PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID #23631 **RESOLUTION T-17887**
Communications Division **August 14, 2025**

R E S O L U T I O N

RESOLUTION T-17887. This Resolution denies the request of TERRACOM, Inc. dba MaxSip Tel (U-4587-C), a wireless services provider, to be designated as an Eligible Telecommunications Carrier to obtain federal Lifeline support and also denies its request to become an authorized California LifeLine provider.

SUMMARY

By this Resolution, the California Public Utilities Commission ("CPUC" or "Commission") denies the request of TERRACOM, Inc. dba MaxSip Tel ("TERRACOM") (U-4587-C), a wireless services provider, to be designated as an Eligible Telecommunications Carrier (ETC) to obtain both the federal Lifeline support and also denies TERRACOM authority to participate in the California LifeLine Program to provide services to qualifying low-income households in certain service areas throughout California. TERRACOM's request does not meet the requirements of the Federal Communications Commission's (FCC) Lifeline program and the Commission's ETC requirements established in Resolution T-17002. Additionally, TERRACOM's request is not in compliance with California LifeLine requirements as set forth in Public Utilities Code § 871 et seq., General Order (GO) 153, and various CPUC decisions including, but not limited to, Decision (D.)17-01-032, D.14-01-036 and D.10-11-033. After careful review of the application and consideration of new information, Staff conclude that TERRACOM's request is not in the public interest and should be denied without prejudice.

TERRACOM's Advice Letter 1

On July 8, 2024, TERRACOM, Inc. dba MaxSip Tel, submitted a Tier 3 Advice Letter (Advice Letter No 1) to the Commission seeking designation as an ETC, and also as a California LifeLine provider to offer prepaid wireless telephone services to eligible households in California. TERRACOM seeks ETC designation to receive federal Lifeline support and does not seek to participate in any federal or state high-cost program.[1] TERRACOM is a wireless reseller whose underlying wholesale partners are T-Mobile USA and AT&T Wireless. TERRACOM proposes to offer Lifeline services in any areas served by TERRACOM's wholesale network providers in California.[2] As of March 2025, TERRACOM is not offering any communications services in California.[3]

BACKGROUND

Company Overview

TERRACOM is an Oklahoma Corporation organized on April 10, 2003, with principal offices located at 6650 East Brainerd Road, Suite 200-C, Chattanooga, Tennessee 37421. TERRACOM provides commercial mobile radio service (CMRS) on a common carrier basis.[4] TERRACOM offers prepaid wireless services throughout the United States, operating under the dba "MaxSip Tel." TERRACOM is Fifty One percent (51%) owned by Global Reconnect, LLC, and Forty Nine percent (49%) owned by MaxSip TEL, LLC. TERRACOM is an approved ETC in 32 jurisdictions in the US (31 US states and the US Virgin Islands.)[5] TERRACOM's federal Lifeline Compliance Plan was first approved by the FCC on March 25, 2012.[6] The FCC approved its fourth revised Compliance Plan on November 3, 2016.[7]

Federal ETC Designation Requirements

To receive federal universal service support, an applicant must be designated as an ETC. Section 254(e) of the Communications Act (the Act), as amended, states that "only

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[1] TERRACOM Advice Letter 1, at 1.
[2] TERRACOM Data Request Response. March 26, 2025. Question 7. TERRACOM serves its customers over the networks of T-Mobile and AT&T Wireless.
[3] TERRACOM Data Request Response. March 26, 2025. Question 3.
[4] TERRACOM Advice Letter 1, at 2.
[5] TERRACOM Advice Letter 1, at 2. In addition to the US Virgin Islands, the other states where TERRACOM is an approved ETC are Alabama, Alaska, Arizona, Arkansas, Colorado, Georgia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New York, North Dakota, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin and Wyoming.
[6] See WIRELINE COMPETITION BUREAU APPROVES THE COMPLIANCE PLANS OF AMERICAN BROADBAND & TELECOMMUNICATIONS, BUDGET PREPAY, CONSUMER CELLULAR, GLOBAL CONNECTION, TERRACOM AND TOTAL CALL, DA 12-828, WC Docket Nos. 09-197 and 11-42. May 25, 2012. 122181.doc.
[7] FCC Public Notice DA 16-1264. November 8, 2016. See Microsoft Word - 162454.

an eligible telecommunications carrier under section 214(e) shall be eligible to receive specific federal universal service support."[8]

The Act gives state commissions the primary responsibility for granting ETC designations to companies operating in their states. Section 214(e)(2) states that, "[u]pon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission" so long as the requesting carrier meets the requirements of Section 214(e)(1).

Accordingly, Section 214(e)(1) provides that, a common carrier designated as an ETC must offer services supported by the federal Universal Service Fund (USF) throughout the designated service area either by using its own facilities, resale, or by a combination of its own facilities and resale of another carrier's services and must advertise the services and the related charges using advertising media of general distribution throughout the designated service area. Advertising must include the availability of federal Lifeline services in a manner reasonably designed to reach those likely to qualify for those services.

In addition to meeting the public interest standard, the FCC rules require that a carrier requesting ETC designation must:

1. Certify that it will comply with the service requirements applicable to the support that it receives;
2. Submit a five-year plan that describes proposed improvements or upgrades to the applicant's network throughout its proposed service area if the ETC is seeking participation in high-cost funding;[9]
3. Demonstrate its ability to remain functional in emergency situations;
4. Demonstrate that it will satisfy applicable consumer and service quality standards;

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[8] 47 C.F.R. §§ 54.400 *et seq*. contains the Federal Communications Commission's (FCC) Lifeline rules issued to implement § 254 of the Act. Section 54.401 defines Lifeline as a non-transferrable retail service offering for which qualifying low-income consumers pay a reduced charge for voice telephony service after applying the federal Lifeline support amount.

[9] This requirement is only applicable to ETC applicants requesting to participate in federal High-Cost subsidy programs. TERRACOM is not seeking this authority at this time. If TERRACOM wishes to amend its ETC designation at a later time in order to be eligible for participation in the federal High-Cost program, it may do so by filing a Tier 2 Advice Letter.

5. Demonstrate that it is financially and technically capable of providing the federal Lifeline service; and
6. Submit information describing the terms and conditions of any voice telephone service plans offered to federal Lifeline participants.[10]

California ETC Designation Requirements

The CPUC also adopted procedures and guidelines for processing ETC applications. In Resolution T-17002 (May 25, 2006), the CPUC adopted *The Comprehensive Procedures and Guidelines for ETC Designation and Requirements for ETCs* that are consistent with FCC Universal Service Order 97-157[11] regarding the designation of a telephone carrier as a qualified ETC. Pursuant to this Resolution, applicants seeking ETC designation in California are required to provide the following:

1. A description of the proposed service offerings and attached service area maps;
2. A description of the advertising plan(s);
3. A statement of commitment to provide service;
4. Submission of the 2-year service quality improvement plan if seeking participation in high-cost funding;
5. A showing of the ability to remain functional;
6. A statement of commitment to consumer protection;
7. Demonstration that a carrier's usage plan is comparable to that of the incumbent LEC in the proposed service area; and
8. A public interest determination.

In addition to Resolution T-17002 ETC designation rules, carriers requesting ETC designation must also comply with General Order (GO) 153, and CPUC User Fee[12] and surcharge obligations.[13] The CPUC User Fee is levied on all telecommunications carriers providing services directly to customers. All telecommunications carriers are

[10] 47 C.F.R. § 54.202(a).

[11] See *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, CC Dkt. 96-45 (FCC 97-157), released May 8, 1997.

[12] Effective January 1, 2025, the standard user fee rate for all telephone corporations was adopted at 1.1% of gross intrastate revenues. Resolution M-4874, adopted 12/19/2024, outlines the User Fees in more detail.

[13] On October 24, 2022, the CPUC adopted Decision 22-10-021 governing the updated surcharge mechanism to fund the state's universal service Public Purpose Programs. All telephone corporations are required to report their access line data as defined in Section 5.2.2 of D.22-10-021.

also required to collect and remit public purpose program surcharges from end-users.[14] These surcharges fund the CPUC's universal service programs.

California LifeLine Program Requirements

The purpose of the California LifeLine Program is to provide high quality, residential communications services at affordable rates to low-income citizens of California. The California Legislature directed the CPUC to ensure that the program has essential consumer protections and is competitively neutral. A carrier seeking to be a California LifeLine provider must comply with the CPUC's California LifeLine rules and requirements set forth in Public Utilities Code § 871 *et seq.*, General Order (GO) 153, and various CPUC decisions including, but not limited to, Decision (D.)17-01-032, D.14-01-036 and D.10-11-033. The carrier also must comply with all applicable CPUC rules, orders, decisions, resolutions, and the Public Utilities Code.

Notice/Protests

TERRACOM served its Advice Letter filing via email to all parties on the ETC service list and the Advice Letter appeared in the Commission's Daily Calendar on July 9, 2024. No protests were filed at that time.

DISCUSSION

First Draft Resolution T-17887

Initially, Staff's review of AL 1 did not find cause to reject TERRACOM's request for ETC designation. Staff did require additional information, and therefore issued a Data Request to TERRACOM on February 19,2025. TERRACOM's March 26, 2025 response to this Data Request included statements that the proposed MaxSip sole ownership was still in progress (answer to Question 2), and that the FCC would be reviewing its fifth revised Lifeline Compliance Plan (answer to question 9). Moreover, AL 1 made no reference to SurgePays, Inc.

AL 1 did, however, include a detailed description of an upcoming ownership change in which partial owner MaxSip would become the sole owner of TERRACOM. TERRACOM had accordingly submitted its fifth revised Federal Lifeline Compliance

[14] The Commission adopted an intrastate revenue-based end-user surcharge mechanism in D.94-09-065 and D.96-10-066, which has since been updated by D.22-10-021. Current surcharge rules and mechanisms can be found in D.22-10-021, adopted October 24, 2022.

Plan ("fifth revision") to the FCC on March 1, 2023, to reflect the proposed ownership change. The fifth revision was pending FCC approval at the time its Advice Letter was filed with the CPUC.[15] Again, the then-current ownership structure of TERRACOM is reflected in its fourth revised Lifeline Compliance Plan as approved by the FCC in November 2016.

In its Advice Letter, TERRACOM described a pending change in ownership wherein MaxSip would become the sole owner of the company with 100% of TERRACOM stock after the described transaction.[16] As of March 26, 2025, TERRACOM stated that this proposed transaction would proceed as described, and that the fifth revision was still pending FCC approval.[17] But only three weeks later on April 17, 2025, TERRACOM withdrew the fifth revision of its Lifeline Compliance Plan from FCC review. TERRACOM did not notify the CPUC of this significant event.

Further investigation revealed that, not only were MaxSip's plans to purchase the remainder of TERRACOM withdrawn from FCC consideration, but a new proposed ownership change was in progress. On October 10, 2024, SurgePays, Inc., a technology and telecom company, announced that it had signed a Master Services Agreement (MSA) with TERRACOM, and that the two companies had agreed to finalize a stock purchase agreement wherein SurgePays would acquire the majority of TERRACOM stock, subject to regulatory approval.[18] Again, TERRACOM failed to notify the CPUC about the MSA and planned SurgePays stock purchase agreement. This leaves much room for doubt about the stability of TERRACOM's ownership, and whether services provided will still be dba MaxSip.

Having no knowledge of the turn of events regarding TERRACOM's ownership and its withdrawal of the fifth revision of its Lifeline Compliance Plan, CPUC Staff originally recommended approval of TERRACOM's request for ETC designation and California LifeLine authority. Draft Resolution T-17887 was published on May 8, 2025. Comments on the draft resolution from TruConnect Communications, as well as a meeting with the FCC in May 2025, revealed that TERRACOM had not acted in good faith when it chose not to disclose the compliance plan withdrawal or its agreement to be purchased by SurgePays. Staff from the CPUC's Communications Division (CD) then conducted further research into these activities and determined that granting TERRACOM ETC

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[15] TERRACOM Advice Letter 1, at 5. Note that TERRACOM filed its Fourth Revised Compliance Plan on October 3, 2016, which the FCC approved on November 8, 2016.

[16] TERRACOM Advice Letter 1, at 2.

[17] TERRACOM Data Request Response. March 26, 2025. Question 9.

[18] SurgePays Press Release, Bartlett, TN 10/10/2024, via PR Newswire (SurgePays Announces Master Services Agreement with TerraCom, Inc.)

status and California LifeLine Authority would not be in the public interest. This draft Resolution is amended to reflect the CPUC's change in disposition on Advice Letter 1 from approve to deny.

TruConnect Comments

TruConnect Communications, Inc (U-4380-C) ("TruConnect") submitted comments on the first Draft Resolution T-17887 on May 28, 2025. TruConnect opposed the Draft Resolution because TERRACOM withdrew its fifth revised federal Lifeline Compliance Plan on April 17, 2025. Additionally, TruConnect referenced SurgePays' claim to have agreed to finalize a stock purchase agreement to acquire TERRACOM.[19] TruConnect also stated that the request for approval of the MaxSip Tel transaction had been withdrawn from the FCC. The transaction is indeed no longer pending FCC approval,[20] which would be a direct contradiction to Advice Letter 1 and to TERRACOM's March 26, 2025 Data Request response to question 2.[21]

Non-Compliance with ETC Requirement for Public Interest Determination

California ETC rules are governed by Resolution T-17002, which requires Staff to determine, recommending the designation of a carrier as an ETC that this action would serve the public interest for California consumers.[22]

TERRACOM failed to disclose pertinent information with full knowledge that Advice Letter 1 contained information that was no longer valid or accurate. TERRACOM's neglect to inform the CPUC that the company description and its pending Lifeline Compliance plan status had changed is especially egregious in light of its March 26, 2025 Data Request response affirming that the fifth revision was still pending approval. Moreover, in its answer to Question 2, TERRACOM made a blatantly false statement when it affirmed that MaxSip's plan to acquire the remainder of the company was still moving forward, although five months had already passed since the announcement that TERRACOM agreed to an acquisition by SurgePays, Inc. instead. These actions raise questions about TERRACOM's transparency, stability and willingness to operate in good faith in the Lifeline marketplace, and therefore would not add any public

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[19] TruConnect Comments on CPUC Draft Resolution T-17887. May 28, 2025 at pp. 1-4.
[20] See FCC Wireline Competition Bureau Docket 24-45 (ECFS - Docket Details)
[21] TERRACOM Data Request Response. March 26, 2025. Question 2.
[22] *In the Matter of Federal-State Joint Board on Universal Service,* Report and Order, CC Dkt 96-45 (FCC 05-46), released Mar 17, 2005 ¶ 40 and CPUC Resolution T-17002, *Appendix A, Section II-G: Public Interest Determination.*

benefit if it were to participate in either federal Lifeline or California LifeLine in our state.

FCC Forbearance

Section 214(e)(1)(A) of the Communications Act provides that an ETC must provide services "using its own facilities or a combination of its own facilities and resale of another carrier's services."[23] Pursuant to the FCC's *Lifeline Reform Order*, however, resellers are granted blanket forbearance from this facilities requirement in connection with a limited ETC designation to participate in the federal Lifeline program.[24] On May 25, 2012, the FCC approved TERRACOM's initial Lifeline Compliance Plan, enabling this forbearance.[25] The FCC approved its fourth revised Compliance Plan on November 3, 2016. However, the FCC requires approval of a revised Lifeline Compliance Plan whenever a company undergoes a structural change in ownership or a major adjustment of its services. TERRACOM discusses an upcoming ownership change at length and its accompanying fifth revised Lifeline Compliance Plan pending with the FCC. TERRCOM included a copy of the fifth revision in its AL filing. [26]

COMMENTS

In compliance with P.U. Code § 311(g), the Commission emailed a notice letter on July 11, 2025, informing all parties on the Eligible Telecommunications Carrier service list of the availability of this resolution for public comments at the Commission's website www.cpuc.ca.gov. The notice letter also informed parties that the final confirmed resolution adopted by the Commission will be posted and available at the same website.

FINDINGS AND CONCLUSIONS

1. On July 8, 2024, TERRACOM submitted Tier 3 Advice Letter 1 to the California Public Utilities Commission (CPUC) requesting ETC designation to obtain federal Lifeline support for certain services, as well as designation as a California LifeLine provider.

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[23] 47 U.S.C. Section 214(e)(1)(A).

[24] See *Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service. Advancing Broadband Availability Through Digital Literacy Training*. 27 FCC Red 6656, ¶368.

[25] 27 FCC Rcd 5776. May 25, 2012. See also Lifeline Compliance Plans & ETC Petitions | Federal Communications Commission.

[26] TERRACOM Advice Letter 1, Attachment D.

2. TERRACOM, Inc. Dba MaxSip Tel (TERRACOM) is an Oklahoma corporation organized on April 10, 2003, with principal offices located at 6650 East Brainerd Road, Suite 200-C, Chattanooga, Tennessee 37421. TERRACOM operates under the dba “MaxSip Tel" throughout the United States. MaxSip is currently a partial owner of TERRACOM.

3. TERRACOM obtained its WIR (U-4587-C) from the Commission on May 13, 2024.

4. TERRACOM provides commercial mobile radio service (CMRS) on a common carrier basis by reselling the wireless network services of underlying carriers, currently T-Mobile and AT&T Wireless. TERRACOM offers prepaid wireless services and is approved to provide wireless Lifeline service in 32 jurisdictions throughout the United States.

5. TERRACOM’s fourth revised Lifeline Compliance Plan was approved by the FCC on November 82016.

6. TERRACOM’s application for ETC designation and California LifeLine Authority described at length the upcoming full acquisition by partial owner MaxSip, Tel and its accompanying fifth revised federal Lifeline Compliance Plan, which had been filed with the FCC.

7. TERRACOM disclosed in its application that it submitted the fifth Revision Compliance Plan with the FCC on March 1, 2023. As of the time of this application filing with the CPUC, the Plan was still awaiting approval.

8. TERRACOM failed to notify the CPUC the company had signed a Master Services Agreement with SurgePays, Inc., a technology and telecom company, on October 10, 2024. Furthermore, the two companies had agreed to finalize a stock purchase agreement arrangement in which SurgePays, Inc. would acquire the majority of TERRACOM stock, subject to regulatory approval.

9. TERRACOM failed to notify the CPUC that TERRACOM withdrew the 5th revision of its Lifeline Compliance Plan from the FCC on April 17, 2025.

10. On March 26, 2025, TERRACOM submitted a Data Request response to the CPUC containing some information known to be false, namely the answer to Question 2 which stated that MaxSip’s purchase of the remainder of TERRACOM was still on

target to proceed as described in Advice Letter 1.

11. TERRACOM failed to meet the criteria for a public interest determination due to its failure to notice the aforementioned material changes to the CPUC.

THERFORE, IT IS ORDERED THAT:

1. The request of TERRACOM, Inc., dba MaxSip Tel (TERRACOM) (U-4587-C) to be designated as an Eligible Telecommunications Carrier or as an Authorized California LifeLine Provider of wireless Lifeline services throughout California is denied without prejudice.

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 August 14, 2025, the following Commissioners voting favorable thereon: