

Decision 84 C9 C01

SEP 6 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MCI Airsignal of California, Inc.,
a California corporation, for a
certificate of public convenience
and necessity to provide Radio-
telephone Utility Service in the
Monterey Bay Area from South Carmel
to North of Santa Cruz, and areas
East to Merced County, encompassing
portions of Santa Cruz, Santa Clara,
Monterey, and San Benito Counties,
California.

Application 82-12-70
(Filed December 31, 1982;
amended October 3, 1983)

O P I N I O N

MCI Airsignal of California, Inc. (applicant), a California corporation, requests certificates of public convenience and necessity to construct and operate facilities for the purpose of rendering (1) two-way mobile radiotelephone service to the City of Monterey and environs and (2) one-way radiotelephone paging service to the Monterey Bay Area from south of Carmel to north of Santa Cruz and areas east to Merced County. Copies of the application and amended application were served on Mobile Radio System of San Jose, Salinas Valley Radio Telephone, and the principal cities and the four counties involved in the application. A protest was received from Salinas Valley Radio Telephone but was later withdrawn. Applicant possesses the necessary Federal Communications Commission (FCC) construction permits.

Applicant is a radiotelephone public utility which provides two-way mobile telephone and one-way paging service within and adjacent to the cities of Sacramento, Stockton, Concord, Modesto, Vallejo, South Lake Tahoe, Fresno, Hanford, Visalia, Porterville, and Bakersfield, among other places. It currently provides two-way mobile telephone service and one-way paging service to over

17,000 mobile and paging units on various low-band, VHF, and UHF frequencies. As of June 30, 1983, applicant had assets of \$4,244,483, liabilities of \$3,532,974, and net worth of \$711,509. For the six months ended on that date it had revenues of \$3,864,157 for a net operating loss of \$522,741.

The proposed facilities, which will include interconnected access to switched telephone networks, will provide local automatic two-way mobile telephone service to the City of Monterey and environs and roamer (transient) mobile telephone service through arrangements with other radiotelephone utilities (RTUs) and/or wireline carriers. They will also provide local tone-only and tone-and-voice paging service to the Monterey Bay Area from South of Carmel to North of Santa Cruz, and areas East to Merced County, including the Cities of Carmel, Monterey, Pacific Grove, Seaside, Salinas, Castroville, Moss Landing, Watsonville, Santa Cruz, Gilroy and Hollister, California, wide-area paging arrangements with other RTUs (where feasible), and multi-city paging service in major population centers in California and elsewhere in the United States.

The required seven transmitter sites have been leased or rented from the owners by applicant. The sites are already occupied by radio communication facilities.

The proposed facilities will be installed, operated, and maintained by and under the supervision of applicant's technical staff and that of its parent company, MCI Airsignal, Inc. The daily management, operation, and maintenance of both systems will be provided by local station personnel of applicant under the direct supervision of applicant's District Manager. Emergency maintenance and repair of facilities will also be provided by local qualified radio communication service shops.

Applicant proposes to charge for the two-way mobile telephone service, the tone-only paging service, and the tone-and-voice paging service its currently effective rates and charges on file with the Commission for its Area II service areas for automatic

mobile service and equipment and for standard tone-only and tone-and-voice paging service. FX lines or an equivalent arrangement will be provided in order that telephone calls originating in the proposed service area will not cost more than a single local message unit.

Applicant anticipates that the initial cost of installing the proposed system will be approximately \$140,500. The amount necessary for construction and installation will be financed through account advances from applicant's parent company, MCI Airsignal, Inc., which had a net worth as of June 30, 1983 of \$12,621,000.

Engineering specifications are set forth in Exhibit C to the application.

Applicant has conducted telephone market surveys and personal interviews with potential customers within the proposed expanded service area, which reveal to it that there was a substantial unserved public need for the automatic two-way and one paging services proposed by applicant. Based on such surveys, applicant estimates that for the first full year of operation it will serve not less than 20 mobile units and 800 paging units. During the fifth full year of operation it will be serving not less than 60 mobile units and 4,500 paging units. While it anticipates that its first full year of operations will result in a net operating loss of \$103,098 it anticipates that its fifth full year of operation will result in a net profit of \$345,930.

Findings of Fact

1. Applicant requests a certificate to construct and operate public utility radio telephone facilities for the purpose of furnishing two-way mobile telephone service in and around the City of Monterey and one-way paging service in the Counties of Monterey, Santa Cruz, Santa Clara, and San Benito.
2. Applicant has the requisite FCC permits.
3. Applicant currently provides two-way mobile telephone service and one-way paging service to over 17,000 mobile and paging units.

4. As of June 30, 1983 applicant had net assets of \$4,244,483, liabilities of \$3,532,974, and a net worth of \$711,509.

5. Engineering specifications for the proposed system are set forth in Exhibit C to the application.

6. The required seven transmitter sites have been leased or rented from the owners by applicant and the sites are already occupied by radio communication facilities.

7. Construction and installation costs of the system are estimated by applicant to run about \$140,500 and will be financed through account advances from applicant's parent company which had a net worth as of June 30, 1983 of approximately \$12,621,000.

8. Applicant conducted telephone market surveys and personal interviews with potential customers within the proposed service area which revealed to it that there is a public need for the proposed service.

9. While applicant anticipates a start up operating loss for the first year of the proposed operation it anticipates that by the fifth year of operation its operation will return a profit.

10. Applicant's charges for its proposed services will be the same as it is now charging for comparable service in its Area II service areas.

11. The proposed operations are technically feasible.

12. The proposed operations are economically feasible.

13. Applicant is fit, willing, and able to conduct the proposed operations.

14. Public convenience and necessity require the issuance of the requested certificates.

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

16. A public hearing is not necessary.

Conclusion of Law

The application should be granted.

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

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to MCI Airsignal of California, Inc. (applicant), a California corporation, to construct and operate facilities for the purpose of rendering public utility two-way radiotelephone service with a base station located at West Franklin and Calle Principal Streets in the City of Monterey (Latitude $36^{\circ} 36' 03''$ N, Long. $121^{\circ} 53' 38''$ W) and a service area as set out on the map on page 1 of Exhibit B to amended Application (A.) 82-12-70.

2. A certificate of public convenience and necessity is granted to applicant to construct and operate facilities for the purpose of rendering public utility one-way radiotelephone paging service with base stations and a service area located as follows:

Base station locations:

- a. West Franklin and Calle Principal, Monterey.
Lat. $36^{\circ} 36' 03''$ N, Long. $121^{\circ} 53' 38''$ W.
- b. Rio Road, behind Riverwood Apartments,
Carmel.
Lat. $36^{\circ} 32' 12''$ N, Long. $121^{\circ} 54' 13''$ W.
- c. 142 Benito Avenue, Santa Cruz.
Lat. $36^{\circ} 58' 49''$ N, Long. $122^{\circ} 00' 37''$ W.
- d. 17 West Carmel Valley Road, Carmel Valley.
Lat. $36^{\circ} 29' 46''$ N, Long. $121^{\circ} 44' 42''$ W.
- e. Hidden Hills Road at end of pavement,
Monterey.
Lat. $36^{\circ} 33' 13''$ N, Long. $121^{\circ} 46' 56''$ W.

- f. On Fremont Peak, 9 miles NE of Salinas,
Salinas.
Lat. 36° 45' 22" N, Long. 121° 30' 05" W.

Service area: As set out on the map depicting
service area contours for
frequency 35.58 on page 2 of
Exhibit B to A.82-12-70.

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

4. 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 now charged by applicant for the respective service. This filing shall comply with General Order 96-A. The tariffs shall become effective on not less than 10 days' notice.

5. Applicant shall file, after the effective date of this order and compliance with Ordering Paragraph 3, as part of its individual tariff, engineered service area maps drawn in conformity with the provisions of the Federal Communications Commission Rule 22.504, commonly known as the "Carey Report", consistent with pages 1 and 2 of Exhibit B to amend A.82-12-70.

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

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

8. 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.

9. Any 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.

10. The application is granted as set forth above.

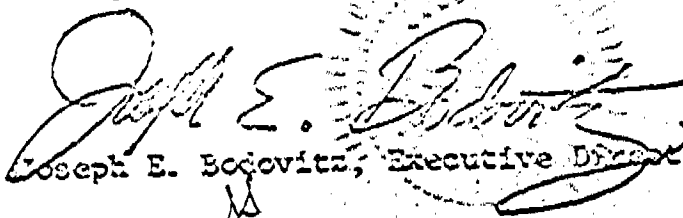
This order becomes effective 30 days from today.

Dated SEP 6 1984, at San Francisco, California.

LEONARD M. CRIMES, 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. Bodovitz, Executive Director