
PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

February 7, 2025

Agenda ID #23310

TO PARTIES OF RECORD IN DRAFT RESOLUTION ALJ-471:

This is the draft Resolution of Administrative Law Judge (ALJ) Hazlyn Fortune resolving K.24-05-003. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft resolution, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own order. Only when the Commission acts does the resolution become binding on the parties.

You may serve comments on the draft resolution. Comments shall be served (but not filed) within 20 days of the date that the draft Resolution is first noticed in the Commission's Daily Calendar, <http://docs.cpuc.ca.gov/SearchRes.aspx?DocTypeID=9&Latest=1>, as provided in Rule 14.5 of the Commission's Rules of Practice and Procedure. Comments shall be served upon all persons on this proceeding's service list and on ALJ Fortune at hcf@cpuc.ca.gov.

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:sgu

Attachment

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution ALJ-471
Administrative Law Judge Division
[Date]

RESOLUTION

RESOLUTION ALJ-471: Resolves K.24-05-003, the Appeal of ZTG Inc. U-6651-C to Citation No. CD-2024-02-031 issued by the Communication Division.

SUMMARY

This resolution resolves the appeal of Citation No. CD-2024-02-031 by the California Public Utilities Commission's (Commission's) Communication Division. Citation No. CD-2024-02-031 issues a fine of \$1,000.00 to ZTG Inc. (ZTG) for non-compliance with reporting and remitting surcharges and/or user fees.

Pursuant to Resolution T-17601, the Commission has the authority to require telephone corporations to report either intrastate revenue and/or access lines and remit Public Purpose Program surcharges and user fees (where applicable). Violations may include but are not limited to non-compliance with Public Utility Code Sections 247.1, 285, 702, 2101, 2107, 2108, and Decision 22-10-021.

BACKGROUND

Pursuant to California Public Utilities Commission (Commission) Resolution T-17601, and Public Utilities Code (Pub. Util.) Code Sections 247.1, 285, 702, 2101, 2107, 2108, and Decision 22-10-021, the Communications Division (CD) issued ZTG, Inc. a citation assessing \$1,000.00 for non-compliance in reporting and remitting surcharges and/or user fees.

Resolution T-17601 (Resolution) authorizes the CD Staff (Staff) to implement a citation program for enforcing compliance by telecommunications carriers with the Commission’s Resolutions, Decisions, Orders, and the Public Utilities Code.

The Resolution adopted a citation procedure, a list of specific violations, and the corresponding amount of each fine or penalty. Telephone corporations may accept the fine imposed or contest it through the process of appeal under Resolution ALJ-377.

Telephone corporations or carriers operating in California are required to comply with annual reporting requirements. Staff contacts carriers before reporting requirements are due. If carriers do not comply with the required reporting deadlines staff will send a citation to the address on record for that carrier.

DISCUSSION

ZTG filed an appeal for Citation CD-2024-02-031 and the Commission granted the request. A virtual hearing was held on July 26, 2024. ZTG and CD appeared as parties at the hearing. Staff offered into evidence Exhibits numbered 1 through 12 as follows:

| Communications Division Exhibit List | |
|---|--|
| Exhibit 1: | 8/4/23 – CD Staff Email to ZTG Inc., link to the California State Agency Electronic Funds Transfer (EFT) payment system. |
| Exhibit 2: | 8/23/23 - CD Staff Email to ZTG Inc., explaining its reporting requirements. |
| Exhibit 3: | 10/3/23 - CD Staff Email to ZTG Inc., formally communicating a First “Notice of non-compliance in reporting”. |
| Exhibit 4: | 11/29/23 - CD Staff Email to ZTG Inc., formally communicating a Second “Notice of non-compliance in reporting”. |
| Exhibit 5: | 12/8/23 – Email from ZTG Inc. to CD Staff, CD response emails of 1/5/24 and 1/9/24, re: TUFFS ¹ access and surcharge information. |
| Exhibit 6: | A.02-03-007 (3/8/02) CPUC Order granting ZTG Inc. Certificate of Public Convenience and Necessity – U-6651-C. |
| Exhibit 7: | CPUC Resolution T-17601 (6/21/18) CD Citation Program. |
| Exhibit 8: | CA Secretary of State – ZTG Inc. Registration as Corporation. |
| Exhibit 9: | CPUC Resolution 441 (7/13/23) Denial of ZTG Inc.’s appeal to previous CD Citation. |

¹ TUFFS stands for Telecommunications & User Fee Filing System. This systems allows to report business activity and remit or pay any surcharges associated with their business activity.

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|-------------|--|
| Exhibit 10: | Email service of Citation of 2/7/24. |
| Exhibit 11: | CD Compliance Filing of 6/3/24. |
| Exhibit 12: | 3/19/24 – CPUC Fiscal Email to Appellant – Notice/Balance. |

ZTG Inc. represented by Mr. Zandrelli introduced no exhibits at the July 26, 2024, hearing.

RESOLUTION OF THE APPEAL

During the hearing, the CD witness reviewed exhibits showing that Staff had repeatedly communicated with Mr. Zandrelli to inform and alert him about reporting deadlines.² According to the CD witness, each month carriers have to report their business activity to the Commission through a database system.³ During 2023 the database system changed from TUFFS to AccessLines due to Commission Decision (D.) 22-10-021. D.22-10-021 updated the underlying mechanism that each database uses to calculate carrier surcharges. The TUFFS mechanism was based on intrastate revenues and the new AccessLines database uses the number of access lines that a carrier uses to provide telecommunications services.

On August 2, 2023, Mr. Zandrelli sent an email to Staff asking for a link to the California State Agency Electronic Funds Transfer (EFT) payment system. On August 4, 2023, Staff responded to Mr. Zandrelli providing the link he requested.

On August 23, 2023, in response to an email from Mr. Zandrelli, Staff informed Mr. Zandrelli about the reporting frequency, monthly, and period covered by the legacy TUFFS system (October 2022 through March 2023). The August email also informed Mr. Zandrelli about the reporting changes covered from April 2023 and beyond indicating that, “if there are no intrastate revenue or access lines to report the Commission requires that “zero” be reported.”⁴ The email also clarified the ZTG Inc. would be “responsible for the User Fee, which has an annual minimum \$100.00 fee.”

On October 3, 2023, and November 29, 2023, formal notices were sent to Mr. Zandrelli about non-compliance reporting for surcharges and/or user fees. Mr. Zandrelli contacted Staff on December 8, 2023, and on January 9, 2024, Staff sent Mr. Zandrelli an email⁵ providing a link to the Legacy TUFFS system to enable him to complete

² Exhibit CD-1 and Exhibit CD-2

³ Reporters Transcript July 26, 2024, Volume 1 at 13.

⁴ Exhibit CD-2

⁵ Exhibit CD-5

reporting covering the October 2022 through March 2023 period as well as a welcome email to the new AccessLines database for reporting for the April 2023 period onwards.

On February 7, 2024, Staff sent a citation to ZTG, Inc. The citation was sent electronically by email and by certified mail to the address on record for ZTG Inc. at that time, 3565 Del Rey Street, Ste 205, San Diego, CA 92109. During the hearing, Mr. Zandrelli clarified that the address above is not correct and ZTG Inc. has relocated to a new address. The new address, 199 Virginia Avenue, Suite No. 210, San Ysidro, CA 92173.⁶ Staff confirmed that it is ZTG Inc.'s responsibility to update us (the Commission) as to the latest contact information.⁷

During the hearing Mr. Zandrelli took full responsibility for filing late. He mentioned that post-COVID illness and prostrate issues. Mr. Zandrelli asked if the citation amount at \$1,000 be lowered and whether he can be offered a monthly payment plan similar to a previous citation that was paid in full successfully.⁸ Unlike to previous citation, Mr. Zandrelli has no exhibits as evidence to verify his illness. In addition, as noted in the hearing transcript, "between the October 2023 notice of non-compliance to March 8th, we have about close to five months where the appellant could have become compliant without any penalty or fine from the citation."⁹

Mr. Zandrelli is legally bound by the reporting requirements of the CPCN license; therefore, the citation is appropriate and cannot be reduced or dismissed. The appeal of ZTG Inc. of Citation CD-2024-02-031 issued on February 7, 2024, by the California Public Utilities Commission's Communications Division is denied.

COMMENTS

The draft resolution was served on the parties for public review and comment in accordance with Public Utility Code Section 311(g)(1), Article 14 of the Commission's Rules of Practice and Procedure, and Rule 18 of Resolution ALJ-377. No comments were filed into the record of this proceeding.

ASSIGNMENT OF PROCEEDING

⁶ Reporters Transcript July 26, 2024, Volume 1 at 33.

⁷ Reporters Transcript July 26, 2024, Volume 1 at 32.

⁸ Reporters Transcript July 26, 2024, Volume 1 at 10.

⁹ Reporters Transcript July 26, 2024, Volume 1 at 30.

Hazlyn Fortune is the assigned Administrative Law Judge for this citation appeal.

FINDINGS AND CONCLUSIONS

1. ZTG Inc. violated Resolution T-17601 by failing to submit its monthly reporter for surcharges and user fee.
2. CD issued a citation on February 7, 2023, with a penalty amount of \$1,000.00.
3. Mr. Zandrelli, the owner of ZTG Inc., admitted to being unable to respond to emails and certified mail.
4. Mr. Zandrelli, the owner of ZTG Inc., took full responsibility for filing late and being non-compliant with the reporting requirements prescribed by a CPCN license holder.

THEREFORE, IT IS ORDERED that:

1. The Appeal of ZTG Inc. of Citation CD-2024-02-031 issued on February 7, 2024, by the California Public Utilities Commission’s Communications Division is denied.
2. The violation and penalty set in Citation CD-2024-02-031 if affirmed.
3. ZTG Inc. must pay the penalty of \$1,000.00. Payment must be made by check or money order payable to the California Public Utilities Commission and mailed or delivered to the Commission’s Fiscal Office at 505 Van Ness Avenue, San Francisco, CA 94102-3298. ZTG Inc. shall write on the face of the check or money order “For deposit to the California General Fund per Resolution ALJ-441.”
4. Proceeding K2405003 is closed.

This resolution is effective today.

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

RACHEL PETERSON
Executive Director

ALJ/PM6/sgu

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RESOLUTION ALJ-471: Resolves K.24-05-003, the Appeal of ZTG Inc. U-6651-C to Citation No. CD-2024-02-031 issued by the Communication Division.

INFORMATION REGARDING SERVICE

I have electronically served all persons on the attached official service list who have provided an e-mail address for K.24-05-003.

Upon confirmation of this document's acceptance for filing, I will cause a copy of the filed document to be served by U.S. mail on all parties listed in the "Party" category of the official service list for whom no e-mail address is provided.

Dated February 7, 2025, at San Francisco, California.

/s/ SHANE GUTTO

Shane Gutto

N O T I C E

Persons should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.

Resolution ALJ-471 ALJ/HCF/sgu

***** PARTIES *****

***** SERVICE LIST *****

Last Updated on 07-FEB-2025 by: KB3
K2405003 LIST

Riccardo Zandrelli
President
ZTG INC
199 VIRGINIA AVE., STE. 210
SAN YSIDRO CA 92173
(424) 255-0000
Zandrelli@ZTG.net
For: ZTG Inc.

***** STATE EMPLOYEE *****

***** INFORMATION ONLY *****

Dorris Chow
Communications Division
AREA 4-A
505 Van Ness Avenue
San Francisco CA 94102 3298
(415) 703-2182
dnl@cpuc.ca.gov

Hazlyn Fortune
Administrative Law Judge Division
RM. 5008
505 Van Ness Avenue
San Francisco CA 94102 3298
(415) 703-2317
hcf@cpuc.ca.gov

Amy Lau
Communications Division
RM. 3-16
505 Van Ness Avenue
San Francisco CA 94102 3298
(415) 696-7310
al6@cpuc.ca.gov

Danny Tse
Communications Division
AREA 3-E
505 Van Ness Avenue
San Francisco CA 94102 3298
(415) 355-5494
eyt@cpuc.ca.gov

