PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Consumer Protection and Enforcement Division **Resolution UEB-019**
September 17, 2026

R E S O L U T I O N

RESOLUTION UEB-019: ADMINISTRATIVE ENFORCEMENT ORDER OF THE CONSUMER PROTECTION AND ENFORCEMENT DIVISION REGARDING FOOTHILLS EDUCATION & TECHNOLOGY PARTNERSHIP'S FAILURE TO COMPLY WITH ESTABLISHED RULES.

PROPOSED OUTCOME:

Approve Administrative Enforcement Order (AEO) issued by the Utilities Enforcement Branch (UEB) of the Consumer Protection and Enforcement Division (CPED) to resolve all issues involving Foothills Education & Technology Partnership's (FETP) failure to comply with applicable Commission and California Teleconnect Fund (CTF) Program Rules for a total penalty amount of $7,000 and a ban against FETP and its executive director, Creighton Grenoble[1], from benefiting from or participating in any Commission program for a period no less than seven years.

SAFETY CONSIDERATIONS:

There are no safety considerations associated with this resolution.

ESTIMATED COST:

Pursuant to the Administrative Enforcement Order, FETP is subject to a penalty of $7,000 to the State's General Fund.

SUMMARY

In this Resolution, the California Public Utilities Commission (Commission) approves an AEO, included as Attachment A, issued by the CPED to resolve all issues involving FETP's failure to comply with Rule 1.1 of the Commission's Rules of Practice and Procedure and CTF Program Rules. To resolve CPED's allegations, the AEO imposes a

[1] CPED moved to amend the specific penalty language from that in the original AEO on March 21, 2024. Administrative Law Judge (ALJ) Gerald Kelly granted the motion on May 22, 2024. The ruling granting the motion is included as Attachment B.

penalty amount of $7,000 against FETP and further bans FETP and its executive director[2], Creighton Grenoble, from benefiting from or participating in any Commission program for a period of no less than seven years. This Resolution includes an analysis of the Penalty Assessment Methodology.[3]

BACKGROUND

FETP was a California based non-profit organization and resale service provider that procures, installs, administers, and bills broadband circuits and Internet access services to certain school districts in the Southern California region. On September 30, 2005, FETP received approval for participation in the CTF program as a community-based organization (CBO) that provides educational instruction via Application No. 000855. In 2019, the Commission's Communications Division (CD) learned that FETP was not offering educational instruction in compliance with the CTF Program Rules and therefore is not eligible for CTF-funded discounted communications services, and hence removed FETP from the program on August 16, 2019. CD subsequently referred the case to UEB for investigation in December 2019.

Based on UEB's review of the CTF Program Rules and FETP's responses to UEB data requests, from August 2015 to December 2019, UEB staff determined and alleged that FETP violated Decision (D.) 15-07-007 and Rule 1.1 of the Commission's Rules of Practice and Procedure because it did not directly provide educational services as attested to on its CTF application. FETP also violated D.15-07-007 by reselling CTF discounted internet broadband circuits to school districts instead of utilizing those discounted broadband circuits to directly offer individuals and families educational services at FETP's community-based locations. These alleged violations are explained in greater detail in the AEO.

Based on the alleged violations and application of the Penalty Assessment Methodology, a penalty of $7,000 against FETP and ban against FETP and its executive director, Creighton Grenoble, from benefiting from or participating in any Commission program for a period no less than seven years is reasonable and appropriate under Resolution M-4846.[4]

DISCUSSION

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[2] The amended AEO incorrectly describes Mr. Grenoble as FETP's CEO. Mr. Grenoble is properly classified as FETP's executive director, as well as secretary and treasurer. Mr. Grenoble is also the sole known employee of FETP.

[3] Resolution M-4846, Appendix I.

[4] On February 13, 2024, FETP filed Request for Hearing 24-02-005 challenging the AEO. Resolution ALJ-481 includes greater detail of the procedural history that proceeding, as well as

Resolution M-4846, issued in November 2020, adopted the Commission Enforcement and Penalty Assessment Policy (Enforcement Policy) and authorized Commission staff to issue an AEO to resolve an enforcement action, subject to review and consideration by the Commission.[5] CPED issued the attached AEO,[6] pursuant to and consistent with the Enforcement Policy, to resolve all issues related to FETP's failure to comply with Commission and CTF Program Rules. In accordance with the Enforcement Policy, the AEO includes information consistent with the requirements of Section III.A.9 of the Enforcement Policy.

The Penalty Assessment Methodology sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: "[s]everity or gravity of the offense, conduct of the regulated entity, financial resources of the regulated entity, including the size of the business, totality of the circumstances in furtherance of the public interest, and the role of precedent."[7] These factors are addressed here and addressed in greater detail in the attached AEO.

A. Severity or Gravity of the Offenses

The Commission has stated that the severity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process. As part of the severity of the offense factor, the Commission has described the harm to the regulatory process criterion as follows:

> "Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees." (Public Utilities Code § 702).

Such compliance is essential to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.[8]

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the Commission's decision to dismiss the request for failure to prosecute. The Commission also denied Grenoble's subsequent application for rehearing in Decision 26-03-045.

[5] Resolution M-4846, Findings and Conclusions #7; Enforcement Policy, p. 12.

[6] The AEO is attached as Attachment A.

[7] Enforcement Policy, pp. 16-21.

[8] Enforcement Policy, p. 17.

Here, the regulatory process was harmed by FETP's deception and disregard for CTF Program Rules. FETP received access to discounted broadband services under the pretense of being an educational facility, which it was not. FETP disregarded CTF Program requirements and misled the Commission about its CBO status to obtain these services, which it then comingled with its for-profit operation. FETP's conduct was in clear contravention of the purpose of the program and against the public interest. A participant in a CPUC public purpose program must be accountable and responsible for complying with program rules and requirements.

FETP, in exchange for receiving CTF discounted services, agreed to comply with the terms of the program's eligibility requirements, including to provide educational instruction to qualify as a CBO. However, FETP, by its own admission, failed to comply with this requirement and misled the Commission. FETP's receipt and usage of CTF discounted services in a manner other than to provide direct educational instruction is a violation of the CTF Program Rules and D.15-07-007. FETP's participation in the CTF program as a reseller of CTF discounted services posed anti-competitive harm to authorized competitors based on FETP taking revenue away from authorized competitors who would have otherwise been the providers of the CTF discounted services and not FETP. The Commission adopted these program rules and requirements to prevent fraud, waste, and abuse of public purpose money. FETP's fraudulent conduct and violation of these rules resulted in harm to the regulatory process.

B. The Conduct of the Utility

In evaluating the conduct of the utility, the Commission has described the following considerations in evaluating the utility's conduct: (1) actions taken to prevent a violation; (2) actions taken to detect a violation; (3) actions taken to disclose and rectify a violation; (4) actions taken to conceal, hide or cover up a violation; and (5) prior history of violations.[9]

The second factor to be considered is FETP's conduct. As discussed above, FETP misled the Commission by misrepresenting that it provided direct educational instruction and qualified as a CBO. FETP never provided any such instruction and never sought any eligibility modifications as required by Resolution T-16742. FETP continued to purchase and sell CTF broadband circuits in violation of CTF Program Rules while it knew, or should have known, that under D.15-07-007 it did not qualify as a CBO. Additionally, FETP did not fully cooperate with UEB in its investigation. UEB's Investigation Report demonstrates that FETP declined to provide any evidence that it had provided educational instruction on a regular basis from 2005 to 2021. UEB's attorney made four attempts to contact Mr. Grenoble, one phone call and three emails, but was unable to reach him or any of FETP's other principals. The Commission's legal team also tried to contact Mr. Grenoble through FETP's attorney of record but was unsuccessful.

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[9] Enforcement Policy, p. 17.

C. Financial Resources of the Utility

The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties. . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence, without becoming excessive, based on each regulated entity's financial resources.[10]

FETP has filed a Nonprofit Certificate of Election to Wind Up and Dissolve with the California Secretary of State and has purportedly discontinued providing services to school districts. Although FETP is no longer in operation, FETP's demonstrated noncompliance requires a level of penalty that reflects the seriousness of the violation while considering its non-operational status and remaining financial resources. CPED recommends FETP be assessed a fine of $7,000.

D. Totality of Circumstances in Furtherance of Public Interest

The Commission has described this criterion as follows:

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.
>
> An economic benefit amount shall be estimated for every violation. Economic benefit includes any savings or monetary gain derived from the act or omission that constitutes the violation.[11]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. FETP's penalties for the alleged violations should be tailored to the limited harm and mitigating factors of this case.

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[10] Enforcement Policy, p. 19.

[11] Enforcement Policy, p. 19.

FETP disregarded CTF Program Rules and the Commission Rules and would have continued with this conduct had CD's investigation not discovered it. A penalty against FETP furthers the public interest by demonstrating that participants in Commission public purpose programs are held accountable and responsible for violations of program rules and requirements. FETP also made false statements to the Commission to receive funds in a public program and penalizing such conduct is in the public interest.

E. Consistency with Precedent

The Commission has described the role of precedent as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.[12]

UEB identified the following settlements as persuasive precedent:

- In D.21-09-021, CPED requested, and the Commission approved, a penalty banning Community Union, Inc. and its CEO from managing, leading, assisting, benefiting or receiving public purpose funds for at least seven years for violations of the California Advanced Services Fund requirements and Commission Rule 1.1. The Commission also required that Community Union and its CEO return $162,109 in CASF funds.
- In Resolution UEB-008, CPED and Assurance Wireless USA, L.P. (f/k/a Virgin Mobile USA, L.P.) agreed to a total settlement amount of $41,686,931.30 and additional compliance measures for Assurance Wireless's failure to comply with federal non-usage rules in relation to the California LifeLine Program. Between 2017 and 2019, Assurance incorrectly claimed reimbursement for discounts provided to program participants who should have been de-enrolled.

[12] Enforcement Policy, p. 21.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure, any person may comment on a draft resolution by serving comments on the Commission within 20 days of the date of its mailing and publication on the Commission's website, and in accordance with the instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed and published for public review on August 14, 2026, and will be placed on the Commission's agenda no earlier than 30 days after its mailing and publication.

Comments were timely submitted by ________________ on ______________.

FINDINGS AND CONCLUSIONS

1. Resolution M-4846 authorized Commission staff to issue an AEO to resolve an enforcement matter, subject to review and consideration by the Commission.
2. CPED, consistent with Resolution M-4846 and the Enforcement Policy, issued the attached AEO, memorializing its findings and recommendations to resolve this enforcement matter.
3. The attached AEO resolves all issues related to CPED's investigation of and any enforcement action CPED might have brought related to or arising from FETP's failure to comply.
4. The recommended fine and remedial actions appropriately resolve all issues related to CPED's investigation and any enforcement action CPED may have brought, are reasonable in light of the circumstances, consistent with the law, and in the public interest.
5. Based on the analysis under the Penalty Assessment Methodology, the recommended fine and ban are reasonable in light of the circumstances.

THEREFORE, IT IS ORDERED that:

1. The AEO relating to FETP's failure to comply with Commission Rules and CTF Program Rules is adopted.
2. FETP shall pay a monetary penalty of $7,000 within 30 calendar days after the date that this Resolution is final and no longer subject to appeal. Payments must be made

with a certified check or wire transfer payable to the ***California Public Utilities Commission*** to:

California Public Utilities Commission
Attn: Fiscal Office
505 Van Ness Avenue
San Francisco, CA 94102-3298

FETP shall state on the face of the check or on the wire transfer: “For deposit to the General Fund per Resolution UEB-019.”

3. FETP and its executive director, Creighton Grenoble, are banned from benefiting from or participating in any Commission program for a period no less than seven years

4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 17, 2026; the following Commissioners voting favorably thereon:

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Leuwam Tesfai
Executive Director
California Public Utilities Commission

ATTACHMENT A

Administrative Enforcement Order

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of: Foothills Education & Technology Partnership's Unlawful Participation in the California Teleconnect Fund and Violation of California Teleconnect Fund Program Rules	**[PROPOSED] ADMINISTRATIVE ENFORCEMENT ORDER** [CPUC-12-AEO]

ADMINISTRATIVE ENFORCEMENT ORDER [Proposed]

RESPONDENT IS GIVEN NOTICE THAT:

1. Foothill Education & Technology Partnership (FETP or Respondent) is alleged to have violated Commission Decision (D.)15-07-007 and Rule 1.1 of the Commission's Rules of Practices and Procedures (Rules).
2. The California Public Utilities Commission's Consumer Protection and Enforcement Division (CPED) issues this proposed Administrative Enforcement Order (Proposed Order) to FETP pursuant to the Commission Enforcement Policy adopted by Resolution M-4846 (Policy). Pursuant to the Policy, CPED is authorized to issue a Proposed Order to a regulated entity that has violated a Commission order, resolution, decision, general order, or rule.[1] That Proposed Order may include a directive to pay a penalty.
3. This Proposed Order is issued based on Utility Enforcement Branch's (UEB) Investigation of The Foothills Education & Technology partnership, Inc. for CTF Program Violations (UEB Staff Report or Report).[2]

RIGHT TO HEARING

4. Respondent is required to respond to this Proposed Order by 5:00 p.m. on February 12, 2024, as explained in the attached "Instructions to Respond to Proposed Administrative Enforcement Order." By way of such response, Respondent, must either: 1) agree to pay any penalty required by this Proposed Order upon adoption of the Proposed Order by the Commission

[1] See Attachment A, Resolution M-4846, pp. 12-13.

[2] The UEB Staff Report and supporting documents are attached as Exhibit A to this Proposed Order.

(Final Order) or 2) request a hearing on the Proposed Order. The right to a hearing is forfeited if a Request for Hearing is not timely filed. If a timely Request for Hearing is not filed, this Proposed Order will become final and effective upon adoption by the Commission (Final Order).

5. Respondent must comply with the corrective action requirements of this Proposed Order by the date specified in paragraphs 12 and 13 below, regardless of whether a Request for Hearing is filed.
6. A requested hearing shall be conducted by an Administrative Law Judge in accordance with the hearing provisions in the Citation Appellate Rules. After the hearing, this Proposed Order or any Administrative Law Judge modifications to the Proposed Order shall become a Final Order, effective upon Commission approval of the draft resolution prepared by the Administrative Law Judge. The draft Administrative Law Judge resolution approved by the Commission is subject to rehearing pursuant to Public Utilities Code section 1731 and to judicial review pursuant to Public Utilities Code section 1756.
7. This Proposed Order includes a requirement that Respondent pay a penalty. The factors set forth in the Penalty Assessment Methodology (Policy, Appendix I) were used to determine the penalty amount, as discussed herein.
8. Unless otherwise specified, "days" means calendar days.

FINDINGS

9. **Factual Background:**

FETP is a California based non-profit organization and resale service provider that procures, installs, administers, and bills broadband circuits and Internet access services to certain school districts in the Southern California region. FETP received approval for participation in the California Teleconnect (CTF) program as a community-based organization (CBO) that provides educational instruction, on September 30, 2005, via Application No. 000855.

The CTF program was established by Decision (D.) 96-10-066 and is governed by Public Utilities Code sections 280 and 884. In D.96-10-066, the CPUC reaffirmed its commitment to universal service in accordance with state and federal directives which created the CTF program. The CTF program provides a 50% discount on advanced communication services (including Internet access and broadband services) to qualifying schools, libraries, community colleges, government-owned hospitals/health clinics, and community-based organizations (CBOs, such as FETP) that provide educational instruction. The CTF program rules require that a qualifying CBO must offer educational instruction or a community technology program providing access to and training on the internet and other technologies.[3]

FETP purchased CTF discounted broadband circuits from carriers or affiliates with whom it partners to provide connectivity for member school districts.[4] According to the UEB Staff Report, FETP alleges that it acted as a "middle-person" between the carriers from which it purchased discounted broadband circuits, and school districts that qualify for the CTF program. According to the Report, FETP claims that it re-sold the broadband services at the same discounted price that it purchased them. CPED believes that FETP resold the discounted CTF program services to school districts as a conduit to upsell their unregulated for-profit services to bolster their revenue stream.

In addition to the discounted CTF broadband circuits, FETP also provided unregulated services to the school districts, including Internet access, security, network management, equipment installation and billing for the school districts, but it did not seek CTF discounts for these services. FETP was exclusively managed by Creighton Grenoble as the executive director since 2014 and was governed by a rotating board of directors comprised of Superintendents from FETP's member school districts.[5]

In its CTF application for CTF eligibility, FETP represented to the Commission that it qualified as a CBO because it was offering educational instruction at the time of the application.[6] On its CTF application, FETP marked the corresponding fields signifying its status as an entity offering educational instruction. However, FETP did not provide such services at any time.[7]

[3] D.15-07-007 at 24.

[4] UEB Staff Report at 2-3.

[5] UEB Staff Report, Attachment 2.

[6] UEB Staff Report, Attachment 3 at 2.

[7] UEB Staff Report, Attachment 3 at 2.

In 2019, the Communications Division (CD) of the Commission learned that FETP was not offering educational instruction in compliance with the CTF program rules and therefore is not eligible for CTF-funded discounted communications services, and hence removed FETP from the program on August 16, 2019.[8] CD noted that FETP's activities did not constitute services that qualify for the CTF program and that FETP had been selling and sharing services that it received at the CTF discounted price, in violation of program rules.[9] CD subsequently referred the case to UEB for investigation in December 2019.

FETP, in its response to UEB's data request to provide a list of its customers, disclosed that it sold CTF discounted services and passed through the CTF discounts to five unified school districts. FETP argued that it did not resell CTF discounted services to CTF qualified Unified School Districts but "provided" the services at no additional markup, and as such is in compliance with all rules on discounts and invoicing.[10]

Based on staff's review of the CTF program rules and FETP's responses to UEB data requests, from August 2015 to December 2019, staff determined and alleges the following:

1. FETP violated Decision (D.) 15-07-007 and Rule 1.1 of the Commission's Rules of Practices and Procedures because it did not directly provide educational services as attested to on its CTF application.[11]
2. FETP resold CTF discounted internet broadband circuits to school districts instead of utilizing those discounted broadband circuits to directly offer individuals and families educational services at FETP's community-based locations, a violation of D.15-07-007.[12]

Although FETP initially responded to UEB's data requests, FETP did not fully cooperate with UEB's investigation and declined to provide any evidence that it had provided educational instruction during its operations, as required by the program. Subsequently, the Commission's Legal staff made four separate attempts through email and by telephone to contact Mr. Grenoble but were unable to reach him or any of FETP's other principals.

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[8] UEB Staff Report, Attachment 6.

[9] UEB Staff Report, Attachment 6.

[10] UEB Staff Report, Attachment 4

[11] D.15-07-007, Appendix A, Pg. 2 definition of "Educational Instruction".

[12] D15-070-07, Appendix A, Pg. 2.

The Commission's legal staff also tried to contact Mr. Grenoble through FETP's attorney of record but was similarly unsuccessful.

On October 18, 2021, FETP filed a Nonprofit Certificate of Election to Wind Up and Dissolve with the CA Secretary of State.[13] According to the UEB Staff Report, FETP discontinued providing service in the second quarter of 2021 after all customers were successfully migrated to other internet service providers.[14] On June 25, 2021, FETP's board resolved to cease its business operations and dissolve.[15] FETP's executive director, president and founder, Creighton Grenoble, still has another business, Ascendant Services, Inc., which is still in operation[16].

UEB's investigation confirmed CD's findings and UEB staff developed the UEB Staff Report. Based on the Report and related supporting evidence, the Commission finds it has more than sufficient evidence and good cause to issue an Administrative Enforcement Order for FETP's violation of the rules and requirements of the CTF program. A copy of the Report is attached hereto and will be placed in the official record of this proceeding.

[13] UEB Staff Report, Attachment 8.

[14] UEB Staff Report, Attachment 8.

[15] UEB Staff Report, Attachment 8.

[16] LinkedIn profile (Creighton Grenoble - President • Founder - Ascendant Services, Inc. | LinkedIn)

10. **FETP's Violations**

10.1 FETP Failed to Directly Provide Educational Services as Required by CTF Program Rules and Utilized Program Funds in Violation of D.15-07-007

FETP's participation in the CTF program is dependent on its qualification as a CBO. The CTF program rules require that a qualifying CBO must be both tax exempt under sections 501(c)(3) or 501(d) of the Internal Revenue Code and must offer one of the following qualifying services: health care, job training, job placement, 2-1-1 referral (as authorized by Commission Resolution) and information services, or educational instruction or a community technology program providing access to and training in the internet and other technologies.[17]

In July 2015, the Commission adopted D.15-07-007, which modified existing CTF program rules and clarified the CTF eligibility rules that CBOs must meet to qualify for CTF discounted services.[18] D.15-07-007 states that to be eligible for a CTF discount as a CBO, a CBO must offer one or more of the following qualifying services as its primary mission, including "educational instruction." The three qualifying criteria are:

1. CBOs are required to provide services directly to individuals at specific geographic locations and that those services be provided directly or through some closely related indirect assistance.[19]
2. Educational instruction is defined as regular, ongoing, preschool or K-12 academic educational or instructional programs.[20]
3. Indirect assistance is defined as providing assistance on site to those unable to do so because of disability or limited English proficiency.[21]

[17] D.15-07-007 at 24.

[18] D.15-07-007, Appendix A, CBO Eligibility Criteria Rules at 2.

[19] D.15-07-007 at 25.

[20] D.15-07-007, Appendix A at 2.

[21] D.15-07-007, Appendix A at 3.

FETP did not provide direct educational instruction as required for CTF eligibility pursuant to D.15-07-007. The Report demonstrates that FETP declined to provide any evidence that it had provided educational instruction on a regular basis from 2005 to 2021. The Report states that FETP asserts that it did not need to offer educational instruction to qualify to participate in the CTF program.[22]

Documentation from FETP shows that it sold CTF-discounted services and passed through the CTF discounts to five unified school districts from 2013 through 2019.[23] FETP does not deny that its use of CTF discounted services did not constitute providing direct education instruction as defined by D.15-07-007.[24] Instead, FETP states that it provided broadband service to qualifying school districts, which it purchased from carriers that had received it at a subsidized discounted rate; i.e., FETP acted as a "middle-man" between the carriers that provided the discounted broadband service rate and the qualifying school districts. The Report states that FETP claims that it provided the discounted services at the same rate at which it purchased the services.[25] Instead of purchasing CTF-discounted broadband circuits for use in providing direct education instruction, FETP instead sold them to qualifying schools and libraries, passing on the CTF discount. FETP contends that it itself qualified for the discounted broadband service because it provided service only to CTF-eligible institutions in compliance with CTF rules on discounts and invoicing.[26]

10.2 FETP Misled the Commission in Violation of Rule 1.1

Rule 1.1 of the Commission's Rules of Practice and Procedure states:

> Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of the State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law.

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[22] UEB Staff Report, Attachment 4 at 4-5.

[23] UEB Staff Report, Attachment 1 at 6; Attachment 4 at 8-9.

[24] UEB Staff Report, Attachment 5 at 7-8.

[25] UEB Staff Report, at 6.

[26] UEB Staff Report, Attachment 4 at 4-6.

FETP signed and submitted its CTF application under penalty of perjury and was therefore also bound to comply with Rule 1.1.[27] As explained above, FETP attested in its CTF Program application that it qualified as a CBO and was eligible for the CTF Program because it would provide direct educational instruction[28]. However, FETP never offered educational instruction as defined in D.15-07-007. This failure to comply with CTF Program requirements occurred without FETP notifying the Commission, which itself is a violation of the CTF Program requirements.[29] FETP misled the Commission by reporting that it was a CBO providing educational instruction when in fact it did not provide any educational instruction, but instead was purchasing and selling CTF discounted services to school districts.[30]

Further, FETP failed to notify the Commission that it did not qualify as a CBO and did not seek eligibility modifications within 30 days of any change to its eligibility status as required by Resolution T-16742.[31] FETP's failure to disclose its lack of qualification as a CBO violates the self-reporting mechanisms that the Commission's regulatory program relies upon. Misrepresentations to the Commission, even if unintentional, constitute Rule 1.1 violations.[32]

PENALTIES

11. As a non-profit organization, FETP is not a public utility. However, when FETP applied to participate in the CTF program, it became subject to the CTF program's rules and requirements. The Commission has authority to regulate entities, including corporations and individuals that provide a public service, to protect ratepayers, to enforce the constitution, statutes, and Commission rules, orders, decisions, requirements, and demands, and to remedy violations thereof. These provisions include, but are not limited to, Public Utilities Code section 701 (Commission may do all things whether specifically designated in this part or in addition thereto which are necessary and convenient to exercise its power and jurisdiction); section

[27] UEB Staff Report, Attachment 3 at 3.

[28] UEB Staff Report, Attachment 3 at 2.

[29] Resolution T-16742, Attachment A, at 1.

[30] UEB Staff Report, Attachment 4 at 4-6.

[31] Resolution T-16742, Attachment A, at 1.

[32] *See*, *Pacific Gas & Electric Co. v. Public Utilities Com.* (2015) 237 Cal. App. 4th 812, 840-854.

281(e)(3), renumbered to section 281(f)(7) effective October 15, 2017, (Legislature enacted this section which brings under the Commission's jurisdiction non-telephone corporations); and section 2111 (provides for remedies against a corporation or person other than a public utility and its officers, agents, or employees for failing to comply with any part of any order, decision, rule, direction, demand, or requirement of the commission).

As described above, CPED has identified several instances where FETP fell short of its duties under D.15-07-007 and Rule 1.1. In assessing penalties, we follow the Penalty Assessment Methodology as set forth by the Commission and outlined in Resolution M-4846. This methodology evaluates the reasonableness of a penalty using a five-factor analysis.

The Commission articulated its criteria to assess penalties for violations of Commission rules, orders and decisions in D.98-12-075 which are severity of the offense, conduct of the utility, need for deterrence, financial resources of the utility, degree of wrongdoing, and role of precedent. Staff considered these criteria to recommend an equitable penalty.

Staff's penalty analysis follows the criteria in D.98-12-075 to determine the appropriate penalty amount. As discussed below, given FETP's failure to adhere to CTF Program Rules, CPED recommends a fine of $7,000, calculated as follows:

I. Severity or Gravity of the Offense

The severity of the offense considers the physical and economic harms of the offense, harm to the regulatory process, and the number of people affected by the offense. Here, the regulatory process was harmed by FETP's deception and disregard for CTF Program rules. FETP received access to broadband services under the pretense of being an educational facility, which it was not. FETP disregarded CTF Program requirements and misled the Commission about its CBO status to obtain these services, which it then co-mingled with its for-profit operation. FETP's conduct was in clear contravention of the purpose of the program and against public interest. A participant in a CPUC public purpose program must be accountable and responsible for complying with program rules and requirements.

FETP, in exchange for receiving CTF discounted services, agreed to comply with the terms of the program's eligibility requirements, including to provide educational instruction in order to qualify as a CBO. However, FETP, by its own admission, failed to comply with this requirement and misled the Commission. FETP's receipt and usage of CTF discounted services in a manner other than to provide direct educational instruction is a violation of the CTF Program rules and D.15-07-007. FETP's participation in the CTF program as a reseller of CTF discounted services posed an anti-competitive harm to authorized competitors based on FETP taking revenue away from authorized competitors who could have otherwise been the providers of the CTF discounted services. The Commission adopted these program rules and requirements to prevent fraud, waste, and abuse of public purpose money. FETP's fraudulent conduct and violation of these rules resulted in harm to the regulatory process.

II. Conduct of the Regulated Entity

The second factor to be considered is FETP's conduct. As discussed above, FETP misled the Commission by misrepresenting that it provided direct educational instruction and qualified as a CBO. FETP never provided any such instruction and never sought any eligibility modifications as required by Resolution T-16742. FETP continued to purchase and sell CTF broadband circuits in violation of CTF Program Rules while it knew, or should have known, that under D.15-07-007 it did not qualify as a CBO. Additionally, FETP did not fully cooperate with CPED in its investigation. The Report demonstrates that FETP declined to provide any evidence that it had provided educational instruction on a regular basis from 2005 to 2021. The Commission's Legal team made four attempts to contact Mr. Grenoble, one phone call and three emails, but was unable to reach him or any of FETP's other principals. The Commission's legal team also attempted to contact Mr. Grenoble through FETP's attorney of record but was similarly unsuccessful.

III. Financial Resources of the Regulated Entity, Including the Size of the Business

The third factor is the financial resources of the utility. Here, the Commission must not impose excessive fines or penalties while ensuring that the fine/penalty is an effective deterrent against future behavior. An effective fine or penalty is one that reflects the severity of the harm (the first factor examined above) and is also proportionate to the offending entity and those similarly situated to deter future similar offense of violations, without putting them out of business or otherwise impacting the entity in a catastrophic way.

FETP admitted that it provided unregulated services to the school districts apart from the CTF program, including Internet access, security, network management, equipment installation and billing for the school districts. FETP's unregulated for-profit services are billed separately. Staff believes that FETP resold the discounted CTF program services to school districts as a conduit to upsell their unregulated for-profit services to bolster their revenue stream. As a result of FETP's unresponsiveness to CPED's request to discuss these issues, CPED does not have any evidence to the contrary.

Since 2014, FETP was exclusively managed by Creighton Grenoble as the executive director and was governed by a rotating board of directors comprised of Superintendents from FETP's member school districts.[33]

According to FETP's 990 Income tax filings, from 2015 to 2019, FETP's average revenue is [redacted].[34]

[redacted]

	2015	2016	2017	2018	2019
Revenues	[redacted]				
Net Assets					

FETP Resold CTF Discounted Services to the Following School Districts

Unified School District (USD)	Address	Dates FETP Provided CTF Discounted Services
San Gabriel USD	408 South Junipero Serra Drive, San Gabriel, CA 91776	2013-2019
Huntington Beach UH	5832 Bolsa Ave., Huntington Beach, CA 92649	2014-2019
San Jacinto USD	2045 S. San Jacinto Ave., San Jacinto, CA 92583	2014-2018
Santa Ana USD	1601 E. Chestnut Ave., Santa Ana, CA 91016	2015-2019
Temple City USD	9700 Las Tunas Dr., Temple City, CA 91780	2016-2019

[33] See UEB Staff Report p.3, FETP August 9, 2019, letter to CD. (Attachment_2)

[34] FETP's tax filings are attached as Exhibit B to this Proposed Order.

CD's Calculation of FETP's Refund to CTF

Service Provider	Time Frame	Total CTF Funds
Charter Fiberlink CA[35]	August 2015 – June 2018	[redacted]
Crown Castle Fiber LLC[36]	July 2014 – December 2018	

FETP has filed a Nonprofit Certificate of Election to Wind Up and Dissolve with the CA Secretary of State and has purportedly discontinued providing services to school districts. However, FETP's executive director, president and founder, Creighton Grenoble, still has another business, Ascendant Services, Inc., which is still in operation[37].

Although FETP is no longer in operation, its demonstrated noncompliance requires a level of penalty that reflects the seriousness of the violation while considering its non-operational status and remaining financial resources. Given Mr. Grenoble's remaining business operations, CPED recommends FETP be assessed a fine of $7,000.

IV. Totality of the Circumstances in Furtherance of the Public Interest

The fourth factor under Resolution M-4846 is an evaluation of the penalty in the totality of the circumstances, with an emphasis on protecting the public interest. FETP disregarded CTF Program Rules and the Commission Rules and would have continued with this conduct had CD's investigation not discovered it. A penalty against FETP furthers the public interest by demonstrating that participants in CPUC public purpose programs are held accountable and responsible for violations of program rules and requirements. FETP also made false statements to the Commission in order to receive funds in a public program and penalizing such conduct is in the public interest.

[35] Ibid. (Attachment_7).

[36] Ibid. (Attachment_7).

[37] LinkedIn profile (Creighton Grenoble - President • Founder - Ascendant Services, Inc. | LinkedIn)

V. The Role of Precedent

The final factor is an examination of fines in other Commission Decisions with similar factual situations. Prior settlements also have precedential value, with the acknowledgement that settlements were reached as a compromise position and thus typically contain a dollar figure lower than the original fine/penalty amount. CPED identified the following settlements as persuasive precedent:

- In D.21-09-021, CPED requested, and the Commission approved, a penalty banning Community Union, Inc. and its CEO from managing, leading, assisting, benefitting or receiving public service funds for at least seven years for violations of the California Advanced Services Fund requirements and Commission Rule 1.1. The Commission also required that Community Union and its CEO return $162,109 in CASF funds.
- In Resolution UEB-008, CPED and Assurance Wireless USA, L.P. (f/k/a Virgin Mobile USA, L.P.) agreed to a total settlement amount of $41,686,931.30 and additional compliance measures for Assurance Wireless's failure to comply with federal non-usage rules in relation to the California LifeLine Program. Between 2017 and 2019, Assurance incorrectly claimed reimbursement for discounts provided to program participants who should have been de-enrolled.

FETP did not comply with Rule 1.1 of the Commission's Rules of Practice and Procedure because it did not directly provide educational services as it attested to on its CTF application. Rather, FETP resold the CTF discounted internet broadband circuits to school districts instead of utilizing those discounted broadband circuits to directly offer individuals and families educational services at FETP's community-based locations. This is a violation of D.15-07-007.

Additionally, FETP admitted that it is more accurately categorized as an unregulated service provider that partners with certified carriers to provide CTF discounted services to school districts. As a result, the CBO designation was invalid, but FETP failed to notify CD and seek eligibility modifications within 30 days of any change to the statements in its CTF application. On August 16, 2019, CD removed FETP from the CTF program because it was not eligible for CTF support under CTF program rules. CD found FETP's CTF application invalid and removed it from the program.[38]

Based on all of the factors outlined above, a fine of $7,000 and a ban against all of the members and officers of FETP from benefiting from or participating in any Commission program for a period no less than seven years is reasonable and appropriate under Resolution M-4846.

12. This penalty is due within 30 days of adoption of the Final Order. Respondent's payment shall be by check or money order and shall be made payable to the California Public Utilities Commission. Respondent shall write on the face of the check or money order: "For deposit to the State of California General Fund, CPUC-12-AEO." Respondent shall deliver payment to:

    California Public Utilities Commission's Fiscal Office
    505 Van Ness Ave. Room 3000
    San Francisco, CA 94102

13. In the event the payment specified in paragraph 11 is not timely received by the Commission, a late payment will be subject to interest in the amount of 10% per year, compounded daily and to be assessed beginning the calendar day following the payment-due date. The Commission may take all necessary action to recover any unpaid penalty and ensure compliance with applicable statutes and Commission orders.

    The penalty amount shall not be placed in rates or be otherwise paid for by ratepayers.

14. This is an action to enforce the laws and regulations administered by the Commission. The method of compliance with this enforcement action consists of payment of an administrative penalty to enforce a permit or order issued by the Commission. The Commission finds that issuance of this Proposed Order is exempt from the provisions of the California Environmental Quality Act (Public Resources Code § 2100 et seq.) pursuant to section 15321(a)(2); chapter 3, title 14 of the California Code of Regulations exempting actions to enforce or a permit prescribed by a regulatory agency.

[38] See UEB Staff Report p. 9.

15. The Respondent shall not have any ex parte communications with Commission decisionmakers and will only communicate with the Commission through a Request for Hearing or other appropriate procedural avenues.

IT IS ORDERED.

S. Pat Tsen
S. Pat Tsen (Jan 12, 2024 08:22 PST)

DATE: January 12, 2024 By:______________________________

S. Pat Tsen,
Deputy Executive Director/Designee
Consumer Policy, Transportation, and Enforcement

CALIFORNIA PUBLIC UTILITIES COMMISSION

CONSUMER PROTECTION AND ENFORCEMENT DIVISION

UTILITY ENFORCEMENT BRANCH STAFF REPORT

INVESTIGATION OF THE FOOTHILLS EDUCATION & TECHNOLOGY PARTNERSHIP, INC. FOR CTF PROGRAM NONCOMPLIANCE

By Janeen Long, Senior Analyst/Investigator
Utility Enforcement Branch
October 17, 2023

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

This report by the Consumer Protection and Enforcement Division (CPED) of the California Public Utilities Commission (Commission) documents the results of CPED's investigation of the Foothills Education & Technology Partnership (FETP) for unlawfully participating in the California Teleconnect Fund (CTF). CPED received a request from the Communications Division (CD) in December 2019 to investigate FETP[1] for allegedly not complying with CTF[2] program rules by misrepresenting themselves as a Community Based Organization[3] (CBO) to gain CTF eligibility and by reselling CTF discounted services to school districts.[4]

Based on staff's investigation, review of the CTF program rules and FETP's responses to CPED data requests, from August 2015 to December 2019, staff determined and alleges the following:

1. FETP did not directly provide educational services as attested to on its CTF application making FETP noncompliant with D.15-07-007 and Rule 1.1 of the Commission's Rules of Practices and Procedures.[5]
2. FETP resold CTF discounted internet broadband circuits to school districts instead of utilizing those discounted broadband circuits to directly offer individuals and families educational services at

[1] ETP on September 30, 2005, received approval for participation in the CTF program as a CBO via Application No.000855. FETP is a non-profit entity and service provider to procure, install, administer and bill broadband and Internet access services to certain school districts in the Southern California region. See FETP response to data request 1, question 1. (Attachment_1).

[2] The California Teleconnect Fund (CTF) was established by D.96-10-066 to provide discounted advanced Telecommunications service rates to qualifying K-12 schools, libraries, community colleges, government-owned hospitals and health clinics, community-based organizations (CBOs), and healthcare CBOs. Qualified entities receive a 50% discount on eligible advanced telecommunications services through telecommunications carriers participating in the program.

[3] The Commission more clearly defined "CBO" as a small nonprofit corporation which itself directly serves individuals and families and must offer services within a local geographic area, D.1507007, p. 25, adopted on July 23, 2015.

[4] On December 6, 2019, CD requested UEB review FETP for noncompliance with CPUC Decision D.96-10-066 Appendix B, Section 8(F), Pg.15 and Resolution T-16742.

[5] D.15-07-007, Appendix A, p. 2 definition of "Educational Instruction".

> FETP's community-based locations, resulting in noncompliance with D.15-07-007.[6]

CPED recommends that the Commission open an Order Instituting an Investigation (OII) and order FETP to show cause as to why it should not be ordered to pay penalties and/or remedies for its failure to comply with CTF program requirements and its noncompliance with Rule 1.1 and D.15-07-007. CPED also requests that the Commission consider other actions against FETP, including a prohibition against some or all of the members and officers of FETP from benefiting from or participating in any Commission program for a period of at least seven years.

II. COMPANY BACKGROUND

The Foothills Education & Technology Partnership (FETP) is a California based non-profit community-based organization (CBO) and resale service provider that procures, installs, administers, and bills broadband circuits and Internet access services to certain school districts in the Southern California region. FETP received approval for participation in the CTF program as a CBO on September 30, 2005, via Application No.000855. FETP purchases CTF discounted broadband circuits from carriers[7] with whom it partners or affiliates to provide connectivity for member school districts[8]. FETP also provides unregulated services to the school districts, including Internet access, security, network management, equipment installation and billing for the school districts, but it does not seek a CTF discount for these services.[9] FETP has been exclusively managed by Creighton Grenoble as the executive director since 2014 and is governed by

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[6] D.15-07-007, Appendix A, p. 2.

[7] Crown Castle, Wilcon (acquired by Crown Castle), Sunesys (acquired by Crown Castle), Spectrum, Time Warner Communications Business Class (acquired by Spectrum) and Corporation for Education Network Initiatives in California (CENIC).

[8] Arcadia Unified School District, Duarte Unified School District, Huntington Beach Union High School District, Monrovia Unified School District, Santa Ana Unified School District, San Gabriel Unified School District, and Temple City Unified School District.

[9] See FETP response to data request 1, question 1. (Attachment_1).

a rotating board of directors comprised of Superintendents from FETP's member school districts.[10]

III. CPED'S INVESTIGATION

A. FETP Did Not Directly Provide Educational Services as Attested to on its CTF Application Making FETP Noncompliant with D.15-07-007 and Rule 1.1 of the Commission's Rules of Practices and Procedures.

The Commission, in July 2015, adopted D.15-07-007 which modified existing CTF program rules further clarifying the CTF eligibility rules that CBOs must meet to qualify for CTF discounted services.[11] The Commission's decision clarified that:

1. CBOs must itself directly serve individuals and families and must offer services within a local geographic area.[12]
2. Educational instruction is defined as regular, ongoing, preschool or K-12 academic educational or instructional programs.[13]
3. Indirect assistance is defined as providing assistance on site to those unable to do so because of disability or limited English proficiency.[14]

In addition, the Commission's Rules of Practice and Procedures, Rule 1.1, state:

> "Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law."[15]

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[10] See FETP August 9, 2019, letter to CD. (Attachment_2).

[11] D.15-07-007, Appendix A, CBO Eligibility Criteria Rules, p. 2.

[12] D.15-07-007, p. 25.

[13] D.15-07-007, Appendix A, p. 2.

[14] D.15-07-007, Appendix A, p. 3.

[15] CPUC Rules of Practice and Procedure, Rule 1.1.

FETP, in its CTF application for CTF eligibility, attested that it qualified as a CBO and attested that FETP was offering educational instruction, at the time of the CTF application.[16] On the CTF application, FETP chose the entity type 'community-based organization' and underlined the words 'educational instruction' on the CTF application in order to qualify to receive CTF service discounts but failed to abide by the CTF rules.[17]

FETP, in its response to whether it offered educational instruction on a regular basis from 2005 to 2021, argued that it did not need to offer educational instruction in order to qualify to participate in the CTF program as FETP has provided service only to CTF eligible institutions and in compliance with all rules on discounts and invoicing.[18]

FETP additionally argued in their response that:

- The eligibility category of CBOs providing "educational services" was extremely broad and was subject to varying interpretations prior to D.15-07-007.[19]
- FETP is more accurately categorized as an unregulated service provider that partners with certified carriers to provide CTF discounted services to school districts.[20]
- FETP has operated in compliance with all CTF rules, albeit perhaps in an incorrect category, but there is no basis for it to refund CTF discounts, as has been demanded by CD.[21]

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[16] On September 30, 2005, FETP received approval to participate in the CTF program as a CBO offering educational instruction, via CTF Application No.000855. FETP circled the term 'educational instruction'. (Attachment_3).

[17] FETP CTF Application No.000855 approved on September 30, 2005. (Attachment_3).

[18] FETP response to CPED data request 3, question 2. (Attachment _4).

[19] FETP response to CPED data request 2, question 2, p. 7. (Attachment _5).

[20] FETP response to CPED data request 1, question 1. (Attachment _1).

[21] FETP response to CPED data request 3, question 2. (Attachment_4).

Although the eligibility category of CBOs providing "educational services" was extremely broad and may be subject to varying interpretations when it was initially established in D.96-10-066[22], the CTF eligibility rules adopted in D.15-07-007 provided a clearer and more stringent eligibility criteria for CBOs. The Commission, in D.15-07-007, more clearly defined "CBO" as a small nonprofit corporation which itself directly serves individuals and families and must offer services within a local geographic area.[23] The Commission more precisely defined "educational instruction" as regular, ongoing, preschool or K-12 academic educational or instructional programs because the prior definition included organizations with missions only tenuously related to CTF goals.[24] Additionally, the Commission required CBOs to provide services directly to individuals at specific geographic locations and that those services be provided directly or through some closely related indirect assistance, where "Indirect Assistance" means providing assistance on site to those unable to do so because of disability or limited English proficiency.[25]

FETP has not operated in compliance with all the CTF rules as it incorrectly claimed. FETP is noncompliant with D.15-07-007 and Rule 1.1 because 1) it attested to the Commission that it provided educational instruction when it did not, 2) admitted that it did not need to offer educational instruction in order to qualify to participate in the CTF program even though the CTF eligibility rules required FETP to offer at least one of the five outreach services[26], 3) their CBO classification was no longer accurate but failed to notice CD and seek eligibility modifications within 30 days of any change to the

[22] The Commission adopted D.96-10-066 in October 1996 which established the CTF program.

[23] D.15-07-007, adopted on July 23, 2015, p. 25.

[24] D.15-07-007, Appendix A, p. 2.

[25] D.15-07-007, Appendix A, p. 3.

[26] The CTF application signed by FETP requires a CBO to offer at least one of the following: health care, job training, job placement, educational instruction or a community technology program offering access to and training on the internet and other technologies. See CTF application. (Attachment_3).

statements in FETP's CTF application[27], 4) claimed that it is more accurately categorized as an unregulated service provider which was not eligible to receive CTF discounts, and 5) failed to directly offer educational instruction to individuals and families at the CBO location.

B. FETP Resold CTF Discounted Internet Broadband Circuits to School Districts Instead of Utilizing Those Discounted Broadband Circuits to Directly Offer Individuals and Families Educational Services at FETP's Community-Based Locations, Resulting in Noncompliance with D.15-07-007.

On July 23, 2015, the Commission adopted D.15-07-007 establishing more stringent definition and eligibility criteria for CBOs including requirements that prohibits the reselling of CTF discounted services at no additional markup to CTF qualified recipients. The Commission in D.15-07-007 clarified that:

- CBOs are required to provide services directly to individuals at specific geographic locations and that those services be provided directly or through some closely related indirect assistance.[28]
- "Indirect Assistance" means providing assistance on site to those unable to do so because of disability or limited English proficiency.[29]

FETP, in its response to UEB to provide a list of FETP customers, disclosed that it sold CTF discounted services and passed through the CTF discounts to 5 unified school districts at the addresses depicted in Table 1 below from 2013 to 2019.[30]

[27] Resolution T-16742, Attachment A, pg. 1 states that CTF applicants are responsible for notifying the CPUC of any change in any statements attested to in the CTF application within 30 days from the date of the change.

[28] D.15-07-007, Appendix A, p. 25.

[29] Ibid.

[30] FETP response to CPED data request 1, question 2. (Attachment_1).

Table 1- FETP Resold CTF Discounted Services to the Following School Districts

Unified School District (USD)	Address	Dates FETP Provided CTF Discounted Services
San Gabriel USD	408 South Junipero Serra Drive, San Gabriel, CA 91776	2013-2019
Huntington Beach UH	5832 Bolsa Ave., Huntington Beach, CA 92649	2014-2019
San Jacinto USD	2045 S. San Jacinto Ave., San Jacinto, CA 92583	2014-2018
Santa Ana USD	1601 E. Chestnut Ave., Santa Ana, CA 91016	2015-2019
Temple City USD	9700 Las Tunas Dr., Temple City, CA 91780	2016-2019

Additionally, in FETP's response to identify the CPUC prerequisite authority that permits FETP to resell CTF discounted services to CTF qualified Unified School Districts, FETP argued that it did not resell the CTF services, but "provided" at no additional markup, the CTF discounted services only to CTF eligible institutions, and as such in compliance with all rules on discounts and invoicing.[31]

FETP stated that it partnered with certified carriers to provide broadband circuits to other CTF entities.[32] FETP stated that it receives a bill from the carrier partner, which includes a CTF discount and then passes the full CTF discount through to the CTF entities without a markup.[33] Then FETP's telecommunications carrier partner seeks reimbursement from the CPUC for only the telecommunications circuit.[34] FETP did not seek a CTF discount from the CTF program for the internet services it provided.[35] FETP alleged that even though D.15-07-007 may have shifted FETP's eligibility status from CBO to service provider, they claim to still be eligible based on D.08-06-020, which

[31] FETP response to CPED data request 3, question 10. (Attachment_4).

[32] FETP response to CPED data request 3, question 2. (Attachment_4).

[33] Ibid. (Attachment_4)

[34] FETP response to CPED data request 2, question 3. (Attachment_5).

[35] Ibid. (Attachment_5).

allowed unregulated service providers such as FETP to partner with regulated carriers to participate in the CTF program.[36]

Although FETP's claim that there was no markup and that the CTF discounted services were provided to the school districts, staff believes that FETP was still noncompliant with D.15-07-007 by performing the action of reselling CTF discounted services to school districts, instead of directly using those CTF discounted services for its own and offering the services to individuals and families seeking educational activities, as required for CTF eligibility.

Moreover, FETP admitted that it also provided unregulated services to the school districts, including Internet access, security, network management, equipment installation and billing for the school districts, but it did not seek CTF discounts for these services.[37] FETP's unregulated services are billed separately.[38] Staff believes that FETP used the CTF program in reselling the discounted service to the school districts to upsell their unregulated services to bolster their revenue stream.

C. CD Removed FETP from the CTF Program and Required FETP to Refund $445,892.09

On August 16, 2019, the CD removed FETP from the CTF program because FETP was not eligible for CTF support under CTF program rules. CD stated that "FETP had been selling and sharing services that have already received the CTF discount, in contravention of program rules and therefore, FETP is ineligible for the CTF program and the approval of FETP's CTF application, CBO Application No. 855, is not valid and will be removed from the CTF program."[39]

[36] FETP response to CPED data request 2, question 2. (Attachment_5).

[37] FETP response to CPED data request 1, question 1. (Attachment _1).

[38] FETP response to CPED data request 3, question 9. (Attachment_4).

[39] CD Letter to FETP dated August 16, 2019. (Attachment_6).

Table 2 below identifies the amount of refund CD calculated based on the CTF refunds FETP received between July 2014 to December 2018, for the CTF discounted services FETP was reselling to school districts.[40]

Table 2 – CD's Calculation of FETP's Refund to CTF

Service Provider	Time Frame	Total CTF Funds
Charter Fiberlink CA[41]	August 2015 – June 2018	[redacted]
Crown Castle Fiber LLC[42]	July 2014 – December 2018	[redacted]
		[redacted]

CPED believes that although the CTF rules prior to D.15-07-007 did not provide clear guidance on how to make eligibility determinations, the CTF rules adopted in D.15-07-007 did provide sufficient, clear guidance prohibiting FETP from reselling CTF discounted services. But ultimately, CPED believes that the CTF program funds were provided to the CTF recipients, as FETP passed through the CTF discounted services to the school districts and FETP did not gain any profits. Based on data request responses, CPED did not see any markups when FETP passed the services directly to the school districts. FETP did charge management fee, but it was paid by the school district, and not funded by the CTF program.[43] As result, CPED disagrees with CD's calculation for FETP to refund the CTF program. Instead, CPED recommends imposing penalties and/or remedies for FETP's failure to comply with CTF program requirements. FETP did not directly provide educational services as attested to on its CTF application and resold CTF discounted internet broadband circuits to school districts instead of utilizing those discounted broadband circuits to directly offer individuals and families educational

[40] Crown Castle and Charter-Time Warner CTF Claim Amounts for FETP #855. (Attachment_7)
[41] Ibid. (Attachment_7)
[42] Ibid. (Attachment_7)
[43] FETP response to CPED data request 3, question 15, Pg. 12. (Attachment_4)

services at FETP's community-based locations. Both actions make FETP noncompliant with Rule 1.1 and D.15-07-007.

D. FETP Filed its Wind Up and Dissolve

On October 18, 2021, FETP filed a Nonprofit Certificate of Election to Wind Up and Dissolve with the CA Secretary of State.[44] FETP's election was made by the board of directors together with a majority vote of the members voting on the election to dissolve.[45] FETP's decision to discontinue providing service to school districts primarily was due to concerns regarding eligibility with the CTF program and the uncertainty about the conclusion of the Commission's investigation.[46] As a result, FETP's board decided on January 13, 2020, to assist customers in transitioning to other providers with the presumption it would wind down operations thereafter.[47] FETP discontinued providing service in the second quarter of 2021 after all customers were successfully migrated to other Internet service providers.[48] On June 25, 2021, FETP's board resolved to cease its business operations and dissolve.[49]

FETP's Wind Up and Dissolve filing means its known debts and liabilities have been actually paid, known assets have been distributed to the persons entitled, that FETP has been dissolved, tax returns have been filed, and the certificate of dissolution shall be filed with the Secretary of State and thereupon the corporate powers, rights, and privileges of the corporation shall cease.

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[44] FETP response to CPED data request 4, question 1, p. 4. (Attachment_8).

[45] Ibid. (Attachment_8).

[46] Ibid. (Attachment_8).

[47] Ibid. (Attachment_8).

[48] Ibid. (Attachment_8).

[49] Ibid. (Attachment_8).

As of August 1, 2022, FETP's request to dissolve has been approved by the CA Attorney General's Office and is now pending approval from the CA Secretary of State final approval to dissolve.[50]

IV. CONCLUSION

Based on CPED's investigation, CPED recommends that the Commission open an OII and order FETP to show cause as to why it should not be ordered to pay penalties and/or remedies for its failure to comply with CTF program requirements and noncompliance with Rule 1.1 and D.15-07-007. CPED also requests that the Commission consider other actions against FETP, including a prohibition against Creighton Grenoble, executive director of FETP, from benefiting from or participating in any Commission program for a period of at least seven years.

[50] See URL: https://bizfileonline.sos.ca.gov/search/business.

ATTACHMENTS:

Attachment 1 – FETP response to data request 1, question 1.

Attachment 2 – FETP August 9, 2019, letter to CD.

Attachment 3 – FETP CTF application No.000855 approved on September 30, 2005.

Attachment 4 – FETP response to CPED data request 3, question 2.

Attachment 5 - FETP response to CPED data request 2, questions 2 and 3.

Attachment 6 - CD Letter to FETP dated August 16, 2019.

Attachment 7 – Crown Castle and Charter-Time Warner CTF claim amounts for FETP CTF application No. 855.

Attachment 8 – FETP response to CPED data request 4, question 1.

CALIFORNIA PUBLIC UTILITIES COMMISSION
CONSUMER PROTECTION AND
ENFORCEMENT DIVISION

STAFF REPORT - ATTACHMENTS

INVESTIGATION OF
THE FOOTHILLS EDUCATION & TECHNOLOGY PARTNERSHIP, INC.
FOR CTF PROGRAM VIOLATIONS

Attachment_1

FETP. Such definitions render the Data Requests overbroad, unduly burdensome, and oppressive because FETP lacks authority to compel such persons or entities to produce documents.

F. FETP objects to the definitions and instructions in Request No. 1 to the extent they seek documents or information from individuals or entities other than FETP, in contravention of the California Code of Civil Procedure or the Rules of Practice and Procedure of the Commission.

IV. SPECIFIC OBJECTIONS AND RESPONSES DATA REQUESTS IN SET NO. 1

1. Please describe in detail any and all types of services Foothill Education & Technology Partnership (FETP) provides. Is FETP currently providing said services?

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that the request for "any and all" is overly broad and seeks information that is not relevant to the subject matter of this proceeding and not calculated to lead to information or documents relevant to this proceeding. The scope of the question appears to request information on unregulated services provided by FETP and any such services are beyond the Commission's jurisdiction and the scope of the regulated CTF services at issue in this matter. Without waiving any objection, FETP responds as follows.

CPUC staff appear to have the mis-impression that FETP might be no more than a telecommunications consultant. FETP is a non-profit entity that acts as a non-exclusive service provider to procure, install, administer and bill broadband and Internet access services to certain school districts in the Southern California region. FETP purchases high capacity circuits from carriers with whom it partners or affiliates to provide connectivity for member school districts. Those services include: direct point-to-point fiber connections with service between 1Gb and 10Gb; switched point-to-point connections with service between 1Gb and 10Gb; Switched Metropolitan Area Networks in the Mb to 1Gb range; in-facility cross-connects to member Districts and CENIC. FETP also provides unregulated services to the school districts, including Internet access, security, network management, equipment installation and billing for the school districts, but it does not seek a CTF discount for these services.

Due to the evolving rules in the CTF program and FETP's evolving role serving school districts, including an address change from its initial approved location as a CBO, it appears FETP's CBO classification may no longer be accurate. Rather, FETP is more accurately categorized as as an unregulated service provider that partners with certified carriers to discounts, as has been demanded by staff.

2. **Please provide a list of FETP customers from October 2004 to December 2019. Include the customer name, address, and time frame for each service. For each customer, please provide a copy of the contract agreement.**

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks confidential information of a third party protected by law, including but not limited to, Customer Proprietary Network Information ("CPNI") protected from disclosure in 47 U.S.C. §222. The CTF-eligible school districts to which FETP has provided CTF-reimburseable circuits from 2013 to present:

Huntington Beach Union High School District, Santa Ana Unified School District, San Gabriel Unified School District, San Jacinto Unified School District, and Temple City Unified School District. For other districts, FETP has provided unregulated services such as Internet access but has not sought CTF discounts for such services. Please see Bates Number FETP0000074 for a list of addresses. Please see Bates Numbers FETP000075-FETP0000507 for copies of contracts with school districts for CTF services.

Attachment_2

August 9, 2019

Mr. Eric Van Wambeke
Program & Project Supervisor, Communications Division
California Public Utilities Commission
Delivered via email: eric.vanwambeke@cpuc.ca.gov

Re: Response to California Teleconnect Fund Inquiry Dated July 19, 2019

Mr. Van Wambeke,

We are writing in response to your July 19th inquiry and hope the following addresses your questions.

The Foothills Education & Technology Partnership (FETP) is a non-profit community-based organization (CBO) whose members are exclusively California K12 public school districts. Our current member-districts are: Arcadia Unified School District, Duarte Unified School District, Huntington Beach Union High School District, Monrovia Unified School District, Santa Ana Unified School District, San Gabriel Unified School District, and Temple City Unified School District. Our board of directors is comprised of Superintendents from our member-districts.

FETP's primary focus is to assist our members with their high-speed Internet service. This involves assisting them with procurement, managing their service, connecting them to the Internet, offering network and security expertise so they may provide reliable and appropriate Internet service to their student, and generally seeking to provide them with high-quality service while keeping costs low.

On behalf of our member-districts, FETP procures and manages the transport circuits that are a key part of their Internet service. These circuits all terminate at the data centers of our member-districts, and all our member-districts are approved for CTF at these locations. Regarding these circuits, FETP handles billing, billing issues, payment, and service management for its member-districts. FETP passes through circuit costs to them at actual cost. There are CTF discounts being received on these circuits, the amounts of which are set by our carriers, and the entirety of these are passed through to our member-districts.

13200 MOORPARK ST. #301 ■ SHERMAN OAKS, CALIFORNIA 91423 ■ 310.567.7432 ■ CGRENOBLE@FETP.NET

In addition, I would like to add that FETP has recently been actively contacting the CPUC regarding how to best structure our relationships between telecommunications carriers, our member-districts, CENIC, and the CPUC. Since November 2018 we have exchanged myriad emails and held more than a few phone calls with Mr. Karo Serle, Regulatory Analyst with the Communications Division of the CPUC, seeking to better understand the CTF program and how best to work within it. We wish to continue this process and request your input as to how to relate this inquiry with this ongoing process as well as how we should best proceed to work with the CPUC.

Sincerely,

Creighton Grenoble
Executive Director

Attachment_3

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

September 30, 2005

Application No. 855
Date Filed: October 4, 2004

Foothills Education & Technology Partnership
ATTN: Clint Taylor
P.O. Box 1706
Duarte, CA 91009

Enclosed is a copy of the California Teleconnect Fund Services Discounts Certification Application (Application) which was filed with the California Public Utilities Commission (CPUC). The completed Application has been reviewed and the applicant has been deemed eligible to participate in the California Teleconnect Fund (CTF) by receiving discounts on eligible telecommunications services. The discount shall be applicable as of the date the Application was date stamped by the Telecommunications Division staff.

An Application Number has been assigned and is shown in the upper right-hand area of the first page of the Application. The Application Number should be referenced in any communication with the CPUC concerning the enclosed Application.

It is your responsibility to contact your local service provider/carrier and inform it that you are eligible to participate in the CTF program. To ensure that you receive discounts on eligible services, you must provide the carrier with proof of your eligibility. You may provide a copy of your approved Application to the carrier in a manner specified by the carrier or you may refer the carrier to the list of eligible participants on the CPUC's website at:

http://www.cpuc.ca.gov/static/telco/public+programs/ctflist.htm

Services eligible for the CTF program discounts are:

- Measured Business Service lines
- Switched 56 lines
- ISDN
- DSL
- T-1
- DS-3
- Up to and including OC-192 services
- Any functional equivalents to the above services.

The above list uses generic names for the eligible services. Each telecommunications service provider may have different names for the eligible services it provides. The customer service representatives for each service provider can help you determine which of your subscribed services is eligible for the CTF discount. Also, if you have purchased bundled services, only the portion of the bundled service price related to an eligible service will receive the 50% discount.

OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

UBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

If you add or change eligible services in the future, you should inform the carrier's customer service representative at the time you place the order, that you are a CTF participant. This will ensure there is no delay in receiving the CTF discount on the additional services.

If you have problems obtaining discounts on the above referenced services, call Ms. Fe Lazaro at 415-703-2627.

Sincerely,

Michael D. McNamara, Chief
Carrier Branch
Telecommunications Division

CTF Application No.
000855

CALIFORNIA TELECONNECT FUND
Service Discounts Certification Application

Name of Institution or
Organization FOOTHILLS EDUCATION & TECHNOLOGY PARTNERSHIP

Mailing
Address: P.O. BOX 1706, DUARTE CA 91009

Please check one of the following boxes to identify your entity type (use a separate form for each entity if you are applying for service discounts under more than one type):

Date Stamp

OCT -4 PM 2:49

________ K-12, Public School / Public School District
Please enter your CDE Code #: ________________

________ K-12, Non-Profit Private School
Please enter your CDE Code #: ________________
(Please attach a copy of tax-exempt statement from the Internal Revenue Service.)

________ Library eligible for funds in the state-based plans under Title III of the Library Services and Construction Act, now the Library Services and Technology Act.
(Please attach a copy of certification from the California State Library.)

________ Municipal, county government or hospital district owned and operated hospital or health clinic.

✓ Community based organization, tax exempt under Section 501(c)(3) or 501(d) of the Internal Revenue Code and offering at least one of the following : health care, job training, job placement, educational instruction or a community technology program offering access to and training in the Internet and other technologies.
(Please attach a copy of your tax-exempt statement from the IRS and your latest IRS Form 990.)

Please answer yes or no to the following question as appropriate:

________ If you are applying as a school, do you have a total endowment that exceeds $50 million?

Applicant is responsible for notifying the California Public Utilities Commission within 30 days of any change in any of the above statements.

I, (please print ***name and title***)
DR. CLINT TAYLOR, EXECUTIVE DIRECTOR
F.E.T.P., declare under penalty of perjury under the laws of the State of California that I am authorized to act on behalf of the above-named institution, that the above statements are true and accurate to the best of my knowledge and belief, and that the subscribed discounted telecommunications services will not be sold, resold, transferred or shared with any other non-qualifying entity or person.

Signature: Clint Taylor Date:
ORIGINAL 10/4/2004 / SECOND, 3/29/2005

Tel: 626 705·0170 FAX (Required): 626 914·9274 E-Mail (Required):
ctaylor6@calstatela.edu

For CPUC Use only:

Certification Application Complete:
Yes ✓ No_____ Initials: FNL Date: 9-30-05

Attachment_4

IV. SPECIFIC OBJECTIONS AND RESPONSES DATA REQUESTS IN SET NO. 3

All responses below are provided by Mr. Creighton Grenoble, Executive Director of FETP. Mr. Grenoble is providing a declaration attesting to the confidential status of certain responses and documents produced.

1. **Provide the Foothill Education & Technology Partnership's (FETP) California Technology Fund (CTF) application and all supporting documentation included with your application regarding Application No.000855 approved on September 30, 2005.**

   FETP Response: FETP incorporates all of its General Objections above. Without waiving any objection, FETP responds as follows: Please see Bates numbers FETP000712 to FETP000717.

2. **Did FETP offer educational instruction on a regular basis from 2005 to 2021.**

   (a) If so, provide all documentation supporting FETP's claim that educational instruction was provided at the location(s) it received the CTF discounted services from 2005 to 2021.

   FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information or documents that would be unduly burdensome, expensive and time consuming to compile. Documents prior to 2013 are not available electronically and/or may not be available at all. Without waiving any objection, FETP responds as follows: FETP does not need to offer educational instruction in order to qualify to participate in the CTF program. FETP has provided service only to CTF- eligible institutions and in compliance with all rules on discounts and invoicing.

   All school districts served by FETP are approved to receive California Teleconnect Fund ("CTF") discounts (referred to hereafter as "CTF entities") and the locations at which the services are provided are approved by the Commission. As allowed by the Commission's rules, FETP partners or affiliates with certified carriers to provide broadband circuits to the CTF entities.[1] FETP receives a bill from the carrier partner, which includes a CTF discount. FETP then passes the full CTF discount through to the CTF entities without reduction.

   All of the school district customers provide educational instruction for kindergarten through 12th grade ("K through 12"). FETP did provide periodic

[1] Please see FETP000024-FETP000041, California Teleconnect Fund Service Provider Manual, Chapter 6.C., at p. 14 (Sept. 4, 2019).

instruction to technical personnel at school districts.

Initially, FETP was located in the Monrovia Unified School District's ("MUSD") data center. MUSD used FETP's Internet access services, coupled with high capacity circuits obtained through carrier partners, for Internet access to its own class rooms. Later, MUSD used the FETP ISP service and the carrier circuits to provide Internet access to other schools and school districts. These are precisely the typesof activities that the Commission envisioned for CBOs. In D.96-10-066, the Commission held,

> CBOs will also find it less costly to connect to theinformation superhighway, and provide their constituencies with access.
>
> *******
>
> By providing qualifying CBOs with discounts for high speed data connection, these CBOs can better serve their constituencies, and provide the communities they serve with increased access to the telecommunications network,thereby decreasing the stratification between information rich and information poor communities. (D.96-10-066 at 90-91.)

Over time, the Monrovia data center had insufficient space and facilities such as air conditioning to support FETP's equipment. In approximately 2014, FETP acquired collocation space in Downtown Los Angeles which enabled it to expand the geographical range and quality of its services. Even though FETP was in a second physical location, it continued to work in partnership with telecommunications carriers to provide Internet access bundled with telecommunications transport circuits that enabled MUSD and other member school districts to provide educational services to their students.

After FETP began providing service from Downtown Los Angeles, the local geography requirements set forth in D.15-07-007 may have shifted FETP's eligibility status from CBO to service provider because the services it provided were not all collocated with the local school district. However, D.15-07-007 did not modify the earlier holdings in D.08-06-020, that clearly allowed unregulated service providers such as FETP to partner with regulated carriers to participate in the CTF program. If there were any doubt about FETP's eligibility to participate in CTF as an unregulated service provider (and FETP submits there isn't) it was eliminated when the California Legislature amended the CTF statute. In September of 2014, at about the same time that FETP added the collocation site, the legislature amended Cal. Pub. Util. Code §270(b) to remove the text that funds from the six public purpose programs ("PPP"), including CTF, were to be used "to compensate telephone corporations". By removing this phrase, the Legislature made it irrefutably clear that PPP monies could be used to compensate non-telephone corporations. See Bates numbers FETP000529 to FETP000538 providing a true and correct copy of the legislature markup amending Section 270(b).

Because FETP has operated in compliance with all CTF rules, albeit perhaps in an incorrect category, there is no basis for it to refund CTF discounts, as has been demanded by staff.

(b) Describe in detail the educational instruction offered by FETP relating to your response in 2a.

FETP Response: FETP incorporates all General Objections above. Without waiving any objection, FETP responds as follows: See FETP's response to Data Request No. 3-2(a).

3. **Was there any change to FETP's statement attested to in your CTF application? If so, provide a detail explanation and all documentation supporting whether FETP notified the CPUC based on the change as required by Resolution T-16742, Attachment A, page 1.**

FETP Response: FETP incorporates all of its General Objections above. FETP further objects on the basis that the request is vague and ambiguous with regard to the term "change." Without waiving any objection, FETP responds as follows: Mr. Grenoble was not associated with FETP at the time Resolution T-16742 was issued or at the time FETP applied for CTF status. However, after reviewing Resolution T-16742, it appears that FETP falls within the community technology program subset of CBOs as defined in Section 884(b) of the Public Utilities Code -- "...a community-based nonprofit organization that is exempt from taxation under Section 501 (c)(3) of the Internal Revenue Code and engages in diffusing technology into local communities and training local communities that have no access to or have limited access to the Internet and other technologies." FETP notes that the then-existing leadership of FETP noted CBO on the CTF application form, and that FETP might have been clearer about its activities if it had marked "community technology program" instead. As discussed in other data request responses, FETP arranged for, installed and billed school districts for CTF services and provided some instruction to school districts on use of telecommunications to support educational programs. Pre-dating his tenure at FETP, which began in 2013, Mr. Grenoble cannot be certain what communications occurred with the CPUC regarding the description of FETP's CTF activities. To the best of his knowledge, FETP did not change the description of its activities. Mr. Grenoble, however, did email and speak to CPUC staff about FETP's activities and FETP received a letter from the CPUC identifying a new business address as an

Without waiving any objection, FETP responds as follows: FETP contracted with CENIC, which purchased Time Warner Cable Business Class (acquired by Spectrum) transport services to serve Huntington Beach Union High School District and San Jacinto Unified School District.

8. **Provide the master contract agreement(s) and all associated addendums and attachments between FETP and the Carrier(s) FETP contracted with to provide CTF discount services to San Jacinto Unified School District and Huntington Beach Union High School District.**

   FETP Response: FETP incorporates its General Objections above. Without waiving any objection, FETP responds as follows: See Confidential Bates numbers FETP000760 to FETP000774.

9. **Explain whether FETP partners or contracts with Internet Service Providers to provide CTF discounted internet service to its customers.**

   FETP Response: FETP incorporates its General Objections above. Without waiving any objection, FETP responds as follows: FETP partners with CENIC to provide CTF discounted broadband connections to its customers. FETP also partners with or has partnered with AT&T, Crown Castle, Sunesys and Wilcon; these carriers provided transport circuits but did not act as ISPs. FETP did sometimes provide Internet service to its customers, but those unregulated services were charged for separately and FETP did not apply a CTF discount to those services.

10. **Provide all the CPUC prerequisite authority that permits FETP to resell CTF discounted services to CTF qualified Unified School Districts between 2005 and June 30, 2015.**

    FETP Response: FETP incorporates all General Objections and further objects on the basis that the question seeks a legal conclusion. FETP further objects to this request on the basis that the term "resell" is vague and ambiguous and not defined. FETP defines the term "resell" to mean the purchase of bulk telecommunications service that is sold to end users with a markup of a specific percentage, as allowed by the CPUC's rules.[2] Applying this definition, and without waiving any objection, FETP responds as follows: FETP does not "resell" telecommunications service pursuant to the definition provided by FETP. FETP partners or affiliates with certified carriers to provide data transport (broadband) circuits to the CTF entities.[3] FETP receives

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[2] *See e.g.*, 96-03-020 (Mar. 13, 1996); D.97-04-090 (Apr. 23, 1997)

[3] Please see FETP000024-FETP000041, California Teleconnect Fund Service Provider Manual, Chapter

a bill from the carrier partner, which includes a CTF discount. FETP then passes the full CTF discount through to the CTF entities without reduction.

FETP does not add a markup to the services sold to school districts. By way of example, FETP obtains a broadband circuit from a partner carrier that costs $1,400 per month without the CTF discount, and $700 with the discount. FETP then provides the broadband circuit to the school district for $700. Further, FETP pays the carrier $700 and the carrier then seeks reimbursement from the CPUC for the remainder $700.

11. **Provide the CPUC prerequisite authority that permits FETP to resell CTF discounted services to CTF qualified Unified School Districts between July 1, 2015, and September 1, 2021.**

    FETP Response: FETP incorporates all General Objections and furtherobjects on the basis that the question seeks a legal conclusion. Without waiving any objection, FETP responds as follows: Please see response to Data Request No. 3-10 above.

12. **Provide the CPUC prerequisite authority that permits FETP to partner with Telecommunications Carriers to offer CTF discounts services to Unified School Districts between 2005 and June 30, 2015?**

    FETP Response: FETP incorporates all General Objections and furtherobjects on the basis that the question seeks a legal conclusion. Without waiving any objection, FETP responds as follows:

    The Commission's CTF program has not remained static. Over the decades, the Commission has continued to update and modify the CTF program to ensure its goal of providing advanced services to schools and hospitals is fulfilled to the maximum extent possible. CBOs initially qualified for CTF discounts if they provided job training, job placement, health care, and educational services. (D.96-10-066, Appendix B at 8(D)(1). Subsequently, community technology program services (Resolution T-16742 (May 8, 2003) and 2-1-1 information and referral services (D.08-06-020, at OP7) were added as eligible services for CBOs. By 2013, the Commission began to better define the activities for which CBOs could qualify for CTF discounts. The Commission noted that "[t]his language has provided minimal guidance to staff in its review of CBO requests for eligibility to participate in CTF. For example, the current eligibility category of CBOs providing "educational services" is extremely broad and is

6.C., at p. 14 (Sept. 4, 2019).

school districts remained properly within the Commission's rules. FETP might have needed to update its eligibility paperwork at the Commission to reflect its status as service provider rather than CBO. At no time, however, did FETP use CTF discounted services for its internal operations. Rather, it provided bundled packages of Internet access and telecommunications transport circuits in partnership with regulated telecommunications providers and passed through the CTF discount to school districts, all of whom were CTF-eligible. Thus, no CTF funds were used to provide discounted services to non-CTF entities, and there is no basis on which to demand that FETP reimburse CTF funds.

13. **Provide the CPUC prerequisite authority that permits FETP to partner with Telecommunications Carriers to offer CTF discounts services to Unified School Districts between July 1, 2015, and September 1, 2021?**

FETP Response: FETP incorporates all General Objections and furtherobjects on the basis that the question seeks a legal conclusion. Without waiving any objection, FETP responds as follows: Please see response to Data Request No. 3-12 above.

14. **Provide all invoices for CTF discounted services related to contracts with FETP's customers from 2005 to 2021, on a monthly basis.**

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information or documents from sixteen years ago that would be unduly burdensome, expensive and time consuming to compile. Documents prior to 2013 are not available electronically and/or may not be available at all. Without waiving any objection, FETP responds as follows: See Confidential Bates numbers FETP000775 to FETP001003 providing invoices from 2013 to 2020.

15. **Describe whether FETP charged any of its customers miscellaneous charges or administrative fees for managing CTF discounted services between 2005 and 2021?**

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information or documents from sixteen years ago that would be unduly burdensome, expensive and time consuming to compile. Documents prior to 2013 are not available electronically and/or may not be available at all. FETP further objects on the basis of relevance. Whether FETP provided non-CTF eligible services to school districts and charged for them is not relevant to an inquiry into whether FETP was partnering with carriers or ISPs to provide broadband service to CTF-eligible schools. Without waiving any objection, FETP responds as follows: FETP charged school district customers for circuit installation and at times for Network Operation Center ("NOC") management. FETP did not claim or seek a CTF discount for these non-teleocmmunications services. FETP also provided ISP services. FETP charged for these non-regulated ISP services but did not claim or seek a CTF discount for them. Also please see Confidential Bates numbers FETP000508-FETP000509 (reference should be FETP710-711)which compare invoice amounts from carrier partners to FETP for CTF circuits and FETP invoices to various school districts for those same CTF circuits.

16. **Provide, on a monthly basis, the miscellaneous charges or administrative fees FETP charged each customer for managing CTF discount services between 2005 and 2021.**

    FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information or documents from sixteen years ago that would be unduly burdensome, expensive and time consuming to compile. Documents prior to 2013 are not available electronically and/or may not be available at all. FETP further objects on the basis of relevance. Whether FETP provided non-CTF eligible services to school districts and charged for them is not relevant to an inquiry into whether FETP was partnering with carriers or ISPs to provide broadband service to CTF-eligible schools. Without waiving any objection, FETP responds as follows: See the customer invoices produced in response to Data Request No. 3-14.

17. **Provide the name and addresses of FETP data centers where FETP houses its network equipment for which CTF discounted services terminate.**

    FETP Response: FETP incorporates all General Objections above. Without waiving any objection, FETP responds as follows:

    1. Equinix's LA2 facility, 818 w. 7th St., 6th floor, Los Angeles, CA
    2. Monrovia USD, 920 S. Mountain Ave, Monrovia, CA

18. **Provide monthly discounts received by FETP from 2005 to December 2019 from CTF for eligible telecommunications services as FETP stated it would provide a supplemental response in its March 27, 2020, data request response to CPED's DR1 question 4.**

    FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information or documents from sixteen years ago that would be unduly burdensome,

Attachment_5

2. **In Response to Requests for Production, Set No. 2, Question 1 dated March 27, 2020 Foothill Education & Technology Partnership (FETP) stated:**

"Due to the **evolving rules in the CTF program and FETP's evolving role** serving school districts, including an address change from its initial approved location as a CBO, it appears FETP's CBO classification may no longer be accurate. (Emphasis added)

Please provide a detailed explanation of (a) "the evolving rules in the CTF Program" and (b) "FETP evolving roles" as you described above. Include all applicable cites and references in your response.

FETP Response: FETP's services have evolved over time. Initially, FETP was located in the Monrovia Unified School District's ("MUSD") data center. MUSD used FETP's Internet access services, coupled with high capacity circuits obtained through carrier partners, for Internet access to its own class rooms. Later, MUSD used the FETP ISP service and the carrier circuits to provide Internet access to other schools and school districts. These are precisely the types of activities that the Commission envisioned for CBOs. In D.96-10-066, the Commission held,

> CBOs will also find it less costly to connect to the information superhighway, and provide their constituencies with access.
>
> *******
>
> By providing qualifying CBOs with discounts for high speed data connection, these CBOs can better serve their constituencies, and provide the communities they serve with increased access to the telecommunications network, thereby decreasing the stratification between information rich and information poor communities. (D.96-10-066 at 90-91.)

Over time, the Monrovia data center had insufficient space and facilities such as air conditioning to support FETP's equipment. In approximately 2014, FETP moved its equipment to a collocation space in Los Angeles which enabled it to expand the geographical range of its services. Even though FETP was in a separate physical location, it continued to work in partnership with telecommunications carriers to provide Internet access bundled with telecommunications transport circuits that enabled MUSD and other member school districts to provide educational services to their students.

The Commission's CTF program has not remained static. Over the decades, the Commission has continued to update and modify the CTF program to ensure its goal of providing advance services to schools and hospitals is fulfilled to the maximum extent possible. CBOs initially qualified for CTF discounts if they provided job training, job placement, health care, and educational services. (D.96-10-066, Appendix B at 8(D)(1). Subsequently, community technology program services (Resolution T-16742 (May 8, 2003) and 2-1-1 information and referral services (D.08-06-020, at OP7) were added as eligible services for CBOs. By 2013, the Commission began to better define the activities for which CBOs could qualify for CTF discounts. The Commission noted that "[t]his language has provided minimal guidance to staff in its review of CBO requests for eligibility to participate in the CTF. . . . For example, the current eligibility category of CBOs providing "educational services" is extremely broad and is subject to varying interpretations . . ." (Order Instituting Rulemaking, Jan. 24, 2013, at *9-10).

Another example is the Commission's determination that California Telehealth Network ("CTN") was an eligible CTF participant even though it is neither a certified carrier nor a CBO providing education, training or other types of eligible services to the public. Rather, CTN provides a statewide telecommunications network that interconnects rural, tribal and other health care facilities. (D.08-06-002, at p.39-40.) The Commission determined that CTN was eligible to receive CTF funding, holding, "participants within the CTN are eligible to receive the 50 percent discount from CTF for the monthly recurring CTF-eligible telecommunications services integral to the CTN." (D.08-06-002, at p. 41)

In D.15-07-007, the Commission adopted new eligibility criteria for CTF-eligible CBOs: "a small, nongovernmental, California nonprofit corporation which itself directly serves individuals and families and which offers services to anyone who needs it without charge or at a minimal fee. The organization must offer services within a local geographic area in California and have a governing body drawn largely from the community it serves." (D.15-07-007, at p. 24 mimeo).

After FETP relocated to Los Angeles, the local geography requirements set forth in D.15-07-007 may have shifted FETP's eligibility status from CBO to service provider because the services it provided were not collocated with the local school district. However, D.15-07-007 did not modify the earlier holdings in D.08-06-020, that clearly allowed unregulated service providers such as FETP to partner with regulated carriers to participate in the CTF program. If there were any doubt about FETP's eligibility to participate in CTF as an unregulated service provider (and FETP submits there isn't) it was eliminate when the California Legislature amended the CTF statute. In September of 2014, at about the same time that FETP moved to an off-site location, the legislature amended Cal. Pub. Util. Code §270(b) to remove the text that funds from the six public purpose programs ("PPP"), including CTF, were to be used "to compensate telephone corporations". By removing this phrase, the Legislature made it irrefutably clear that PPP monies could be used to compensate non-telephone corporations. See Bates numbers FETP000529 to FETP000538 providing a true and correct copy of the legislature markup amending Section 270(b).

The evolving CTF eligibility criteria may have caused FETP to be redefined as a service provider rather than CBO, but the services provided to CTF-eligible school districts remained properly within the Commission's rules. FETP might have needed to update its eligibility paperwork at the Commission to reflect its status as service provider rather than CBO. At no time, however, did FETP use CTF discounted services for its internal operations. Rather, it provided bundled packages of Internet access and telecommunications transport circuits in partnership with regulated telecommunications providers and passed through the CTF discount to school districts, all of whom were CTF-eligible. Thus, no CTF funds were used to provide discounted services to non-CTF entities, and there is no basis on which to demand that FETP reimburse CTF funds.

3. **In Response to Requests for Production, Set No. 2, Question 1 dated March 27, 2020 Foothill Education & Technology Partnership (FETP) stated:**

"As allowed by the Commission's rules, FETP partners or affiliates with certified carriers to provide broadband circuits to the CTF entities

Please provide a detail explanation of what FETP means when you state "FETP partners or affiliates with certified carriers…CTF entities." Provide the Commission rules that allow FETP to partner or affiliate with certified carrier to provide broadband circuits to the CTF entities. Include all cites and references that allow FETP to transfer CTF discounts to other entities.

FETP Response: As FETP stated in response to Data Request No. 1-1, it partners with certificated carriers to provide Internet access bundled with regulated telecommunications services required by member school districts. FETP provides the bundled package of unregulated and regulated services to the school districts and bills them for both. The CTF discount is passed through to the school district customer for the regulated telecommunications services without any markup. The telecommunications carrier partners seek reimbursement from the CPUC for only the regulated telecommunications services. FETP does not seek a CTF discount for the unregulated services it provides. See Bates numbers x to x, which shows the charges for regulated and unregulated services provided to school districts for two representative quarters.

D.08-06-020, D.15-07-007 and the Commission's official CTF Service Provider Manual[1] explicitly allow unregulated service providers to partner with regulated telecommunications carriers to provide services to CTF-eligible entities. In D.08-06-020, the Commission decided to promote the offering of unregulated services in the CTF program, by allowing certificated telecommunications carriers to partner with entities offering unregulated services. (D.08-06-020, at p.30-32) The Commission identified Internet access providers as an example of the type of unregulated entities that could partner with regulated telecommunications carriers to provide CTF services. (D.08-06-020, at p. 32)

In D. 15-07-007, the Commission held:

> [c]urrently, only CPCN holders or wireless registration holders may make claims for compensation from the CTF. CPCN holders may partner with internet service providers (ISPs) and file claims on their behalf for internet access related services. As a result, competitive service providers that are not regulated by the

[1] FETP is producing the original 2019 version and the recently updated version dated May 5, 2020. See e.g. Bates numbers FETP000541, n.1; FETP000542, n. 2; FETP000549; FETP 000552; FETP000714, n.1; FETP000715, n2.; FETP000722; FETP000725.

> Commission are receiving CTF funding under qualifying conditions." (D.15-07-007, at p.49).

Thus, it is clear that under the Commission's rules, FETP is eligible to participate in the CTF program as a provider of unregulated Internet access services in conjunction with regulated telecommunications services provided by carrier partners. CTF's carrier partners could have asked for CTF discounts for the ISP services FETP provides, but FETP has not pursued such funding. Rather, the school districts pay for unregulated services provided by FETP.

Please see Bates numbers FETP000539 to FETP000729 for responsive documents.

Attachment_6

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

August 16, 2019

Creighton Grenoble
Foothills Education & Technology Partnership
6637 Esplanade St.
Playa Del Rey, CA 90293

SUBJECT: Discontinuance of eligibility for California Teleconnect Fund CBO Application No. 855

Dear Mr. Grenoble:

It has come to our attention that your organization, Foothills Education & Technology Partnership, is not eligible for California Teleconnect Fund (CTF) support under current program rules. Your organization's activities do not constitute services that qualify for CTF, and your organization has been selling and sharing services that have already received the CTF discount, a violation of program rules. Therefore, your organization is ineligible for the program and the approval of your organization's application, CBO Application No. 855, is not valid.

Effective **immediately**, your organization and any affiliates receiving CTF discounts under Application No. 855 will be removed from the program. Your CTF carriers will also be notified of this change of eligibility. In the future, if your organization can document and fulfill the program requirements, you may remit a new CTF application for our consideration.

If you have any questions about the issues identified herein, please contact me by email at evw@cpuc.ca.gov or by phone at (415) 703-2896.

Sincerely,

Eric Van Wambeke
Program & Project Supervisor

CC: Cynthia Walker
Jonathan Lakritz
Adam Clark
Andrew Aliabadi
Chasel Lee

Attachment_7

CONFIDENTIAL

Attachment_8

IV. SPECIFIC OBJECTIONS AND RESPONSES DATA REQUESTS IN SET NO. 4

All responses below are provided by Mr. Creighton Grenoble, Executive Director of FETP. Mr. Grenoble is providing a declaration attesting to the confidential status of the responses below.

4-1: Please explain in detail FETP's 10/18/21 filing with the CA Secretary of State and FETP's decision to wind up and dissolve FETP?

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information that is not relevant to a determination of FETP's status as a CTF-eligible entity. Without waiving any objection, FETP responds as follows:

FETP discontinued providing service in the second quarter of 2021 after all customers were successfully migrated to other Internet service providers. FETP's decision to discontinue providing service to school districts primarily was due to concerns regarding eligibility with the California Teleconnect Fund ("CTF") program. Initially, FETP anticipated the confusion over its CTF status would be resolved quickly. However, the formal investigation has been ongoing since January 2020. FETP provided responses to staff's First and Second Data Requests in March/April, 2020 and May 19, 2020 respectively. After that time, there was no communication initiated from staff until a third set of data requests was issued in September 2021.

FETP's top priority was to ensure that its school district customers were able to continue receiving mission critical Internet access and FETP's board determined that it was unable to continue operations indefinitely with uncertainty regarding its eligibility with the CTF program. Migrating customers to a new provider while maintaining eligibility for subsidies takes between six and twelve months. Given the uncertainty about the conclusion of the Commission's investigation into FETP's CTF eligibility, FETP's board decided on January 13, 2020 to assist customers in transitioning to other providers with the presumption it would wind down operations thereafter. On June 25, 2021, without communication from the Commission for well more than a year, FETP's board resolved to cease its business operations and dissolve.

4-2: When is FETP shutting its business entirely?

FETP Response: FETP incorporates all General Objections and further objects to this Request on the basis that it seeks information that is not relevant to a determination of FETP's status as a CTF-eligible entity. Without waiving any objection, FETP responds as follows:

ATTACHMENT B

E-MAIL RULING
GRANTING MOTION TO AMEND
ADMINISTRATIVE ENFORCEMENT ORDER
CPUC-12-AEO

ALJ/GK1/cmf

FILED
05/22/24
08:53 AM
H2402005

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of: Foothills Education and Technology Partnerships Unlawful Participation in the California Teleconnect Fund and Violation of California Teleconnect Fund Program Rules.	H.24-02-005

E-MAIL RULING GRANTING MOTION TO AMEND ADMINISTRATIVE ENFORCEMENT ORDER CPUC-12-AEO

Dated May 21, 2024, at San Francisco, California.

/s/ GERALD F. KELLY
Gerald F. Kelly
Administrative Law Judge

From: Kelly, Gerald F. <Gerald.Kelly@cpuc.ca.gov>
Sent: Tuesday, May 21, 2024 10:12 AM
To: Anita@iCommlaw.com; Kelly, Gerald F. <Gerald.Kelly@cpuc.ca.gov>; Long, Janeen L. <janeen.long@cpuc.ca.gov>; Hwang, Nicholas <Nicholas.Hwang@cpuc.ca.gov>; Lo, Jeanette <jeanette.lo@cpuc.ca.gov>; Sastra, Rudy <rudy.sastra@cpuc.ca.gov>; Clark, Lisa-Marie G. <lisa-marie.clark@cpuc.ca.gov>
Cc: ALJ_Support ID <alj_supportid@cpuc.ca.gov>; ALJ Docket Office <ALJ_Docket_Office@cpuc.ca.gov>; ALJ Process <alj_process@cpuc.ca.gov>
Subject: H.24-02-005 Email Ruling Granting Motion to Amend Administrative Enforcement Order CPUC-12-AEO

I issue this email ruling in H.24-02-005 to grant the motion to Amend Administrative Enforcement Order CPUC-12-AEO

On March 21, 2024, the Consumer Protection and Enforcement Division filed a Motion to Amend Administrative Enforcement Order CPUC-12-AEO (AEO).

The current AEO states in relevant part that "a ban against all of the members and officers of Foothill Education & Technology Partnership (FETP) from benefiting from or participating in any Commission program for a period no less than seven years."

In its motion, CPED recognizes that this language can be interpreted to include the rotating member school districts and their superintendents referred to in the AEO.

Via its motion CPED moves to amend the AEO to remove the language "members and officers of FETP," and replace it with "FETP and its CEO, Creighton Grenoble."

CPED's Motion is granted. As amended, the AEO shall read: "Based on all of the factors outlined above, a fine of $7,000 and a ban against FETP and its CEO, Creighton Grenoble, from benefiting from or participating in any Commission program for a period no less than seven years is reasonable and appropriate under Resolution M-4846."

The Docket Office shall officially file this email ruling.

Gerald F. Kelly
Administrative Law Judge
California Public Utilities Commission – Los Angeles Office
Gerald.kelly@cpuc.ca.gov
415.355.5506