

Decision 84 06 120

JUN 20 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HIGH TECH COMMUNICATIONS OF
CALIFORNIA, INC., for a certificate
of public convenience and necessity
to construct and operate a radio
telephone paging system in Los
Angeles and vicinity.

Application 83-12-62
(Filed December 30, 1983;
amended February 27, 1984)

O P I N I O N

Applicant High Tech Communications of California, Inc., a newly formed California corporation, requests a certificate of public convenience and necessity to construct and operate facilities for the purpose of rendering one-way radiotelephone paging service as a public utility in Los Angeles and vicinity. Notice that the application had been filed appeared in the Commission's Daily Calendar of January 5, 1984. The application shows that copies of the application were served by mail on 11 companies performing or certificated to perform public utility radiotelephone service in the Los Angeles area, the Allied Telephone Companies Association, the counties, and principal cities in the proposed service area. The application was protested by General Telephone Company of California insofar as concerns the use by applicant of selector level telephone numbers as a method by which applicant will interconnect with the telephone network.

Applicant is a wholly owned subsidiary of High Tech Communications Corporation, a Delaware corporation, which possesses the requisite Federal Communications Commission (FCC) permit necessary to engage in the operations proposed. The application represents that an application has been filed with the FCC for the transfer of this permit to applicant.

Applicant proposes to provide tone-only and digital display radiotelephone service from four base stations located at Glendale, Pomona, Palos Verdes, and Santa Ana. The system will be unified in that each paging message will be transmitted by simultaneous activation of all transmitters, making possible receipt of messages through the service area of applicant. Applicant will transmit on frequency 35.30 megahertz (MHz). (It is aware that because of the characteristics of the 35 MHz radio band, its four transmitters may not generate a signal capable of effectively penetrating certain types of structures through the service area contour indicated on its map, Exhibit B. It has, therefore, identified a number of potential "fill-in" transmitter sites and the financial planning of the system has taken into consideration the possible need for two or three additional sites.) Transmitters, which will be located at existing radio transmitter sites, will be controlled initially through leased wireline connection with a BBL paging terminal. As additional transmitter sites are added and use of the system increases, leased line control circuits will be replaced with 72 MHz radio control links. Applicant intends to charge \$4.50 per month per unit for tone-only service and \$12.00 per month per unit for digital display service.

Maintenance and repair of the proposed facilities will be performed by applicant's vice president who devotes his full time to the technical operation of the communications system licensed to the applicant and its affiliates.

The engineering specifications of the proposed system are set forth in Exhibit C.

Applicant estimates that the capital requirements for the proposed construction and initial operation of the system will be

approximately \$237,000, which will be borne by the Cellular Technology, Inc. (Cellular Tech) which is the parent company of applicant's own parent. Attached to the application is a copy of a letter to applicant in which Cellular Tech confirms its intention to make available to applicant such funds as will be necessary for the construction and initial operation of applicant's proposed system. Cellular Tech's balance sheet attached to the application shows that as of September 30, 1983 it had a net worth of \$2,324,367.

Applicant does not anticipate making a profit during the first two years of operation; however, in its third, fourth, and fifth year operations it expects to turn increasing profits.

Applicant has conducted a telephone survey of a limited number of potential paging customers in the Los Angeles area. That survey showed that persons and companies interviewed expressed a willingness to subscribe to applicant's proposed service for a total of 199 paging units. It is now conducting a mail survey, the results of which will be submitted as an amendment if the Commission so desires.

Protestant states that its protest to the application is for the limited purpose of opposing the method by which applicant proposes to utilize and switch into the telephone network. Protestant is a wireline telephone company and telecommunications company which provides such services to a large portion of the Los Angeles area and much of protestant's serving area is within applicant's proposed service area. Protestant is concerned that it will necessarily be asked to provide selector level telephone numbers to applicant. Even where those selector level telephone numbers are provided by some other telephone company, the utilization of a large number of telephone numbers in this way can be expected to have an adverse impact on protestant's customers in the Los Angeles area. Protestant believes that the use of selector level telephone numbers is wasteful, unnecessary, and a drain on telephone company

capacities. It is also an inefficient use of telephone company facilities and capacities. Protestant points out that there are other alternatives now being used by existing paging systems which are more appropriate than the use of selector level numbers.

After receiving protestant's protest, applicant amended its application to read as follows:

"In the event the wireline telephone company providing High Tech access to the public switched telephone network is not presently providing or drawing upon a reserved pool of selector level telephone numbers to all other radio telephone utilities in the Los Angeles area on a non-discriminatory basis, High Tech will employ standard end-to-end dialing techniques. The system will be fully interconnected with the public switched telephone network at the terminal location. In exchanges with sufficient demand, subscribers will be provided toll-free access to the system by means of foreign exchange lines or the equivalent."

Findings of Fact

1. Applicant requests a certificate to construct and operate facilities to render public utility one-way radiotelephone service in Los Angeles and vicinity.
2. The FCC permit necessary to perform such service currently stands in the name of applicant's parent company which is in the process before the FCC of obtaining a transfer of the permit to applicant.
3. Applicant intends to offer tone-only and digital display paging service from four base stations located at Glendale, Pomona, Palos Verdes, and Santa Ana at existing transmitter sites.
4. The system will be automatically interconnected with public landline switched telephone service.
5. "Fill-in transmitters" may be necessary to complete the system and applicant's financial planning has taken this into consideration.

6. As a service rate applicant intends to charge \$4.50 per month per unit for tone-only service and \$12.00 per month per unit for digital display service.

7. The engineering specifications of the proposed system are set forth in Exhibit C.

8. Cost of installation and initial operation of the system, which amounts to \$237,000, will be initially borne by the parent company of applicant's parent company. The former company had a net worth as of September 30, 1983 of over \$2,000,000.

9. Applicant expects its operation to return a profit from, including, and after the third year of its operations.

10. Applicant conducted a telephone survey, the results of which showed a public need for its service.

11. The proposed service is technically feasible.

12. The proposed service is economically feasible.

13. Applicant has available to it the necessary funds to construct and operate the proposed system.

14. Public convenience and necessity require the granting of the application.

15. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

16. The mere granting of this application gives applicant no assurance that it will be able to obtain selector level telephone numbers from a telephone company.

17. A hearing is not necessary.

Conclusion of Law

The application should be granted.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IS ORDERED that:
1. A certificate of public convenience and necessity is granted to High Tech Communications of California, Inc. (applicant) for the construction and operation of a public utility one-way radiotelephone system with base stations and a service area located as follows:

Base station locations:

1. Verdugo Peak Radio Site, Glendale.
Lat. $34^{\circ} 12' 54''$ N, Long. $118^{\circ} 16' 29''$ W.
2. Santiago Peak Antenna Site, Santa Ana.
Lat. $33^{\circ} 42' 38''$ N, Long. $117^{\circ} 32' 00''$ W.
3. 28501 High Ridge Road, Palos Verdes.
Lat. $33^{\circ} 46' 13''$ N, Long. $118^{\circ} 22' 54''$ W.
4. Sunset Ridge, approximately 3 miles north of
Pomona.
Lat. $34^{\circ} 11' 17''$ N, Long. $117^{\circ} 42' 16''$ W.

Service area: As set out on the map in Exhibit B to Application (A.) 83-12-62.

2. Within 30 days after this order is effective, applicant shall file a written acceptance of the certificate granted in this proceeding.

3. Applicant is authorized to file, after the effective date of this order and in compliance with Ordering Paragraph 3, tariffs applicable to the service authorized containing rates, rules, and charges otherwise applicable to its radiotelephone services. The offerings, rates, and charges shall be the same as proposed by applicant in its A.83-12-62. This filing shall comply with General Order 96-A. The tariffs shall become effective on not less than 10 days' notice.

4. Applicant shall file, after the effective date of this order and compliance with Ordering Paragraph 3, as part of its individual tariff, an engineered service area map drawn in conformity with the provisions of the Federal Communications Commission Rule 22.504, commonly known as the "Carey Report", consistent with Exhibit B to A.83-12-62.

CORRECTION

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THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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5. Applicant shall notify this Commission, in writing, of the date service is first rendered to public under the rates, rules, and charges authorized within five days after service begins.

6. Applicant shall keep its books and records in accordance with the Uniform System of Accounts for Radiotelephone Utilities, prescribed by this Commission.

7. Applicant shall file an annual report, in compliance with General Order 104-A, on a calendar-year basis using CPUC Annual Report Form L and prepared in accordance with the instructions included in that form.

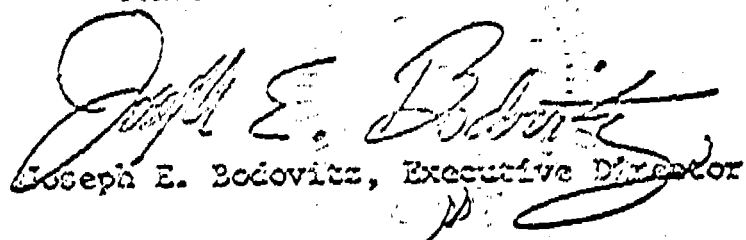
8. The certificate granted and the authority to render service under rates, rules, and charges authorized will expire if not exercised within 12 months after the effective date of this order.

This order becomes effective 30 days from today.

Dated JUN 20 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bočovitz, Executive Director