

Decision 26-10-015 October 8, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of IPC Systems, Inc. for a
Certificate of Public Convenience and
Necessity to Operate as a Non-
Dominant Interexchange Carrier.

Application 25-09-002

**DECISION GRANTING IPC SYSTEMS, INC., A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE INTEREXCHANGE
SERVICES**

TABLE OF CONTENTS

Title	Page
Summary	2
1. Background	2
2. Submission Date	4
3. Issues Before the Commission	4
4. Jurisdiction	5
5. Proposed Construction and California Environmental Quality Act (CEQA) Compliance	8
6. Financial Qualifications	9
7. Technical Qualifications	10
8. Certification Requirements	10
9. Tariffs	12
10. Request for Treatment as a Non-dominant Interexchange Carrier	13
11. Safety Considerations	13
12. Prior Provision of Service	14
12.1. Surcharges, Interest, User Fees, and Section 405 Penalty	14
12.2. The Commission exercises its discretion to impose a penalty on IPC for its violation of Pub. Util. Code Section 1001	16
12.3. Penalty for Violating Pub. Util. Code Section 1001	17
12.3.1. Severity of Harm	18
12.3.2. Conduct of the Utility	18
12.3.3. Financial Resources	19
12.3.4. Public Interest	19
12.3.5. Totality of the Circumstances	19
12.3.6. Commission Precedent	20
12.3.7. Penalty Determination	21
13. Conclusion	22
14. Additional Requirements for Applicant Following Commission's Grant of CPCN	23
15. Confidential Treatment of Documents and Other Procedural Matters	24
16. Summary of Public Comments	24
17. Comments on Draft Decision	25
18. Assignment of Proceeding	25
Findings of Fact	25
Conclusions of Law	29
ORDER	32

Attachment A – Tariff Deficiencies

Attachment B – Requirements Applicable to Competitive Local Exchange Carriers and Interexchange Carriers

Attachment C – Annual Report

Attachment D – Calendar Year Affiliate Transaction Report

Attachment E – Surcharge and User Fee Report Worksheet

Summary

Pursuant to Public Utilities (Pub. Util.) Code Section 1001, the Commission grants IPC Systems, Inc. a Certificate of Public Convenience and Necessity to provide resold intra-Local Access Transport Area high-speed digital private line services throughout California as an interexchange carrier subject to the terms and conditions set forth in the Ordering Paragraphs. IPC Systems Inc. must pay penalties for providing service without authority in violation of Pub. Util. Code §1001. IPC Systems Inc. must also pay all past-due California Public Purpose Program surcharges (surcharges) and Public Utilities Commission Reimbursement Fees (user fees) owed, along with any applicable interest and penalties, for the time it provided service before receiving Commission authority.

Application 25-09-002 is closed.

1. Background

On September 11, 2025, IPC Systems, Inc. (IPC), a corporation authorized to do business in California, filed an application for a certificate of public convenience and necessity (CPCN).

In its application, IPC requested authority to operate as a resold interexchange (intra/inter-Local Access Transport Area (LATA)) service provider.¹ IPC also stated that it will provide resold point-to-point private line voice and data services to business customers in California.² According to IPC, the company's services will provide access solely to its private network, and will not permit calls to or from the Public Switched Telephone Network.³

IPC's principal place of business is located at 103 Second St., 15th Floor, Harborside Financial Plaza, Jersey City, New Jersey 07311.

¹ IPC's Application at 3, Section 6.

² IPC's Application at 4, Section 8.

³ IPC's Application at 4, Section 8.

A prehearing conference (PHC) was held on November 12, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

At the PHC, the Administrative Law Judge (ALJ) asked a series of questions. On November 20, 2025, a ruling was issued that restated the questions the ALJ asked during the PHC.

On December 3, 2025, the Assigned Commissioner's Scoping Memo and Ruling was issued.

On December 5, 2025, IPC filed a response to the November 20, 2025, ruling. In its response, IPC stated that it does not intend to provide services other than non-interconnected Voice Over Internet Protocol (VoIP) in California and requested that the procedural schedule be held in abeyance to permit resolution of the threshold jurisdictional issue.

On December 8, 2025, the ALJ issued a ruling granting IPC's request to hold the procedural schedule in abeyance.

On February 27, 2026, May 12, 2026, and June 1, 2026, the ALJ issued a series of rulings directing IPC to file additional information so that the Commission could address the jurisdictional issue. IPC responded to these rulings on March 13, 2026, May 26, 2026, and June 15, 2026, respectively.

On August 13, 2026, the ALJ issued a Proposed Decision granting IPC a CPCN to provide intra-LATA high-speed digital private line services throughout California as an interexchange carrier. The Proposed Decision also imposed a \$2,000 fine on IPC for operating without Commission authority in violation of Public Utilities (Pub. Util) Code Section 1001. The Proposed Decision was circulated for comment. No comments were received.

On September 8, 2026, the assigned Commissioner issued an Amended Scoping Memo and Ruling Updating Issues and Schedule and Directing Responses to

Questions (Amended Scoping Ruling). The Amended Scoping Ruling noted the requirement that IPC remit past-due Public Purpose Program surcharges (surcharges), related interest, and Public Utilities Commission Reimbursement Fees (user fees) for the time it provided service without Commission authority, starting July 1, 2025. Given this requirement, the Amended Scoping Ruling added two issues to the scope. First, the Amended Scoping Ruling provided for the Commission to determine whether IPC should pay a penalty for providing service without authority in violation of Pub. Util. Code Section 1001. Second, the Amended Scoping Ruling also provided for the Commission to determine whether IPC should pay an additional late payment penalty for past due user fees pursuant to Pub. Util. Code Section 405. The Amended Scoping Ruling directed IPC to answer questions to address these new issues.

On September 18, 2026, IPC filed its Response to the Amended Scoping Ruling. In its response, IPC stipulated to paying a \$2,000 penalty for violating Pub. Util. Code Section 1001.⁴ IPC also stipulated to the Commission assessing a 25 percent penalty on its past-due user fees where such fees are more than 30 days late.⁵

2. Submission Date

This matter was submitted on September 18, 2026, upon receipt of IPC's response to the assigned Commissioner's Amended Scoping Ruling questions.

3. Issues Before the Commission

The issues in this proceeding are as follows:

1. Whether IPC intends to offer wireline telecommunications services.

⁴ Response of IPC Systems, Inc. to Assigned Commissioner's Ruling, at 1.

⁵ Response of IPC Systems, Inc. to Assigned Commissioner's Ruling, at 1, referencing Cal. Pub. Util. Code § 405.

2. Whether the Commission has jurisdiction over the services IPC intends to provide.
3. Whether IPC meets all of the Commission requirements, including but not limited to financial, technical, and California Environmental Quality Act requirements for a CPCN.
4. Given that IPC is required to pay past-due surcharges, interest on the surcharges, and past-due user fees for provision of service in California without authority beginning July 1, 2025, should IPC also pay its initially proposed penalty for violating Pub. Util. Code Section 1001?
5. Pursuant to Pub. Util. Code Section 405, should IPC pay a penalty of up to 25 percent of the user fees?

4. Jurisdiction

As a preliminary issue, IPC questions whether the Commission has jurisdiction over the services it provides. Specifically, after requesting authority to operate as a resold interexchange carrier in its application, IPC claimed at the PHC and in later filings that all voice services it will provide are —by definition —non-interconnected VoIP, because its private network voice services do not interconnect with the Public Service Telephone Network.⁶

In Decision (D.) 88-09-059, the Commission adopted a settlement that defined “high-speed digital services” as service at 1.544 megabits per second (Mbps) and above.⁷ It further defined “intra-LATA high-speed digital private line,” as a dedicated connection between two or more end-user premises within a LATA to provide intra-LATA non-switched services.⁸ The Commission concluded that provision of intra-LATA high-speed digital private line services by an interexchange carrier is not exempt from the CPCN requirements of Pub. Util. Code Section 1001, and an interexchange carrier must request Commission authorization.⁹

⁶ Response of IPC Systems, Inc. to Administrative Law Judge Ruling Dated May 12, 2026, at 3.

⁷ D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at n.5.

⁸ D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at n.5.

⁹ D.88-08-059, 29 Cal. PUC 2d 11, 1988 Cal. PUC LEXIS 569 at Conclusions of Law 8, 10.

On May 12, 2026, the ALJ issued a ruling (May 12 Ruling) stating that providing resold point-to-point private line voice and data services to business customers using IPC's private network "could constitute the provision of 'intraLATA high speed digital private line services' by an interexchange carrier, over which the Commission has jurisdiction."¹⁰ The May 12 Ruling provided the definition of "intra-LATA high-speed digital private line services" from D.88-08-059,¹¹ and asked whether IPC would stipulate that it is seeking to provide intra-LATA high-speed digital private line services.¹²

In its response, IPC claimed that D.88-08-059 is not readily available and, therefore, it could not determine whether the specific services to be provided are the same as were the subject of the decision.¹³ IPC also stated it is unlikely that the services it intends to provide are the same as D.88-08-059 "given the monumental evolution of communications over these nearly forty years" and that it does not otherwise operate as an interexchange carrier.¹⁴

However, IPC's application shows it will operate as an interexchange intra/inter-LATA service provider.¹⁵ Moreover, IPC stated that it "would be agreeable to a stipulation that it provides high speed digital private line services" if it would permit the expeditious grant of the application.¹⁶

In a ruling issued June 1, 2026, the ALJ provided IPC with a copy of D.88-08-059 and requested additional information to resolve the CPCN application. IPC

¹⁰ May 12 Ruling at 1.

¹¹ May 12 Ruling at 2.

¹² May 12 Ruling at 4.

¹³ May 26 Response at 4.

¹⁴ May 26 Response at 4.

¹⁵ IPC's Application Section 6 at 3.

¹⁶ May 26 Response at 5.

provided additional information without further questioning the Commission's jurisdiction.

We find that the Commission has jurisdiction over the point-to-point private line voice and data services IPC provides to its business customers because they fit the definition of "intra-LATA high speed digital private line services." IPC noted the "monumental evolution over communications" since the 1988 decision, which we infer includes improvements in internet speeds. Therefore, it is reasonable to conclude that IPC provides service at 1.544 Mbps or above. IPC also clearly notes that it will provide a dedicated connection between two or more end-users. Finally, IPC does not dispute that it meets the basic definition of an intra-LATA high-speed digital private line provider and even goes as far as stating that it is agreeable to stipulating that it will provide these services. Accordingly, we find that the Commission has jurisdiction to consider IPC's application for intra-LATA high-speed digital private line services.

We also note that the Commission has broad jurisdiction over "public utilities," and "telephone corporations" as defined in Pub. Util. Code Sections 216, and 234.¹⁷ California's Constitution extends the Commission's jurisdiction to companies engaged in "the transmission of telephone and telegraph messages," which includes both public utility services and facilities.¹⁸ The Commission classifies entities providing two-way voice communications service for compensation within California as "telephone corporations,"¹⁹ and regulates them as public utilities.²⁰

As part of its regulatory authority over "telephone corporations," the Commission authorizes certificates of public convenience and necessity to

¹⁷ Pub. Util. Code §§ 216, 234.

¹⁸ See Decision (D.) 20-07-011, at 14-15; Cal. Const., art. XII, §§ 1-6; Pub. Util. Code § 701.

¹⁹ Pub. Util. Code §§ 216, 233, 234; D.22-10-021 at 68.

²⁰ Pub. Util. Code § 216(a). Telephone corporations are required to file annual affiliate transaction reports and pay surcharges and user fees.

“telephone corporations” seeking to construct a “line, plant, or system, or any extension thereof” in California.²¹ Pub. Util. Code Section 233 defines a “telephone line” to include, “...All conduits, ducts, poles, wires, cables, instruments, and appliances, and other real estate, fixtures, and personal property owned or controlled, operated, or managed in connection with or to facilitate communication by telephone, whether such communication is had with or without the use of transmission wires.” This includes services delivered over any technology, including, but not limited to, traditional copper lines, coaxial cable, fiber optic cable, and mobile or fixed wireless radios.

Providers of voice services, including interexchange carriers are telephone corporations subject to the Commission’s jurisdiction.²² Providers of interexchange services must obtain a CPCN or 1013 registration license to operate in California.

5. Proposed Construction and California Environmental Quality Act (CEQA) Compliance

IPC proposes to provide resold/non-facilities-based service. Pursuant to CEQA and the Commission’s Rules of Practice and Procedure (Rule 2.4), the Commission acts as the designated lead agency to consider the environmental consequences of projects subject to the Commission’s approval.²³ As the lead agency, the Commission must identify any potential environmental impacts and reduce and avoid them to the extent feasible.

Because IPC states that it does not intend to construct any facilities, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment.²⁴ Before it can construct facilities, IPC must file for additional authority and submit to any necessary CEQA review.

²¹ Pub. Util. Code § 1001.

²² Pub. Util. Code §§ 216, 233, 234, 239; D.22-10-021 at 68; D.24-11-003 at 18-19.

²³ Pub. Resources Code §§ 21000, *et seq.*

²⁴ *See* D.24-11-003 at 56-58.

Granting this CPCN will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

6. Financial Qualifications

To receive a CPCN for authority to provide resold/non-facilities-based services, an applicant is required to demonstrate that it has a minimum of \$25,000 cash (or cash equivalent), both reasonably liquid and readily available to meet the firm's start-up expenses in California.²⁵

In IPC's Application and in Attachment 1 of its Response to the ALJ Inquiry dated June 15, 2026, IPC demonstrated that it has at least \$25,000.00 reasonably liquid and available. This documentation demonstrates that IPC has sufficient funds to meet its start-up expenses and fulfills this requirement. Because IPC is providing the three financial statement items, it does not need to provide a bank statement after the issuance of this decision.

In addition to demonstrating financial fitness, IPC must also demonstrate that it has an additional \$25,000.00 available for deposits that may be required to interconnect with local exchange carriers. IPC met this requirement by providing documentation of its ability to pay deposits in its Application and in Attachment 1 of its Response to the ALJ Inquiry dated June 15, 2026.

To receive a CPCN for authority to provide resold/non-facilities-based services, an applicant with existing profitable interstate operations may meet the minimum financial requirement by submitting an audited balance sheet for the recent fiscal year, an unaudited balance sheet for the previous quarter, and a bank statement as of the month prior to the date of filing or a third-party undertaking to

²⁵ The financial requirement for CLECs, NDIECs, and fixed interconnected VoIP providers is contained in D.24-11-003 at Appendix F.

provide the required amounts on behalf of the applicant.²⁶ IPC provided the aforementioned documentation in Appendix K to its Application and Attachment 1 to its Response to the ALJ Inquiry dated June 15, 2026, and, therefore, demonstrated it has sufficient funds to meet its start-up expenses and fulfill this requirement.

7. Technical Qualifications

To receive a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.²⁷ IPC supplied biographical information on its management in Appendix G to its application and Attachment 3 in its Response to the ALJ Inquiry dated June 15, 2026. The information provided demonstrates that IPC has sufficient expertise and training to operate as a telecommunications provider.

8. Certification Requirements

IPC cannot certify that neither IPC, nor any of its affiliates, officers, directors, partners, agents, or owners (directly or indirectly) of more than 10 percent of IPC, or anyone acting in a management capacity for IPC:

- a. Held one of these positions with a company that filed for bankruptcy;
- b. Been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others;
- c. Been convicted of a felony;
- d. Been (to his/her knowledge) the subject of a criminal referral by a judge or public agency;
- e. Had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction;

²⁶ The financial requirement for CLECs, NDIECs, and fixed interconnected VoIP providers is contained in D.24-11-003 at Appendix F.

²⁷ D.95-12-056 at Appendix C, Rule 4.A, *as modified by* D.13-05-035 and D.24-11-003.

- f. Personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of [Sections] §17000 et seq., [Sections] §17200 et seq., or [Sections] §17500 et seq. of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; or...
- g. Been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or
- h. Entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

Similarly, IPC cannot certify that, to the best of IPC's knowledge, neither IPC, nor any affiliate, officer, director, partner, or owner of more than 10 percent of IPC, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.²⁸

IPC disclosed that it previously had a telecommunications license revoked. Specifically, IPC reported that in 2012 the Commission revoked the CPCN of IPC Network Services Inc., a wholly-owned subsidiary of IPC Systems Inc. IPC noted, however, that the Commission granted a new certificate to IPC Network Services in 2014.²⁹ Given that the Commission reviewed the violation and determined that IPC Network Services should still be eligible for a new certification, we affirm the Commission's prior finding in D.14-10-042 that IPC's wholly-owned subsidiary, IPC Network Services Inc., was eligible for a CPCN after the Commission's initial CPCN revocation. We also note that IPC Network Services Inc. has operated without

²⁸ IPC Application at 6 and Appendix H.

²⁹ IPC's Application at Appendix E.

penalty or license revocation by the Commission's Communications Division for the 12 years since its license was reinstated in 2014.

Also, IPC disclosed that in 2009, the Federal Communications Commission's (FCC) Enforcement Bureau issued an Omnibus Notice of Apparent Liability for Forfeiture against IPC Network Services Inc. for allegedly failing to timely file a Customer Proprietary Network Information (CPNI) compliance certification for calendar year 2007. IPC added that in 2010, a subsequent order was issued finding that IPC Network Services Inc. was, "...not required to file a CPNI certification for calendar year 2007," and held that no forfeiture should be imposed.³⁰ Given that the FCC subsequently ordered that IPC Network Services Inc. was not required to file a certification for calendar year 2007, we find that IPC Network Services Inc. adequately remedied the issue that gave rise to the FCC's enforcement action.

For the aforementioned reasons, this decision finds that IPC, the parent company of IPC Network Services Inc, should be granted a CPCN despite its failure to meet the certification requirements of D.13-05-035 and D.24-11-003.

9. Tariffs

Interexchange carriers (IECs) requesting detariffed status may be exempt from the requirement to file tariffs, provided they do not provide basic service as defined by D.12-12-038 and comply with the consumer protection rules identified in D.98-08-031. IPC indicated it will not offer services that require a tariff or schedule. Therefore, detariffed status is granted.

In the future, if IPC decides to offer services that require a tariff or schedule, such as basic service, IPC must submit proposed tariffs and/or user guides to the

³⁰ IPC's Application at Appendix H.

Commission's Communications Division by Tier 2 advice letter using the General Order (GO) 96B advice letter process at least 30 days before initiation of service.³¹

10. Request for Treatment as a Non-dominant Interexchange Carrier

IPC requests treatment as a non-dominant interexchange carrier (NDIEC), as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044. The Commission recently streamlined and updated the requirements for CLECs and NDIECs, and established a regulatory framework for VoIP providers in D.24-11-003. Therefore, IPC is accorded all exemptions traditionally granted to NDIECs, without the need for an individual grant for such treatment in this decision. Accordingly, IPC's request for NDIEC treatment is moot. IPC must follow the requirements as summarized and provided for by D.24-11-003,³² and as indicated in Appendices B through D.

11. Safety Considerations

With the adoption of the *Safety Policy Statement of the California Pub. Util. Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. The Commission considered the potential safety implications in the instant proceeding. The Commission finds that IPC will meet the Commission's minimum safety goals and expectations of interexchange carriers because: (1) IPC has taken steps to meet the financial requirements, as set forth in this decision for a non-facilities-based interexchange carrier, and (2) IPC is a public utility that is required pursuant to Pub. Util. Code Section 451 to "... furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including

³¹ D.12-12-038 at 10-11.

³² D.24-11-003 at 58-82 (Section 8.2).

telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

12. Prior Provision of Service

In its application, IPC disclosed that it had contracted with two customers in California as of July 1, 2025.³³ Similarly, in its May 26, 2026, response to the May 12 Ruling (May 26 response), IPC admitted it had begun contracting with customers to provide the services described in its application as of July 1, 2025.³⁴

12.1. Surcharges, Interest, User Fees, and Section 405 Penalty

All telephone corporations operating in California are required to assess, collect, report, and remit surcharges pursuant to the access line flat rate surcharge mechanism adopted in D.22-10-021³⁵ in support of the following California Public Purpose Programs:

- California High-Cost Fund-A Administrative Committee Fund under Pub. Util. Code Section 275;
- California High-Cost Fund-B Administrative Committee Fund under Pub. Util. Code Section 276;
- Universal Lifeline Telephone Service Trust Administrative Committee Fund under Pub. Util. Code Section 277;
- Deaf and Disabled Telecommunications Program Administrative Committee Fund under Pub. Util. Code Section 278;
- California Teleconnect Fund Administrative Committee Fund under Pub. Util. Code Section 280; and
- California Advanced Services Fund under Pub. Util. Code Section 281.73.

³³ IPC Application at Appendix D.

³⁴ IPC May 26 Response at 5.

³⁵ D.22-10-021 at OP 1; G.O. 153-A at Section 11.1.1.

Carriers are assessed 10 percent accrued interest for late remittance of surcharges owed to the Commission.³⁶ Carriers are also required to pay user fees.³⁷ Pursuant to Pub. Util. Code Section 405, the Commission also may assess a penalty not to exceed 25 percent on the past due amount of user fees.³⁸ In its September 18 filing, IPC stipulates to paying a penalty under Section 405 for failure to pay user fees where such user fees are more than 30 days late.³⁹ The Commission finds that IPC shall pay a penalty of 25 percent for user fees applicable to intrastate telecommunications services IPC provided in California since July 1, 2025, where such user fees are more than 30 days late.

With the authority granted by this decision, IPC's obligation to pay all Commission prescribed user fees and surcharges continues, as set forth in Attachment B of this decision.

Within 30 days of the issuance date of this decision, IPC must provide the Commission's Communications Division with a summary of: (1) the total number of access lines served each month from July 1, 2025 to the month this decision is effective; and (2) its total monthly intrastate revenue subject to user fees for regulated voice services provided in California from July 1, 2025 to the month this decision is effective, by e-mailing this information to telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov. IPC will provide this information by completing the form included as Attachment E to this decision. Failure to provide this information within 30 days of the effective date of this decision will result in additional collections or enforcement action pursuant to Resolution T-17601.

³⁶ See D.22-10-021 at 75, OP 1; D.98-01-021 at OP 11, *as modified by* D.98-04-068; GO 153 at Section 11.

³⁷ Pub. Util. Code §§ 401 *et seq.* and §§ 431 *et seq.*; D.10-09-017 at OP 15; D.13-05-035 at OP 21.

³⁸ Pub. Util. Code Section 405.

³⁹ Response of IPC Systems, Inc. to Administrative Law Judge Ruling Dated September 8, 2026, at 1.

The Commission's Communications Division is authorized to calculate the surcharges, interest owed for late remittances of past due surcharges, and user fees, including a 25 percent late-payment penalty on past due user fees owed, if any, between July 1, 2025 and the effective date of this decision.

IPC must send, within 30 days of its receipt of the total amount owed for surcharges and user fees, including interest, and penalties from the Commission's Communications Division, one cashier's check or money order for payment of the total amount owed to: California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. IPC shall, also, send an email to telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov with an electronic copy of the check payment and the date it was sent to the Commission's Fiscal Office. Failure to send the full payment within 30 days may result in additional collections or enforcement action pursuant to Resolution T-17601.

12.2. The Commission exercises its discretion to impose a penalty on IPC for its violation of Pub. Util. Code Section 1001

Telephone corporations must obtain authority from the Commission to offer services in California.⁴⁰ The ALJ asked IPC whether it would stipulate that it violated Pub. Util. Code Section 1001 for operating without Commission authority by contracting with customers for its services. In its May 26 response, IPC stipulated that it began offering services as of July 1, 2025, before it obtained authority. However, IPC also claimed that, as a private party, "it appears to lack the ability to stipulate to a conclusion of law."⁴¹

Given that IPC represented that it began offering services before receiving Commission authority, we find that IPC violated Pub. Util. Code Section 1001. IPC's

⁴⁰ See Pub. Util. Code §§ 1001 *et seq.*; *see, e.g.*, D.19-05-008 at 9 (finding provision of services without Commission authority violates Section 1001).

⁴¹ IPC May 26 Response at 5, *citing e.g., Leonard v. City of Los Angeles*, 31 Cal.App. 473, 476 (1973).

claim that it cannot specifically stipulate to a violation of the law is a misreading of the authority it cites to make its assertion.⁴² IPC is cautioned to represent the law to the Commission more carefully in the future.⁴³

12.3. Penalty for Violating Pub. Util. Code Section 1001

In its May 26 response, IPC Systems proposed to remit \$2,000 to address the provision of services prior to an application for Commission authority.⁴⁴ IPC claimed that \$2,000 as a penalty is consistent with Commission precedent and the factors outlined in D.98-12-075. On September 8, 2026, the assigned Commissioner noted that IPC is required to remit past-due surcharges, related interest, and user fees, and asked whether IPC still stipulates to the \$2,000 penalty. On September 18, 2026, IPC filed a response indicating that it still proposes to remit \$2,000 to address the violation of Pub. Util. Code Section 1001.

In assessing the reasonableness of the proposed penalty range, we apply the criteria set forth in Commission D.98-12-075: (1) the severity of the economic or physical harm resulting from the violation; (2) the utility's conduct to prevent, detect, disclose, and rectify the violation; (3) the utility's financial resources; (4) the public interest involved; (5) the totality of the circumstances; and (6) Commission precedent.⁴⁵

⁴² May 12, 2026, Ruling at 4. IPC was asked whether it would stipulate by the ALJ, not another party.

⁴³ IPC May 12 Response at 5. ("IPC Systems, as a private party, appears to lack the ability to stipulate to a conclusion of law," citing *Leonard v. City of Los Angeles*, 31 Cal.App. 473, 376 (1973).) However, in *Leonard* the court states, "it is generally held that a stipulation between the parties may not bind a court on questions of law." IPC appears to have recognized that this prohibition applies to stipulations between parties, not a stipulation to the ALJ, as shown by its quote from *Southern Pacific Transp. Co. v. United States*, 462 F.Supp. 1227, 1239 (E.D. Cal. 1978). (See May 26 Response at n. 10.)

⁴⁴ IPC May 26 Response at 5.

⁴⁵ D.98-12-075, Appendix B, at 9-14.

12.3.1. Severity of Harm

Beginning on July 1, 2025, IPC contracted with two customers to provide service in California, and IPC did not apply to the Commission for a CPCN until September 11, 2025. The size of the fine should be proportionate to the severity of the offense. To determine severity, three factors are considered: (1) physical harm, (2) economic harm, and (3) harm to the regulatory process.⁴⁶ IPC claims there was no physical or apparent economic harm, nor harm to the regulatory process.⁴⁷

The Commission finds that IPC harmed the regulatory process, albeit in a limited fashion. IPC contracted with two customers for several months before applying for the CPCN. IPC Systems began business in California before receiving Commission permission to operate in California.

12.3.2. Conduct of the Utility

In D.98-12-075, the Commission also held that the size of a fine should reflect the conduct of the utility. When assessing the conduct of the utility, we consider the following factors: (1) the utility's actions to prevent a violation; (2) the utility's actions to detect a violation; and (3) the utility's actions to disclose and rectify a violation.

IPC Systems claims it acted in good faith at all times, that it filed the application to ensure that the Commission had the opportunity to determine whether it has jurisdiction to authorize IPC Systems' services, and that it disclosed limited-service offerings beginning in July 2025.⁴⁸ IPC's disclosure that it had contracted with customers in its application is a mitigating factor.

⁴⁶ D.98-12-075, Appendix B, at 9-14.

⁴⁷ IPC May 26 Response at 6.

⁴⁸ IPC May 26 Response at 6.

12.3.3. Financial Resources

IPC asserts that its financial resources are, as shown by the confidential documentation it submitted with the application, modest in comparison to large utilities operating in the State.⁴⁹ On June 15, 2026, IPC also provided an unaudited balance sheet for the quarter immediately preceding the date of application and a bank statement as of the month prior to the application filing date, in response to an ALJ inquiry on June 1, 2026. All of the confidential information gives the Commission a basis to agree that IPC's resources are more limited, and to weigh in favor of a relatively small penalty.

12.3.4. Public Interest

By imposing a penalty against IPC, the Commission furthers the public interest, encouraging utilities to apply for a CPCN before operating in California, even if they are uncertain whether the Commission will assert jurisdiction over them. Therefore, we find the assessment of a penalty in this matter to be in the public interest.

12.3.5. Totality of the Circumstances

In D.98-12-075, the Commission held that a fine should be tailored to the unique facts of the case.⁵⁰ Here, IPC harmed the regulatory process by contracting for services without Commission authority. However, the degree of wrongdoing is mitigated given IPC's conduct in submitting its application, disclosing that it contracted for services before receiving authority, and dutifully responding to ALJ rulings. In all cases, the harm will be evaluated from the perspective of the public interest. Given the scope of the violation and the facts of the proceeding, a penalty of \$2,000 is reasonable.

⁴⁹ IPC May 26 response at 6.

⁵⁰ D.98-12-075 at 39.

12.3.6. Commission Precedent

D.98-12-075 requires that the Commission address previous decisions that involve reasonably comparable factual circumstances and explain any substantial differences in outcome. The Commission has considered the range of fines assessed in several other decisions and resolutions, including the penalty structure contemplated in Commission Resolution T-17601, issued on June 21, 2018. Resolution T-17601 authorized Communications Division Staff to enforce telecommunication carrier compliance with Commission Resolutions, Decisions, Orders and the Pub. Util. Code by way of a range of penalty calculations for failure to obtain authority to operate in California, starting at \$1,000 per month for each month that a carrier has been operating without authority or approval.⁵¹ IPC also points out that Resolution T-17601 suggests a baseline assessment of \$1,000, where Staff issues a citation to a public utility for failure to obtain authority to operate.⁵²

Although Pub. Util. Code Section 2107 allows for a minimum of \$500 and a maximum of \$100,000 per violation of a Commission requirement, Resolution T-17601 provides an example for the penalty structure and assessment contemplated in the instant proceeding,⁵³ and the Commission considers it persuasive in this case.

In D.25-10-011, the Commission also applied T-17601 to levy a penalty of \$1,000 per month against NTT America.⁵⁴ Similar to IPC's act of contracting with customers in California before receiving a CPCN in this case, the Commission found that NTT America continued to provide regulated intrastate service without

⁵¹ Commission Resolution T-17601 at Appendix A (Approval of a Citation Program To Enforce Compliance by Telecommunication Carriers With The Commission's Resolutions, Decisions, Orders, and The Public Utilities Code and Authorizes Staff to Issue Citations; Procedures for Appeal of Citations).

⁵² IPC May 26 Response at 6, citing Resolution T-17601 at 3-4.

⁵³ Resolution T-17601, Appendix A.

⁵⁴ D.25-10-011 at 23-24.

authority in California following revocation of its CPCN.⁵⁵ The Commission then assessed a penalty for \$50,000, spanning the time NTT started providing services in California without a CPCN until the date of the Commission decision.⁵⁶

Here, it is reasonable to assess the penalty up to the date IPC filed its application.⁵⁷ In NTT America's proceeding, the ALJ issued multiple rulings that requested supplemental information, and several of NTT's responses were only partially responsive.⁵⁸ In contrast, IPC provided timely responses with adequate technical and factual information to respond to the ALJ's rulings. NTT America also did not sufficiently explain why it continued to operate as a telephone corporation providing interexchange services in California for almost three years after the Commission revoked its license.⁵⁹ IPC came to the Commission approximately two months after it established its contracts.

The Commission will limit its penalty to only two months, July and August of 2025, given the extent of the mitigating circumstances described herein.

12.3.7. Penalty Determination

Considering the factors in D.98-12-075, we find the penalty amount of \$2,000 reasonable in light of the record as a whole. The penalty is reasonable given the severity of the regulatory harm caused by IPC's failure to obtain authority *before* offering services. In recognition of IPC's mitigating conduct, as described above, the penalty is also limited. The penalty is in the public interest as it is a sufficient deterrent for a company of IPC's size given the factual circumstances of this

⁵⁵ D.25-10-011 at 37-38, Finding of Fact 12.

⁵⁶ D.25-10-011 at 41, Conclusion of Law 4.

⁵⁷ In Resolution T-17601 Appendix A, the Commission requires the penalty schedule to be \$1,000 per month for each month that a carrier has been operating without authority. Here, the Commission can look at the totality of the circumstances to determine that the penalty is reasonable up to the date of the application, which we do.

⁵⁸ D.25-10-011 at 4-5.

⁵⁹ D.25-10-011 at 22.

proceeding. Finally, the factual circumstances discussed herein distinguish IPC's violation from other violations that have necessitated a larger penalty amount. Thus, the stipulated penalty amount of \$2,000 is consistent with Commission precedent given the circumstances of this proceeding and reasonable in light of the record.

13. Conclusion

IPC's application conforms with the Commission's rules for certification as an interexchange carrier. Accordingly, the Commission grants IPC's CPCN application to provide intra-LATA high-speed digital private line service throughout the state of California as an interexchange carrier subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to IPC and corresponding obligations. IPC receives authority to operate in the prescribed service territory, and this authority enables IPC, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. Section 251), to interconnect with telecommunications carriers.⁶⁰

In return, IPC is obligated to comply with all Pub. Util. Code provisions, Commission rules, GOs, and decisions applicable to telephone corporations providing approved services. The applicable statutes, rules, GOs, and decisions include, but are not limited to, the consumer protection rules, tariffing, and reporting requirements. Moreover, IPC is obligated to pay all Commission-prescribed user fees and public purpose program surcharges, as set forth in Attachment B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code Section 451, which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the

⁶⁰ The California Pub. Util. Code uses the term "telephone corporation." Its counterpart in federal law is a "telecommunications carrier."

Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.” Granting this application will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

14. Additional Requirements for Applicant Following Commission’s Grant of CPCN

The CPCN granted in this decision is contingent upon IPC’s compliance with several requirements: (1) rendering service to customers within 12 months from the effective date of this decision; (2) using its assigned corporate identification number in the caption of all original filings with the Commission; (3) filing in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision; (4) providing the name, address, e-mail address, and telephone number of its designated primary regulatory/official contact person to the Commission’s Communications Division within five days of written acceptance of its certificate; (5) providing the name, address, e-mail address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the Commission’s Consumer Affairs Branch within five days of written acceptance of its certificate; (6) submitting a Tier 1 advice letter containing a copy of the license holder’s executed performance bond within 30 days of the effective date of this decision; (7) submitting its compliance with Pub. Util. Code Section 708, Employee Identification Cards, to the Commission’s Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision; and (8) providing the date that service is first rendered to the public, to the Commission’s Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, no later than five days after service first begins. These requirements are in addition to IPC’s ongoing obligation to be subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision

(including annual affiliate transaction reports, ongoing performance bond requirements, and payment of surcharges and user fees); all Consumer Protection Rules contained in GO 168; and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities on an ongoing basis.

15. Confidential Treatment of Documents and Other Procedural Matters

IPC provided financial documents as listed in D.24-11-003 Appendix F, in Appendix K of its Application and Attachment 1 of IPC's Response to ALJ ruling dated June 15, 2026. These documents are granted confidential treatment for a period of three years, without the need to file a motion for confidential treatment.⁶¹ During this three-year period, this information shall not be publicly disclosed except on further Commission order or ALJ ruling. If IPC believes that it is necessary for this information to remain under seal for longer than three years, IPC may file a motion showing good cause for extending this order by no later than 30 days before the expiration of the grant of confidentiality.

All rulings by the assigned Commissioner and the assigned ALJ are affirmed. All pending motions are deemed denied.

16. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comments in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no relevant public comments on the Docket Card for this proceeding.

⁶¹ D.24-11-003 at 48-54; General Order (G.O.) 66-D.

17. Comments on Draft Decision

IPC has stipulated to waive its comment period.⁶² As IPC is the only party to this proceeding, the public review and comment period is waived pursuant to Rule 14.6.

18. Assignment of Proceeding

Christine Harada is the assigned Commissioner, and Darryl J. Gruen is the assigned ALJ, in this proceeding.

Findings of Fact

1. IPC is a corporation authorized to do business in California.
2. IPC's principal place of business is 103 Second St., 15th Floor, Harborside Financial Plaza, Jersey City, NJ 07311.
3. IPC is a telephone corporation and a public utility as defined in Pub. Util. Code Sections 234(a) and 216(a).
4. IPC will operate as an interexchange intra/inter-LATA high-speed service provider throughout the state of California.
5. In D.88-08-059, the Commission asserted jurisdiction over intra-LATA high-speed digital services providers.
6. IPC will not construct any facilities.
7. Because IPC states that it does not intend to construct any facilities, granting this application will not have an adverse impact upon the environment.
8. Granting this CPCN will expand the availability of technologically advanced telecommunications services within the state.
9. Granting IPC a CPCN is in the public interest.
10. IPC has a minimum of \$25,000 cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses in California.

⁶² Response of IPC Systems, Inc. to Administrative Law Judge Ruling Dated September 8, 2026, at 2.

11. IPC has an additional \$25,000 to cover deposits that may be required by other telephone corporations to provide the proposed service.

12. IPC meets the financial requirements for a CPCN pursuant to D.24-11-003.

13. IPC's management possesses sufficient experience, knowledge, and technical expertise to provide interexchange services to the public.

14. IPC could not attest that neither IPC, nor any of its affiliates, officers, directors, agents, or owners (directly or indirectly) of more than 10 percent of IPC, or anyone acting in a management capacity for IPC: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of Sections 17000 et seq., Sections 17200 et seq., or Sections 17500 et seq. of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

15. IPC's wholly-owned subsidiary, IPC Network Services, Inc., had its CPCN revoked by the Commission in 2012.

16. The Commission granted a new certification for IPC Network Services in 2014 in D.14-10-042.

17. IPC Network Services Inc. adequately remedied the situation that gave rise to the Commission's initial CPCN revocation in 2012.

18. The FCC's Enforcement Bureau issued an Omnibus Notice of Apparent Liability for Forfeiture against IPC Network Services Inc. for allegedly failing to timely file a CPNI compliance certification for calendar year 2007.

19. In 2010, an order was issued finding that IPC Network Services Inc. was "not required to file a CPNI certification for calendar year 2007" and held that no forfeiture should be imposed.

20. IPC Network Services Inc. adequately remedied the issue that gave rise to the FCC's enforcement action.

21. IPC requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031 and D.24-11-003.

22. IPC meets the technical managerial requirements for a CPCN pursuant to D.13-05-013 and D.24-11-003.

23. IPC meets the certification requirements for a CPCN pursuant to D.13-05-013 and D.24-11-003.

24. The Commission has concluded that provision of intra-LATA high-speed digital private line services by an interexchange carrier is not exempt from the CPCN requirements of Pub. Util. Code Section 1001, and an interexchange carrier must request Commission authorization.

25. IPC proposes to operate throughout California.

26. IPC is eligible for all exemptions traditionally accorded NDIECs through D.24-11-003, without need for an individual grant of such treatment in this decision.

27. IPC will meet the Commission's minimum safety goals.

28. IPC filed documents which have a presumption of confidentiality pursuant to D.24-11-003 and GO 66-D in Appendix K of its Application and Attachment 1 on IPC's Response to ALJ Inquiry dated June 15, 2026.

29. IPC contracted with two customers to access its services in California as of July 1, 2025.

30. IPC operated without authority in violation of Pub. Util. Code Section 1001.

31. IPC proposed to remit a \$2,000 penalty for providing services in California without authority in violation of Pub. Util. Code Section 1001.

32. IPC harmed the regulatory process by providing services with customers several months before applying for, and before receiving its CPCN.

33. IPC's resources are more limited in comparison to large utilities that operate in California.

34. IPC's proposed penalty is consistent with Commission precedent.

35. Because IPC has provided services in California, it is required to assess, collect, report, and remit surcharges in support of the California Public Purpose Programs.

36. IPC is assessed 10 percent accrued interest for late remittance of public purpose program surcharges owed to the Commission.

37. Providers of interexchange service are also required to pay user fees.

38. As a carrier that has past due user fees, IPC stipulated to a 25% late payment penalty on user fees pursuant to Pub. Util Code Section 405 applicable to intrastate telecommunications services IPC provided in California since July 1, 2025, where such user fees are more than 30 days late.

39. IPC waived its comment period on the Proposed Decision.

Conclusions of Law

1. IPC should be granted a CPCN to provide intra-LATA high-speed digital private line services in California as an interexchange carrier, subject to the terms and conditions set forth in this decision.
2. IPC should be granted resold interexchange authority and may not construct any facilities, including equipment in existing buildings or structures.
3. IPC is exempt from tariffing. In the future, if IPC decides to offer services that require a tariff or schedule, such as basic service, IPC should submit proposed tariffs and/or user guides to the Commission's Communications Division via Tier 2 advice letters using the GO 96-B advice letter process at least 30 days before initiation of service.
4. Because IPC does not intend to construct any facilities that would cause a direct physical change or a reasonably foreseeable indirect physical change in the environment, the request at issue in this application should not be subject to the California Environmental Quality Act.
5. IPC's request for NDIEC treatment should be denied as moot.
6. The certificate granted, and the authority for IPC to render service to customers under the rates, charges, and rules authorized, should expire if not exercised, by offering or actively providing service on a wholesale and/or resale basis, after 12 months from the effective date of this decision. IPC should be responsible for seeking approval for an extension of time to comply with this decision pursuant to Rule 16.6.
7. IPC should be assigned utility identification number U-7552-C and should be responsible for using this as its corporate identification number in the caption of all original filings with this Commission, in the titles of other pleadings filed in existing cases, and informal submissions to the Commission.

8. IPC should file in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. The written acceptance filed in this docket does not reopen the proceeding.

9. IPC should provide the name, address, email address, and telephone number of its designated primary regulatory/official contact person to the Commission's Communications Division within five days of written acceptance of its certificate.

10. IPC should provide the name, address, email address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the Commission's Consumer Affairs Branch within five days of written acceptance of its certificate.

11. IPC should submit a Tier 1 advice letter containing a copy of the license holder's executed performance bond in accordance with the process established in D.10-09-017/D.11-09-026 and modified by D.13-05-035 and D.24-11-003 to the Commission's Communications Division within 30 days of the effective date of this decision.

12. IPC should submit its compliance with Pub. Util. Code Section 708, Employee Identification Cards, to the Commission's Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision.

13. IPC should be subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision (including annual affiliate transaction reports, ongoing performance bond requirements, and payment of surcharges and user fees); all Consumer Protection Rules contained in GO 168; and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities on an ongoing basis.

14. IPC's financial documents should be kept under seal for a period of three years from the issuance date of this decision pursuant to D.24-11-003.

15. IPC should pay a penalty of \$2,000 for contracting for services without Commission authority within 30 days of the issuance date of this decision in violation of Pub. Util. Code Section 1001. Payment should be made by check or money order, by mail or in-person delivery to California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. IPC should include on the check a written identification stating the decision number and the application number, such as the following: "For deposit to the General Fund per Decision 26-10-XXX of A.25-09-002."

16. IPC should email the Commission's Communications Division of payment after payment of the penalty at cdcompliance@cpuc.ca.gov.

17. Failure to remit the penalty amount owed within 90 days of the payment deadline should result in additional collections or enforcement against IPC.

18. IPC should be required to pay all past-due surcharges and user fees it avoided by providing services without authority between July 1, 2025, and the issuance date of this decision, along with applicable interest on past due surcharges.

19. IPC should be required to pay a 25% late payment penalty on user fees pursuant to Pub. Util Code Section 405 applicable to intrastate telecommunications services IPC provided in California since July 1, 2025, where such user fees are more than 30 days late.

20. The public comment period in response to this decision should be waived.

21. All rulings by the assigned Commissioner and the assigned ALJ should be affirmed.

22. All pending motions should be deemed denied.

23. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to IPC Systems, Inc. to provide resold intra-Local Access Transport Area high-speed digital private line services throughout California as an interexchange carrier subject to the terms and conditions set forth in this decision.

2. IPC Systems, Inc. may not construct any facilities, including equipment in existing buildings or structures.

3. IPC Systems, Inc. (IPC) may operate on a detariffed basis. In the future, if IPC decides to offer services that require a tariff or schedule, such as basic service, IPC must submit proposed tariffs and/or user guides to the California Public Utilities Commission's Communications Division via a Tier 2 advice letter using the General Order 96-B process at least 30 days before initiation of service.

4. IPC Systems, Inc.'s request for non-dominant carrier status treatment is denied.

5. The certificate granted, and the authority for IPC Systems, Inc. (IPC) to render service to customers under the rates, charges, and rules authorized, will expire if not exercised, by offering or actively providing service on a wholesale and/or resale basis, after 12 months from the effective date of this decision. IPC is responsible for seeking approval for an extension of time to comply with this decision pursuant to Rules of Practice and Procedure, Rule 16.6.

6. IPC Systems, Inc. is assigned utility identification number U-7552-C and is responsible for using this as its corporate identification number in the caption of all original filings with the California Public Utilities Commission (Commission), in the titles of other pleadings filed in existing cases, and informal submissions to the Commission.

7. IPC Systems, Inc. must file in this docket a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. The written acceptance filed in this docket does not reopen the proceeding.

8. IPC Systems, Inc. must provide the name, address, email address, and telephone number of its designated primary regulatory/official contact person to the California Public Utilities Commission's Communications Division within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

9. IPC Systems, Inc. must provide the name, address, email address, and telephone number of its designated contact person for purposes of resolving consumer complaints to the California Public Utilities Commission's Consumer Affairs Branch within five days of written acceptance of its certificate. Refer to Attachment B for additional information related to updating contact information.

10. IPC Systems, Inc. must submit a Tier 1 advice letter containing a copy of the license holder's executed performance bond in accordance with the process established in Decision (D.) 10-09-017/D.11-09-026 and modified by D.13-05-035 and D.24-11-003 to the California Public Utilities Commission's Communications Division within 30 days of the effective date of this decision. Refer to Attachment B for additional information on annual performance bond requirements.

11. IPC Systems, Inc. must submit its compliance with Public Utilities Code Section 708, Employee Identification Cards, to the California Public Utilities Commission's Director of the Communications Division, in writing, by email to cdcompliance@cpuc.ca.gov, within 60 days of the effective date of this decision.

12. IPC Systems, Inc. is subject to all the current requirements applicable to interexchange carriers included in Attachments B, C, and D to this decision (including annual affiliate transaction reports, ongoing performance bond

requirements, and payment of surcharges and user fees); all Consumer Protection Rules contained in General Order 168; and all applicable California Public Utilities Commission rules, decisions, General Orders, and statutes that pertain to California public utilities on an ongoing basis.

13. Confidential treatment of IPC Systems, Inc.'s (IPC) Appendix K of its Application and Attachment 1 of IPC's Response dated June 15, 2026, are granted for a period of three years after the date of this decision pursuant to Decision 24-11-003. During this three-year period, this information shall not be publicly disclosed except upon further Commission order or Administrative Law Judge ruling. If IPC believes that it is necessary for this information to remain under seal for longer than three years, IPC may file a motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

14. IPC Systems, Inc. must pay a penalty of \$2,000 for contracting with customers without a certificate of public convenience and necessity from July 1, 2025, to September 11, 2025, in violation of Public Utilities Code Section 1001. Payment must be made by check or money order payable to the California Public Utilities Commission (Commission) and mailed or delivered to the Commission's Fiscal Office, Room 3000, at 505 Van Ness Avenue, San Francisco, California 94102. IPC Systems, Inc. shall write on the face of the check or money order, "For deposit to the General Fund per Decision 26-10-XXX of A.25-09-002."

15. IPC Systems, Inc. must inform the California Public Utilities Commission's Communications Division by email at cdcompliance@cpuc.ca.gov upon payment of the penalty.

16. Failure to remit the penalty amount owed within 90 days of the payment deadline will result in additional collections or enforcement action against IPC Systems, Inc.

17. IPC Systems, Inc. must remit to the California Public Utilities Commission (Commission) public purpose program surcharges owed, if any, in accordance with the established methodology in effect at the time the surcharge was accrued along with accrued interest of 10 percent assessed on remittance of past due surcharges; and must remit user fees owed, if any, and a late payment penalty of 25 percent assessed on user fees that are more than 30 days late.

18. Within 30 days of the effective date of this decision, IPC Systems, Inc. must provide the Commission's Communications Division with a summary of: (1) the total number of access lines served each month from July 1, 2025 to the month this decision is effective; and (2) its total monthly intrastate revenue subject to user fees for regulated voice services provided in California from July 1, 2025 to the month this decision is effective, by e-mailing this information to telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov. IPC Systems, Inc. will provide this information by completing the form included as Attachment E to this decision. Failure to provide this information within 30 days of the effective date of this decision will result in additional collections or enforcement action pursuant to Resolution T-17601.

19. The Commission's Communications Division is authorized to calculate the public purpose program surcharges, related interest on past due surcharges, and user fees, including a 25 percent penalty on past due user fees owed, if any, between July 1, 2025 and the effective date of this decision.

20. IPC Systems, Inc. must send, within 30 days of its receipt of the total amount owed for surcharges and user fees, including interest, and penalties from the Commission's Communications Division (CD), one cashier's check or money order for payment of the total amount owed to: California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. IPC Systems, Inc. will, also, send an email to telcosurcharge@cpuc.ca.gov and

cdcompliance@cpuc.ca.gov with an electronic copy of the check payment and the date it was sent to the Commission's Fiscal Office. Failure to send the full payment within 30 days of the notice from CD will result in additional collections or enforcement action pursuant to Resolution T-17601.

21. IPC Systems, Inc. is subject to California public purpose program surcharges and user fees; and is responsible for timely reporting and remittance of surcharges and user fees using the Commission's proprietary Telecommunications and User Fee Filing System. Refer to Attachment B for additional information on surcharges and user fees requirements.

22. All rulings by the assigned Commissioner and the assigned Administrative Law Judge are affirmed.

23. All pending motions are deemed denied.

24. Application 25-09-002 is closed.

This decision is effective today.

Dated October 8, 2026, at Sacramento, California.

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

ATTACHMENT A

ATTACHMENT A
TARIFF DEFICIENCIES

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(END OF ATTACHMENT A)

ATTACHMENT B

ATTACHMENT B

**TELEPHONE CORPORATION REQUIREMENTS APPLICABLE TO PROVIDERS OF
COMPETITIVE LOCAL EXCHANGE CARRIERS, INTEREXCHANGE CARRIERS AND
FIXED INTERCONNECTED VOIP CARRIERS (Carrier)**

1. Carrier is subject to all the current applicable California Public Utilities Commission (Commission) rules, decisions, General Orders, and statutes that pertain to California public utilities and telephone corporations on an ongoing basis.

2. Carrier is responsible for rendering services to customers under the rates, charges, and rules authorized by the Commission within 12 months from the date of the decision. Rendering services may include, but are not limited to, offering and/or actively providing services to its customers on a wholesale and/or resale basis.

3. Carrier is responsible for keeping all contact information up to date with the Commission. Changes to its primary regulatory and/or complaint contact information must be updated in the Commission's Telecommunications and User Fee Filing System (TUFFS) portal within 30 days of any change or at least annually by June 1 of each calendar year. Additionally, information on accessing TUFFS is available from the Commission's website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees>.

4. Carrier is subject to California public purpose program surcharges and user fees. Pursuant to Decision (D.) 22-10-021, as modified by D.24-11-003, all telephone corporations operating in California must assess, collect, report, and remit public purpose program surcharges based on the number of active access lines. For the definition of "access line," see Section 5.2.2 of D.22-10-021. The surcharge funds the following California public purpose programs:

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 277);
- b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 275.6); D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (Pub. Util. Code § 276.5), D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);

- e. The California Advanced Services Fund (Pub. Util. Code § 281; D.07-12-054); and
- f. The California Teleconnect Fund (Pub. Util. Code § 280; D.96-10-066, at 88, App. B, Rule 8.G).

User Fees must be assessed and collected based on intrastate telecommunications revenues. The User Fee funds the Commission's annual operating budget for regulating telecommunications corporations under its jurisdiction (Pub. Util. Code §§ 431-435). Pursuant to D.24-11-003, Interconnected VoIP service providers operating in California are subject to User Fees, starting on July 1, 2025.

5. Carrier is responsible for obtaining guidance and directives from the Commission's Communications Division for timely reporting and remitting of public purpose program surcharges and the user fees through the Commission's proprietary TUFFS portal. Additional information about telecommunications surcharges and user fees is available from the Commission's website:

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees>.

6. Carrier is responsible for timely and accurate reporting of its number of access lines and remitting the resulting public purpose program surcharges through TUFFS, even if there are zero access lines to report and zero resulting surcharges to remit. Carriers that report and/or remit surcharge funds after the due date will be charged a penalty equal to an annual rate of 10 percent. Send an email to Telcosurcharge@cpuc.ca.gov for questions related to surcharges and access to TUFFS. Current and historical surcharge rates are available from the Commission's website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/surcharge-rates>.

7. Carrier is responsible for timely and accurate reporting and remitting of the user fees based on a standard user fee remittance rate applied to the gross intrastate revenue or an annual minimum user fee of \$100, whichever is greater. The user fee remittance rate is determined annually by the Commission and posted on the Commission's webpage. The reporting and remittance of user fees must be through TUFFS within 15 days after the end of each calendar quarter (March 31, June 30, September 30, and December 31) or January 15 due date for those paying the annual minimum user fee of \$100. TUFFS will automatically adjust the minimum user fee amount

to \$100 when the annual gross intrastate revenue is zero (\$0) or less than the annual minimum user fee of \$100. Under Pub. Util. Code Section 405, carriers that are in default of reporting and submitting user fees more than 30 days after the quarterly user fee payment due dates of April 15, July 15, October 15, and January 15, or more than 30 days after the January 15 due date for those utilities paying the annual minimum user fee of \$100, will be subject to automatic penalties including suspension or revocation of their authority to operate in California. Pursuant to D.24-11-003, Interconnected VoIP service providers operating in California are subject to User Fees, starting on July 1, 2025. Send an email to userfees@cpuc.ca.gov for questions related to user fees. Send an email to userfees@cpuc.ca.gov for questions related to user fees. Current and historical user fee rates are available from the Commission's website:

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/user-fee-rates>.

8. In compliance with Resolution T-16901, from December 2, 2004, Carrier is responsible for checking the joint tariff for public purpose program surcharges and user fees filed by Pacific Bell Telephone Company d/b/a AT&T California and applying the current public purpose program surcharges and user fees amounts in that joint tariff on end user bills until further revised.

9. Carrier is responsible for ensuring that its tariff filings reflect all surcharges and fees to which it is subject, as identified above.

10. If Carrier is a provider of interexchange services, competitive local exchange services, and/or fixed interconnected VoIP services, the effectiveness of its future nondominant carrier tariffs, if applicable, is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

11. If Carrier is a non-dominant interexchange carrier, the effectiveness of its future non-dominant interexchange carrier tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

12. Carrier providing competitive local exchange service is responsible for submitting a service area map as part of its initial tariff filed via Advice Letter to the Communications Division.

13. Carrier is responsible for submitting a copy of its complete tariff in use to the Commission's Director of the Communications Division, by email to cdcompliance@cpuc.ca.gov, in compliance with Pub. Util. Codes Section 489(a), no later than February 15 of each year.

Additional information is available from the Commission's Website:
<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/tariff-filing-requirements>.

14. Carrier is responsible for obtaining a performance bond of at least \$25,000 in accordance with D.13-05-035 and D.24-11-003. Within 30 calendar days after the effective date of CPCN authority, Carrier is required to submit a Tier-1 advice letter to the Director of the Communications Division via TD._PAL@cpuc.ca.gov with a copy of the license holder's executed performance bond. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Requests for an extension of time to submit the initial performance bond must be submitted to the Director of the Communications Division via email at cdcompliance@cpuc.ca.gov within 30 days of the effective date of this decision using the performance bond filing extension form is available from the Commission's website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/performance-bond-requirements>. Pursuant to D. 13-05-035, the Commission must revoke a CPCN if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

15. Carrier is required to submit a Tier-1 Advice Letter on an annual basis, no later than March 31 of each year, with a copy of the executed performance bond. Carrier is responsible for ensuring that its performance bond does not lapse during any period of its operation. Additional information regarding performance bond requirement is available from the Commission's website:
<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/performance-bond-requirements>.

16. Carrier is responsible for ensuring that its employees comply with the provisions of Pub. Util. Code Section 2889.5 regarding solicitation of customers.

17. If Carrier is 90 days or more late in complying with its reporting obligations to the Commission including but not limited to filing its annual reports (e.g., Operations and Financials, and Affiliated Transaction Reports), submitting Performance Bonds, reporting and remitting surcharges and user fees; and has not received written

permission from the Commission or Communications Division to file or remit late, the Communications Division may issue a citation pursuant to Resolution T-17601. Failure to comply with the issued citation or timely appeal the citation may result in a revocation of the company's operating authority and/or a referral to the Commission's Consumer Protection and Enforcement Division for enforcement action, which could result in additional fines, penalties, or other sanctions.

18. Carrier is exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.

19. Carrier is exempt from Pub. Util. Code Sections 816-830.

20. If Carrier decides to discontinue service or file for bankruptcy, it must immediately notify the Commission's Director of the Communications Division by email to cdcompliance@cpuc.ca.gov.

(END OF ATTACHMENT B)

ATTACHMENT C

ATTACHMENT C
ANNUAL REPORT

In addition to the annual reports requirement pursuant to General Order 104-A, Telephone Corporations must submit the following information electronically to the Commission's Communications Division using the Annual Operational and Financial Information Report Form via email to cdcompliance@cpuc.ca.gov, no later than March 31st of the year following the calendar year for which the annual report is submitted.⁶³

Failure to submit this information on time may result in a penalty as provided for in Pub. Util. Code Sections 2107 and 2108.

Required information:

- 1.Exact legal name and Utility ID number of the reporting utility;
- 2.Address of the reporting utility;
- 3.Name, title, address, and telephone number of the person to be contacted concerning the reported information;
- 4.Name and title of the officer having custody of the general books of account and the address of the office where such books are kept;
- 5.Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.)
If incorporated, specify:
 - a. Date of filing articles of incorporation with the Secretary of State;
 - b. State in which incorporated;
- 6.Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity;
- 7.Date operations were begun;
- 8.Description of other business activities in which the utility is engaged;
- 9.List of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility;

⁶³ An Annual Operations and Financial Information Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and available from the CPUC website: <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/aropfi.pdf>.

- b. Publicly held corporation;
- 10. Balance sheet as of December 31st of the year for which information is submitted; and...
- 11. Income statement for California operations for the calendar year for which information is submitted.

Additional information about the reporting requirements is available from the Commission's website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an email to cdcompliance@cpuc.ca.gov with a subject line that includes: "CD Annual Reports."

(END OF ATTACHMENT C)

ATTACHMENT D

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

Telephone Corporations must submit the following information electronically to the Commission's Communications Division using the Annual Affiliate Transaction Report Form⁶⁴ via email to cdcompliance@cpuc.ca.gov, no later than May 1st of the year following the calendar year for which the annual affiliate transaction report is submitted.

Failure to submit this information on time may result in a penalty as provided for in Pub. Util. Code Sections 2107 and 2108.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report:
 - a.) Form/type of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
 - b.) Brief description of business activities engaged in;
 - c.) Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
 - d.) Ownership of the utility (including type and percent ownership)
 - e.) Voting rights held by the utility and percent; and...
 - f.) Corporate officers.
2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in item 1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn

⁶⁴ An Annual Affiliate Report form (in PDF format) has been developed to help facilitate the submission of this reporting obligation and available from the Commission's website: [https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form .pdf](https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/communications-division/documents/licensing-compliance/annual-reporting-requirements/annual-affiliate-transaction-report-form.pdf).

is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of items 1 and 2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report, excluding the provision of tariff services.
4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP § 2015.5) that the annual report is complete and accurate with no material omissions.
5. Any required information, documents, or other material that a utility is unable to provide must be reasonably described, and the reasons they cannot be obtained, as well as the efforts expended to obtain them, must be set forth in the utility’s Annual Affiliate Transaction Report and verified, in accordance with Section I-F of D.93-02-019.
6. Utilities that do not have affiliated entities must submit, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP § 2015.5) that the annual report is complete and accurate with no material omissions.

Additional information about the reporting requirements is available from the Commission’s website: <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-reporting-requirements/annual-report-forms>. For any questions concerning this report, please send an e-mail to cdcompliance@cpuc.ca.gov with a subject line that includes, “CD Annual Reports.”

(END OF ATTACHMENT D)

ATTACHMENT E

ATTACHMENT E

SURCHARGE AND USER FEE REPORT WORKSHEET

Email the following information to telcosurcharge@cpuc.ca.gov and cdcompliance@cpuc.ca.gov.

Email Subject Line should include: "Surcharges and User Fees Prior to CPCN Approval Per D.[Enter Decision number XX-XX-XXX granting approval of application], A.25-09-002"

The body of email should include:

Pursuant to the Decision *[Enter Decision number granting IPC Systems, Inc. a CPCN]* and Decision 22-10-021, IPC Systems, Inc. is required to provide the information itemized in the tables below to the Communications Division (CD) for the calculation of surcharges and user fees, including interest on past due surcharges and penalties, for its unlicensed provision of regulated voice services provided in California without an operating authority.

This information covers the period that IPC Systems, Inc. began operating in California without the requisite authority to provide intra-Local Access Transport Area high-speed digital private line services as an interexchange provider, from July 1, 2025 through the end of the month prior to the month the CPCN application is approved. IPC Systems, Inc. understands that accrued interest of 10 percent will be assessed on remittance of past due surcharges and a late payment penalty of 25 percent assessed on user fees that are more than 30 days late.

IPC Systems, Inc. also understands that moving forward, they will be required to report and remit Surcharges and User Fees via the Commission's proprietary Telecommunications & User Fee Filing System (TUFFS) beginning with the month that the application is approved and the CPCN decision is effective.

1. Carrier Name: IPC Systems, Inc.
2. Starting Date of Operation in California without an Operating Authority: July 1, 2025
3. Effective Date of Decision: _____
4. Provide the following data:

- a. First table: The total number of monthly Active Access Lines served in California from July 1, 2025 through the end of the month prior to the month the CPCN decision is effective. *See* Section 5.2.2 of Decision 22-10-021 for definition of access line; and
- b. Second table: Total monthly Intrastate Revenue for regulated voice services provided in California from July 1, 2025 through the end of the month prior to the month the CPCN decision is effective.

Table 1: For Access Line Reporting

(No information is required in fields marked with N/A)

Report Period	Number of Access Lines served in 2025	Number of Access Lines served in 2026
January	N/A	
February	N/A	
March	N/A	
April	N/A	
May	N/A	
June	N/A	
July		
August		
September		
October		To be reported in TUFFS
November		To be reported in TUFFS
December		To be reported in TUFFS

Table 2: Total monthly Intrastate Revenue for User Fee Reporting

(No information is required in fields marked with N/A)

Report Period	Total California Intrastate Revenue (\$) 2025	Total California Intrastate Revenue (\$) 2026
January	N/A	
February	N/A	
March	N/A	
April	N/A	
May	N/A	
June	N/A	
July		
August		
September		
October		To be reported in TUFFS
November		To be reported in TUFFS
December		To be reported in TUFFS

(END OF ATTACHMENT E)