



1100 Spectrum Center Dr., Suite 500
Irvine, CA 92618

April 1, 2026

Angela Pranata

Manager of Operations
SCJPC
279 E. Arrow Hwy., Suite 104
San Dimas, CA 91773

Dear Ms. Pranata,

Cityside Networks, LLC dba Cityside Fiber, Utility Number 7394C ("Cityside"), would like to express our interest in becoming a member of the Southern California Joint Pole Committee ("SJPC").

Cityside is a certificated telecommunications provider in California. Under our CPCN, we have been building fiber optic communications network infrastructure in communities throughout the state since 2023. We currently provide fiber-to-the-home service in Tustin, North Tustin, Irvine, Dana Point and other communities in Orange County. We are continuing to expand into additional Southern California communities. As our footprint grows, we believe this is an appropriate time to pursue membership in the SCJPC.

When available on reasonable terms, Cityside utilizes facilities obtained from other carriers and utilities, including conduit and pole infrastructure. We also construct our own facilities, including underground conduit and above-ground installations, when existing facilities do not meet our needs.

At your convenience, we would appreciate receiving the current membership requirements via email at **norine@citysidenetworks.com**.

Thank you very much for your time and consideration. Please do not hesitate to contact me by email or at **727-337-0376** if you have any questions or need additional information.

Sincerely, *Norine Luker*

Norine Luker

Cityside Networks, LLC dba Cityside Fiber
Email: norine@citysidenetworks.com
Phone: 727-337-0376

MUTUAL NON-DISCLOSURE AGREEMENT

This nondisclosure agreement ("Agreement") is entered into as of April 21, 2026 ("Effective Date") by and between Southern California Joint Pole Committee, a non-profit organization and Cityside Networks, LLC , a limited liability company for the purpose of preventing the unauthorized disclosure of either party's Proprietary and Confidential Information (as defined in this Agreement) which may be disclosed by either party to the other.

In consideration of disclosure of Confidential Information, the parties agree as follows:

1. "Confidential" or "Proprietary" information shall mean the disclosing party information, software, documentation, pricing or products in which the disclosing party claims a proprietary interest, related trade secrets, methods of expression, processes, the disclosing party trademarks and copyrights, and all materials labeled confidential or trade secret or which the receiving party is advised prior to disclosure are confidential or proprietary.
2. "Derivative Works" shall mean software and other products based on preexisting software or products, such as a revision, compilation, translation, modification, abridgment, condensation, expansion, or any other form in which such preexisting works may be recast, transformed, or adapted, and that would constitute copyright infringement or other infringement of proprietary rights of others therein if prepared without the consent of the copyright proprietor of the pre-existing work.
3. "Documentation" shall mean and include all written explanations, in hard copy or machine-readable format, prepared by disclosing party to describe its products, services or other works.
4. The receiving party shall hold and maintain Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of disclosing party.
5. The receiving party hereby recognizes the disclosing party's proprietary interest in its Confidential or Proprietary information, software and products, Derivative Works and Documentation. The receiving party agrees not to communicate, provide, disclose, transfer or otherwise make available during the term of this Agreement or any time thereafter, any information relating to the disclosing party's trade secrets or Confidential Information which the receiving party may acquire or is disclosed to the receiving party under this Agreement, unless previously authorized in writing by the disclosing party. The restrictions contained herein shall not apply to (a) any information that is in the public domain through wrongful act of the receiving party, (b) any information that is disclosed to the receiving party by a third party having legitimate possession thereof and

the unrestricted right to make such disclosure, (c) any information that receiving party can demonstrate was within its legitimate possession without any obligation to keep confidential prior to the time of disclosure under this Agreement, or (d) any information independently developed by the receiving party where the receiving party can establish that the development was accomplished without access to the disclosing party's information.

6. The receiving party shall not disclose any information it receives from the disclosing party that is orally disclosed, or that is in written or visual form and which is marked Proprietary, Confidential, or comparable legend, such as "Company Strictly Private" or "Company Internal Data" to any third party, except upon on a need to know basis, with the prior written approval from the disclosing party, and where such other party has executed a nondisclosure agreement with the receiving party that is in substantial conformity with this agreement, but which in no event provides less protection to the disclosing party than under this Agreement. The receiving party shall use the same degree of care to avoid disclosure or use of the Proprietary Information as the receiving party employs with respect to its own proprietary information of like importance.
7. The receiving party acknowledges and agrees that any disclosure or misappropriation of any of the Confidential or Proprietary Information in violation of this Agreement may cause the disclosing party irreparable harm, the amount of which may be difficult to ascertain and, therefore, agrees that the disclosing party shall have the right to apply to a court of competent jurisdiction for any order restraining any such further disclosure or misappropriation and for such other relief as may be appropriate. Such right of the disclosing party is in addition to remedies otherwise available to the disclosing party at law or in equity.
8. At the termination of the obligations under this Agreement, or upon the written request of the disclosing party the receiving party shall either return to the disclosing party all confidential and Proprietary Information, Derivative Works and Documentation received by the receiving party or the receiving party shall destroy such materials and all copies, and said destruction shall be certified in writing by officer of the receiving party.
9. If any provision of this Agreement as applied to either party or to any circumstance, shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, unless such court decision defeats the purpose of this Agreement, the same shall in no way affect (to the maximum extent permissible by law) any other provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

Southern California Joint Pole Committee

10. Neither party may assign any rights nor delegate any duties under this Agreement without the other party's prior written consent, and any attempt to do without that consent shall be void. This Agreement will bind and inure to the benefit of the parties and their respective successors and permitted assigns.
11. This Agreement is entered into in the State of California and will be governed and construed according to the laws of the State of California, without regard to principles of conflicts of law.

IN WITNESS WHEREOF, the authorized parties below hereby execute this Agreement.

Southern California Joint Pole Committee

Cityside Networks LLC dba Cityside
Fiber

By:



Signature

April 23, 2026

Date

John Bacon

Print Name

Print Name

President of SCJPC

Title


Title

Address:

279 E. Arrow Hwy. Ste 104

San Dimas, CA 91773

By:



Signature

April 21, 2026

Date

Date

Glenn Nieves

Print Name

Print Name

CAO and General Counsel

Title

Title

Address: Cityside Fiber,

100 Spectrum Center Dr, Suite 500
Irvine, CA 92618



1100 Spectrum Center Dr., Suite 500
Irvine, CA 92618

May 22, 2026

Angela Pranata

Manager of Operations
SCJPC
279 E. Arrow Hwy., Suite 104
San Dimas, CA 91773

Dear Ms. Pranata,

Cityside Networks, LLC dba Cityside Fiber, Utility Number 7394C ("Cityside"), is submitting our application package for membership in the Southern California Joint Pole Committee.

The attached materials/documents are being provided to you under and contain confidential information of Cityside as such term is defined under the non-disclosure agreement executed by SCJPC and Cityside dated as of April 21, 2026.

Please find enclosed documents as required by Section 6 of the Agreement:

- 1) A copy of our Certificate of Public Convenience and Necessity in the State of California.
- 2) Audited financial statements for 2025 and 2024.
- 3) An insurance certificate evidencing our ability to respond to claims incident to a utility business of our size

Our Network Operations Center 24/7 contact number is 1-877-914-2489. The email address is noc@citysidefiber.com.

Check number 1486 in the amount of \$2200 for the application fee has been sent via FedEx to the San Dimas Office address with a scheduled delivery of Tuesday. The tracking number is 872105887580.

Thank you for your assistance with this matter and we look forward to the next steps.

Sincerely,

Norine Luker

Cityside Networks, LLC dba Cityside Fiber
Email: norine@citysidenetworks.com
Phone: 727-337-0376



Utility Contact System Search

The Utility Contact System (UCS) is the Communications Division's database for the primary regulatory contact for each telephone corporation operating in California. The Communications Division sends important regulatory notices to the regulatory contact for each telephone corporation via e-mail, so it is important for primary regulatory contacts to update their UCS record if their e-mail address changes.

Telephone corporations may update UCS contact information using the form on the following page: [Carrier Reporting Requirements](#)

A description of the different utility types (granted authorities) are listed on the following page: [Utility Type Descriptions](#)

Search Utility Name

Search Utility Number

Utility Name <input type="checkbox"/>	Alias (DBA Name)	Utility Number	Street Address	City	State	Zip	Phone Number	Email	Utility Type	CPCN Approval Date
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DRIVE	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	CLR	05-19-2022
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DRIVE	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	IEC	05-19-2022
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DR	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	IER	05-19-2022
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Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DR	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	CLC	05-19-2022
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DRIVE	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	CLC	05-19-2022
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DR	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	CLR	05-19-2022
Cityside Networks, LLC	Cityside Fiber	7394	100 SPECTRUM CENTER DR	IRVINE	CA	92618	(626) 824-3892	legal@citysidefiber.com	IEC	05-19-2022

[Save Search Results as CSV Spreadsheet](#)

Decision 22-05-017 May 19, 2022

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Cityside Networks, Inc. for a certificate of public convenience and necessity to provide full facilities-based and resold competitive local exchange service throughout the service territories of Pacific Bell Telephone Company, Frontier California, Inc., Frontier Communications of the Southwest, Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California, Inc. and full facilities-based and resold interexchange services on a statewide basis.

Application 21-08-012

DECISION GRANTING CITYSIDE NETWORKS, INC. A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IN ORDER TO PROVIDE FULL FACILITIES-BASED AND RESOLD COMPETITIVE LOCAL EXCHANGE SERVICES AND FULL FACILITIES-BASED AND RESOLD INTEREXCHANGE SERVICES

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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

**DECISION GRANTING CITYSIDE NETWORKS, INC. A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY IN ORDER TO
PROVIDE FULL FACILITIES-BASED AND RESOLD
COMPETITIVE LOCAL EXCHANGE SERVICES
AND FULL FACILITIES-BASED AND
RESOLD INTEREXCHANGE SERVICES**

Summary

Pursuant to Public Utilities Code § 1001, we grant Cityside Networks, Inc. a certificate of public convenience and necessity to provide full facilities-based and resold competitive local exchange services and full facilities-based and resold interexchange services in California subject to the terms and conditions set forth in the Ordering Paragraphs.

This proceeding is closed.

1. Background

On August 19, 2021, Cityside Networks, Inc. (Cityside), a California corporation, filed an application for a certificate of public convenience and necessity (CPCN) to provide full facilities-based and resold competitive local exchange services in the service territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T California), Frontier California Inc. (Frontier California), Frontier Communications of the Southwest, Inc., Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California (Frontier Communications), and Consolidated Communications of California Company (Consolidated Communications, formerly SureWest Telephone) and facilities-based and resold interexchange services throughout California.

Cityside proposes to provide competitive local exchange services and interexchange services via fiber optic communications network infrastructure as well as resale services. Cityside states that it “is unable at this time to identify

specific potential customers or specific fiber routes it will serve.”¹ Cityside further states its “intent is to target customers having needs for last-mile dark fiber, such as ISPs, wireless carriers, municipalities, school districts, edge data centers, and other wholesale customers.”²

Cityside’s principal place of business is located at 550 West B Street, 4th Floor, San Diego, California 92101.

There were no protests or responses filed in response to Cityside’s application.

A prehearing conference was held on December 2, 2021 to address issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. The assigned Administrative Law Judge (ALJ) issued a ruling requesting information on December 6, 2021, to which Cityside responded on December 7, 2021, and to which it provided an amended response on December 8, 2021. The assigned ALJ issued another ruling requesting supplemental information on December 10, 2021, to which Cityside responded on December 24, 2021, and to which it provided a supplemental response on December 27, 2021.

The Assigned Commissioner’s Scoping Memo and Ruling (Scoping Memo) was issued on January 31, 2022. The Scoping Memo determined that evidentiary hearings were not needed.

2. Jurisdiction

Public Utilities Code (Pub. Util. Code) § 216(a) defines the term “Public utility” to include a “telephone corporation,” which in turn is defined in

¹ Response of Cityside to Assigned Administrative Law Judge Ruling, December 24, 2021 at 3.

² Ibid.

Pub. Util. Code § 234(a) as “every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state.”

Cityside proposes to provide competitive local exchange services and interexchange services via fiber optic communications network infrastructure as well as resale services.

Cityside is a telephone corporation and a public utility subject to our jurisdiction.

Cityside provided certification that it is a Common Carrier as defined by § 153 of the Federal Telecommunications Act of 1996 (Act) eligible to interconnect with the public switched telephone network pursuant to § 251 and § 252 of the Act, and that if granted a CPCN, it will operate as a telephone corporation under Pub. Util. Code § 234(a) and obey the Pub. Util. Code and all California Public Utilities Commission (Commission) rules, decisions, and orders applicable to telephone corporations.

3. California Environmental Quality Act (CEQA)

Pursuant to CEQA and Rule 2.4³ of the Commission’s Rules of Practice and Procedure, the Commission examines projects to determine any potential environmental impacts in order that adverse effects are avoided and environmental quality is restored or enhanced to the fullest extent possible under CEQA.

In its Application, Proponent’s Environmental Assessment (PEA), and December 24, 2021 response to a December 10, 2021 ALJ Ruling, Cityside states that its proposed construction activities will generally include the installation of

³ Unless otherwise noted, items labeled “Rule” are from the Commission’s Rules of Practice and Procedure.

facilities such as underground conduit and fiber optic cabling, and installations of above-ground structures such as poles.

These activities may fall within the following classes of projects that are exempt from CEQA and for which neither an Environmental Impact Report nor a Negative Declaration is required.

- Class 1 Exemption: operation, repair, maintenance, leasing or minor alteration of existing public or private structures and facilities, with negligible or no expansion of an existing use. This includes existing facilities used to provide public utility services. (14 CCR § 15301.)
- Class 3 Exemption: construction including water main, sewage, electrical, gas and *other utility extensions of reasonable length* to serve such construction. This includes the construction of limited numbers of new small facilities or utility extensions. (14 CCR § 15303.)
- Class 4 Exemption: minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry and agricultural purposes, and the filling of earth into previously excavated land with material compatible with the natural features of the site, and minor trenching and backfilling where the surface is restored. (14 CCR § 15304.)
- Class 32 Exemption: small scale in-fill development that meets specified criteria. (14 CCR § 15332.)

Cityside's proposed activities involve construction of reasonably short utility extensions. As discussed above, in order to provide its service, Cityside states it will install its fiber optic cable and related equipment on existing or new poles and underground conduit. Exemption of these activities is consistent with Commission precedent. Cityside's proposed new construction activities are similar to those undertaken by other carriers that we have decided are

categorically exempt from CEQA. *See, e.g.,* Decision (D.) 06-04-063 (*ClearLinx Network Corporation*); D.06-04-067 (*CA-CLEC LLC*).

Cityside requests approval to utilize a procedure for expedited review of its projects once it is aware of a specific site(s) in which it plans construction. The expedited review procedure has been approved for other carriers. During this process, Commission staff confirms that the proposed construction is indeed exempt from formal CEQA review. By establishing this expedited review process, we are able to review the information on a specific project to confirm that it is categorically exempt from CEQA.

Similar to the procedure approved for other carriers, the following procedure will be used to obtain Commission approval of Cityside's claimed CEQA exemptions once construction project specifics are known:

- Cityside will provide the Commission's Energy Division with:
- A detailed description of the proposed project, including:
 - Customer(s) to be served;
 - The precise location of the proposed construction project; and
 - Regional and local site maps.
- A description of the environmental setting, to include at a minimum:
 - Cultural, historical, and paleontological resources;
 - Biological resources; and
 - Current land use and zoning.
- A construction workplan, to include:
 - Commission Preconstruction Survey Checklist – Archaeological Resources;

- Commission Preconstruction Survey Checklist – Biological Resources;
- A detailed schedule of construction activities, including site restoration activities;
- A description of construction/installation techniques;
- A list of other agencies contacted with respect to siting, land use planning, and environmental resource issues, including contact information; and
- A list of permits required for the proposed project.
- A statement of the CEQA exemption(s) applicable to the proposed project; and
- Documentation and factual evidence sufficient to support a finding that the claimed exemption(s) is (are) applicable.
- The Energy Division will review Cityside’s submission for the proposed project to confirm that the claimed exemption(s) from CEQA are applicable.
- Within 21 days from the date of Cityside’s submittal, the Energy Division will issue either:
 - A Notice to Proceed and file a Notice of Exemption with the State Clearinghouse, Office of Planning and Research, or
 - A letter of denial stating the specific reasons why the claimed exemption(s) are not applicable to the proposed project.

We have reviewed the application, the PEA, and supplement and find that:

- Cityside’s proposed facilities-based project activities are very limited;
- These activities would in almost all circumstances be very likely to qualify for an exemption from CEQA; and
- The proposed process for reviewing the applicability of CEQA exemptions to Cityside’s facilities-based projects is not only adequate for the Commission’s purposes as

CEQA Lead Agency but is also in the public interest because it enables Cityside to respond in a timely manner to requests for service without the delay or burden of a full CEQA review when such review is unnecessary.

We therefore approve Cityside's proposed process for Commission review of expected CEQA exemptions for construction projects undertaken pursuant to Cityside's full facilities-based authority, based on the specific facts of this case with the following modifications related to the Commission's Energy Division review and approval or disapproval of the proposed exemptions.

If the Energy Division disapproves Cityside's claimed CEQA exemption(s) and issues a letter of denial to Cityside, Cityside must either re-design the specific project and facilities and then reapply for a finding of exemption from CEQA, or file a formal application with the Commission seeking the requisite approval and full CEQA review, before commencing any construction activities.

Cityside shall not perform any full facilities-based construction activities without first obtaining a Notice to Proceed from the Energy Division or authorization by the Commission after the requisite environmental review.

We have previously determined that the public convenience and necessity require that competition be allowed in the provision of competitive local exchange service. *See* Rulemaking 95-04-043/Investigation 95-04-044. Granting this application will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

4. Financial Qualifications

To be granted a CPCN, an applicant for authority to provide full facilities-based and resold competitive local exchange services and full facilities-based and resold interexchange services must demonstrate that it has a minimum of \$100,000 cash or cash equivalent, reasonably liquid and readily

available to meet the firm's start-up expenses.⁴ In its December 24, 2021 response to a December 10, 2021 ALJ Ruling and its December 27, 2021 supplement, Cityside provided supporting documentation that it holds \$100,000. Since Cityside has provided documentation that it possesses a minimum of \$100,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement. Cityside's financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available.

In addition to demonstrating financial fitness, Cityside must also demonstrate it has an additional \$25,000, or an amount equal to the deposit required by AT&T California, Frontier California, Frontier Communications, Frontier Communications of the Southwest, Inc., and Consolidated Communications, available to Cityside for one year following certification.⁵ In addition to the \$100,000 discussed above, Cityside provided documentation in its December 24, 2021 response to a December 10, 2021 ALJ Ruling and its December 27, 2021 supplement that its certificate of deposit includes an additional \$25,000 to cover deposits that may be required in the future.

5. Technical Qualifications

To be granted a CPCN for authority to provide competitive local exchange and interexchange service, an applicant must make a reasonable showing of

⁴ The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

⁵ The requirement for Competitive Local Carrier (CLC) applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers (LEC) and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

managerial and technical expertise in telecommunications or a related business.⁶ Cityside supplied biographical information on its management in Exhibit A to its application that demonstrates it has sufficient expertise and training to operate as a telecommunications provider.

In its application, Cityside verified that no one associated with or employed by Cityside as an affiliate, officer, director, partner, or owner of more than 10 percent of Cityside, or anyone acting in a management capacity for Cityside:

- (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 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 §§ 17000 *et seq.*, §§ 17200 *et seq.*, or §§ 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.⁷

⁶ D.95-12-056 at Appendix C, Rule 4.A.

⁷ These certifications are required by D.13-05-035, Ordering Paragraph 14.

Also, to the best of Cityside's knowledge, neither Cityside, or any affiliate, officer, director, partner, nor owner of more than 10 percent of Cityside, 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.⁸

For the above reasons, we find that Cityside is in compliance with the requirements of D.13-05-035.

6. Detariffed Status

Cityside has requested detariffed status and may be exempt from the requirement to file tariffs, provided Cityside complies with the consumer protection rules identified in D.98-08-031. Cityside states that it will offer its service on a non-discriminatory basis and at competitive rates but will do so through individual case basis contracts.

In the future, if Cityside decides to offer services that require a tariff or schedule, such as basic services,⁹ Cityside must submit proposed tariffs and/or user guides to the Communications Division via Tier 2 advice letters using the General Order (GO) 96-B advice letter process before initiation of service.

7. Map of Service Territory

To be granted a CPCN for authority to provide competitive local exchange service, an applicant must provide a map of the service territories it proposes to

⁸ *Id.*

⁹ Pursuant to D.12-12-038, Appendix A, Section II, parts a and b, basic service must be tariffed or scheduled.

serve.¹⁰ In its application, Cityside provided a map of the location of its proposed service territory, in compliance with this requirement.

8. Rule 3.1(i) Statement

Rule 3.1(i) sets forth the requirement that a utility filing an application under Pub. Util. Code § 1001, provide a statement regarding GO 104-A, Section 2. Cityside states that it is not aware of any reportable matters pursuant to GO 104-A, Section 2. Cityside, therefore, has nothing to report under this rule.

On a going forward basis, though, Cityside must file all reports required of a public utility under Commission jurisdiction.

9. Expected Customer Base

Cityside provided its estimated customer base for the first and fifth years of operation in its application. Therefore, Cityside has complied with this requirement.

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

Cityside requests treatment as a non-dominant interexchange carrier, which would include exemption from the requirements of Pub. Util. Code §§ 816-830 concerning stocks and security and § 851 concerning the encumbrance and transfer of utility property when that encumbrance is for the purpose of securing debt. While the Commission has granted exemption from §§ 816-830 to others, exemption from § 851 is not commonly granted unless the exemption is expressly limited to the issuances of securities and transfers or encumbrances of a utility's assets for the purpose of securing debt.¹¹ The Commission detailed its rules regarding exemption of non-dominant carriers in

¹⁰ D.95-12-056 at Appendix C, Rule 4.F.

¹¹ See D.85-07-081; D.85-11-044; and D.97-01-015.

D.85-01-008, and subsequently modified them in D.85-07-081 and D.85-11-044. We grant Cityside's request for non-dominant interexchange carrier status, which provides an exemption from Pub. Util. Code §§ 816-830 concerning stocks and security as well as a limited exemption from § 851 in order to issue stocks and securities to secure debt, provided that it follows all rules detailed in the above referenced decisions.

11. Request for Exemption from the Requirement to Keep Books and Records in Accordance with the Uniform System of Accounts

Cityside requests exemption from any requirements to maintain its books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E Part 32. As a competitive local exchange carrier, Cityside is not part of an incumbent local exchange carrier corporate entity and should therefore be exempted from the requirement to keep its books of account in conformance with the Uniform System of Accounts, as required for competitive local exchange carriers pursuant to D.99-02-038. We agree and cite D.07-04-024 as additional authority to do so.

12. Safety Considerations

With the adoption of the *Safety Policy Statement of the California Public Utilities Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. We have considered the potential safety implications here. The Commission is satisfied that Cityside will meet the Commission's minimum safety goals and expectations of competitive local exchange carriers because: (1) Cityside has taken steps to meet the financial requirements as set forth in this decision for a facilities-based competitive local exchange carrier, and (2) Cityside is a public utility that is required pursuant to Pub. Util. Code § 451 to "... furnish and

maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

13. Conclusion

We conclude that the application conforms to our rules for certification as a competitive local exchange and interexchange carrier. Accordingly, we grant Cityside a CPCN to provide full facilities-based and resold competitive local exchange services in the service territory of AT&T California, Frontier California, Frontier Communications, Frontier Communications of the Southwest, Inc., and Consolidated Communications and full facilities-based and resold interexchange services in California subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to Cityside and corresponding obligations. Cityside receives authority to operate in the prescribed service territory, and this authority enables Cityside, pursuant to Section 251 of the 1934 Communications Act, as amended by the 1996 Telecommunications Act (47 U.S.C. § 251), to interconnect with telecommunications carriers.¹² This authority also enables Cityside to obtain access to public rights-of-way in California as set forth in D.98-10-058, and approved in *T-Mobile West LLC v. City and County of San Francisco*, 6 Cal. 5th 1107 (2019) subject to the CEQA requirements set forth in this decision.

In return, Cityside is obligated to comply with all Pub. Util. Code provisions, Commission rules, GOs’, and decisions applicable to telephone

¹² The California Pub. Util. Code uses the term “telephone corporation.” Its counterpart in federal law is a “telecommunications carrier.”

corporations providing approved services. The applicable statutes, rules, GOs, and decisions include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, Cityside is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code § 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 § 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

14. Request to File Under Seal

Pursuant to Rule 11.4 of the Commission’s Rules of Practice and Procedure, Cityside has filed a motion for leave to file Exhibit F to the application as confidential material under seal. Cityside represents that the information is sensitive, and disclosure could place Cityside at an unfair business disadvantage. We have granted similar requests in the past and do so here.

15. Comments on Draft Decision

As provided by Rule 14.3 of the Commission’s Rules of Practice and Procedure and Pub. Util. Code § 311(g)(1), the draft decision of ALJ O’Rourke in this matter was mailed to the parties on April 13, 2022. Comments were filed by Cityside on April 18, 2022. In comments, Cityside 1) requested clarification of the description of the customer base it intends to serve; and 2) requested that a requirement to submit an application to operate without non-dominant interexchange carrier status before constructing full facilities be removed. Modifications were made to 1) clarify the customer base, and 2) remove the

requirement to submit an application, as this language was inadvertently included in the original proposed decision.

16. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Shannon O'Rourke is the assigned ALJ in this proceeding.

Findings of Fact

1. Cityside is a telephone corporation and a public utility as defined in Pub. Util. Code § 234(a) and § 216(a).

2. Cityside's proposed construction activities appear to fall within one or more CEQA categorical exemptions.

3. Cityside has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

4. Cityside has sufficient additional cash or cash equivalent to cover deposits that may be required by other telephone corporations in order to provide the proposed service.

5. Cityside's management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services to the public.

6. No one associated with or employed by Cityside as an affiliate, officer, director, partner, agent, or owner (directly or indirectly) of more than 10 percent of Cityside, or anyone acting in a management capacity for Cityside: (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 §§ 17000 *et seq.*, §§ 17200 *et seq.*, or §§ 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.

7. To the best of Cityside's knowledge, neither Cityside, or any affiliate, officer, director, partner, nor owner of more than 10 percent of Cityside, 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.

8. Cityside requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031.

9. Cityside provided a map of the location of its proposed service territory.

10. Cityside has no information to report under Rule 3.1(i), which requires that a utility filing an application under Pub. Util. Code § 1001, provide a statement regarding compliance with GO 104-A, Section 2.

11. Cityside provided an estimate of its customer base for the first and fifth year of operation.

12. Pursuant to Rule 11.4, Cityside filed a motion for leave to file confidential material under seal, including Exhibit F to its application.

Conclusions of Law

1. Cityside should be granted a CPCN to provide full facilities-based and resold competitive local exchange services in the service territories of AT&T California, Frontier California, Frontier Communications, Frontier Communications of the Southwest, Inc., and Consolidated Communications and full facilities-based and resold interexchange services in California, subject to the terms and conditions set forth in the Ordering Paragraphs.

2. Cityside should be allowed to use the Energy Division 21-day CEQA exemption process.

3. Cityside, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

4. Cityside should be granted an exemption from the requirement to file tariffs.

5. In the future, if Cityside decides to offer services that require a tariff or schedule, such as basic service, Cityside should submit proposed tariffs and/or user guides and/or schedules to the Communications Division via Tier 2 advice letters using the GO 96-B advice letter process before initiation of service.

6. Cityside should be granted nondominant carrier status, subject to Commission rules and regulations as detailed in D.85-010-08 and modified in D.85-07-081 and D.85-11-044.

7. Cityside's request for a limited exemption from Pub. Util. Code § 851 regarding the transfer or encumbrance of utility assets to secure debt should be granted.

8. Cityside's request for exemption from the requirement to maintain its books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E Part 32 should be granted.

9. Cityside's motion to file under seal its Exhibit F to the application, should be granted for three years.

10. 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 Cityside Networks, Inc. to provide full facilities-based and resold competitive local exchange services in the territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T California), Frontier California Inc. (Frontier California), Frontier Communications of the Southwest, Inc., Citizens Telecommunications Company of California, Inc. d/b/a Frontier Communications of California (Frontier Communications), and Consolidated Communications of California Company (Consolidated Communications, formerly SureWest Telephone), and full facilities-based and resold interexchange services in California, subject to the terms and conditions in this decision.

2. The corporate identification number assigned to Cityside Networks, Inc., U7394C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

3. Cityside Networks, 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. Written acceptance filed in this docket does not reopen the proceeding.

4. The certificate granted by this decision will expire if not exercised within 12 months of the effective date of this decision.

5. Cityside Networks, Inc. must notify the Director of the Communications Division of the date that competitive local exchange service is first rendered to the public, no later than five days after service first begins, by e-mail to cdcompliance@cpuc.ca.gov.

6. Cityside Networks, Inc. must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. 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. Within five days of acceptance of its certificate of public convenience and necessity authority, Cityside Networks, Inc. must submit a Tier 1 Advice Letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier 1 Advice Letter annually, but not later than March 31 of each year, with a copy of the executed bond.

7. Cityside Networks, Inc. must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity 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.

8. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision, Cityside Networks, Inc. is subject to the Consumer Protection

Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

9. Cityside Networks, Inc. must report intrastate revenue and pay the resulting public purpose program surcharges specified in Attachment B monthly, through the Commission's proprietary Telecommunications and User Fee Filing System (TUFFS) even if there are no revenues (\$0) and resulting surcharges to report and remit. Communications Division must issue a compliance directive to the Cityside Networks, Inc. primary contact, providing directions for reporting and remitting surcharges and the User Fee through the TUFFS system.

10. Cityside Networks, Inc. must pay an annual minimum user fee of \$100 or at the standard user fee remittance rate applied to the gross intrastate revenue, whichever is greater. The standard user fee remittance rate is posted on the Commission's webpage. Under Public Utilities Code § 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 January 15th, April 15th, July 15th, and October 15th, or more than 30 days after the January 15th due date for those utilities paying the annual minimum user fee of \$100, will be subject to penalties including suspension or revocation of their authority to operate in California.

11. Prior to initiating service, Cityside Networks, Inc. must provide the Commission's Consumer Affairs Branch with the name(s), address(es), e-mail address, and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), or telephone number(s) change, or at least annually.

12. Prior to initiating service, Cityside Networks, Inc. must provide the Commission's Communications Division with the name(s), address(es), e-mail address, and telephone number(s) of its designated regulatory/official contact

person(s). This information must be provided electronically, using the “Contact Information Request Update” form at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone> under Service Provider Requirements and Programs. This information must be updated if the name or telephone number changes, or at least annually by June 1 of each calendar year.

13. Cityside Networks, Inc. must submit an affiliate transaction report to the Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

14. Cityside Networks, Inc. must submit an annual report to the Director of the Communications Division, by e-mail to cdcompliance@cpuc.ca.gov, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

15. Cityside Networks, Inc.’s request for an exemption from the Uniform System of Accounts specified in Title 47 I.E Part 32 is granted.

16. The staff of the Commission’s Energy Division is authorized to review, process, and act upon Cityside Networks, Inc.’s requests for a determination that its full facilities-based construction activities are exempt from the requirements of the California Environmental Quality Act.

17. If Cityside Networks, Inc. wishes to engage in full facilities-based construction activities and believes that these activities are exempt from California Environmental Quality Act, Cityside Networks, Inc. shall first apply to the Commission’s Energy Division staff for a determination of exemption from California Environmental Quality Act by providing the Commission’s Energy Division (Energy Division) with:

- a. A detailed description of the proposed project, including:
 - i. Customer(s) to be served;
 - ii. The precise location of the proposed construction project; and
 - iii. Regional and local site maps.
- b. A description of the environmental setting, including at a minimum:
 - i. Cultural, historical, and paleontological resources;
 - ii. Biological resources; and
 - iii. Current land use and zoning.
- c. A construction workplan, including:
 - i. Commission Preconstruction Survey Checklist – Archaeological Resources;
 - ii. Commission Preconstruction Survey Checklist – Biological Resources;
 - iii. A detailed schedule of construction activities, including site restoration activities;
 - iv. A description of construction/installation techniques;
 - v. A list of other agencies contacted with respect to siting, land use planning, and environmental resource issues, including contact information; and
 - vi. A list of permits required for the proposed project.
- d. A statement of the California Environmental Quality Act exemption(s) claimed to apply to the proposed project; and
- e. Documentation supporting the finding of exemption from California Environmental Quality Act.
- f. The Energy Division will then review the submittal and notify Cityside Networks, Inc. of either its approval or its denial of Cityside Networks, Inc.'s claim for exemption from California Environmental Quality Act review within 21 days from the time that Cityside Networks, Inc.'s submittal is complete.

18. If the Energy Division approves Cityside Networks, Inc.'s claimed California Environmental Quality Act (CEQA) exemption(s), the staff shall prepare a Notice to Proceed and file a Notice of Exemption with the State Clearinghouse, Office of Planning and Research. If the Energy Division disapproves Cityside Networks, Inc.'s claimed CEQA exemptions, the staff shall issue to Cityside Networks, Inc. a letter which states the specific reasons that the claimed CEQA exemptions do not apply to the proposed project.

19. If the Energy Division disapproves Cityside Networks, Inc.'s claimed California Environmental Quality Act (CEQA) exemption(s), Cityside Networks, Inc. shall either re-design the specific project and facilities and then reapply for a finding of exemption from CEQA, or file a formal application with the Commission seeking the requisite approval and full CEQA review, before commencing any full facilities-based construction activities.

20. In the future, if Cityside Networks, Inc. decides to offer services that require a tariff or schedule, such as basic service, Cityside Networks, Inc. must submit proposed tariffs and/or user guides to the Communications Division via Tier-2 advice letters using the General Order 96-B advice letter process before initiation of service.

21. Cityside Networks, Inc.'s request for a limited exemption from Public Utilities Code § 851 regarding the transfer or encumbrance of utility assets to secure debt is granted.

22. Cityside Networks, Inc.'s motion to file under seal its Exhibit F is granted for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Cityside Networks, Inc. believes that it is necessary for this information to remain under seal for

longer than three years, Cityside Networks, Inc. may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

23. Application 21-08-012 is closed.

This decision is effective today.

Dated May 19, 2022 at Sacramento, California.

ALICE REYNOLDS

President

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE L. HOUCK

JOHN R.D. REYNOLDS

Commissioners

ATTACHMENT A

TARIFF DEFICIENCIES

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(END OF ATTACHMENT A)

ATTACHMENT B

REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS

1. Applicant must file, in this docket with reference to this decision number,¹ a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months of the date of this decision.

3. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, carriers authorized to operate in California shall report intrastate revenue and remit the resulting public purpose program surcharges specified as follows monthly, through the Commission's proprietary Telecommunications and User Fee Filing System (TUFFS) even if there is no intrastate revenue (\$0) and resulting surcharges to report and remit. Communications Division shall issue a compliance directive to the carrier's primary contact, providing directions for reporting and remitting surcharges and the User Fee through TUFFS.

- 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);

¹Written acceptance filed in this docket does not reopen the proceeding.

- 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);
- f. The California Teleconnect Fund (Pub. Util. Code § 280; D.96-10-066, at 88, App. B, Rule 8.G);
- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (d/b/a AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/surcharge-rates>.

- i. Carriers must report and remit CPUC telephone program surcharges online using the CPUC TUFFS. Information and instructions for online reporting and payment of surcharges are available at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees>. To request a user ID and password for TUFFS online filing and for questions, please e-mail Telcosurcharge@cpuc.ca.gov.
- ii. Carriers must submit and pay the PUC User Fee (*see* Item 3.g above) quarterly, through the Commission's TUFFS system within 15 days after the end of each calendar quarter (December 31, March 31, June 30 and September 30) and by the 30th day after the 15-day reporting and payment requirement to avoid a one-time 25 percent penalty. For questions regarding the User Fee, please email userfees@cpuc.ca.gov.

4. If Applicant is a competitive local exchange carrier, the effectiveness of its future competitive local exchange carrier tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

5. If Applicant 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).

6. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in Item 3 above.

7. Applicant must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. 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. Within five days of acceptance of its certificate of public convenience and necessity authority, Applicant must submit a Tier-1 Advice Letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 Advice Letter annually, but not later than March 31, with a copy of the executed bond.

8. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity 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.

9. Applicants providing local exchange service must submit a service area map as part of their initial tariff to the Communications Division.

10. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name(s), address(es), e-mail address(es) and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be provided electronically, using the "Contact Information Request Update" form found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone> under Service Provider Requirements and Programs. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually by June 1 of each calendar year.

11. In addition, Applicant must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact persons(s). This information must be provided electronically, using the "Contact Information Request Update" form found at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone> under Service Provider Requirements and Programs. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually by June 1 of each calendar year.

12. Applicant must notify the Director of the Communications Division, in writing submitted by email to cdcompliance@cpuc.ca.gov, no later than five days after service first begins, of the date that local exchange service is first rendered to the public.

13. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

14. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the

Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

15. Applicant must submit an annual report to the Director of the Communications Division at cdcompliance@cpuc.ca.gov, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

16. Applicant must submit an affiliate transaction report to the Director of the Communications Division at cdcompliance@cpuc.ca.gov, in compliance with D.93-02-019, on a calendar year basis using the form contained in Attachment D.

17. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

18. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division of its compliance in writing, by email to cdcompliance@cpuc.ca.gov.

19. If Applicant is 90 days or more late in submitting an annual report, or in remitting the surcharges and fee listed in #3 above, and has not received written permission from the Communications Division to file or remit late: the Communications Division must 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 CPUC Consumer Protection and Enforcement Division (CPED) for enforcement action, which could result in additional fines, penalties, or other sanctions.

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

21. Applicant is exempt from Pub. Util. Code §§ 816-830.
22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.
23. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C

ATTACHMENT C

ANNUAL REPORT

In addition to the annual reports requirement pursuant to General Order 104-A, submit the following information electronically 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.

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

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
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.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.

11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For any questions concerning this report, please send an email to cdcompliance@cpuca.ca.gov with a subject line that includes: "CD Annual Reports."

(END OF ATTACHMENT C)

ATTACHMENT D

ATTACHMENT D
CALENDAR YEAR AFFILIATE TRANSACTION REPORT

Submit the following information electronically via e-mail 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.

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.

- Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership)
- Voting rights held by the utility and percent; and
- 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 #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 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 #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 material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility's Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 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.

For any questions concerning this report, please send an e-mail to cdcompliance@cpuca.ca.gov with a subject line that includes: "CD Annual Reports."

(END OF ATTACHMENT D)

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CITYSIDE NETWORKS, LLC

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2025 AND 2024

CITYSIDE NETWORKS, LLC
FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2025 AND 2024

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WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Member of
Cityside Networks, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cityside Networks, LLC (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

To the Member of
Cityside Networks, LLC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Green Hasson & Janks LLP

April 29, 2026
Los Angeles, California

CITYSIDE NETWORKS, LLC

BALANCE SHEETS

	December 31	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash	\$ 652,533	\$ 1,015,923
Accounts Receivable	210,950	84,329
Prepaid and Other Current Assets	772,207	582,026
TOTAL CURRENT ASSETS	1,635,690	1,682,278
PROPERTY AND EQUIPMENT (Net)	93,868,896	46,569,862
OTHER ASSETS:		
Right-of-Use Assets - Operating Leases	569,395	781,535
TOTAL ASSETS	<u>\$ 96,073,981</u>	<u>\$ 49,033,675</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	\$ 7,320,371	\$ 4,187,717
Accrued Expenses and Other Current Liabilities	2,145,792	858,188
Operating Lease Liabilities, Short-Term	212,281	212,141
TOTAL CURRENT LIABILITIES	9,678,444	5,258,046
OTHER LIABILITIES:		
Line of Credit (Net)	61,341,581	24,620,709
Operating Lease Liabilities, Long-Term	433,214	657,567
TOTAL OTHER LIABILITIES	61,774,795	25,278,276
TOTAL LIABILITIES	71,453,239	30,536,322
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY	24,620,742	18,497,353
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 96,073,981</u>	<u>\$ 49,033,675</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC**STATEMENTS OF OPERATIONS**

	Years Ended December 31	
	<u>2025</u>	<u>2024</u>
SALES	\$ 2,276,561	\$ 342,758
COSTS OF SALES	<u>1,641,462</u>	<u>1,243,819</u>
<i>GROSS PROFIT (LOSS)</i>	635,099	(901,061)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>20,508,719</u>	<u>11,685,784</u>
<i>LOSS FROM OPERATIONS</i>	(19,873,620)	(12,586,845)
OTHER INCOME (EXPENSE)	<u>(2,991)</u>	<u>404</u>
<i>NET LOSS</i>	<u>\$ (19,876,611)</u>	<u>\$ (12,586,441)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

STATEMENTS OF MEMBER'S EQUITY
Years Ended December 31, 2025 and 2024

<i>BALANCE - January 1, 2024</i>	\$ 14,083,794
Capital Contributions	17,000,000
Net Loss	<u>(12,586,441)</u>
<i>MEMBER'S EQUITY - December 31, 2024</i>	18,497,353
Capital Contributions	26,000,000
Net Loss	<u>(19,876,611)</u>
<i>MEMBER'S EQUITY - END OF YEAR</i>	<u><u>\$ 24,620,742</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (19,876,611)	\$ (12,586,441)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	2,443,514	862,528
Amortization of Debt Issuance Costs	310,614	42,143
Amortization of Right-Of-Use Assets	212,140	301,823
Increase in:		
Accounts Receivable	(126,621)	(51,144)
Prepays and Other Current Assets	(190,181)	(196,740)
Increase (Decrease) in:		
Accounts Payable	3,132,654	2,342,877
Accrued Expenses and Other Current Liabilities	1,287,604	360,522
Operating Lease Liabilities	(224,213)	(291,973)
	(13,031,100)	(9,216,405)
NET CASH USED IN OPERATING ACTIVITIES	(13,031,100)	(9,216,405)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(49,742,548)	(31,715,186)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions from Member	26,000,000	17,000,000
Debt Issuance Costs	(1,589,742)	(421,434)
Advances from Line of Credit	38,000,000	25,000,000
	62,410,258	41,578,566
CASH PROVIDED BY FINANCING ACTIVITIES	62,410,258	41,578,566
NET (DECREASE) INCREASE IN CASH	(363,390)	646,975
Cash - Beginning of Year	1,015,923	368,948
CASH - END OF YEAR	\$ 652,533	\$ 1,015,923
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 3,235,500	\$ 662,434

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) NATURE OF OPERATIONS

Cityside Networks, LLC (the "Company"), is headquartered in Orange County, California and is a fiber-to-the-premise ("FTTP") developer and internet service provider. In addition to the Company's residential service offerings, the Company provides wholesale fiber products to business customers in Southern California and expanding markets. During the years ended December 31, 2025 and 2024, the Company continued in its start-up phase of its business life cycle.

On March 10, 2021, Cityside Networks, Inc. was incorporated as a Non-Delaware Corporation in the state of California.

On January 27, 2023, Cityside Networks, Inc. converted to Cityside Networks, LLC.

Cityside Networks LLC, a Delaware limited liability company was formed pursuant to an LLC agreement amended and restated effective February 23, 2023.

(b) MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use certain estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Although management believes its estimates are appropriate, changes in assumptions utilized in preparing such estimates could cause these estimates to change sometime in the future.

(c) CASH

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The carrying value of cash at December 31, 2025 and 2024 approximates its fair value.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables represents their estimated net realizable value. The Company closely monitors accounts receivable and estimates the allowance for credit losses when lifetime credit losses are expected by management. The estimation of the allowance is based on an analysis of historical loss experience and management's assessment of current conditions. The Company assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances do not share similar risk characteristics with the pools. The expense associated with the allowance for expected credit losses is recognized in general and administrative expenses. The Company had no expenses related to credit losses for the years ended December 31, 2025 and 2024.

(e) PROPERTY, PLANT AND EQUIPMENT

Additions to property and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the trenching, splicing and underground placement of fiber optic infrastructure. While the Company's capitalization is based on specific activities, once capitalized, costs are tracked on a composite basis by fixed asset category and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs capitalized include materials, direct labor and overhead costs. The Company capitalizes direct labor and overhead using standards developed from actual costs and applicable operational data. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacement, including replacement of certain components, betterments, including replacement of fiber optic infrastructure are capitalized.

Depreciation is recorded using the straight-line method over management's estimate of the useful lives of the related assets as follows:

Computer Equipment	5 Years
Furniture & Fixtures	7 Years
Vehicles	5 Years
Fiber Optics Infrastructure Inventory	20 Years
Customer Premise Equipment	5 Years

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) PROPERTY, PLANT AND EQUIPMENT (continued)

Leasehold Improvements are depreciated over the shorter of the lease term or the estimated useful life of the asset.

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future.

(f) LONG-LIVED ASSETS

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the years ended December 31, 2025 and 2024.

(g) DEBT ISSUANCE COSTS

Debt issuance costs are amortized by use of the straight-line method over the original anticipated life of the related line of credit. Debt issuance costs are netted against the corresponding liability as shown in Note 6. The amortization of these costs is included in interest expense.

(h) REVENUE RECOGNITION

The Company's revenues are derived from shared fiber optic high speed internet services. Revenue is measured based on consideration specified in a contract with a third party. The Company recognizes revenue when it satisfies a performance obligation by providing services to customers.

(i) ADVERTISING AND MARKETING

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses totaled \$464,343 and \$87,960 for the years ended December 31, 2025 and 2024, respectively.

(j) STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation to employees using the fair value recognition provisions and disclosure requirements of accounting standards for stock-based compensation. The Company accounts for stock-based awards issued to employees by recognizing compensation expense based on the grant date fair value of the awards over the related vesting period. Determining the fair value of the awards at the grant date requires judgment, including estimating the expected term of the award, the associated volatility, forecasted returns and the expected dividends.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) LEASES

The Company recognizes and measures its leases in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, *Leases*. The Company is a lessee and sub-lessee in operating lease facilities (see Note 7). The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right-of-use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses the risk-free rate. The implicit rates of the Company's leases are not readily determinable and accordingly, the Company uses the risk-free rate based on information available at the commencement date of the related lease.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

(l) INCOME TAXES

The Company is a limited liability company and has elected to be treated as a partnership for tax purposes. Accordingly, income taxes are borne by the Member and the Company is subject to state limited liability company fees.

In accordance with the accounting pronouncement, *Accounting for Uncertainty in Income Taxes*, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is no longer subject to U.S. federal income tax examinations by tax authorities for the years before 2022 and state examinations for the years before 2021.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) RECLASSIFICATIONS

Certain prior-year amounts have been reclassified to conform to the current-year presentation. These reclassifications had no effect on previously reported total assets, total liabilities, member's equity, net loss, or cash flows.

(n) SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2025, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through April 29, 2026, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as otherwise disclosed in the Notes to these financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2025	2024
Computer Equipment	\$ 487,072	\$ 270,955
Furniture & Fixtures	225,204	145,876
Leasehold Improvements	53,020	25,339
Vehicles	1,228,408	559,621
Customer Premise Equipment	2,144,342	1,440,710
Fiber Optic Infrastructure		
Construction in Progress	4,721,884	1,962,950
Fiber Optic Infrastructure Inventory	88,325,042	43,069,298
TOTAL	97,184,972	47,474,749
Less: Accumulated Depreciation	(3,316,076)	(904,887)
NET PROPERTY AND EQUIPMENT	\$ 93,868,896	\$ 46,569,862

Depreciation expense totaled \$2,443,514 and \$862,528 for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the estimated costs to complete the construction in progress totaled approximately \$67,498,903, and is expected to be completed during the year ended December 31, 2026.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 3 - REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) DISAGGREGATION OF REVENUE

The Company recognizes revenue for service contracts over time when it satisfies a performance obligation by providing internet services to customers over the contract period. Sales are performed based on the service defined in the customer contract. The performance obligation is then the maintenance of providing 30 days of that continuous internet service to the customer and are invoiced monthly.

(b) CONTRACT BALANCES

The Company receives payments from customers based on a billing schedule as established by the Company's contracts. Contract assets relate to performance obligations where control has transferred to the customer in advance of scheduled billings. Contract liabilities include deferred revenues related to payments received in advance of performance under the contracts. All contracts due to the Company are recorded in accounts receivable at year end.

The following table provides information about contract balances at December 31:

	January 1, 2024	December 31, 2024	December 31, 2025
Accounts Receivable	\$ 33,185	\$ 84,329	\$ 210,950
Contract Liabilities	75	65,138	377,277

There were no contract assets at December 31, 2025 and 2024.

(c) PERFORMANCE OBLIGATIONS

For performance obligations related to the services provided to customers, control transfers to the customer over time. The Company transfers control and records revenue for the internet service provided in the month the service has been provided. The payment terms and conditions in customer contracts require a customer payment every 30 days from transfer of control.

For maintenance services, the performance obligation is satisfied over the contract term as a stand-ready obligation.

The Company does not have any significant financing components as payment is received at or shortly after the date of sale.

The nature of the Company's business gives rise to variable consideration, including rebates, allowances, and returns that generally decrease the transaction price, which reduces revenue. These variable amounts are generally credited to the customer, based on achieving certain levels of sales activity, product returns or price concessions. Variable consideration is estimated at the most likely amount that is expected to be earned.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 3 - REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(d) SIGNIFICANT JUDGMENTS

The Company recognizes certain contract revenue for financial reporting purposes over time. Progress toward completion of the Company's contracts is measured by the passage of time or the percentage of contracted outputs achieved to date to total outputs per the customer contract. These methods are used because management considers the aforementioned methods to be the best available measure of progress on customer contracts.

Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience, known trends, and agreed upon budgets, which require significant judgment.

(e) PRACTICAL EXPEDIENTS AND EXEMPTIONS

The Company utilized certain practical expedients and exemptions:

- The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a product/service to a customer and when the customer pays for that product/service will be one year or less. With this election, the Company is not required to disclose the remaining performance obligations (if any).
- The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period is one year or less.
- The Company has elected to not apply quantitative disaggregation disclosures.
- The Company has elected to not evaluate whether shipping and handling activities are promised services to customers and therefore is not a separate performance obligation. The Company expenses shipping and handling costs as selling expenses.
- The Company has elected to not make an assessment of evaluating when a customer obtains control of promised good or services.
- The Company has elected to not make an assessment of whether an estimate of variable consideration is constrained.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company has an agreement with an entity (related through common ownership) whereby the services of an employee are shared between the Company and the related party. The Company is also allocated certain reimbursable travel expenses of the employee. The total amount expensed under the agreement was \$9,185 and \$360,684 for the years ended December 31, 2025 and 2024, respectively, included in general and administrative expenses on the statements of operations. There were no amounts due to the related party as of December 31, 2025. Amounts due to the related party totaled \$360,684 as of December 31, 2024, and are included in accounts payable on the balance sheet.

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Company has adopted a multiple employer defined contribution 401(k) profit sharing plan administered by Slavic401k, the "Vensure Retirement Plan" (the "Plan"), that offers a pretax 401(k) and after-tax Roth Savings Plan to all eligible employees. Full-time employees of 18 years of age and over are eligible to participate. Employees are eligible to begin contributing to the Plan after 3 months of service. The Company may make discretionary matching contributions to employees who have completed 3 months of service and discretionary nonelective profit-sharing contributions to employees who have completed 1 year of service (1,000 hours of service in the applicable 12-consecutive month eligibility period) and who are employed on the last day of the Plan year. Employees are fully vested in employer discretionary matching contributions after one year of employment, in discretionary nonelective contributions after six years of employment and in qualified automatic contribution arrangement safe harbor matching contributions after 2 years of services. During the years ended December 31, 2025 and 2024 the Company made contributions to the Plan amounting to \$155,299 and \$104,807, respectively.

NOTE 6 - LINE OF CREDIT

During July 2024, the Company entered into a revolving credit agreement with a financial institution (the "line") providing for the maximum aggregate amount of \$20,000,000. The agreement was amended effective November 2024 to allow for an additional \$5,000,000 for a maximum aggregate amount of \$25,000,000. The credit agreement calls for interest at the greater of Prime plus 1.0% or the Adjusted Term SOFR plus 1.0%, whichever is higher, and matures on June 25, 2029. The credit agreement allows for Swingline Loans from a related investor under the same terms. The Company is required to comply with various financial covenants. In addition, the debt is subject to write-down and conversion related to the EU Bail-In Rules, which give European financial regulators broad authority to cancel, write down, convert to equity or otherwise modify unsecured liabilities of EU-based financial institutions. The conversion date is June 25, 2027. Unless previously terminated, any unused revolving commitments automatically terminate on the conversion date. From and after the conversion date, on each payment date, the Company is to make payments of principal in an amount equal to 1.25% of the outstanding amount as of the conversion date. The outstanding amount of the revolving loans and all accrued but unpaid interest thereon shall be due and payable on the maturity date.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 6 - LINE OF CREDIT (continued)

During March 2025, the Company entered into a swingline loan agreement with a related investor totaling \$10,000,000 under the terms as described above.

During June 2025, the Company's maximum aggregate amount under the credit agreement was increased from \$25,000,000 to \$60,000,000. In September 2025, the maximum aggregate amount under the credit agreement was increased to \$85,000,000.

The balance outstanding on the line at December 31, 2025 and 2024 was \$61,341,581 and \$24,620,709, respectively, net of remaining unamortized debt issuance costs of \$1,658,419 and \$379,291, respectively. Interest expense incurred on the line of credit totaled \$3,937,361 and \$827,390, including amortization of debt issuance costs totaling \$310,614 and \$42,143 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 - LEASES

In March 2023, the Company entered into a sixty-month operating lease agreement for office space located at 100 Spectrum Center Drive, Irvine, California. The operating lease agreement expires in July 2028 and does not include an option to extend.

In April 2023, the Company entered into a twenty-month sub-lease agreement for warehouse and office space located at 15791 Rockfield, Irvine, California, which is accounted for as an operating lease. The operating lease agreement expired January 31, 2025 and did not include an option to extend. The Company signed an operating lease agreement for the warehouse and office space beginning February 1, 2025.

Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term. As of December 31, 2025 and 2024, the Company recognized \$569,395 and \$781,535 of right-of-use assets, respectively, and \$645,495 and \$869,708 of related lease liabilities, respectively, for contracts that are classified as operating leases.

Lease cost was as follows for the years ended December 31:

	2025	2024
Operating Lease Cost	\$ 243,892	\$ 344,908
Short-Term Lease Cost	361,835	199,756
TOTAL LEASE COST	\$ 605,727	\$ 544,664

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 7 - LEASES (continued)

Weighted-average remaining lease term and weighted-average discount rate were as follows during the years ended December 31:

	2025	2024
Weighted-Average Lease Term Operating Leases	2.6 Years	3.6 Years
Weighted-Average Discount Rate Operating Leases	4.2%	4.2%

Maturities of lease liabilities as of December 31, 2025 are as follows:

Years Ending December 31	
2026	\$ 256,579
2027	266,691
2028	159,161
TOTAL LEASE PAYMENTS	682,431
Less: Imputed Interest	(36,936)
TOTAL LIABILITY	645,495
SHORT-TERM PORTION	(212,281)
LONG-TERM PORTION	\$ 433,214

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In the ordinary course of doing business, the Company may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Company, which, from time to time, may have an impact on operations. The Company does not believe that these proceedings, individually or in the aggregate, are material to its business or financial condition.

NOTE 9 - EMPLOYMENT CONTRACTS

The Company has employment contracts with certain key employees. The contracts provide for a base annual salary of a fixed amount subject to automatic increases upon the Company's achievement of certain milestones. The contracts continue for an indefinite period, subject to a termination and resignation provision.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 10 - MEMBER'S EQUITY

The Company entered into an amended and restated Limited Liability Company Agreement with Cityside Intermediate Holdings, LLC, a Delaware limited liability company and the Company's sole member, dated as of February 23, 2023 ("LLC Agreement").

The Company is authorized to issue 4,139.63 membership units with no par value, which may be amended from time to time. As of December 31, 2025, 4,139.63 membership units were issued and outstanding. Units issued shall not be certificated unless otherwise determined by the Member.

Pursuant to the LLC Agreement, the Member is not personally liable for any obligations or liabilities of the Company. The term of the Company shall continue in existence until dissolved in accordance with the provisions of the LLC Agreement.

The profits and losses of the Company shall be allocated to its Member. Member contributions and distributions shall be made at such time as determined by the Member.

Effective February 23, 2023, Cityside Intermediate Holdings, LLC acquired 100% of the membership interest in the Company from SDC Cityside Investor, LLC ("SDC Cityside"). Cityside Intermediate Holdings, LLC and SDC Cityside are entities under common control.

During the years ended December 31, 2025 and 2024 the Member made additional capital contributions totaling \$26,000,000 and \$17,000,000, respectively.

NOTE 11 - STOCK-BASED COMPENSATION

Certain key employees of the Company participate in an equity-based compensation program of Cityside Unit Holdings, LLC, a member of Cityside Intermediate Holdings, LLC. As of December 31, 2025 and 2024, the program authorized the issuance of 12,970,600 and 8,499,350 Class B units of Cityside Unit Holdings, LLC under Unit Grant Agreements, respectively. The fair value of the Class B units as of the grant dates was estimated to be negligible. A portion of the Class B units vests over either a two or five-year-service period (with vesting acceleration upon the sale of the Company) and a second portion upon achievement of a performance condition based on the level of return derived from the Company's financial performance. Based on the provisions limiting the recipient's ability to receive fair value for these equity-based compensation units upon vesting, and negligible fair value of the units at grant date, the Company has determined that there is no expense to recognize during the years ended December 31, 2025 and 2024.

CITYSIDE NETWORKS, LLC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

CITYSIDE NETWORKS, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Member of
Cityside Networks, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cityside Networks, LLC (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

To the Member of
Cityside Networks, LLC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Green Hasson & Janks LLP

July 16, 2025
Los Angeles, California

CITYSIDE NETWORKS, LLC

BALANCE SHEET December 31, 2024

ASSETS

CURRENT ASSETS:

Cash	\$ 1,015,923
Accounts Receivable	84,329
Prepaid and Other Current Assets	<u>582,026</u>

TOTAL CURRENT ASSETS 1,682,278

PROPERTY AND EQUIPMENT (Net) 46,569,862

OTHER ASSETS:

Right-of-Use Assets - Operating Leases	<u>781,535</u>
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TOTAL ASSETS \$ 49,033,675

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 4,187,717
Accrued Expenses and Other Current Liabilities	858,188
Operating Lease Liabilities, Short-Term	<u>212,141</u>

TOTAL CURRENT LIABILITIES 5,258,046

OTHER LIABILITIES:

Line of Credit (Net)	24,620,709
Operating Lease Liabilities, Long-Term	<u>657,567</u>

TOTAL OTHER LIABILITIES 25,278,276

TOTAL LIABILITIES 30,536,322

COMMITMENTS AND CONTINGENCIES

MEMBER'S EQUITY 18,497,353

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 49,033,675

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

STATEMENT OF OPERATIONS
Year Ended December 31, 2024

SALES	\$ 342,758
COSTS OF SALES	<u>1,243,819</u>
<i>GROSS LOSS</i>	(901,061)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>11,685,784</u>
<i>LOSS FROM OPERATIONS</i>	(12,586,845)
OTHER INCOME	<u>404</u>
<i>NET LOSS</i>	<u><u>\$ (12,586,441)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

STATEMENT OF MEMBER'S EQUITY
Year Ended December 31, 2024

MEMBER'S EQUITY - BEGINNING OF YEAR	\$ 14,083,794
Capital Contributions	17,000,000
Net Loss	<u>(12,586,441)</u>
MEMBER'S EQUITY - END OF YEAR	<u><u>\$ 18,497,353</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

STATEMENT OF CASH FLOWS Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$ (12,586,441)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:	
Depreciation and Amortization	862,528
Amortization of Right-Of-Use Assets	301,823
Increase in:	
Accounts Receivable	(51,144)
Prepays and Other Current Assets	(196,740)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	2,342,877
Accrued Expenses and Other Current Liabilities	360,522
Operating Lease Liabilities	(291,973)

NET CASH USED IN OPERATING ACTIVITIES (9,258,548)

CASH FLOWS USED IN INVESTING ACTIVITIES:

Purchases of Property and Equipment (31,715,186)

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions from Member 17,000,000
Advances from Line of Credit 24,620,709

CASH PROVIDED BY FINANCING ACTIVITIES 41,620,709

NET INCREASE IN CASH 646,975

Cash - Beginning of Year 368,948

CASH - END OF YEAR \$ 1,015,923

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid for Interest \$ 662,434

The Accompanying Notes are an Integral Part of These Financial Statements

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) NATURE OF OPERATIONS

Cityside Networks, LLC (the "Company"), is headquartered in Orange County, California and is a fiber-to-the-premise ("FTTP") developer and internet service provider. In addition to the Company's residential service offerings, the Company provides wholesale fiber products to business customers in Southern California and expanding markets. During the year ended December 31, 2024, the Company continued in its start-up phase of its business life cycle.

On March 10, 2021, Cityside Networks, Inc. was incorporated as a Non-Delaware Corporation in the state of California.

On January 27, 2023, Cityside Networks, Inc. converted to Cityside Networks, LLC.

Cityside Networks LLC, a Delaware limited liability company was formed pursuant to an LLC agreement amended and restated effective February 23, 2023.

(b) MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use certain estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Although management believes its estimates are appropriate, changes in assumptions utilized in preparing such estimates could cause these estimates to change sometime in the future.

(c) CASH

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The carrying value of cash at December 31, 2024 approximates its fair value.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables represents their estimated net realizable value. The Company closely monitors accounts receivable and estimates the allowance for credit losses when lifetime credit losses are expected by management. The estimation of the allowance is based on an analysis of historical loss experience and management's assessment of current conditions and reasonable and supportable expectation of future conditions. The Company assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances do not share similar risk characteristics with the pools. The expense associated with the allowance for expected credit losses is recognized in general and administrative expenses. The Company had no expenses related to credit losses for the year ended December 31, 2024.

(e) PROPERTY, PLANT AND EQUIPMENT

Additions to property and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the trenching, splicing and underground placement of fiber optic infrastructure. While the Company's capitalization is based on specific activities, once capitalized, costs are tracked on a composite basis by fixed asset category and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs capitalized include materials, direct labor and overhead costs. The Company capitalizes direct labor and overhead using standards developed from actual costs and applicable operational data. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacement, including replacement of certain components, betterments, including replacement of fiber optic infrastructure are capitalized.

Depreciation is recorded using the straight-line method over management's estimate of the useful lives of the related assets as follows:

Computer Equipment	5 Years
Furniture & Fixtures	7 Years
Vehicles	5 Years
Fiber Optics Infrastructure Inventory	20 Years
Customer Premise Equipment	5 Years

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) PROPERTY, PLANT AND EQUIPMENT (continued)

Leasehold Improvements are depreciated over the shorter of the lease term or the estimated useful life of the asset.

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future.

(f) LONG-LIVED ASSETS

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended December 31, 2024.

(g) DEBT ISSUANCE COSTS

Debt issuance costs are amortized by use of the straight-line method over the original anticipated life of the related line of credit. Debt issuance costs are netted against the corresponding liability as shown in Note 6. The amortization of these costs is included in interest expense.

(h) REVENUE RECOGNITION

The Company's revenues are derived from shared fiber optic high speed internet services. Revenue is measured based on consideration specified in a contract with a third party. The Company recognizes revenue when it satisfies a performance obligation by providing services to customers.

(i) ADVERTISING AND MARKETING

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses totaled \$87,960 for the year ended December 31, 2024.

(j) STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation to employees using the fair value recognition provisions and disclosure requirements of accounting standards for stock-based compensation. The Company accounts for stock-based awards issued to employees by recognizing compensation expense based on the grant date fair value of the awards over the related vesting period. Determining the fair value of the awards at the grant date requires judgment, including estimating the expected term of the award, the associated volatility, forecasted returns and the expected dividends.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) LEASES

The Company recognizes and measures its leases in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, *Leases*. The Company is a lessee and sub-lessee in operating lease facilities (see Note 5). The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right-of-use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses the risk-free rate. The implicit rates of the Company's leases are not readily determinable and accordingly, the Company uses the risk-free rate based on information available at the commencement date of the related lease.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

(l) INCOME TAXES

The Company is a limited liability company and has elected to be treated as a partnership for tax purposes. Accordingly, income taxes are borne by the Member and the Company is subject to state limited liability company fees.

In accordance with the accounting pronouncement, Accounting for Uncertainty in Income Taxes, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is no longer subject to U.S. federal income tax examinations by tax authorities for the years before 2021 and state examinations for the years before 2020.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NEW ACCOUNTING PRONOUNCEMENTS

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional expedients and exceptions for accounting for contract modifications, hedging relationships, and other transactions affected by the reference rate reform to ease the financial burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The guidance has subsequently been amended through ASU 2021-01 and 2022-06. The Company adopted the ASU during the year ended December 31, 2024.

(n) SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2024, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 16, 2025 the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as otherwise disclosed in the Notes to these financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2024:

Computer Equipment	\$	\$270,955
Furniture & Fixtures		145,876
Leasehold Improvements		25,339
Vehicles		559,621
Customer Premise Equipment		1,440,710
Fiber Optic Infrastructure		
Construction in Progress		1,962,950
Fiber Optic Infrastructure Inventory		43,069,298
TOTAL		47,474,749
Less: Accumulated Depreciation		<u>(904,887)</u>
NET PROPERTY AND EQUIPMENT		<u>\$ 46,569,862</u>

Depreciation expense totaled \$862,528 for the year ended December 31, 2024.

At December 31, 2024, the estimated costs to complete the construction in progress totaled approximately \$47,330,441, and is expected to be completed during the year ended December 31, 2025.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 3 - REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) DISAGGREGATION OF REVENUE

The Company recognizes revenue for service contracts over time when it satisfies a performance obligation by providing internet services to customers over the contract period. Sales are done based on the service defined in the customer contract. The performance obligation is then the maintenance of providing 30 days of that continuous internet service to the customer, and are invoiced monthly.

(b) CONTRACT BALANCES

The Company receives payments from customers based on a billing schedule as established by the Company's contracts. Contract assets relate to performance obligations where control has transferred to the customer in advance of scheduled billings. Contract liabilities include deferred revenues related to payments received in advance of performance under the contracts.

The following table provides information about contract balances:

	January 1, 2024	December 31, 2024
Receivables from Contracts with Customers	\$ 33,185	\$ 84,329
Contract Liabilities	75	65,138

There were no contract assets at December 31, 2024.

(c) PERFORMANCE OBLIGATIONS

For performance obligations related to the services provided to customers, control transfers to the customer over time. The Company transfers control and records revenue for the internet service provided in the month the service has been provided. The payment terms and conditions in customer contracts require a customer payment every 30 days from transfer of control.

For maintenance services, the performance obligation is satisfied over the contract term as a stand-ready obligation.

The Company does not have any significant financing components as payment is received at or shortly after the date of sale.

The nature of the Company's business gives rise to variable consideration, including rebates, allowances, and returns that generally decrease the transaction price, which reduces revenue. These variable amounts are generally credited to the customer, based on achieving certain levels of sales activity, product returns or price concessions. Variable consideration is estimated at the most likely amount that is expected to be earned.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 3 - REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(d) SIGNIFICANT JUDGMENTS

The Company recognizes certain contract revenue for financial reporting purposes over time. Progress toward completion of the Company's contracts is measured by the passage of time or the percentage of contracted outputs achieved to date to total outputs per the customer contract. These methods are used because management considers the aforementioned methods to be the best available measure of progress on customer contracts.

Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience, known trends, and agreed upon budgets, which require significant judgment.

(e) PRACTICAL EXPEDIENTS AND EXEMPTIONS

The Company utilized certain practical expedients and exemptions:

- The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a product/service to a customer and when the customer pays for that product/service will be one year or less. With this election, the Company is not required to disclose the remaining performance obligations (if any).
- The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period is one year or less.
- The Company has elected to not apply quantitative disaggregation disclosures.
- The Company has elected to not evaluate whether shipping and handling activities are promised services to customers and therefore is not a separate performance obligation. The Company expenses shipping and handling costs as selling expenses.
- The Company has elected to not make an assessment of evaluating when a customer obtains control of promised good or services.
- The Company has elected to not make an assessment of whether an estimate of variable consideration is constrained.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company has an agreement with an entity (related through common ownership) whereby the services of an employee are shared between the Company and the related party. The Company is also allocated certain reimbursable travel expenses of the employee. The total amount expensed under the agreement was \$360,684 for the year ended December 31, 2024, included in general and administrative expenses on the statement of operations. Amounts due to the related party totaled \$360,684 as of December 31, 2024, included in accounts payable on the balance sheet.

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Company has adopted a multiple employer defined contribution 401(k) profit sharing plan administered by Slavic401k, the "Vensure Retirement Plan" (the "Plan"), that offers a pretax 401(k) and after-tax Roth Savings Plan to all eligible employees. Full-time employees of 18 years of age and over are eligible to participate. Employees are eligible to begin contributing to the Plan after 3 months of service. The Company may make discretionary matching contributions to employees who have completed 3 months of service and discretionary nonelective profit-sharing contributions to employees who have completed 1 year of service (1,000 hours of service in the applicable 12-consecutive month eligibility period) and who are employed on the last day of the Plan year. Employees are fully vested in employer discretionary matching contributions after one year of employment, in discretionary nonelective contributions after six years of employment and in qualified automatic contribution arrangement safer harbor matching contributions after 2 years of services. During the year ended December 31, 2024 the Company made contributions to the Plan amounting to \$104,807.

NOTE 6 - LINE OF CREDIT

During July 2024, the Company entered into a revolving credit agreement with a financial institution providing for the maximum aggregate amount of \$20,000,000. The agreement was amended effective November 2024 to allow for an additional \$5,000,000 for a maximum aggregate amount of \$25,000,000. The credit agreement calls for interest at the greater of Prime plus 1.0% or the Adjusted Term SOFR plus 1.0%, whichever is higher, and matures on June 25, 2029. The credit agreement allows for Swingline Loans from a related investor under the same terms. The Company is required to comply with various financial covenants. In addition, the debt is subject write-down and conversion related to the EU Bail-In Rules, which give European financial regulators broad authority to cancel, write down, covert to equity or otherwise modify unsecured liabilities of EU-based financial institutions. The conversion date is June 25, 2027. Unless previously terminated, any unused revolving commitments automatically terminate on the conversion date. From and after the conversion date, on each payment date, the Company is to make payments of principal in an amount equal to 1.25% of the outstanding amount as of the conversion date. The outstanding amount of the revolving loans and all accrued but unpaid interest thereon shall be due and payable on the maturity date.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 6 - LINE OF CREDIT (continued)

The balance outstanding on the line at December 31, 2024 was \$24,620,709, net of remaining unamortized debt issuance costs of \$379,291. Interest expense incurred on the line of credit totaled \$827,390, including amortization of debt issuance costs totaling \$42,143 for the year ended December 31, 2024.

During March 2025, the Company entered into a swingline loan agreement with a related investor totaling \$10,000,000.

NOTE 7 - LEASES

In March 2023, the Company entered into a sixty-month operating lease agreement for office space located at 100 Spectrum Center Drive, Irvine, California. The operating lease agreement expires in July 2028 and does not include an option to extend.

In April 2023, the Company entered into a twenty-month sub-lease agreement for warehouse and office space located at 15791 Rockfield, Irvine, California, which is accounted for as an operating lease. The operating lease agreement expires January 31, 2025 and does not include an option to extend. Subsequent to year end, the Company has signed an operating lease agreement for the warehouse and office space beginning February 1, 2025.

Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term. As of December 31, 2024, the Company recognized \$781,535 of right-of-use assets and \$869,708 of related lease liabilities for contracts that are classified as operating leases.

Lease cost was as follows for the year ended:

	December 31, 2024
Operating Lease Cost	\$ 344,908
Short-Term Lease Cost	199,756
TOTAL LEASE COST	\$ 544,664

Weighted-average remaining lease term and weighted-average discount rate were as follows during the year ended:

	December 31, 2024
Weighted-Average Lease Term Operating Leases	3.6 Years
Weighted-Average Discount Rate Operating Leases	4.2%

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 7 - LEASES (continued)

Maturities of lease liabilities as of December 31, 2024 are as follows:

Years Ending December 31	
2025	\$ 255,964
2026	256,579
2027	266,691
2028	<u>159,161</u>
TOTAL LEASE PAYMENTS	938,395
Less: Imputed Interest	<u>(68,687)</u>
TOTAL LIABILITY	<u>869,708</u>
SHORT-TERM PORTION	<u>(212,141)</u>
LONG-TERM PORTION	<u>\$ 657,567</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In the ordinary course of doing business, the Company may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Company, which, from time to time, may have an impact on operations. The Company does not believe that these proceedings, individually or in the aggregate, are material to its business or financial condition. As of December 31, 2024, the Company is not involved in any such lawsuits.

NOTE 9 - EMPLOYMENT CONTRACTS

The Company has employment contracts with certain key employees. The contracts provide for a base annual salary of a fixed amount subject to automatic increases upon the Company's achievement of certain milestones. The contracts continue for an indefinite period, subject to a termination and resignation provision.

NOTE 10 - MEMBER'S EQUITY

The Company entered into an amended and restated Limited Liability Company Agreement with Cityside Intermediate Holdings, LLC, a Delaware limited liability company and the Company's sole member, dated as of February 23, 2023 ("LLC Agreement").

The Company is authorized to issue 4,139.63 membership units with no par value, which may be amended from time to time. As of December 31, 2024, 4,139.63 membership units were issued and outstanding. Units issued shall not be certificated unless otherwise determined by the Member.

CITYSIDE NETWORKS, LLC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 10 - MEMBER'S EQUITY (continued)

Pursuant to the LLC Agreement, the Member is not personally liable for any obligations or liabilities of the Company. The term of the Company shall continue in existence until dissolved in accordance with the provisions of the LLC Agreement.

The profits and losses of the Company shall be allocated to its Member. Member contributions and distributions shall be made at such time as determined by the Member.

Effective February 23, 2023, Cityside Intermediate Holdings, LLC acquired 100% of the membership interest in the Company from SDC Cityside Investor, LLC ("SDC Cityside"). Cityside Intermediate Holdings, LLC and SDC Cityside are entities under common control.

During the year ended December 31, 2024 the Member made additional capital contributions totaling \$17,000,000.

NOTE 11 - STOCK-BASED COMPENSATION

Certain key employees of the Company participate in an equity-based compensation program of Cityside Unit Holdings, LLC, a member of Cityside Intermediate Holdings, LLC. As of December 31, 2024, the program authorized the issuance of 8,499,350 Class B units of Cityside Unit Holdings, LLC under Unit Grant Agreements. The fair value of the Class B units as of the grant dates was estimated to be negligible. A portion of the Class B units vests over either a two or five-year-service period (with vesting acceleration upon the sale of the Company) and a second portion upon achievement of a performance condition based on the level of return derived from the Company's financial performance. Based on the provisions limiting the recipient's ability to receive fair value for these equity-based compensation units upon vesting, and negligible fair value of the units at grant date, the Company has determined that there is no expense to recognize during the year ended December 31, 2024.

