

Decision 26-06-009 June 11, 2026

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 UPDATING REGULATORY FRAMEWORK FOR
TELEPHONE CORPORATIONS PROVIDING INTERCONNECTED
VOICE OVER INTERNET PROTOCOL SERVICE AND
CLOSING PROCEEDING**

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**DECISION UPDATING REGULATORY FRAMEWORK FOR
TELEPHONE CORPORATIONS PROVIDING INTERCONNECTED
VOICE OVER INTERNET PROTOCOL SERVICE AND
CLOSING PROCEEDING**

Summary

This decision resolves certain issues in the implementation of the regulatory framework for public utility telephone corporations providing interconnected Voice over Internet Protocol (VoIP) services to California consumers. The decision addresses whether and how fixed interconnected VoIP service providers that never registered as Digital Voice Service providers should add the Digital Voice Fixed (DVF) designation to their existing wireline operating authority or report DVF utility type services. The decision reaffirms the definition of facilities and adopts definitions for facilities-based, limited facilities-based, and non-facilities-based fixed interconnected VoIP service providers that apply only in the context of the Commission's interconnected VoIP licensing and registration framework. The decision clarifies that all facilities-based fixed interconnected VoIP service providers are subject to the heightened requirements of Decision (D.) 20-08-011. The decision establishes a second opt-out period for nomadic-only providers. The decision authorizes Staff to periodically make changes to the Certificate of Public Convenience and Necessity application form and update the application instructions to streamline the application process. Finally, the instant decision makes some minor clarifications to D.24-11-003.

This proceeding is closed.

1. Background

On August 30, 2022, the California Public Utilities Commission (Commission) issued its Order Instituting Rulemaking to Consider Changes to Licensing Status and Obligations of Interconnected Voice over Internet Protocol Carriers (OIR) Rulemaking (R.) 22-08-008 to consider changes to address the licensing status of interconnected Voice over Internet Protocol (VoIP) service providers that were previously registered informally with the Commission.¹ An additional purpose of the OIR is to consider other ongoing obligations for all interconnected VoIP service providers and ministerial licensing reforms.

On November 7, 2024, the Commission adopted Decision (D.) 24-11-003 establishing a regulatory framework for telephone corporations providing VoIP Service (Phase 1 decision). D.24-11-003 also launched Phase 2 of this proceeding to address the application of the new regulatory classifications and other technical issues.²

Pursuant to D.24-11-003, the Commission authorized the migration of 450 active interconnected VoIP service providers designated with a Digital Voice Service (DVS) utility type into one of the two utility type designations: Digital Voice Fixed (DVF) for fixed interconnected VoIP service providers and Digital Voice Nomadic (DVN) for nomadic-only interconnected VoIP service providers.³

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 D.24-11-003 at Finding of Fact 79.

³ *Id.* at Ordering Paragraphs (OP) 27-31.

On December 27, 2024, 380 interconnected VoIP providers were automatically migrated to DVF and 70 to DVN.⁴ D.24-11-003 granted operating authority to DVF providers and imposed regulatory compliance obligations consistent with wireline service providers. D.24-11-003 also subjected DVN providers to a registration process and regulatory compliance obligations consistent with requirements imposed on wireless service providers.

D.24-11-003 ordered the migration of 35 interconnected VoIP service providers with Interexchange Reseller status (IER) to either a DVF or DVN utility type.⁵ Out of the 35 providers with IER operating status, 28 migrated to DVF, and 7 migrated to DVN.

Fixed interconnected VoIP service providers with existing operating authority and an informal registration were given two options under D.24-11-003: (1) retain two separate utility identification (ID) numbers, one associated with their existing wireline operating authority and another associated with the new DVF utility type, or (2) discontinue their utility ID associated with the prior informal registration and add their new DVF utility type to their existing wireline utility ID.⁶ Six providers exercised the second option and filed a consolidation request via advice letter.

⁴ *Id.* at OPs 27-31.

⁵ *Id.* at OPs 27-31.

⁶ Discontinuance of a utility ID is requested through a Tier 2 advice letter.

1.1. Procedural Background

On January 22, 2025, the Administrative Law Judge (ALJ) issued a ruling setting a Phase 2 prehearing conference, including a preliminary scope and schedule for the proceeding and inviting prehearing conference statements. On February 7, 2025, Cloud Communications Alliance (Cloud), and on February 10, 2025, The Utility Reform Network (TURN) and Center for Accessible Technology (CforAT) (jointly, Joint Consumers); Small Business Utility Advocates (SBUA); Calaveras Telephone Company, Cal-Ore Telephone Co., Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Co., Pinnacles Telephone Co., The Ponderosa Telephone Company, Sierra Telephone Company, Inc., The Siskiyou Telephone Company, Volcano Telephone Company, (collectively, Small LECs);⁷ and the California Broadband and Video Association (Cal Broadband) filed statements. On February 14, 2025, the assigned ALJ held the prehearing conference.

Commissioner John Reynolds issued an Amended Scoping Memo and Ruling (Amended Scoping Memo) on April 3, 2025, superseding and amending the scoped issues and schedule for the proceeding as set in the Scoping Memo and Ruling issued on April 28, 2023. The Phase 2 schedule in the Amended Scoping Memo set a technical workshop on the topic of definitions of facilities of interconnected VoIP service providers, and invited parties to include workshop

⁷ For this statement the Small LEC group did not include Happy Valley Telephone Company (U 1010 C), Hornitos Telephone Company, and Winterhaven Telephone Company (the “TDS Companies”), who separately monitored the PHC. *See* Pre-Hearing Conference Statement of Independent Small LECs at 1, n.1.

proposals in their comments in response to the Amended Scoping Memo. On April 28, 2025, comments on the Amended Scoping Memo were filed by Pacific Bell Telephone Company d/b/a AT&T California and AT&T Corp. (collectively AT&T); Consolidated Communications of California Company, LLC and Fidium Communications Enterprise Services, LLC (collectively Consolidated);⁸ Joint Consumers; SBUA; Small LECs; Cal Broadband; and Voice on the Net Coalition (VON).

On May 15, 2025, the ALJ issued a ruling confirming the technical workshop would be held on May 28, 2025, that the workshop would be recorded, and the recording would be provided to parties after the workshop. On June 10, 2025, the ALJ issued a Post-Workshop Ruling Seeking Comment on Definition of Telephone Facilities (Post-Workshop Ruling) and provided parties with the workshop recording to be referenced in party comments, as necessary. On June 27, 2025, SBUA filed comments. On July 7, 2025, Cloud, Cal Broadband, Consolidated, Joint Consumers, and VON filed comments. On July 29, 2025, the following parties filed reply comments: SBUA, Cal Broadband, Joint Consumers and VON.⁹

⁸ On July 14, 2025 Consolidated filed a notice of name change in this proceeding to reflect a Limited Liability Company (LLC) conversion effectuated on January 30, 2025.

⁹ In response to a request by Comcast, on June 20, 2025 the ALJ extended the deadline to file reply comments from July 11, 2025 to July 29, 2025.

1.2. Staff Proposal

On December 1, 2025, the ALJ issued a ruling seeking comment on a Staff Proposal on Phase 2 Issues (Phase 2 Staff Proposal), which offered the following recommendations:

1. A requirement that wireline providers that received operating authority prior to D.24-11-003 add the DVF utility type to their operating authority via a Tier 1 advice letter.
2. Minor corrections to the financial requirements contained in Appendix F of D.24-11-003 to make the requirements consistent with D.14-11-004 and D.95-12-056, and streamline the licensing process.
3. A new opt-out period for nomadic-only interconnected VoIP providers.
4. Corrections and clarifications to D.24-11-003, including (1) all nomadic-only interconnected VoIP providers must pay all surcharges owed starting from when the carrier first began operating in California; (2) nomadic-only interconnected VoIP providers that filed their nomadic registration on or after May 13, 2025 and were operating prior to registering should be assessed a \$1,000 per month penalty pursuant to Resolution T-17601 for failure to register pursuant to D.24-11-003; and (3) performance bond requirements as described in Attachment 1 to the Staff Proposal.

On January 12, 2026, Cal Broadband; AT&T, 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); Consolidated; SBUA; Joint Consumers; and MCI

Metro Access Transmission Services, LLC dba Verizon Access Transmission Services (Verizon) filed comments on the Staff Proposal on Phase 2 Issues.¹⁰

2. Submission Date

This matter was submitted on January 12, 2026, upon the parties filing comments on the Staff Proposal.

3. Issues Before the Commission

This second phase of the proceeding addresses technical and implementation issues that have arisen in the application of the new regulatory framework for interconnected VoIP service providers generally, or nomadic-only interconnected VoIP service providers specifically, including:

1. Regarding the definition of facilities for interconnected VoIP service providers, what facilities are considered part of the telecommunications network and are utilized in the provision of interconnected VoIP service, therefore requiring a limited or full facilities-based Certificate of Public Convenience and Necessity (CPCN)? Additionally,
 - a. What type of facilities are utilized by interconnected VoIP service providers for interconnection with other telephone service providers?
 - b. What types of facilities owned or operated by interconnected VoIP service providers require California Environmental Quality Act (CEQA) review?

¹⁰ MCI Metro Access Transmission Services, LLC dba Verizon Access Transmission Services (Verizon) filed a motion for party status on January 13, 2026 which was granted by ALJ Ruling dated March 6, 2026.

- c. When does the interconnected VoIP service provider's voice traffic rely upon telecommunications infrastructure?
 - d. What facilities are involved when interconnected VoIP service providers on-ramp and off-ramp voice traffic to the Public Switched Telephone Network?
 - e. What facilities are involved when nomadic-only interconnected VoIP service providers on-ramp and off-ramp voice traffic to the Public Switched Telephone Network?
 - f. If at all, how does the "cloud-based architecture and dynamic, flexible infrastructure," which party comments described as being used in the provision of nomadic-only interconnected VoIP service, rely upon telecommunications infrastructure?
2. Some interconnected VoIP service providers held wireline operating authority prior to the issuance of D.24-11-003 and did not register informally. Since D.24-11-003 primarily addressed the status of providers with informal registrations, providers without informal registrations were not offered the option to add the utility type DVF to their existing operating authority.
 - a. Should interconnected VoIP service providers in possession of wireline operating authority be required to, or be given the option to, add to their operating authority the DVF utility type, and why?
 - b. Identify and discuss the appropriate process and information to solicit from interconnected VoIP service providers that are adding DVF to their operating authority.
3. Clarification to requirements for facilities-based interconnected VoIP service providers to operate in Small Local Exchange Carrier (LEC) service territories.

4. Consideration of additional changes to the Public Utilities Code Section 1013 registration process to streamline review.
5. Corrections to qualifying financial documentation required of applicants for operating authority (Appendix F of D.24-11-003).

4. Adding DVF Utility Type to Existing Operating Authority

D.24-11-003 did not address whether and how fixed interconnected VoIP service providers that never registered as DVS providers were to add the DVF designation to their existing wireline operating authority.

The Phase 2 Staff Proposal recommended all licensed wireline carriers without the DVF designation that offer fixed interconnected VoIP service be required to add the DVF utility type to their operating authority.

Staff recommended adding the DVF utility type through a Tier 1 advice letter, which would include the following information:

- (1) confirmation that the licensed wireline carrier without the DVF designation already provides fixed interconnected VoIP services in California, and, if so, if the carrier is offering fixed interconnected VoIP services in all or part of the area that the carrier is authorized to provide service in the state. If services are only offered in part of the area, the carrier must indicate where;
- (2) status of their wireline facilities (*e.g.*, full/limited facilities-based, reseller wireline authority) and whether they offer full or limited facilities-based or non-facilities-based interconnected VoIP services;
- (3) start date the carrier began providing fixed interconnected VoIP services in California; and

(4) the current number of fixed interconnected VoIP customers and access lines in California.

Additionally, the Phase 2 Staff Proposal recommends that applicable carriers submit their Tier 1 advice letter within 12 months from the issuance of this decision. For carriers that do not timely comply, the Phase 2 Staff Proposal recommends that they be required to file a CPCN application.

Additionally, for DVF providers with additional utility types under one utility ID number,¹¹ Staff proposed Telecommunications and User Fee Filing System (TUFFS) access line reporting for interconnected VoIP services be separated from the other types of services they offer. The information would provide the Commission with granular transparency into the different services offered by telephone corporations, according to the Phase 2 Staff Proposal.

4.1. Party Comments

AT&T objects to the part of the requirement pertaining to providers holding general operating authority,¹² asserting the general nature of their authority allows the provision of “all telecommunications services.”¹³ However, AT&T agrees with requiring CPCN and Section 1013 holders to add the DVF

¹¹ For example, DVF providers with interconnected VoIP service and IER service.

¹² General operating authority refers statutory franchises that predate the Public Utilities Act, *e.g.*, operating authority held by traditional local exchange carriers such as AT&T and Frontier. After the codification of the Act into the Public Utilities Code, telecommunications carriers were and still are granted operating authority and a CPCN pursuant to Pub. Util. Code Sections 1001 or 1013.

¹³ AT&T Comments on Staff Proposal at 2. *See* D.09-07-019 at 3, n.6 (“An ILEC is a local telephone corporation that was the exclusive certified local telephone service provider in a franchise territory established before the Telecommunications Reform Act of 1996”).

utility type, as these providers hold specific authority.¹⁴ Verizon argues that the reasons for the requirement are unclear and that it is unnecessary because existing interconnected VoIP providers without the DVF utility type are already subject to the Commission's regulatory authority.¹⁵ However, Verizon notes that the process proposed is simple and the nature of the information sought by the Commission is basic.¹⁶ Frontier agrees with AT&T that general authority should suffice and makes the DVF designation unnecessary. However, Frontier notes the process of a Tier 1 advice letter is supported by the record and sufficient to achieve the monitoring and transparency objectives expressed in the Staff Proposal.¹⁷ Consolidated supports the logic and simplicity of requiring the DVF utility type via the advice letter process.

Cal Broadband recommends that adding the DVF utility type to an existing wireline authority should be optional, not mandatory. According to Cal Broadband, the Commission would be able to track interconnected VoIP access lines separately from traditional wireline access lines through the TUFFS reporting.¹⁸ Joint Consumers argue that the DVF designation will provide the Commission with an accurate understanding of the types of service that each provider offers. Joint Consumers recommend also requiring the providers to

¹⁴ AT&T Comments on Phase 2 Scoping Memo at 2-3.

¹⁵ Verizon Comments on the Staff Proposal at 1.

¹⁶ Verizon Comments on the Staff Proposal at 1.

¹⁷ Frontier Comments on Staff Proposal at 1-2.

¹⁸ Cal Broadband Comments on Staff Proposal at 2.

identify whether they participate in the state and federal Lifeline programs and, if so, whether they use interconnected VoIP to provide Lifeline services.¹⁹

All parties support the Tier 1 advice letter as the mechanism by which providers should add the DVF utility type to their existing authority. Several parties specifically agree with the Staff Proposal's reasoning that "[a] streamlined approach is reasonable because these carriers have already demonstrated fitness in their underlying wireline application or registration."²⁰

4.2. Adding and Reporting DVF Utility Type

This decision requires existing wireline service providers without the DVF utility designation and offering fixed interconnected VoIP services to obtain the DVF utility type or, in the case of providers with general operating authority, to report they are offering DVF utility type services. To facilitate these requirements, we establish a streamlined administrative process that is available for existing telephone corporations to report or add the DVF utility type. However, after 12 months from the issuance of this decision, this streamlined administrative process will no longer be available for wireline service providers with specific CPCN or Section 1013 authorities that offer fixed VoIP services and seek to obtain the DVF utility type. Instead, these wireline carriers would be required to file a CPCN application to expand their operating authority and obtain a DVF utility type.

¹⁹ Joint Consumers Comments on Staff Proposal at 3-4.

²⁰ Frontier Comments on Staff Proposal at 1; Consolidated Comments on Staff Proposal at 1; Cal Broadband Comments on Staff Proposal at 1.

For providers with general operating authority — providers holding a statutory franchise to provide telephone service that predates both the Public Utilities Act and the requirement to obtain a CPCN from the Commission — we direct them simply to comply with the streamlined administrative process. Namely, providers with general operating authority shall file a Tier 1 advice letter within 12 months from the issuance date of this decision to report to the Commission that they include DVF utility type services as part of their general operating authority. Providers with general operating authority that begin providing interconnected VoIP after this initial 12-month period shall report to the Commission via Tier 1 advice letter within 30 days of providing such services.

The purpose of these Tier 1 advice letter filings is to establish a streamlined process that provides the Commission with specific service-type information to identify providers offering fixed interconnected VoIP service accurately and for Staff to administer applicable regulatory requirements. The requirements also support the fundamental policy objectives expressed in D.24-11-003 — to ensure competitive neutrality and customer transparency regardless of the method of provisioning voice service.²¹ As described in D.24-11-003, the Commission's statutory mandates regarding universal service, E911, and market competition are expressly applicable to interconnected VoIP service.²²

²¹ D.24-11-003 at 36.

²² D.24-11-003 at 5-6.

Moreover, we are persuaded by the Staff Proposal’s explanation that the requirement “will help protect consumers and ensure safety by providing more transparency on the types of services carriers offer customers” and enable the Commission to “better track and monitor service quality and consumer complaint metrics, ...[to] respond with the necessary regulatory and policy changes.”²³

Leaving the DVF designation optional and permitting wireline carriers to provide DVF services without reporting it to the Commission or adding it to their authority would perpetuate the variation in the licensing status of currently operating interconnected VoIP service providers. As described in D.24-11-003, “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.”²⁴ Monitoring a technologically neutral and competitive marketplace requires all voice providers to supply the Commission with a similar level of detail about interconnected VoIP service. We adopt the least burdensome vehicle to further this requirement — a Tier 1 advice letter.

Cal Broadband and Joint Consumers request clarification that the addition of the DVF utility type neither expands nor narrows the operational authority already obtained by the provider. It does not. Changes to operating authority must be proposed and approved by application, not via a Tier 1 advice letter.

²³ Staff Proposal at 2-3.

²⁴ D.24-11-003 at 32-33.

4.3. Process for Adding or Reporting a DVF Utility Type or DVF Utility Type Services

Telephone corporations that are providing fixed interconnected VoIP services without a DVF utility type are required to file a Tier 1 advice letter within 12 months of the issuance of this decision to add the DVF utility type (*i.e.*, report that they are offering DVF utility type services). All wireline carriers seeking to add a DVF utility type may be granted, at a minimum, a non-facilities-based fixed interconnected VoIP status consistent with the service territory that has been approved as part of their existing operating authority. Wireline carriers that have a non-facilities-based wireline operating authority and wish to add a facilities-based fixed interconnected VoIP service are not allowed to use the streamlined advice letter process.²⁵ Instead, such requests must be made through a CPCN application in compliance with applicable CEQA requirements. Furthermore, wireline carriers with an existing facilities-based wireline operating authority that request to add facilities-based fixed interconnected VoIP service shall indicate whether they also request changes to the service territory already authorized.²⁶

All carriers must comply with D.20-08-011 Appendices A and B if they request to add a facilities-based fixed interconnected VoIP operating authority involving the Small LEC service territories. For example, if a wireline carrier has been granted operating authority as a full facilities-based interexchange service provider throughout California, the carrier may file an advice letter requesting to

²⁵ Applies equally for full or limited facilities-based status.

²⁶ Applicable equally to full or limited facilities-based status.

add full facilities-facilities based fixed interconnected VoIP authority to its existing authority and will be subject to requirements of D.20-08-011 Appendices A and B.

All carriers, including telephone corporations with specific CPCN or Section 1013 operating authority and providers with general operating authority, must include the following information in their Tier 1 advice letter: (1) confirmation that they are already providing fixed interconnected VoIP services in California; (2) identify the service territory/territories that they have been granted authority to operate in and whether they are providing fixed interconnected VoIP services in all or only part of the area the carrier is authorized to provide service in the state. If services are only offered in part of the area the carrier is authorized to provide service, the carrier must indicate where; (3) provide their wireline facilities status (*e.g.*, full/limited facilities-based, switchless reseller/non-facilities-based) and whether they offer full/limited facilities-based or non-facilities-based fixed interconnected VoIP services; (4) start date the carrier began providing fixed interconnected VoIP services in California; (5) the current number of fixed interconnected VoIP customers and access lines in California; and (6) provide an attestation that carrier will comply with the heightened requirements of D.20-08-011, if carrier provides facilities-based fixed interconnected VoIP in the service territories of the Small LECs.

All information that the carrier deems confidential in its advice letter filing must comply with D.16-08-024, D.20-08-031 (corrected by D.21-09-020) and General Order (GO) 66-D.

After the 12-month period lapses, telephone corporations holding specific CPCN and Section 1013 authorities that offer fixed interconnected VoIP service and seek to obtain a DVF utility designation must file a CPCN application requesting expansion of operating authority to include fixed interconnected VoIP with the relevant facilities type and service area territory. This provision does not apply to providers with general operating authority.

Providers with general operating authority that begin providing fixed interconnected VoIP after the initial 12-month period lapses must report that they are providing DVF utility type services to the Commission in a Tier 1 advice letter within 30 days of providing such services. The 30-day requirement is reasonable because it is consistent with other reporting requirements, such as the reporting requirement for performance bonds.²⁷

4.4. TUFFS Monthly Access Line Reporting Obligation for all Telephone Corporations Offering Fixed Interconnected VoIP Services

Effective upon issuance of this decision, all wireline telephone corporations must separately report on a monthly basis the total access lines for offering fixed interconnected VoIP services and wireline services under the corresponding utility ID for the carrier. The access line information will be submitted as part of the TUFFS reporting.

Verizon strongly objects to requiring TUFFS reporting to be separated by interconnected VoIP access lines, asserting that system and accounting barriers

²⁷ See, e.g., D.24-11-003 at OP 12.

would make compliance burdensome.²⁸ Joint Consumers argue that separating access lines in TUFFS reporting benefits the public by enabling further evaluation of proposed transfers of control, service quality, and other issues.²⁹

We find that the benefits of identifying the pace of transition from legacy voice provisioning to IP-enabled voice services outweigh the technical burdens asserted by Verizon to produce the required information. However, this requirement will not take effect until 90 days after issuance of this decision, so providers have time to implement any technical and system changes necessary to begin reporting. Accordingly, effective 90 days after issuance of this decision, all wireline telephone corporations must separate their TUFFS reporting by interconnected VoIP access lines and wireline access lines.

4.5. Confidentiality Request

Cal Broadband requests that the Commission presumptively grant confidential treatment to the number of access lines included in the Tier 1 advice letter filing.³⁰ Cal Broadband asserts such treatment would be consistent with D.24-11-003's finding that financial and customer information submitted in support of a Section 1013 or Section 1001 application is presumptively confidential.

The Commission's advice letter filing process, as described in GO 96-B, already allows filers to request confidential treatment of the information

²⁸ Verizon Comments on Staff Proposal at 2.

²⁹ Joint Consumers Comments on Staff Proposal at 4.

³⁰ Cal Broadband Comments on Staff Proposal at 1.

provided, in accordance with Commission orders and state law governing public access to records. Cal Broadband does not address the existing confidentiality process, nor does Cal Broadband identify how the existing process is insufficient. Moreover, determining whether specific information warrants confidential treatment requires the requestor to provide a detailed legal and factual analysis, which Cal Broadband failed to do. We thus find no need or basis to address the confidentiality of access line data here and decline to extend presumptive confidential treatment to the number of access lines.

5. Definition of Facilities for Interconnected Voice Over Internet Protocol Service Providers

D.24-11-003 established a provisional definition of “facilities-based” for the interconnected VoIP regulatory framework, stating “facilities-based means the service provider owns all or part of the network facilities that provision the telephone service.”³¹ D.24-11-003 further defined facilities-based interconnected VoIP service providers as either “full” or “limited” facilities-based, meaning:

...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.³²

³¹ D.24-11-003 at 38.

³² D.24-11-003 at 38.

For “non-facilities-based,” D.24-11-003 applied the term to service providers that “do not own telecommunications infrastructure necessary for transmitting telephone calls.”³³ D.24-11-003 also referenced the Commission’s facilities-based definition adopted and currently used for licensing CLECs.

The Commission adopted these definitions as provisional and determined that the topic of defining the facilities of interconnected VoIP service providers should be further discussed and addressed.³⁴ A remote workshop on the *Definition of Facilities of Interconnected Voice Over Internet Protocol (VoIP) Service Providers* was held May 28, 2025. The workshop was recorded and the recording was made available to participants. In the Post-Workshop Ruling, parties were invited to comment on the following:

- Is the current definition of facilities in D.24-11-003 sufficient and if not, what should be changed and why?
- Should the definition of facilities-based for purposes of licensing interconnected VoIP service providers be aligned with other Commission definitions of facilities-based for other regulatory purposes (*i.e.*, resiliency requirements) and, if so, why?
- Other than facilities in the last mile, what facilities within the network qualify for definition of facilities-based, and why (*e.g.*, necessary to route voice traffic, failure would result in call outage)?
- What type of transmission facilities are owned and operated by nomadic-only interconnected VoIP service providers?

³³ D.24-11-003 at 39.

³⁴ D.24-11-003 at 39.

- Identify all the types of facilities necessary to provide Public Switched Telephone Network (PSTN) connectivity, and specify the location of the type in the network (*i.e.*, last-mile, middle-mile, backbone) if any.
- Do data centers or any equipment housed within data centers constitute telephone facilities?
- In what circumstances is an interconnected VoIP service provider considered a reseller?
- If at all, how does an interconnected VoIP service provider reseller differ from a non-facilities-based interconnected VoIP service provider?

5.1. Post-Workshop Comments

In response to whether further definition is necessary, Joint Consumers argued that the language in D.24-11-003 is overly restrictive and should be expanded to include control of facilities in addition to ownership. To further define “control of facilities,” the Joint Consumers provided examples: right to assign a guaranteed number of lit or dark fiber strands, minimum service speeds, prioritized network traffic, and guaranteed uptime. Joint Consumers also argue that the provisional definitions in D.24-11-003 do not align with the facilities definitions established for interconnected VoIP services in the other Commission proceedings.³⁵ Joint Consumers view the provisional definition in D.24-11-003 as a starting point.³⁶

³⁵ Joint Consumers Reply Comments on Post-Workshop Ruling at 4 (citing to GO 133-D, Section 1.3(i) and D.21-02-029 at 7).

³⁶ Joint Consumers Reply Comments on Post-Workshop Ruling at 5-6.

Joint Consumers and VON both assert that if the end user can choose the broadband network on which the interconnected VoIP service is provided, the service provider does not have control of facilities.³⁷ Similarly, Cloud argues, “[t]he correct standard should focus on whether infrastructure (not equipment) ties service delivery to specific customer locations, not whether equipment is operationally necessary.”³⁸

VON argues that nomadic-only providers meet the definition of non-facilities-based providers because,

[n]o facilities or physical infrastructure are required to provide nomadic, interconnected VoIP services. []End users are required to procure their own broadband connectivity. The services are software-based, similar to other over-the-top applications (such as Netflix), and can be provided to customers located in California without having any media or data infrastructure in the state.”³⁹

Cloud asserts that nomadic-only interconnected VoIP service providers own no facilities that tie their services to particular locations, and that nomadic-only infrastructure is “designed to deliver location-independent services that can be accessed from any internet connection.”⁴⁰ Cloud, Cal Broadband, and VON

³⁷ Joint Consumers Comments on Post-Workshop Ruling at 4-5; VON Opening Comments on Post-Workshop Ruling at 2.

³⁸ Cloud Opening Comments at 6.

³⁹ VON Opening Comments on Post-Workshop Ruling at 2.

⁴⁰ Cloud Opening Comments on Post-Workshop Ruling at 6. Cloud provides the following examples of the functions of nomadic-only facilities: 1) logical network connections over third-party internet infrastructure, 2) software-based routing and switching capabilities, 3) cloud-hosted application servers and databases, and 4) virtual network functions rather than dedicated physical transmission paths.

argue that equipment “at the application layer” or “back-office equipment” should not qualify as facilities.⁴¹

Cal Broadband argues the definitions in D.24-11-003 are overly inclusive and should explicitly exclude the equipment housed in data centers, carrier hotels, and infrastructure beyond the “last-mile” from the definition.⁴²

Joint Consumers and Consolidated recommend that the Commission continue to rely upon the facilities-based definition currently referenced for Competitive Local Exchange Carrier (CLEC) licensing.⁴³ Consolidated states, “...if the purpose of its VoIP framework is to parallel the regulatory treatment of CLECs, it is the last-mile broadband connection that best mimics a CLEC “loop” in the local exchange environment.”⁴⁴

However, Joint Consumers and Consolidated have conflicting interpretations of the definition of existing facilities for CLECs. Consolidated argues that the current definition is applicable only to “last mile” facilities used to connect the end user to the central office or similar “hub” within a network.⁴⁵ Joint Consumers dispute this interpretation, asserting that:

⁴¹ Cal Broadband Opening on Post-Workshop Ruling at 5, 8; Cloud Opening on Post-Workshop Ruling at 5, VON Opening on Post-Workshop Ruling at 2.

⁴² Cal Broadband Opening on Post-Workshop Ruling at 5-6; Cal Broadband Reply on Post-Workshop Ruling at 2; VON Opening on Post-Workshop Ruling at 2, Cloud Opening on Post-Workshop Ruling at 4, Cloud on Post-Workshop Ruling at 7-8, Consolidated on Post-Workshop Ruling at 7.

⁴³ Consolidated Opening Comments on Post-Workshop Ruling at 5, 8.

⁴⁴ Consolidated Opening Comments on Post-Workshop Ruling at 6.

⁴⁵ Consolidated Opening on Post-Workshop Ruling at 4.

.... D.95-07-054 does not look only at last-mile infrastructure; instead, the facilities considered include the “instruments, switches, appurtenances, or appliances” that a provider uses “in connection with or to facilitate communications.” [citing D.95-07-054 at Appendix A, Section 3(M).] This language clearly indicates that there is more to facilities than the last-mile connection between an end user and a physical network hub. In other words, physical technology used to route and process communications also falls under the “facilities” umbrella.⁴⁶

SBUA recommends requiring greater transparency during the licensing process regarding the types of facilities provided, by requiring information about

- The types and functions of equipment they control
- The locations of infrastructure; including the location out of state
- Third-party agreements, leases, virtual infrastructure⁴⁷

Similarly, Joint Consumers assert that the record contains insufficient information about which equipment and facilities interconnected VoIP providers use and how they use them.⁴⁸

Only Cal Broadband recommends preserving the “limited facilities-based” and “full facilities-based” distinction and calls cable companies maintaining “last-mile” facilities on other providers’ Support Structures “limited facilities-based.”⁴⁹

⁴⁶ Joint Consumers Reply Comments on Post-Workshop Ruling at 6.

⁴⁷ SBUA Reply Comments on Post-Workshop Ruling at 6.

⁴⁸ Joint Consumers Reply at 3 (citing D.24-11-003 at 87, 93-95).

⁴⁹ Cal Broadband Opening at 5.

5.2. Definitions in Related Commission Proceedings and Decisions

For purposes of setting service quality standards, D.25-09-031 defines a facilities-based interconnected VoIP provider to be one that “...owns or controls facilities used to provide communications for compensation, including the line to the end-user’s location.”⁵⁰ Nomadic-only interconnected VoIP providers are explicitly excluded from service quality standards.⁵¹ The service quality standards require “interconnected facilities-based VoIP providers to repair, within 24 hours, both individual customer interconnected VoIP outages, determined using the OOS [Out of Service] customer tickets, or be penalized by a General Fund fine [and require] all interconnected facilities-based VoIP providers to file with the Commission all VoIP Community Isolation reports submitted to Cal OES [California Office of Emergency Services].”⁵²

In another context, D.21-02-029 adopted emergency preparedness and network resiliency requirements for “all [communications] companies owning, operating, or otherwise responsible for the infrastructure that provides or otherwise carry 9-1-1, voice, text messages, or data services.”⁵³ In the parts of California at highest risk of wildfire,⁵⁴ D.21-02-029 requires facilities-based

⁵⁰ GO 133-E at 1.3(k), adopted by D.25-09-031.

⁵¹ D.25-09-031 at 89.

⁵² D.25-09-031 at 88.

⁵³ D.21-02-029 at 7, 28. R.25-07-014 is the successor proceeding evaluating the implementation and efficacy of the Communications Emergency Preparedness and Network Resiliency requirements.

⁵⁴ Tier 2 and Tier 3 of the High Fire Threat District (HFTD) in California.

service providers, including interconnected VoIP providers, to have 72-hours of backup power for network facilities (sites) in order to maintain a sufficient level of service for their customers to access 9-1-1 and 2-1-1, maintain customer access to the internet, and ensure their infrastructure can distribute emergency notifications to customers. Facilities-based communications service providers must also annually submit Emergency Operations Plans and Communications Resiliency Plans that describe the resiliency and emergency preparedness status of each facility or site.⁵⁵

As recognized by multiple parties,⁵⁶ the purpose and associated definitions of facilities in D.25-09-031 and D.21-02-029 are specific to the associated requirements in those decisions.⁵⁷ Therefore, it is not reasonable in this decision for the Commission to define facilities-based providers in the same manner in different regulatory contexts, as some parties prefer. We clarify that our definitions here do not modify, amend or affect the definition of facilities-based that we established for the purposes of overseeing service quality and network resiliency, as those specific definitions are crucial to ensure public safety in emergency situations. As described in the following section, we adopt the

⁵⁵ D.20-07-011 at 60-61 and D.21-02-029 at 31-32. On the Commission website at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/network-resiliency/public-facing-documents/1---communications-resiliency-plans-2021---2023.pdf>. The Commission identifies 49 facilities-based communication service providers required to file Resiliency Plans in 2021-2021.

⁵⁶ Joint Consumers Opening Comments on Post-Workshop Ruling at 4.

⁵⁷ D.21-02-029 at 25, “The rules below are narrowly tailored only to facilities-based wireline providers offering service in California’s Tier 2 and Tier 3 High Fire Threat Districts.”

definitions of facilities-based providers solely to facilitate the licensing and registration processes adopted in D.24-11-003.

5.3. Facilities-Based Definitions for Determining Applicable Licensing and Registration Processes for Interconnected VoIP Service Providers

In D.24-011-003, we made the following findings with respect to each term:

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.

The facilities-based, limited facilities-based, and non-facilities-based distinctions identify the level of control interconnected VoIP providers have over the network facilities used to provide their voice service so the Commission can determine the proper licensing or registration process, financial showing, and CEQA review applicable to them. These distinctions should not narrow the Commission's jurisdiction over telephone corporations or limit otherwise applicable telephone corporation obligations, including but not limited to service

quality, outages, public safety, consumer protection, reporting, surcharges, user fees, or enforcement. Thus, an interconnected VoIP provider's "facilities-based" classification turns on whether it owns, operates, manages, or controls telecommunications infrastructure used to transmit its voice service, and whether that activity involves new construction in public rights-of-way, equipment in existing structures, or no provider-controlled facilities at all.

With the clarification that facilities-based status (*i.e.*, full facilities-based or limited facilities-based) is necessary only for distinguishing among fixed interconnected VoIP service providers, we find our existing definitions from D.95-07-054 are sufficient to answer all issues raised in Scoping Memo Issue 1 concerning the type of CPCN that a fixed interconnected VoIP service provider must file when requesting authority to operate in California. We also clarify that since nomadic-only interconnected VoIP providers (*i.e.*, DVN providers) are not required to file a CPCN and instead follow the DVN registration process, these facilities-based definitions do not apply to them.

We find merit in Joint Consumers and SBUA's recommendations not to define facilities-based too narrowly so as to exclude facilities that the provider "controls" in providing voice service.⁵⁸ We therefore revise the facilities-based definition adopted in D.24-11-003 to clarify that, for licensing and registration purposes, the relevant inquiry is whether the fixed interconnected VoIP telephone corporation owns, controls, operates, or manages facilities used to furnish voice service to California end users. Use of these other terms that

⁵⁸ SBUA Post-Workshop Comments at 2.

demonstrate operational control over telecommunications facilities are consistent with Public Utilities (Pub. Util.) Code Section 234, which defines “telephone corporation” as “every corporation or person owning, controlling, operating, or managing any telephone line in California for compensation within this state.”

We similarly find it reasonable to define “facilities” based on the statutory definition of a telephone line in Pub. Util. Code Section 233, as the Commission had done in the CLEC context. Section 233 states that a telephone line “includes all conduits, ducts, poles, wires, cables, instruments, and appliances, and all other real estate, fixtures, and personal property owned, 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.”

To ensure that this definition is not overly broad, as Cloud, Cal Broadband, and VON argue, we also distinguish service providers that exercise direct or indirect control over facilities. Accordingly, we adopt the following definitions of facilities-based, limited facilities-based and non-facilities-based that apply only in the context of our interconnected VoIP licensing and registration framework as follows:

Full facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, 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 and intends to build or install telecommunications infrastructure

and equipment in public rights-of-ways or engage in other trenching activity.

Limited facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, 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 and intends to build or install telecommunications infrastructure and equipment within existing structures or facilities of other licensed providers, public utilities, or municipalities.

Non-facilities-based providers are those telecommunications providers, including interconnected VoIP service providers 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.

5.4. Facilities-Based DVF Providers Shall File Application to Obtain CPCN

The Staff Proposal notes that “[i]f carriers are offering full or limited facilities-based fixed interconnected VoIP services, they should have already been granted a full or limited facilities-based designation as a wireline carrier.”⁵⁹ However, there may be cases in which there is a mismatch between the facilities status of the services and the authority granted, e.g., interconnected VoIP service providers that were migrated to operating authority consistent with D.24-11-003 and have yet to update their status. If the carrier does not already have a

⁵⁹ Staff Proposal at 3.

facilities-based designation and wishes to provide facilities-based service, it must request an expansion of its operating authority by filing a CPCN application.

6. Operating in Small Incumbent Local Exchange Carrier Service Territories

Ordering Paragraph 55 of D.24-11-003 requires all facilities-based fixed interconnected VoIP service providers operating in the service territories of the Small LECs to comply with heightened market entry requirements established by the Commission in D.20-08-011 for CLECs.⁶⁰ D.24-11-003 directed facilities-based interconnected VoIP providers to obtain the proper operating authority through a CPCN application process.

The Small LECs assert that interconnected VoIP providers that operated informally prior to the issuance of D.24-11-003 may still be operating in Small LEC territories without complying with the Commission's heightened requirements in D.20-08-011.⁶¹ The Small LECs ask the Commission to clarify that facilities-based interconnected VoIP service providers are subject equally to the heightened requirements of D.20-08-011.

This decision denies the Small LEC's request that the requirements apply to *every* facilities-based interconnected VoIP service provider. Instead, all *fixed* facilities-based interconnected VoIP service providers are subject to the heightened requirements of D.20-08-011.

⁶⁰ The heightened market entry requirements for operating authority in Small LEC service territories are found in D.20-08-011 in Appendices A and B.

⁶¹ Comments of the Small LECs on the Amended Scoping Memo at 3.

To clarify, D.24-11-003 granted default authority to the migrated interconnected VoIP service providers to operate as non-facilities-based providers. “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) or a nomadic-only interconnected VoIP status (*i.e.*, DVN status)....”⁶² The default grant of authority does not include facilities-based interconnected VoIP providers. As described in D.24-11-003:

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 granted operating authority prior to August 2022 with any utility type designation.⁶³

The first set of interconnected VoIP service providers that operated prior to the issuance of D.24-11-003 were granted formal authority to operate as non-facilities-based providers unless the provider attested to their service being a nomadic-only interconnected VoIP service. As described in detail in Section 5

⁶² D.24-11-003 at 62, Conclusion of Law (COL) 18, OPs 2, 30-33. The Small LECs agree that D.24-11-003 addresses only facilities-based interconnected VoIP providers operating in Small LEC service territory.

⁶³ D.24-11-003 at 61-62.

above, the facilities status of nomadic-only interconnected VoIP service providers is irrelevant for regulatory purposes as these providers are subject to a Nomadic Registration.

The second set of interconnected VoIP service providers are those that were operating prior to the issuance of D.24-11-003 and were granted formal authority as resold and non-facilities-based interexchange providers. The second set was not subject to the heightened requirements of D.20-08-011 initially because D.20-08-011 does not apply to interexchange service. Then, in D.24-11-003, the Commission did not apply D.20-08-011's requirements to non-facilities-based DVF utility types.

The third set of interconnected VoIP service providers are those that were operating prior to the issuance of D.24-11-003 and that obtained formal authority prior to August 2022. In the event the operating authority was granted subsequent to the issuance of D.20-08-011, the heightened requirements of D.20-08-011 were in effect. Specifically, these prior applications would have been subject to D.20-08-011 only if the applicant had sought authority to operate in Small ILEC territories. Thus, their applications were already subject to D.20-08-011's requirements. In the event the operating authority was granted prior to the issuance of D.20-08-011, it excludes authority to operate in Small ILEC territories.

Any existing facilities-based interconnected VoIP service providers granted authority to operate in Small ILEC territories prior to the issuance of D.24-11-003 would already have been subject to the requirements of D.20-08-011. For an interconnected VoIP service provider which was operating informally

prior to D.24-11-003 to obtain facilities-based authority, it must seek and obtain such authority through a CPCN application.⁶⁴

In light of these clarifications, no additional action is required.

7. Extensions for Nomadic-Only Interconnected VoIP Relief and Clarifications of Penalties and Surcharge Obligation

7.1. Opportunity for Nomadic-Only Providers to Convert To DVN Utility Type Through a Streamlined Process Without Fee (Second Opt-Out Period)

D.24-11-003 permitted nomadic-only providers a 45-day opt-out period to migrate to a DVN utility type by emailing an attestation to the Communications Division certifying that they qualify for nomadic-only status. Carriers that failed to opt-out during this time automatically received a DVF utility type. The initial 45-day opt-out period ended on December 27, 2024. Nomadic-only providers must now simultaneously submit a new Nomadic Registration, pay the nomadic registration fee, and relinquish their fixed interconnected VoIP operating authority via a Tier 2 advice letter. After the conclusion of the migration period authorized in D.24-11-003, 13 carriers simultaneously submitted a new Nomadic Registration and an advice letter to voluntarily surrender their DVF operating authority.

The Staff Proposal recommended establishing a second “opt-out” period for nomadic-only providers that failed to comply during the initial opt-out period and were automatically migrated from DVS or IER utility type, to DVF

⁶⁴ D.24-11-003 at COL 90, OP 2.

utility type. The proposed second opt-out period would convert carriers to a DVN utility type in a streamlined process. The Staff Proposal suggested the objectives of D.24-11-003 could be more easily achieved through establishing a second opt-out period.

Joint Consumers argued that one year was too long a duration for something that should have reasonably been accomplished already. Joint Consumers also recommended requiring an explanation for the nomadic-only provider's failure to comply with the rules in the first place.

Lowering the administrative burden for Commission Staff and nomadic-only providers alike compels us to adopt the Staff Proposal's recommendation to establish a second opt-out period for nomadic-only providers. During this second opt-out period, nomadic-only providers must submit the nomadic attestation via email to CDCompliance@cpuc.ca.gov within 12 months from issuance of this decision, confirming that they provide voice services that meet the Commission's definition of nomadic-only interconnected VoIP. The nomadic 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 a company officer. Carriers may refer to Appendix A of D.24-11-003 for a sample attestation.

After the conclusion of the new opt-out period, carriers who wish to simultaneously surrender their DVF operating authority and obtain a DVN registration must submit a Tier 2 advice letter to surrender their DVF operating authority, a Nomadic Registration and the required nomadic registration fee.

Requests to surrender operating authority must be filed as a Tier 2 advice letter and adhere to the process outlined in Resolution T-17723.

We also find that it would be unfair and punitive to DVN providers who missed the initial opt-out period to keep the nomadic registration fee they paid. Indeed, Staff proposed that any carrier who missed the initial opt-out period established in D.24-11-003 be refunded the nomadic registration fee they paid. DVN providers who followed the rules should receive back the nomadic registration fee they paid in light of the changes made by this decision. Therefore, the DVN providers listed in Appendix B to this decision will be issued a refund. Staff is also authorized to issue refunds to any carriers that are not listed in Appendix B, whose Nomadic Registration and surrender of DVF operating authority were approved, through the date of adoption of this decision.

7.2. Clarification on Penalty for Noncompliance with Commission Licensing and Registration Requirements

Staff proposes that the Commission clarify whether they have the authority pursuant to Resolution (Res.) T-17601 to issue a citation to nomadic providers for their failure to register pursuant to D.24-11-003.

This decision clarifies Staff's authority to issue citations for compliance matters related to licensing and registration requirements set forth in D.24-11-003. Specifically, D.24-11-003, Ordering Paragraph (OP) 4 states: "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." Conclusion of Law 73 states that "it is

reasonable and prudent to apply the Communications Division's Citation Program approved in Res. T-17601 to all interconnected VoIP service providers" and OP 54 accordingly applies Res. T-17601 to all interconnected VoIP providers. Therefore, we reiterate that Staff may utilize Res. T-17601's citation process to secure carriers' compliance with D.24-11-003's licensing and registration requirements, including DVN registration.⁶⁵

This decision also clarifies when providers would be subject to penalties for failing to comply with D.24-11-003's licensing and registration requirements. In D.24-11-003, the Commission provided a grace period of 180 calendar days for all interconnected VoIP service providers to comply with the decision's requirements. The Commission also made clear that "[a]fter the 180-day grace period to comply with licensing and registration requirements, applicants without operating authority or registration will be subject to penalty for noncompliance."⁶⁶ The Commission determined that penalties for noncompliance with CPCN application and Section 1013 registration requirements would be determined by the Commission in the CPCN application process.⁶⁷ For Nomadic Registrations, the Commission determined that Communications Division is authorized to issue a citation pursuant to Res. T-

⁶⁵ D.24-11-003 at 42.

⁶⁶ D.24-11-003 at 42.

⁶⁷ D.24-11-003 at 42. "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."

17601 for \$1,000 per month of operation without registration.⁶⁸ Res. T-17601 also includes procedures that govern Staff's issuance and carriers' appeals of these citations.

Staff recommends that the Commission also clarify the timeframe to calculate the \$1,000 per month citation penalty for Nomadic (DVN) Registration noncompliance. The Commission issued D.24-11-003 on November 11, 2024. Applying the 180-day grace period would have required a telephone corporation already providing nomadic-only interconnected VoIP service to have submitted its DVN registration by May 12, 2025,⁶⁹ or be subject to the \$1,000 per month penalty starting May 13, 2025 until the Commission approved its registration.

In the interest of facilitating and encouraging compliance with the VoIP licensing and registration framework adopted in D.24-11-003 and the necessity for further clarification, we find it reasonable to allow Staff to defer issuing Nomadic Registration citations. Specifically, Staff may defer issuing citations until after 60 days from the issuance date of this decision. This additional grace period also applies to those DVN providers who missed the 180-day grace period authorized in D.24-11-003. In other words, the \$1,000 penalty per month would not begin to accrue until after 60 days from the issuance date of this decision.

⁶⁸ D.24-11-003 at 42.

⁶⁹ 180 days from November 11, 2024 was Sunday, May 11, 2025, but CPUC Rules of Practice and Procedure, Rule 1.15 extends a weekend or holiday deadline date to the next day the Commission offices are open: "If the last day falls on a Saturday, Sunday, holiday or other day when the Commission offices are closed, the time limit is extended to include the first day thereafter." Thus, May 12, 2025, was the last day of the 180-day grace period.

7.3. Reiteration of Law Requiring All Types of Interconnected VoIP Providers to Collect and Remit Public Purpose Program Surcharges

Since 2011, state law has required interconnected VoIP service providers to collect and remit Public Purpose Program surcharges. Staff recommends that the Commission reiterate and clarify that all nomadic-only interconnected VoIP providers must pay all surcharges owed starting from when the carrier began operating in California.⁷⁰ We remind all interconnected VoIP providers of their continuing universal service obligation, as set forth in D.24-11-003, Ordering Paragraph 9: “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 the late remittance of past-due surcharges prior to the filing date of application.”⁷¹ Moreover, we made clear that “[f]ailure 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.”⁷²

This surcharge obligation derives from Pub. Util. Code Section 285, enacted in 2011 with “the sole purpose ... to require the commission to impose the surcharges pursuant to this section to ensure that end-use customers of interconnected VoIP service providers contribute to the funds enumerated in this

⁷⁰ Staff Proposal at 5.

⁷¹ D.24-11-003 at OP 9.

⁷² D.24-11-003 at 73.

section.”⁷³ This section expressly states that the “commission shall require interconnected VoIP service providers to collect and remit surcharges... in support of public purpose program funds.”⁷⁴ Therefore, we agree with Staff that “[t]he surcharge obligation existed, irrespective of any informal or formal licensing or registration process applicable to interconnected VoIP providers”⁷⁵ because Section 285 sets forth an independent universal service obligation that is separate from telephone corporations’ Pub. Util. Code Section 1001 licensing and Section 1013 registration obligations. Currently, all telephone corporations must collect and remit the Public Purpose Program surcharge in accordance with the access line flat rate surcharge mechanism adopted in D.22-10-021.

8. Additional Changes to Streamline the Application Process

On April 28, 2025, Joint Consumers, SBUA, AT&T, Cal Broadband, and Consolidated filed opening comments related to Scoping Issue number 4 of the Amended Scoping Memo. Joint Consumers did not propose any changes but urged the Commission to reject any process that provides pro forma approval under Pub. Util. Code Section 1013 if the Commission does not act within a certain timeframe. Joint Consumers also stated that “...review of any application or registration for operating authority must continue to include a review of the application and an affirmative Commission response.” SBUA supports administrative improvements to the Section 1013 application process to promote

⁷³ Pub. Util. Code Section 285(b).

⁷⁴ Pub. Util. Code Section 285(c).

⁷⁵ Staff Proposal at 5.

efficiency but states that "...any streamlining must be balanced against the need to maintain strong consumer protections, rigorous vetting of applicants, and safeguards against market instability." AT&T, Cal Broadband, and Consolidated stated that they either take no position on this issue, have no comments to offer, or do not have any view on changes that may be needed.

We determine that Staff may periodically make changes to the CPCN application form filed pursuant to Pub. Util. Code Section 1001 and Section 1013 and update the application instructions and attachments to further streamline the application process and ensure that application forms maintain conformity with Commission requirements.

No parties objected to additional changes being made in general to streamline the application process.

9. Minor Clarifications to D.24-11-003

9.1. Financial Documentation Corrections

Staff proposes only minor corrections and changes to the financial requirements contained in Appendix F of D.24-11-003 to streamline the licensing process.⁷⁶ These minor corrections and changes will apply to the financial

⁷⁶ On April 28, 2025, Consolidated, SBUA, AT&T, and Cal Broadband filed opening comments related to scoping issue number 5 of the R.22-08-008 Amended Scoping Memo. Consolidated contends that the qualifying financial documentation required of interconnected VoIP providers seeking an operating authority should be the same as that for any telephone corporation that is seeking an operating authority. SBUA stated that corrections to the financial requirements must continue to ensure that new providers can deliver affordable, reliable, and resilient VoIP services, and that accurate and meaningful financial documentation remains essential to protect the public. SBUA also adds that every technical decision made in Phase 2 of this proceeding should continue to reflect the Commission's commitment to preserving and strengthening access, reliability, affordability, and consumer protection for small businesses and ESJ communities. AT&T and Cal

Footnote continued on next page.

requirements of all telephone corporations seeking operating authority in California and will not create separate financial requirements for interconnected VoIP providers.

This decision revises Appendix F to D.24-11-003 as provided in Appendix A to this decision and summarized as follows:

- Corrects information regarding applicants with profitable interstate operations and makes language consistent with D.14-11-004.
- Corrects financial guarantee language for all applicants to make consistent with financial guarantee language in D.95-12-056.
- Clarifies that the acceptable financial instruments can be used by applicants with financially profitable operations and those without profitable operations, to satisfy the applicable unencumbered cash equivalent requirements.

To streamline licensing and compliance, this decision also removes the requirement that applicants provide another bank statement to the Communications Division at the 6 and 12-month marks after application approval, for those who provided an unaudited bank statement as their financial instrument.

No parties objected to these clarifications, and it is reasonable to adopt these changes as proposed.

Broadband stated either that they take no position on the issue or that they had no comments to offer.

9.2. Performance Bond Clarifications and Penalties for Noncompliance

Implementation of the performance bond requirement for all interconnected VoIP providers revealed necessary corrections and clarifications that this decision addresses.

9.2.1. Correction in Ordering Paragraph 12 of D.24-11-003

We supersede OP 12 of D.24-11-003 with OP 6 of this decision in order to better instruct providers how to provide their performance bond to the Commission.⁷⁷ If there is an original hard copy of the bond, we clarify that carriers must mail the original copy of the bond to the Commission's Communications Division-Telco Licensing Registration Oversight Section (or its successor), and also should indicate this information as part of their Tier 1 advice letter filing. If there is no hard copy of the bond and only an electronic version, we clarify that carriers must state in their advice letter filing that only an electronic version exists and it is the same legal instrument as an original hard copy performance bond.

9.2.2. Clarifications on Performance Bond Requirements

We clarify that the requirements in D.24-11-003 align with the performance bond requirements established in D.13-05-035 including: (1) the performance bond exemptions applicable to Carriers of Last Resort (COLR) including Uniform Regulatory Framework incumbent LECs, General Rate Case LECs, and their wholly-owned or majority owned (51% or more) affiliates or subsidiaries of

⁷⁷ Performance bond requirement as adopted in D.24-11-003 at Section 8.2.1.

their corporate parent or holding company;⁷⁸ and (2) Communications Division authority to prepare for the Commission's consideration a resolution revoking operating authority or the registration of any interconnected VoIP service providers that are more than 120 days late in providing the executed performance bond.⁷⁹

We remind all interconnected VoIP providers to comply with the annual performance bond requirements in D.24-11-003. Specifically, all providers shall submit advice letters related to performance bonds using the Tier 1 advice letter process, including compliance with the service list requirement. 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. All interconnected VoIP service providers that fail to comply with annual performance requirements are subject to a citation with penalty pursuant to Res. T-17601.⁸⁰ Furthermore, failure to comply with an issued citation may result in the revocation of the carrier's operating authority or registration approval.

10. Comments on Proposed Decision

The proposed decision of Commissioner Christine Harada in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and

⁷⁸ D.13-05-035 at OP 5.

⁷⁹ D.13-5-035 at OP 13.

⁸⁰ D.11-24-003 at OP 54.

comments were allowed under Rule 14.3. On May 28, 2026, Cox, CforAT, AT&T, SBUA, jointly Frontier and Verizon, Small LECs, Consolidated, TURN, and Telnix filed opening comments on the proposed decision. On June 2, 2026, Cal Broadband, Frontier and Verizon, SBUA, TURN, and AT&T filed reply comments.

We reviewed all opening comments and reply comments. We added further discussion or modified various sections of the proposed decision in response to comments, where clarifications or changes were warranted.⁸¹ Comments reiterating previous arguments were not given weight. Below, we provide further discussion of issues raised in comments.

In response to Cox's comments, we revised the proposed decision to remove reference to Cox as a COLR.

In response to comments from AT&T and jointly Frontier and Verizon, we clarify that statutory franchise holders need only report that they are offering DVF service and the current number of fixed interconnected VoIP customers and access lines in California via a Tier 1 advice letter. This advice letter filing serves the administrative and reporting functions described in this decision; it is not intended to confer, expand, limit, or otherwise alter any general operating authority of a statutory franchise holder. The Commission needs accurate records regarding the various types of voice services sold in California, and

⁸¹ Silence on an issue raised in comments on the proposed decision does not mean that the Commission did not consider it.

therefore it is necessary for AT&T, Frontier, and other statutory franchise holders to comply with the reporting requirements of this decision.

AT&T and jointly Frontier and Verizon recommend either (1) eliminating the requirement for wireline telephone corporations to report, on a monthly basis, the total access lines for offering fixed interconnected VoIP services and wireline services; or (2) clarifying this requirement will apply no sooner than March 15, 2027. According to Frontier and Verizon, the Commission can obtain this information through data requests or seek companies' reports. If the Commission keeps the reporting requirement, Frontier and Verizon assert that more time is necessary to implement it and make any necessary changes to its systems.

To ease the administrative burden to track the pace of transition from legacy voice provisioning to IP-enabled voice services we elect to require wireline telephone corporations to comply with this reporting requirement. However, we modified the proposed decision to allow carriers 90 days after the issuance date of this decision to begin reporting this information and included the requirement in an ordering paragraph to be consistent with this modification. We are not persuaded that extending the deadline to March 15, 2027, is necessary. Frontier and Verizon state that they could provide the information in response to a data request, which usually require submission within two weeks. Moreover, this information is necessary for the Commission to assess providers services, for surcharge calculation purposes, and will benefit consumer protection overall. Therefore, we find that requiring this information within 90

days will provide wireline telephone corporations with a reasonable amount of time to implement the requirement and have updated the Ordering Paragraphs to reflect this change.

SBUA and TURN recommend that the Commission require additional information in the Tier 1 advice letter filing used by wireline carriers to include the DVF designation in their existing authority. Specifically, SBUA states that carriers should be required to disclose the infrastructure and arrangements underlying their stated facilities classification. TURN and SBUA also recommend that carriers be required to include whether they participate in the state LifeLine or federal Lifeline programs, and whether these providers use interconnected VoIP to provide Lifeline service. We decline to require carriers to provide SBUA and TURN's recommended information in their Tier 1 advice letter filings at this time because the Tier 1 advice letter is intended for another purpose, which is to identify all carriers providing fixed interconnected VoIP service in California and their corresponding subscriber numbers and access line counts.

SBUA also recommends that the Commission address whether data centers and the equipment housed within them qualify as facilities. We are persuaded not to adopt this recommendation based on the joint comments of Frontier and Verizon, as well as Cal Broadband. Specifically, we agree with Frontier and Verizon's assertion that the question of whether equipment or facilities is stored in a data center is irrelevant to whether a provider is "facilities based" because the definition applies broadly. Moreover, treating all equipment within a data center as telephone facilities may be overinclusive, as Cal

Broadband asserts. Accordingly, we find that such information is better addressed in more specific forums and decline to make changes in response to SBUA's recommendation.

The Small LECs recommend applying D.20-08-011's heightened market entry requirements to all fixed interconnected VoIP service providers and urge the Commission to remove the qualifier "facilities-based" from the relevant proposed decision text and Conclusion of Law 14. According to the Small LECs, D.24-11-003 did not affirmatively determine, as a matter of substantive Commission policy, that non-facilities-based fixed interconnected VoIP providers serving in Small LEC territories should be exempt from D.20-08-011's rural consumer protections. Moreover, the Small LECs assert that the Commission errs by not considering the risks of service degradation, cream skimming, network resiliency impairment, and universal service erosion associated with non-facilities-based fixed interconnected VoIP providers operating in the Small LECs territories. SBUA supports the Small LECs in their reply comments.

At this time, we find the Small LECs assertions unpersuasive and decline to make specific findings of fact and conclusions of law based on them. Moreover, as Cal Broadband notes in its reply comments, the Commission already determined in D.24-11-003 that only facilities-based interconnected VoIP service providers operating in Small LEC service territories must comply with D.20-08-011. Thus, the Small LEC's recommendation is untimely.

Consolidated urges the Commission to revisit Cal Broadband's request to pre-designate access line information as confidential. We decline to adopt this

change for the reasons described above. We also note CforAT, SBUA, and TURN support our determination not to pre-designate access line information confidential.

Telnyx erroneously argues that the proposed decision unlawfully imposes on nomadic VoIP providers retroactive penalties for operating without registration before the Commission adopted D.24-11-003 and retroactive surcharge obligations. Telnyx mischaracterizes the proposed decision. The penalties set forth in D.24-11-003 were applicable on a prospective basis — 180 days *after* D.24-11-003's issuance date. Moreover, this decision provides an additional grace period of 60 days from the date of issuance before interconnected VoIP providers would be subject to penalties for failure to comply with D.24-11-003's Nomadic Registration requirement.

Telnyx also incorrectly asserts that past-due surcharges cannot be assessed on nomadic interconnected VoIP service providers operating prior to D.24-11-003. To the extent Telnyx challenges the Commission's previously adopted surcharge framework or the applicability of Pub. Util. Code Section 285 to nomadic interconnected VoIP providers, those arguments are beyond the scope of this phase of the proceeding and constitute an impermissible collateral attack on prior Commission determinations. To clarify, D.24-11-003 did not establish surcharge obligations where none previously existed. Rather, the decision implemented and clarified the regulatory framework governing interconnected VoIP service providers and established administrative mechanisms to facilitate compliance with obligations already imposed by law. As explained, Pub. Util.

Code Section 285 applies to “interconnected VoIP service providers” and Section 239 broadly defines “VoIP service” to include both fixed and nomadic interconnected VoIP services. The Commission has also made clear that these universal service obligations apply to all interconnected VoIP service providers since 2011.⁸² This proceeding concerns implementation and administration of the interconnected VoIP framework, not whether interconnected VoIP providers are subject to Pub. Util. Code Section 285 surcharge obligations in the first instance.

11. Assignment of Proceeding

Christine Harada is the assigned Commissioner and Camille Watts-Zagha is the assigned ALJ in this proceeding.

Findings of Fact

1. Changes to operating authority must be proposed and approved by application, not via a Tier 1 advice letter.
2. There is no basis to provide presumptive confidential treatment to the number of access lines because there has been no detailed legal and factual assertion of confidentiality and the Commission’s advice letter filing process in GO 96-B allows filers to request confidential treatment of the information provided.
3. The benefits of identifying the pace of transition from legacy voice provision to IP-enabled voice services outweigh any technical burdens.

⁸² See D.24-11-003 at 69-70; see also D.22-10-021, Finding of Fact 4, at 73 and 69-70.

4. Ensuring competitive neutrality and customer transparency regardless of the method of provisioning fixed voice service are fundamental policy objectives the Commission expressed in D.24-11-003.

5. The Commission's statutory mandates regarding universal service, E911, and market competition are applicable to interconnected VoIP service.

6. An optional DVF designation would perpetuate the variation in the licensing status of currently operating interconnected VoIP service providers.

7. Establishing a second 12 month opt-out period that allows nomadic-only interconnected VoIP service providers, previously migrated to a DVF utility designation, to update their utility designation to DVN, is administratively efficient and furthers the public interest.

8. Refunding certain DVN providers the nomadic registration fee they paid is necessary so as to avoid penalizing certain DVN providers that complied with the rules set forth in D.24-11-003.

9. The facilities-based, limited facilities-based, and non-facilities-based distinctions identify the interconnected VoIP provider's relationship to the network facilities used to provide voice service so the Commission can determine the proper licensing or registration process, financial showing, and CEQA review applicable to them.

10. D.24-11-003 defined facilities provisionally for licensing interconnected VoIP service providers.

11. Facilities-based status is inapplicable to nomadic-only interconnected VoIP providers.

12. D.95-07-054 defined facilities for licensing CLECs.

13. Applying the D.95-07-054 facilities-based definitions to fixed interconnected VoIP service providers satisfies the Commission's licensing and registration needs.

14. With the clarification in this decision that the facilities-based definition is exclusive of nomadic-only interconnected VoIP service providers, D.24-11-003 adequately defines the existing subcategories of full facilities-based and limited facilities-based.

15. OP 55 of D.24-11-003 requires all interconnected VoIP service providers seeking and obtaining facilities-based operating authorities in the Small LECs' service territories to comply with the applicable rules adopted in Appendix A and Appendix B of D.20-08-011.

16. The requirements in D.24-11-003 align with the performance bond requirements in D.13-05-035.

Conclusions of Law

1. All wireline telephone corporations should separate their TUFFs reporting by interconnected VoIP access lines and wireline access lines beginning 90 days after the issuance of this decision.

2. Telephone corporations with operating authority that provide fixed interconnected VoIP service without a DVF utility designation, should be required to file a Tier 1 advice letter within 12 months of the issuance of this decision to add the DVF designation or report they are providing DVF utility-type services.

3. Twelve months after issuance of this decision, if a provider with general operating authority begins providing interconnected VoIP services, that provider should be required to report via Tier 1 advice letter that they are providing DVF utility type services within 30 days of providing such services.

4. All wireline carriers seeking to add a DVF utility type should be granted, at a minimum, a non-facilities-based fixed interconnected VoIP status consistent with the service territory that has been approved.

5. Wireline carriers that have a non-facilities-based wireline operating authority and wish to add a facilities-based (limited or full) fixed interconnected VoIP service should not be allowed to use the streamlined advice letter process described in this decision. Instead, such requests should be made through a CPCN application in compliance with applicable CEQA requirements.

6. Wireline carriers with an existing facilities-based (limited or full) wireline operating authority that request to add facilities-based (limited or full) fixed interconnected VoIP service should identify whether they request changes to their existing service territory.

7. Carriers should include all the following information in their Tier 1 advice letter:

- (a) Confirmation that they are already providing fixed interconnected VoIP services in California.
- (b) Identification of the existing service territory/territories that they have authority to operate in and whether they are providing fixed

interconnected VoIP services in all or only part of the area. If services are only offered in part of the area, the carrier must indicate where.

- (c) Their wireline facilities status (e.g., full/limited facilities-based, switchless reseller/non-facilities-based) and whether they offer full/limited facilities-based or non-facilities-based fixed interconnected VoIP services.
- (d) Date the carrier began providing fixed interconnected VoIP in California.
- (e) The carrier's current number of fixed interconnected VoIP customers and access lines in California.
- (f) An attestation that the carrier will comply with the requirements of D.20-08-011, Appendices A and B, if the carrier seeks to provide facilities-based fixed interconnected VoIP in the service territories of the Small LECs. All information that the carrier deems confidential in its advice letter filing must comply with D.16-08-024, D.20-08-031 as modified by D.21-09-020, and GO 66-D.

8. With the exception of telephone corporations with general operating authority, telephone corporations that do not add the DVF utility type within 12 months of the issuance date of this decision, should be required to file an application requesting expansion of operating authority to include fixed interconnected VoIP.

9. Nomadic-only interconnected VoIP service providers, originally migrated to a DVF utility designation, should be provided additional time by which to cease operation as a DVF provider and register as a DVN provider.

10. DVN providers migrated pursuant to D.24-11-003 that paid the nomadic registration fee should be refunded.

11. The Commission should establish a second opt-out period for nomadic-only interconnected VoIP service providers, originally migrated to a DVF utility designation, that have not already corrected their utility designation to DVN as described in Section 7 of this decision.

12. It is reasonable to adopt the following definitions of facilities-based, limited facilities-based, and non-facilities based that apply only in the context of our interconnected VoIP licensing and registration framework:

- (a) Full facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, 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 and intends to build or install telecommunications infrastructure and equipment in public rights-of-ways or engage in other trenching activity.
- (b) Limited facilities-based providers are those telecommunications providers, including interconnected VoIP service providers providing fixed VoIP service, 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 and intends to build or install telecommunications infrastructure and equipment within existing structures or facilities of other licensed providers, public utilities, or municipalities.

(c) Non-facilities-based providers are those telecommunications providers, including interconnected VoIP service providers 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

13. Appendix F of D.24-11-003 should be made consistent with D.14-11-004 and D.95-12-056.

14. Ordering Paragraph 12 of D.24-11-003 should be revised as described in section 9.2 of this decision.

15. All facilities-based fixed interconnected VoIP service providers should be subject equally to the heightened requirements of D.20-08-011.

16. Nomadic-only providers should have a second “opt-out period” of 12 months from issuance of this decision to submit the nomadic attestation via email to CDCompliance@cpuc.ca.gov. The nomadic attestation should include the provider’s legal name as registered with the Commission and its assigned

Utility ID Number. The nomadic attestation should be signed under penalty of perjury by a company officer.

17. After the conclusion of the second “opt-out period” authorized by this decision, carriers who wish to surrender their DVF operating authority and obtain a DVN registration should submit a Tier 2 advice letter that adheres to the process outlined in Resolution T-17723, a Nomadic Registration, and the required fee.

18. The DVN providers listed in Appendix B to this decision, as well as any migrated carrier that surrendered their DVF authority and paid the nomadic registration fee prior to the adoption of this decision, should receive a refund of the nomadic registration fee they paid.

19. Staff should be allowed to defer issuing citations by 60 days for nomadic-only interconnected VoIP service providers, including those DVF providers who may have missed the 180-day grace period authorized in D.24-11-003, that fail to register. Nomadic-only interconnected VoIP providers that submit their Nomadic Registration after 60 days from the issuance date of this decision, should be subject to a \$1,000 per month penalty starting 60 days after the issuance date of this decision.

20. Any pending motions that are not expressly ruled upon by the assigned Commissioner or ALJ should be denied.

21. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Telephone corporations with general operating authority that provide fixed interconnected Voice over Internet Protocol (VoIP) service and do not have a Digital Voice Fixed (DVF) utility designation, shall file a Tier 1 advice letter within 12 months of the issuance date of this decision to report their provision of fixed interconnected VoIP service. Telephone corporations with general operating authority that provide fixed VoIP service after 12 months of the issuance date of this decision shall file a Tier 1 advice letter within 30 days of providing such services to report their provision of fixed interconnected VoIP service.

2. Telephone corporations with operating authority pursuant to a Certificate of Public Convenience and Necessity granted pursuant to Public Utilities Code Section 1001 or a Registration License granted pursuant to Public Utilities Code Section 1013 that provide fixed interconnected Voice over Internet Protocol service and do not have a Digital Voice Fixed (DVF) utility designation, shall file a Tier 1 advice letter so that their operating authority includes the DVF utility type within 12 months of the issuance of this decision.

3. With the exception of telephone corporations with general operating authority, telephone corporations that offer fixed interconnected Voice over Internet Protocol (VoIP) service and seek to obtain a DVF utility designation after 12 months of the issuance date of this decision must file an application requesting expansion of operating authority to include fixed interconnected VoIP.

4. Interconnected Voice over Internet Protocol (VoIP) service providers who are nomadic-only and hold Digital Voice Fixed operating authority granted by Decision 24-11-003 shall opt-out within 12 months of this decision's issuance date by notifying the Director of the Communications Division via email to cdcompliance@cpuc.ca.gov and including the nomadic attestation confirming they provide voice services that meet the Commission's definition of nomadic-only interconnected VoIP. The nomadic attestation must be signed under penalty of perjury by a company officer, and include the provider's legal name as registered with the Commission and its assigned Utility ID Number.

5. Interconnected Voice over Internet Protocol service providers that opt-out as directed in Ordering Paragraph 4 are designated as Digital Voice Nomadic utility type and registered.

6. Beginning 90 days after the issuance of this decision, all wireline telephone corporations submitting reports in the Telecommunications and User Fee Filing System must separately report the number of interconnected VoIP access lines from the number of all other wireline access lines. This ordering paragraph supersedes Ordering Paragraph 12 of Decision 24-11-003:

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. If there is an original hard copy of the bond issued by surety company, carriers indicate so in their Advice Letter cover letter and 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 the performance bond only exists in an electronic version, the service provider must state in the advice letter filing that no original hard copy was provided by the surety company and that the electronic bond is the same legal instrument as an original hard copy performance bond.

7. All outstanding motions filed in this proceeding that have not yet been ruled on are denied.

8. Rulemaking 22-08-008 is closed.

This order is effective today.

Dated June 11, 2026, at Sacramento, California.

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

APPENDIX A

APPENDIX A

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 for the previous year; (2) an unaudited balance sheet for the previous quarter; (3) and a bank statement as of the month prior to the date of filing the application, in order to demonstrate sufficient cash

to satisfy the requirements.

4. Applicants for operating authority 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;
- 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 financial instruments listed in 4. and our intent on nondiscriminatory application of these definitions are clarified as follows:

- a. All unencumbered instruments listed in 4.a. 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.)
- b. 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.
- c. 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 A)

APPENDIX B

APPENDIX B**COMPLIANT NOMADIC-ONLY REGISTRANTS TO BE REFUNDED**

Corporate ID Number	Utility Name
1123	AccessLine Communications Corporation
1215	GoTo Communications, Inc.
1251	S-Net Communications, Inc.
1584	Advanced Telecom Solutions LLC
1453	Distributed Computing, Inc., Dba Ten4pbx.com
1774	SmartTel Inc
1433	CallTower, Inc
1385	Xobee Networks, LLC
1616	Hamilton Long Distance Company
1696	Alternative Techs Cooperative, Inc.
7413	Atlantis Utility Inc.

(END OF APPENDIX B)