PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMUNICATIONS DIVISION **RESOLUTION T-17933**
Carrier Oversight and Programs Branch **September 17, 2026**

R E S O L U T I O N

Resolution T-17933: Approving Administrative Consent Order and payment agreement terms between Communications Division and Next Level Internet, Inc. regarding violations of Public Utilities Code 285.

SUMMARY

In this Resolution, the California Public Utilities Commission (Commission) approves an Administrative Consent Order (ACO) and settlement agreement (agreement) between the Commission's Communications Division (CD) and Next Level Internet, Inc. (Next Level). Next Level voluntarily disclosed its noncompliance with Public Utilities Code (P.U. Code) Section 285, for failing to report to the Commission intrastate VoIP revenue and pay Public Purpose Program (PPP) surcharges from January 2011 through August 2023. Next Level seeks an agreement to pay all past-due surcharges and applicable interest pursuant to a payment plan of approximately 18 months. To resolve Next Level's noncompliance, Next Level agrees to an initial payment of $605,673.79 by September 30, 2026, and five equal payments of $363,402.00 by the end of each subsequent calendar quarter to fully satisfy a total collection of $2,422,683.79. The purpose of this ACO is to create an agreed upon schedule for payment of past-due surcharges and an enforceable agreement for that payment. Failure to meet these terms will result in further sanctions as expressed in the ACO that accompanies this Resolution.

BACKGROUND

P.U. Code § 285 requires the Commission to impose PPP surcharges to ensure that end-use customers of interconnected Voice over Interconnect Protocol (VoIP) carriers contribute to the PPP.[1] This requires carriers[2] to collect and remit surcharges from VoIP end users on intrastate revenues in support of the Commission's six PPP programs.[3]

Carriers report and remit surcharges monthly through the Commission's proprietary Telecommunications and User Fee Filing System (TUFFS). Funds from these collections are then distributed to the individual programs through TUFFS. Through March 31, 2023, the PPP surcharges were assessed on reported intrastate revenue from telecommunications services sold in California. These surcharges were assessed and collected by carriers as a percentage of an end user's telecommunications bill. Effective April 1, 2023, the Commission adopted a per access line flat rate end user mechanism.[4]

In February 2022, Next Level was acquired by T3 Communications, Inc. ("T3"). Next Level's hosted voice service includes an intrastate VoIP component that had been provided in California since 2011. Next Level, operating under the belief that such services were not subject to regulatory requirements, had neither registered with the Commission as a VoIP provider nor collected, reported, or remitted PPP surcharges for those services.

On June 27, 2022, Next Level submitted a formal application[5] requesting that the CPUC issue a Certificate of Public Convenience and Necessity (CPCN) authorizing provision of VoIP service as a reseller statewide. In the application, Next Level, under the direction of its new owner, T3, requested approval of the required operating authority and committed to fully comply with all surcharge reporting and other requirements going forward. The application stated that Next Level was initiating efforts to identify and pay all past-due surcharges on its provision of VoIP service, including applicable interest and penalties.[6]

In January 2026, Next Level contacted the Licensing Section, Carrier Oversight and Programs Branch of the CD, stating that it was no longer seeking to operate as a

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[1] P.U. Code 285(b): The Legislature finds and declares that the sole purpose of this section is to require the commission to impose the surcharges pursuant to this section to ensure that end-use customers of interconnected VoIP carriers contribute to the funds enumerated in this section…"

[2] As used in this resolution, "carrier" refers to telephone corporations.

[3] (1) California High-Cost Fund-A Administrative Committee Fund (CHCF-A); (2) California High-Cost Fund-B Administrative Committee Fund (CHCF-B); (3) Universal Lifeline Telephone Service Trust Administrative Committee Fund (ULTS); (4) Deaf and Disabled Telecommunications Program Administrative Committee Fund (DDP); (5) California Teleconnect Fund Administrative Committee Fund (CTF); and (6) California Advanced Services Fund (CASF).

[4] This methodology was adopted in D.22-10-021.

[5] A.22-07-002, pursuant to Article 1 of Chapter 5 of the Public Utilities Code (Section 1001 et seq.)

[6] Ibid, at p.2.

Nomadic Interconnected VoIP service provider in California, with the intention to withdraw its pending application. However, before filing a motion to withdraw the application, Next Level intended to resolve the outstanding reporting and surcharge remittance owed to the Commission from its operation as an interconnected VoIP provider since 2011. To facilitate accurate calculation of surcharges and applicable interest owed, Next Level then reported to CD its monthly intrastate revenue from January 2011 through March 2023, and access line count from April 2023 through August 2023.[7]

DISCUSSION

Resolution M-4846, issued November 2020, adopted the Commission Enforcement and Penalty Policy (Enforcement Policy or Policy) and authorized Commission staff to negotiate and propose an ACO to resolve an enforcement matter, subject to review and consideration by the Commission. Resolution M-4846 approves an enforcement policy subject to review and disposition, improving compliance with rules and regulations by utilities and other entities subject to Commission jurisdiction.

In this case, CD has a long-established methodology in place to remedy unlicensed compliance issues by calculating past due surcharges and a penalty of ten percent (10%) annual interest added to the past due amount.[8] Next Level voluntarily disclosed this noncompliance issue to the Commission to initiate efforts to identify and pay all past-due surcharges and applicable interest, and CD staff has applied this methodology to calculate an equitable amount due, as described herein.

Next Level was not registered and did not have a CPCN approved by the Commission, and without such operating authority, could not use the Advice Letter process to negotiate terms for Commission review and disposal. Having determined that Next Level provided these services without authority, CD then determined the amount which Next Level owed in past due surcharges and applicable interest, pursuant to its past-due surcharges methodology.

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[7] Per D.22-10-021.

[8] *See* Commission General Order 153-A Universal Lifeline Telephone Service (ULTS), 9.8.6 *"…interest on late remittance based on an annual rate of 10%"*, and also D.98-04-068 at p.4; D.98-01-023, Ordering Paragraph (OP) 11 *"…CHCF-B and CTF surcharges shall pay interest on the overdue amounts equal to a 10% annual rate applied from the date that the remittances are due"*; D.98-06-065, O.P. 10 *"Telecommunications carriers that are late in remitting CHCF-A surcharge revenues due after the effective date of this decision shall pay interest on the overdue amounts equal to a 10% annual rate applied from the date that the remittances are due."*

Next Level submitted data on March 19, 2026, via an executable Excel spreadsheet to facilitate a preliminary calculation. CD maintains an Excel template specifically used for calculating past surcharges and accrued 10% annual interest on late remittances,[9] and after reviewing Next Level's data submission for reporting consistency, used the template to perform a preliminary calculation. On April 14, 2026, Next Level provided supplemental data to correct previously under reported data for the post-surcharge transition April through August 2023 reporting periods. CD reviewed the supplemental data and resulting calculation of surcharges and accrued interest, which now totals $2,422,683.79. Next Level agreed with this calculated amount. Upon reaching agreement to pay this amount in past-due surcharges and interest, Next Level then requested a payment arrangement.

CD and Next Level negotiated and agreed on payment terms. As set forth in Table 1, an initial payment of $605,673.79 payable to the CPUC is due no later than 9/30/2026. Subsequent equal payments of $363,402.00 are due quarterly, no later than the last day of each annual calendar quarter, on 12/31/2026, 3/31/2027, 6/30/2027, 9/30/2027, and 12/31/2027 to fully satisfy the total amount owed. Failure on the part of Next Level to meet these terms will result in further sanctions as stipulated in the ACO appended to this Resolution.

Table 1 – Payment Terms

Payment	Amount	Due Date
Initial Payment	$605,673.79	9/30/2026
2nd Payment	$363,402.00	12/31/2026
3rd Payment	$363,402.00	3/31/2027
4th Payment	$363,402.00	6/30/2027
5th Payment	$363,402.00	9/30/2027
6th Payment	$363,402.00	12/31/2027
Total	**$2,422,683.79**	

CD and Next Level have executed the appended ACO and Agreement, pursuant to and consistent with the Commission's Enforcement Policy[10], which resolves all issues related to CD's investigation into the noncompliance related to past-due surcharges for the unauthorized provision of VoIP service. In accordance with the Enforcement Policy, the proposed settlement between CD and Next Level (collectively, Parties or Settling Parties) is memorialized in the appended ACO and Agreement. Withdrawal of A.22-07-

[9] Ibid.

[10] See Resolution M-4846.

002 and the adoption of this Resolution and the appended ACO are being addressed as separate matters.

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. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any 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 to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today. The Commission received no comments.

FINDINGS AND CONCLUSIONS

1. The Commission's Enforcement Policy in Resolution M-4846 authorizes Commission staff to negotiate and propose an Administrative Consent Order (ACO) to resolve an enforcement matter, subject to review and consideration by the Commission.

2. On July 10, 2026, CD sought and received delegated authority from the Commission's Executive Director to negotiate a settlement agreement in this matter, pursuant to Resolution M-4846.

3. Pursuant to Resolution M-4846, CD and Next Level Internet, Inc. (Next Level) have engaged in settlement negotiations and consistent with, have memorialized their proposed settlement in the appended ACO and Settlement Agreement.

4. CD and Next Level have agreed that the appended ACO and Settlement Agreement resolve all issues related to related to CD's review of alleged noncompliance with Public Utilities (P.U.) Code § 285 and payments and interest in support of state-mandated Public Purpose Programs.

5. The agreed-upon payment amount of $2,422,683.79 in past-due surcharges and interest is consistent with CD's methodology typically used to calculate the amount owed in such cases.

6. The agreed-upon payment amount, plus interest, to be paid pursuant to the payment plan detailed herein, appropriately resolves all issues related to CD's review of this matter, and considering the circumstances, are consistent with law and in the public interest.

7. This draft resolution was mailed to parties for comments and was placed on the Commission's agenda no earlier than 30 days after mailing. The Commission received no comments.

THEREFORE IT IS ORDERED THAT:

1. The attached Administrative Consent Order and Agreement between Communications Division and Next Level Internet, Inc. relating to the requirements of Public Utilities Code § 285 are adopted.

This Resolution is effective today.

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:

/s/ LEUWAM TESFAI
Leuwam Tesfai
Executive Director

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

Dated September 17, 2026, at San Marcos, California.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of: Next Level Internet, Inc.'s Noncompliance with Public Utilities Code Section 285	[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT Issued pursuant to Commission Resolution M-4846 (adopting Commission Enforcement Policy)

[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

August 14, 2026

[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

This Administrative Consent Order and Agreement (hereinafter "ACO" or "Agreement") is entered into and agreed to by and between the Communication Division ("CD") of the California Public Utilities Commission ("CPUC" or "Commission") and Next Level Internet, Inc. ("Next Level") (collectively, the "Parties") pursuant to Resolution M-4846, *Resolution Adopting Commission Enforcement Policy*.

WHEREAS:

- The Commission has authorized Commission staff "to investigate, negotiate, and draft proposed Administrative Consent Orders, subject to review and consideration by the Commission" via resolution;[1]
- The Commission's Enforcement Policy requires that a "negotiated proposed settlement . . . be memorialized in a proposed Administrative Consent Order," which requires certain items as set forth in Section 2, below;[2]
- Consistent with Resolution M-4846, this ACO is a product of direct negotiations between the Parties to resolve and dispose of all claims, allegations, liabilities, and defenses related to Next Level's noncompliance with Public Utilities Code ("P.U. Code") Section 285 for failing to report intrastate revenue and pay Public Purpose Program ("PPP") surcharges from January 2011 through August 2023 (the Settlement Period).
- In February 2022, Next Level was acquired by T3 Communications, Inc. ("T3"). Next Level's hosted voice service, which includes an intrastate VoIP component that had been provided in California since 2011. Next Level, operating under the belief that such services were not subject to regulatory requirements, had neither registered with the Commission as a VoIP provider nor collected, reported, or remitted PPP surcharges for those services.
- On June 27, 2022, Next Level submitted a formal application[3] requesting that the CPUC issue a Certificate of Public Convenience and Necessity (CPCN)

[1] Resolution M-4846 at 15 (Findings and Conclusions No. 8).

[2] Resolution M-4846, Enforcement Policy at 10.

[3] A.22-07-002, pursuant to Article 1 of Chapter 5 of the Public Utilities Code (Section 1001 et seq.)

authorizing provision of VoIP service as a reseller statewide. In the application, Next Level, under the direction of its new owner, T3, requested approval of the required operating authority and committed to fully comply with all surcharge reporting and other requirements going forward.

- In January 2026, Next Level contacted the Licensing Section, Carrier Oversight and Programs Branch of the CPUC's CD, stating that it was no longer seeking to operate as a service provider in California, with the intention to withdraw its pending application. However, before filing a motion to withdraw the application, Next Level intended to resolve the outstanding reporting and surcharge remittance owed to the Commission from its operation as an interconnected VoIP provider from 2011 through August 2023, when it disclosed its unauthorized operations to CD.
- Next Level then provided CD with monthly intrastate revenue from January 2011 through March 2023, and an access line count from April 2023 through August 2023, to facilitate accurate calculation of unpaid surcharges and applicable interest owed. CD calculated Next Level's unpaid surcharges and applicable interest in the amount of $2,422,683.79. Next Level does not dispute that the amount was correctly calculated.
- Next Level requested from CD staff a payment plan, as follows: Next Level agrees to an initial payment of $605,673.79 by September 30, 2026, and five equal payments of $363,402.00 by end of each subsequent calendar quarter to fully satisfy a total collection of $2,422,683.79.
- This ACO is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of an evidentiary hearing, any further enforcement proceedings, and/or any subsequent appeals, and with the Parties having taken into account the possibility that each of the Parties may or may not prevail on any given issue; and
- The Parties agree to the following terms and conditions as a complete and final resolution of all collection efforts which have been, or might have been, brought by CD related to or arising from non-compliance with Section 285 for failing to report intrastate revenue and pay Public Purpose Program (PPP) surcharges.
- This ACO creates an enforceable agreement in the form of a payment plan for unpaid surcharges and applicable interest; failure to comply with this agreement may subject Next Level to further enforcement action and monetary fines.

NOW, THEREFORE, it is agreed that this ACO is made and entered into as of August 5, 2026, as follows:

I. PARTIES

The parties to this ACO are CD and Next Level. P.U. Code Section 285 requires the Commission to impose Public Purpose Program ("PPP") surcharges to ensure that end-use customers of interconnected Voice over Interconnect Protocol ("VoIP") carriers contribute to the PPPs.[4] This requires carriers[5] to collect and remit surcharges from end users on intrastate revenues in support of six PPP programs.[6]

Carriers report and remit surcharges monthly through the Commission's proprietary Telecommunications and User Fee Filing System ("TUFFS"). Funds from these collections are then distributed to the individual programs through TUFFS. Through March 31, 2023, the PPP surcharges were assessed on reported intrastate revenue from telecommunications services sold in California. These surcharges were assessed and collected by carriers as a percentage of an end user's telecommunications bill. Effective April 1, 2023, the Commission adopted a per access line flat rate end user mechanism.[7]

II. ELEMENTS REQUIRED BY SECTION III.A.7 OF THE COMMISSION'S ENFORCEMENT POLICY FOR ADMINISTRATIVE CONSENT ORDERS

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[4] P.U. Code 285(b): The Legislature finds and declares that the sole purpose of this section is to require the commission to impose the surcharges pursuant to this section to ensure that end-use customers of interconnected VoIP carriers contribute to the funds enumerated in this section, and, therefore, this section does not indicate the intent of the Legislature with respect to any other purpose.

[5] As used in this resolution, "carrier" refers to telephone corporations.

[6] (1) California High-Cost Fund-A Administrative Committee Fund (CHCF-A); (2) California High-Cost Fund-B Administrative Committee Fund (CHCF-B); (3) Universal Lifeline Telephone Service Trust Administrative Committee Fund (ULTS); (4) Deaf and Disabled Telecommunications Program Administrative Committee Fund (DDP); (5) California Teleconnect Fund Administrative Committee Fund (CTF); and (6) California Advanced Services Fund (CASF).

[7] This methodology was adopted in D.22-10-021.

Resolution M-4846 requires several elements for ACOs.[8] The policy requires the ACO to address the following elements: 1) The law or Commission order, resolution, decision, or rule violated by the regulated entity; 2) The facts that form the basis for each violation; 3) The number of violations, including the dates on which violations occurred; 4) Information related to the potential for additional or ongoing violations; 5) An agreement by the regulated entity to correct each violation; 6) A date by which the regulated entity must certify it corrected all violations; and 7) An agreement by the regulated entity to pay any penalty by a date specified.

A. The Law or Commission Order, Resolution, Decision, or Rule Violated by the Regulated Entity

Section 285(c) requires interconnected VoIP service providers to collect and remit surcharges on their California intrastate revenues in support of the following public purpose program funds: California High-Cost Fund-A, California High-Cost Fund-B, Universal Lifeline Telephone Service Trust, Deaf and Disabled Telecommunications Program, California Teleconnect Fund, and California Advanced Services Fund. Section 285(b) requires the Commission to impose these PPP surcharges to ensure that end-use customers of interconnected VoIP carriers contribute to these PPPs.[9] The Commission's authority to impose surcharges pursuant to this section applies to surcharges imposed on end-use customers for interconnected VoIP service provided to an end-use customer's place of primary use that is located within California.[10]

[8] Resolution M-4846, Attachment 1 at 10.
[9] Section 285(b): "the sole purpose of this section is to require the commission to impose the surcharges pursuant to this section to ensure that end-use customers of interconnected VoIP service providers contribute to the funds enumerated in this section…"
[10] Section 285(d).

B. The Basis for Each Alleged Violation

Next Level submitted data on March 19, 2026, via an executable Excel spreadsheet to facilitate a preliminary calculation of unpaid surcharges. CD maintains an Excel template specifically used for calculating past surcharges and accrued 10% annual interest on late remittances,[11] and after reviewing Next Level's data submission for reporting consistency, used the template to perform a preliminary calculation. On April 14, 2026, Next Level provided supplemental data to correct previously under-reported data for the post-surcharge transition April through August 2023 reporting periods. CD reviewed the supplemental data and updated the resulting calculation of surcharges and accrued interest, which now totals $2,422,683.79. Upon reaching agreement with this total, Next Level then requested a payment arrangement.

C. The Number of Alleged Violations Including the Dates on Which Violations Occurred

CD has determined that Next Level's noncompliance with Section 285 was identified when Next Level was acquired by T3 and began when Next Level started providing interconnected VoIP service in California in 2011. Next Level's noncompliance continued until March 2023, when it disclosed its nonpayment of PPP surcharges to CD. At that time, Next Level provided CD with monthly intrastate revenue from January 2011 through March 2023, and access line count from April 2023 through August 2023.[12]

D. Information Related to the Potential for Additional or Ongoing Violations

In January 2026, Next Level contacted the Licensing Section, Carrier Oversight and Programs Branch of the CPUC's CD, stating that it was no longer seeking to operate as a

[11] Ibid.
[12] Decision D.22-10-021 adopted a per-access line flat rate surcharge in lieu of an intrastate revenue based surcharge.

Nomadic Interconnected VoIP service provider in California, with the intention to withdraw its pending application for a CPCN for authority to operate. As Next Level has indicated that it no longer offers VoIP service in California, there is no potential for ongoing noncompliance.

E. An Agreement by the Regulated Entity to Correct Each Violation

The Parties have negotiated a payment plan for Next Level to remit its unpaid surcharges, plus accrued interest. The Parties agree that these payments will correct the noncompliance with Section 285.

CD maintains a methodology pursuant to Commission General Orders to remedy unlicensed compliance issues by a long-established methodology in place to calculate past due surcharges and a penalty of ten percent (10%) annual interest added to the past due amount.[13] The amount set forth in the payment plan is consistent with that methodology, and corrects the noncompliance issues.

F. A Date by Which the Regulated Entity Must Certify It Corrected All Alleged Violations

Next Level agrees to voluntarily withdraw its application for a CPCN, and has discontinued provision of VoIP service in California.

G. An Agreement by the Regulated Entity to Pay Any Penalty by a Date Specified

With its approved Delegation of Authority, CD negotiated and agreed on payment terms with Next Level, as shown in Table 1. As illustrated in the table, an initial payment of $605,673.79 payable to the CPUC is due no later than 9/30/2026. Subsequent equal payments of

[13] *See* Commission General Order 153-A Universal Lifeline Telephone Service (ULTS), 9.8.6 *"…interest on late remittance based on an annual rate of 10%"*, and also D.98-04-068 at p.4; D.98-01-023, Ordering Paragraph (OP) 11 *"…CHCF-B and CTF surcharges shall pay interest on the overdue amounts equal to a 10% annual rate applied from the date that the remittances are due"*; D.98-06-065, O.P. 10 *"Telecommunications carriers that are late in remitting CHCF-A surcharge revenues due after the effective date of this decision shall pay interest on the overdue amounts equal to a 10% annual rate applied from the date that the remittances are due."*

$363,402.00 are due quarterly, no later than the last day of each annual calendar quarter, on 12/31/2026, 3/31/2027, 6/30/2027, 9/30/2027, and 12/31/2027 to fully satisfy the total amount owed. Failure on the part of Next Level to meet these terms will result in further sanctions as stipulated in the ACO appended to this Resolution.

Table 1 – Payment Terms		
Payment	**Amount**	**Due Date**
Initial Payment	$605,673.79	9/30/2026
2nd Payment	$363,402.00	12/31/2026
3rd Payment	$363,402.00	3/31/2027
4th Payment	$363,402.00	6/30/2027
5th Payment	$363,402.00	9/30/2027
6th Payment	$363,402.00	12/31/2027
Total	**$2,422,683.79**	

III. ADDITIONAL TERMS

A. Confidentiality and Public Disclosure Obligations

The Parties agree to continue to abide by the confidentiality provisions and protections of Commission Rule 12.6, which governs the discussions, admissions, concessions, and offers to settle that preceded execution of this ACO and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Parties shall not disclose them outside the negotiations without the written consent of both Parties. The Parties agree to coordinate as to the timing and content of mutual and/or individual public communications regarding the contents of this ACO. Notwithstanding the foregoing, Next Level may make any disclosures it deems appropriate, in its sole discretion, to satisfy its obligations under federal and state securities laws.

B. Future Proceedings

The Parties agree to avoid and abstain from making any collateral attacks on this ACO or taking positions in other venues that would undermine the effect or intent of the ACO.

The Parties agree this Agreement releases and discharges Next Level from claims relating to any and all actual or alleged actions or omissions by Next Level with respect to compliance with the Section 285 from 2011 through August 2023.

Nothing in this ACO constitutes a waiver by CD of the legal obligations, authority, or discretion to investigate future nonpayment of PPP surcharges, and to enforce applicable requirements as to other conduct by Next Level unrelated to this ACO that CD may identify as the basis for any other alleged violation(s).

C. Regulatory Approval Process

Pursuant to Resolution M-4846, this ACO shall be submitted for public notice and comment. Upon approval or ratification of this ACO, the final resolution will "validate the order, which becomes an act of the Commission itself."[14]

By signing this ACO, the Parties acknowledge that they pledge mutual support for Commission Approval and subsequent implementation of all the provisions of this ACO. The Parties shall use their best efforts to obtain Commission Approval of this ACO without modification and agree to use best efforts to actively oppose any modification thereto. Should any Alternate Draft Resolution seek a modification to this ACO, and should either of the Parties be unwilling to accept such modification, that Party shall so notify the other Party within five business days of issuance of the Alternate Draft Resolution. The Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable

[14] Resolution M-4846 at 8.

to the Parties and shall promptly seek approval of the resolution so achieved. Failure to resolve such modification to the satisfaction of either of the Parties, or to obtain approval of such resolution promptly thereafter, shall entitle either Party to terminate this Agreement through prompt notice to the other Party.

If Commission Approval is not obtained, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in any future enforcement action or proceeding related to Next Level's noncompliance with Section 285.

D. Admissibility

If this ACO is not adopted by the Commission, its terms are inadmissible for any evidentiary purpose unless their admission is agreed to by the Parties.

IV. GENERAL PROVISIONS

A. Full Resolution

Upon Commission Approval, this ACO fully and finally resolves any and all claims and disputes between CD and Next Level and its predecessors, successors, subsidiaries, affiliates, assigns, current and former agents, employees, independent contractors, representatives, officers, directors, insurers, accountants, and attorneys related to compliance with the Commission's requirements for collection and remittance of PPP surcharges, during the Settlement Period, and provides for consideration in full settlement and discharge of all disputes, rights, enforcement actions, notices of violations, citations, claims, and causes of action which have, or might have been, brought by CD regarding any potential violations of Section 285, during the Settlement Period based on the information known, or that could have been known, to CD at the time that CD executes this ACO.

B. Non-Precedent

This ACO is not intended by the Parties to be precedent for any other proceeding, whether pending or instituted in the future. The Parties have assented to the terms of this ACO only for the purpose of arriving at the settlement embodied in this ACO. Each of the Parties expressly reserves its right to advocate, in other current and future proceedings, or in the event that the ACO is not adopted by the Commission, positions, principles, assumptions, arguments, and methodologies which may be different than those underlying this ACO. The Parties agree and intend that, consistent with Commission Rule 12.5, a final Commission resolution approving this ACO should not be construed as a precedent or statement of policy of any kind for or against either Party in any current or future proceeding with respect to any issue addressed in this ACO.

C. General Considerations for Settlement

Section III.B of the Commission's Enforcement Policy states that the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: 1) equitable factors; 2) mitigating circumstances; 3) evidentiary issues; and 4) other weaknesses in the enforcement action.[15] The Parties explicitly considered these factors in their confidential settlement communications. Without waiving the protections of Commission Rule 12.6, the Parties represent that they took these factors into account, and each Party considered the risks and weaknesses of their positions. When taken as a whole, the Parties agree that the ACO payment plan terms set forth in Table 1 are reasonable.

D. Incorporation of Complete ACO

The Parties have bargained in good faith to reach the ACO terms set forth herein. The Parties intend the ACO to be interpreted as a unified, integrated order and agreement, so that if

[15] Resolution M-4846, Enforcement Policy at 15.

the Commission rejects or modifies any portion of this ACO or modifies the obligations placed upon Next Level from those that the ACO would impose, each of the Parties shall have a right to withdraw. This ACO is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Parties acknowledge that changes, concessions, or compromises by a Party in one section of this ACO resulted in changes, concessions, or compromises by the other Party in other sections. Consequently, the Parties agree to actively oppose any modification of this ACO, whether proposed by any Party or non-Party to the ACO or proposed by an Alternate Draft Resolution, unless both Parties jointly agree to support such modification.

E. Commission Approval

"Commission Approval" means a resolution or decision of the Commission that is (a) final and no longer subject to appeal, which approves this ACO in full; and (b) does not contain conditions or modifications unacceptable to either of the Parties.

F. Governing Law

This ACO shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

G. Other

1. The representatives of the Parties signing this ACO are fully authorized to enter into this Agreement.

2. The Parties agree that no provision of this ACO shall be construed against either of the Parties because a particular Party or its counsel drafted the provision.

3. This ACO constitutes the entire agreement between the Parties and, supersedes all prior or contemporaneous agreements, negotiations, representations, warranties, and understandings of the Parties with respect

to the subject matter set forth herein.

4. The rights conferred and obligations imposed on either of the Parties by this ACO shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee was itself a party to this ACO.

5. Should any dispute arise between the Parties regarding the manner in which this ACO or any term shall be implemented, the Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Parties in entering into this ACO.

6. This ACO may be executed in counterparts.

7. The provisions of this agreement shall impose obligations on the Parties immediately upon the execution of this ACO.

IT IS HEREBY AGREED.

[Signatures immediately follow this page]

DATED: 8/4/2026

Derek Gietzen
President & CEO

By: [signature]
Next Level Internet, Inc.

[This space intentionally left blank]

DATED: 8/4/2026

Communication Division
California Public Utilities Commission

By: [signature]

Director

Director
Robert Osborn

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