologies, LLC
1755	DVS	DVF	LimeBox Networks, LLC
1757	DVS	DVF	Axia Technology Partners, LLC
1759	DVS	DVF	TCSI, Inc.
1760	DVS	DVF	Datavoccity West, LLC
1761	DVS	DVF	Avatel Technologies, Inc.
1762	DVS	DVF	Razz Professional Services, Inc.
1763	DVS	DVF	Advanced Hosted Services, Inc.
1765	DVS	DVF	Teo Communications, Inc.

1766	DVS	DVF	GoCo Technology (U.S.) Inc.
1768	DVS	DVF	DTS Technology Group
1769	DVS	DVF	Voxology Integrations, Inc.
1770	DVS	DVF	Voxology Carrier Services, Inc.
1771	DVS	DVF	Carousel Industries of North America, Inc.
1772	DVS	DVF	Dove Communications Inc.
1773	DVS	DVF	Turnkey Progressive Technology, Inc.
1774	DVS	DVF	SmartTel Inc.
1775	DVS	DVF	Peace Communications LLC
1776	DVS	DVF	Integrated Service Solutions, Inc.
1777	DVS	DVF	The Tech Consultants, LLC
1778	DVS	DVF	Inland Premier IT Solutions, Inc.
1779	DVS	DVF	Telephone Equipment Service Corp.
1780	DVS	DVF	Clearly IP Inc
1782	DVS	DVF	Evacomm Corporation
1783	DVS	DVF	Rocket Solutions LLC
1784	DVS	DVF	Leap Telecom, LLC
1785	DVS	DVF	Swell Broadband, Inc.
1787	DVS	DVF	Voxter Communications, Inc.
1788	DVS	DVF	Priority Communication Services LLC
1789	DVS	DVF	PS Lightwave, Inc.
1790	DVS	DVF	RadiantIQ LLC
1791	DVS	DVF	Protel Communications, Inc.
1792	DVS	DVF	AMP Networks LLC
1793	DVS	DVF	Fisher Computer Consulting Inc.
1794	DVS	DVF	Juxto, LLC
1795	DVS	DVF	FlexIP Solutions Inc.
1796	DVS	DVF	SR Technologies, Inc.
1797	DVS	DVF	RCG Telecommunications Services LLC
1798	DVS	DVF	BlackPoint IT Services, Inc.
1799	DVS	DVF	Contivio.com Corporation
1800	DVS	DVF	End2End Communications LLC
1801	DVS	DVF	Computer Telephony Innovations, Inc

(END OF APPENDIX D)

APPENDIX E

APPENDIX E**List of Currently Operating CPCN/Section 1013 Holders Subject to Automatic Migration to Non-Facilities-Based Fixed Interconnected VoIP Provider**

*As of August 22, 2024

Corporate Utility ID Number	Curent Utility Type	New Utility Type	Utility Name
7413	IER	DVF	Atlantis Utility, Inc.
7414	IER	DVF	Cheap Geeks IT Consulting
7415	IER	DVF	Quality Voice & Data, Inc.
7416	IER	DVF	Dagobah Systems, Inc.
7417	IER	DVF	Ozonetel Communications, Inc.
7418	IER	DVF	VoIP Stir PR LLC
7419	IER	DVF	KassNet, Inc.
7420	IER	DVF	In-Telecom Consulting, LLC
7421	IER	DVF	Gracetel, Inc.
7422	IER	DVF	Russell Communications, LLC
7423	IER	DVF	Speakerbus Incorporated
7424	IER	DVF	Anucom, Inc.
7425	IER	DVF	Altigen Communications, Inc.
7426	IER	DVF	Voxology Inc.
7427	IER	DVF	ISSQUARED INC.
7428	IER	DVF	Content+Cloud Corporation
7429	IER	DVF	Digital Future UCC LLC
7430	IER	DVF	LSL Telecom, Inc.
7432	IER	DVF	Interlink Communications LLC
7433	IER	DVF	Intsigna
7434	IER	DVF	RingALFA Inc.
7435	IER	DVF	SignalWire, Inc.
7436	IER	DVF	One Stop Telecom
7437	IER	DVF	CM.com US. Inc.
7439	IER	DVF	Kloud Communications, Inc.
7441	IER	DVF	BBH Connectivity, Inc.
7442	IER	DVF	7G Network, Inc.
7444	IER	DVF	NW Technologies Group, Inc.
7445	IER	DVF	Trifecta Solutions Inc.
7451	IER	DVF	UniVoxx, LLC

Corporate Utility ID Number	Curent Utility Type	New Utility Type	Utility Name
7454	IER	DVF	VNILA Services, Inc.
7455	IER	DVF	Podium Voice, LLC
7456	IER	DVF	Computer Help L.A., Inc.
7458	IER	DVF	Re-Invent Telecom, LLC
7459	IER	DVF	Computer Ware, Inc.

(END OF APPENDIX E)

APPENDIX F

APPENDIX F

FINANCIAL REQUIREMENTS FOR CPCN AND SECTION 1013 REGISTRATION APPLICATIONS

The financial requirements to obtain operating authority are as follows:

1. All new facilities-based applicants seeking CPCNs shall demonstrate in their applications that they possess a minimum of \$100,000 unencumbered as defined below, reasonably liquid and readily available to meet the firm's start-up expenses. Such applicants shall also document any deposits required by local exchange companies or interexchange carriers (IECs) and demonstrate that they have a minimum of \$25,000 to be used solely for deposits required by local exchange companies or interexchange carriers.
2. All new non-facilities-based applicants seeking Section 1013 registrations shall demonstrate in their applications that they possess a minimum of \$25,000 unencumbered as defined below, reasonably liquid and readily available to meet the new firm's expenses. Such applicants shall also document any deposits required by LECs or IECs and demonstrate that they have a minimum of \$25,000 to be used solely for deposits required by local exchange companies or interexchange carriers.
3. Applicants for operating authority who have profitable interstate operations may meet the minimum financial requirement by submitting all of the three items: (1) an audited balance sheet; (2) an audited balance sheet for the previous quarter; and (3) a bank statement as of the month prior to the date of filing the application or a third-party undertaking to provide the required amounts on behalf of applicant. If the balance sheet shows current liabilities in excess of current assets or negative equity, explain how applicant will be able to maintain sufficient liquidity for its

first year of operations, as authorized in Decision (D.) 91-10-041 and modified by D.14-11-004 for NDIECs.

4. Applicants for operating authority without profitable interstate operations are permitted to use any of the following financial instruments to satisfy the applicable unencumbered cash equivalent requirements:
 - a. Unaudited bank statements;
 - b. Certificate of deposit or other liquid deposit with a reputable bank or other financial institution;
 - c. Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 - d. Letter of credit, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 - e. Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
 - f. Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
 - g. Guarantee, issued by a corporation, copartnership, or other person or association, irrevocable for a period of at least twelve (12) months

beyond certification of the applicant by the Commission; including cashier's check, sight draft, performance bond proceeds, or traveler's checks.

- h. Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond the certification of the applicant by the Commission.
5. The definitions of certain of the financial instruments listed in 4. and our intent on nondiscriminatory application of these definitions are clarified as follows:
 - a. Applicants using unaudited bank statements are required to submit to the Director of Communications Division a copy of the bank statement (1) dated six months after the issuance date of the authorizing decision and submitted within eight months of the issuance date of the authorizing decision, and (2) dated 12 months after the issuance date of the authorizing decision submitted within 14 months of the issuance date of the authorizing decision.
 - b. All unencumbered instruments listed in 4.b. through 4.h. above will be subject to verification and review by the Commission prior to and for a period of twelve (12) months beyond certification of the applicant by the Commission. Failure to comply with this requirement will void applicant's certification or result in such other action as the Commission deems in the public interest, including assessment of reasonable penalties. (See Pub. Util. Code §§ 581 and 2112.)

- c. Applicants for CPCNs as non-facilities-based voice service providers, including interconnected VoIP, shall assure that every issuer of a letter of credit, line of credit, or guarantee to applicant will remain prepared to furnish such reports to applicant for tendering to the Commission at such time and in such form as the Commission may reasonably require to verify or confirm the financial responsibility of applicant for a period of at least twelve (12) months after certification of the applicant by the Commission.
- d. All information furnished to the Commission for purposes of compliance with this requirement will be available for public inspection or made public, except in cases where a showing is made of a compelling need to protect it as private or proprietary information.

(END OF APPENDIX F)

APPENDIX G

APPENDIX G

INTERCONNECTED VOIP SERVICE PROVIDERS PROCEDURE FOR TRANSFERS OF CONTROL OF ASSETS

1. An interconnected VoIP provider granted operating authority by the Commission may file an advice letter, instead of an application, for authority to transfer control or assets, including a merger with another provider with operating, pursuant to Pub. Util. Code §§ 851 through 854 if all of the conditions set forth in this appendix are satisfied. The Tier 2 advice letter shall become effective 40 days after filing absent Commission action to suspend the advice letter.
 - a. The advice letter shall: (1) advise the Commission that the filing interconnected VoIP provider with utility type Digital Voice Fixed (DVF) is a party to a pending transaction for which Commission authority is required, (2) provide the general terms of the transaction, and (3) identify any decided or pending legal complaints against the involved entities, in California or other states.
 - b. The advice letter shall be served on the Director of the Consumer Protection and Safety Division and those persons to whom the entity is already required to serve tariff changes under General Order 96-B.
 - c. Requests for authority to transfer customers shall comply with the customer notification requirements set forth in Decision 97-06-096.
 - d. Financial statements shall accompany the advice letter for any applicant that will continue operations after the transaction has been completed. Financial statements may be filed under seal, but doing so is subject to protest.
 - e. The advice letter text shall describe the terms of the transaction and indicate how any surviving Commission certified entities would modify their tariffs, if at all.
 - f. The advice letter text shall attest that the transaction does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment pursuant to California Environmental Quality Act (CEQA) Guideline 15378.
2. Unless suspended by the Commission at the request of the Commission staff, either because of a protest within a 20-day protest period from the date the

matter appears on the daily calendar or sua sponte, the advice letter shall take effect and the transaction shall be deemed approved. If the Commission believes that the matter warrants more comprehensive review, the Commission may suspend the advice letter and direct the parties to file an application.

3. The advice letter procedure shall not be used under the following conditions:
 - a. Where an entity acquiring assets or control is not either an already certificated entity or the parent or subsidiary of a presently certified entity. In other words, the advice letter procedure described above may not be used for purposes of market entry of interconnected VoIP service providers.
 - b. Where the transaction involves a owned or affiliated with a California incumbent local exchange carrier.
 - c. Where transactions are subject to the requirements of Pub. Util. Code §§ 854(b) and (c).
 - d. Where the transaction has a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. (CEQA Guideline 15378.)

(END OF APPENDIX G)

APPENDIX H

APPENDIX H

21-DAY EXPEDITED CALIFORNIA ENVIRONMENTAL QUALITY ACT REVIEW PROCESS

Once a telecommunications provider obtains CPCN operating authority and a Utility ID Number, the Commission's 21-day expedited CEQA review process may be used to obtain CEQA review of projects likely to be categorically exempt under CEQA, using the following process:

The utility will provide the Commission's Energy Division with:

- a. A detailed description of the proposed project, including:
 - i. Customer(s) to be served;
 - ii. The precise location of the proposed construction project; and
 - iii. Regional and local site maps.
- b. A description of the environmental setting, to include at a minimum:
 - i. Cultural, historical, and paleontological resources;
 - ii. Biological resources; and
 - iii. Current land use and zoning.
- c. A construction workplan, to include:
 - i. Commission Preconstruction Survey Checklist – Archaeological Resources;
 - ii. Commission Preconstruction Survey Checklist – Biological Resources;
 - iii. A detailed schedule of construction activities, including site restoration activities;
 - iv. A description of construction/installation techniques; and

- v. A list of other agencies contacted with respect to siting, land use planning, and environmental resource issues, including contact information.
- vi. A list of permits required for the proposed project;
- d. A statement of the CEQA exemption(s) applicable to the proposed project; and
- e. Documentation and factual evidence sufficient to support a finding that the claimed exemption(s) is (are) applicable.

The Energy Division will review the utility's submission for the proposed project to confirm that the claimed exemption(s) from CEQA are applicable; and

Within 21 days from the date of the utility's submittal, the Energy Division will issue either:

- a. A Notice to Proceed (NTP) and file a Notice of Exemption with the State Clearinghouse, Office of Planning and Research; or
- b. A letter of denial stating the specific reasons why the claimed exemption(s) are not applicable to the proposed project.

The Energy Division will also notify the provider of either its approval or its denial of then review within 21 days from the time that utility's submittal is complete.

If the Energy Division disapproves a CPCN holder's claimed CEQA exemptions, the staff shall issue a letter to the utility which states the specific reasons that the claimed CEQA exemptions do not apply to the proposed project.

If the Energy Division disapproves a CPCN holder's claimed CEQA exemption(s), the CPCN holder shall either re-design the specific project and facilities and then reapply for a finding of exemption from CEQA, or file a formal

application with the Commission seeking the requisite approval and full CEQA review, before commencing any full facilities-based construction activities.

(END OF APPENDIX H)