

Decision No. 69364

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of  
John Roland Nissen, dba CLEARLAKE  
RADIO TELEPHONE for Certificate  
of Public Convenience and Necessity  
to Operate a Radio Telephone  
Utilities System. )

Application No. 47151  
(November 30, 1964)

John Roland Nissen, in propria persona.  
Claud L. Tadlock, for Tadlocks Radio Dispatch,  
interested party.  
George A. Amaroli and Sidney J. Webb, for the Commission  
staff.

O P I N I O N

This application was heard before Examiner Coffey at San Francisco on February 25, 1965, and was submitted on April 22, 1965, upon receipt of the transcript and applicant's late filed-Exhibit 4 setting forth its proposed schedule of charges. Copies of the application and notice of hearing were served in accordance with the Commission's procedural rules.

Applicant requests the issuance of a certificate of public convenience and necessity to establish and provide mobile radio communication service in the Clearlake area of Lake County.

Applicant presently operates a base radio station and six mobile units in his garage and auto parts business. The base station site is on a mountain near Clearlake Oaks. The lease for the site and easement for control and power lines may be terminated at any time upon six months notice if the property is either sold or developed. Applicant proposes to modify the present system to use Duplex Channel 3½ at an estimated cost of \$1,260 to render public utility service. Subscribers will have the option of supplying their mobile units or of leasing them from applicant. Applicant

expects that 50 units, estimated to cost \$600 each, will be served within the first three years of operation. Applicant initially will offer 24-hour service. The system will be operated from the message center of applicant's nonutility business for approximately six months and thereafter from and by a local telephone answering service.

Applicant has had no experience in operating a mobile telephone utility, but has available technical assistance and has utilized mobile radio communication facilities in his business. Applicant made no showing of the reasonableness of the rates proposed. We note that the proposed rates were substantially revised by the late-filed exhibit to be very similar to those authorized the Redwood Radio Telephone Corporation on November 24, 1964, by Decision No. 68255 (A. 46739).

During the hearing and after staff cross-examination, applicant changed his plan of financing the utility operation from a supplier five-year purchase plan requiring ten percent down payment with an effective interest rate approaching 15 percent to the utilization of bank loans secured by applicant's property and leases from vendors. Applicant's nonutility business balance sheets indicate assets and net worth amounting to approximately \$78,000 and \$47,000, respectively.

Tadlocks Radio Dispatch is a miscellaneous common carrier rendering telephone public utility service in the Central Valley from Chico to Stockton. Tadlock presently has three channels, is licensed to serve 275 mobile units and has 47 held orders for equipment and subscribers. In order to extend its service, Tadlock is applying to the Federal Communications Commission for assignment of the same channel as applicant is requesting.

To demonstrate the public need for his proposed service, applicant presented one witness and 29 letters from individuals which stated their interest in and need of the proposed service. The permanent population in the lake and mountain area is about 20,000 and of low density.

Upon consideration of the evidence, the Commission finds that:

1. The public has need for the proposed service which is not presently available, or obtainable by the use of other services;
2. Public convenience and necessity require that applicant establish and provide the proposed service;
3. Applicant possesses the financial resources to provide the proposed system; and
4. The rates proposed by applicant and set forth in Appendix A attached hereto are fair and reasonable for the service to render in the development period of the utility.

The Commission concludes that:

1. The application should be granted as set forth in the ensuing order;
2. Applicant should file rules, standard forms and other tariff sheets as needed to define the conditions of rendering public utility service;

Applicant should file for each of three twelve-month consecutive periods a special report on the results of its utility operation so that the reasonableness of its rates may be reviewed.

The certificate hereinafter granted shall be subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to John Roland Nissen, dba Clearlake Radio Telephone, authorizing him to establish and provide miscellaneous common carrier telephone public utility service in the Clearlake area of Lake County, California.
2. Applicant is authorized to file, after the effective date of this order, the rates and charges set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public under the authority herein granted, together with rules governing service to customers, a tariff service area map and sample copies of printed forms normally used in connection with customers' services, in accordance with the requirements of General Order No. 96-A. Such rates, rules, tariff service area map and forms shall become effective upon five days' notice to this Commission and to the public after filing as hereinabove provided.

3. Applicant shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

4. Applicant shall file with this Commission copies of all annual reports made to the Federal Communications Commission.

5. Applicant shall determine accruals for depreciation by dividing the original cost of the depreciable utility plant, less estimated future net salvage and less depreciation reserve, by the estimated remaining life of the depreciable plant. Applicant shall review the accruals as of January 1, following the date service is first furnished to the public under the rates and rules authorized herein and thereafter when major changes in depreciable utility plant composition occur, and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

6. For each of three consecutive twelve-month periods subsequent to the date service is first rendered to the public under the rates and rules authorized herein and within two months after the end of each period, applicant shall file a written report of the results of its utility operations separated from its nonutility business. The report shall include revenues by types of service, average and end of period number of subscribers to each type of service, expenses by each major class of operating expense, operating taxes, depreciation, the basis of separation of common utility and nonutility expense and plant, the amount of the depreciation reserve, and the plant and other assets devoted to public service.

7. The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after the effective date of this order.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 7th day of July, 1965.

Frederick B. Hallock  
President  
W. R. Mitchell  
George G. Grover  
Morgan  
William W. Beard  
Commissioners

APPENDIX A

Authorized rates and charges:

- A. When applicant furnishes mobile unit, the charges shall be as follows:
  - 1. Installation and removal \$35.00
  - 2. Rental per mobile unit (maintained) \$25.00/mo.
- B. Message service - charge to subscriber whether mobile unit furnished is owned by applicant or subscriber:
  - 1. Minimum charge (covers 45 calls per month per mobile unit) \$18.00/mo.
  - 2. For each call over minimum 0.20/call
  - 3. A call shall be defined as 1 minute or portion thereof of air time; each additional minute or portion thereof shall constitute an additional call.
- C. The charges herein provided for cover the radio link service only. Any additional charges incurred by or on behalf of the subscriber for wire line telephone service or otherwise shall be charged to the subscriber.