

ORIGINAL

Decision 88-02-009 February 10, 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CELL-U-LINK INCORPORATED for a certi-)
ficate Convenience and Necessity)
to Operate as a Reseller of Cellular)
Radio Telecommunications Services)
Within California.)

Application 87-09-036
(Filed September 28, 1987)

OPINION

This is an application in which Cell-U-Link, Incorporated (Cell-U-Link) seeks authority to operate as a reseller of cellular telecommunications services within California.

Notice of the filing of the application appeared in the Commission's Daily Calendar on October 1, 1987. There are no protests.

The Commission makes the following findings and conclusions.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Cell-U-Link is a newly formed California corporation. Michael L. Sharp (Sharp) has 100% control of Cell-U-Link through his management company, Mike Sharp Management, which owns all of its outstanding stock. Sharp has extensive management experience having served as Senior Vice-President for the chief marketing organization of Massachusetts Indemnity and Life Insurance Company, A. L. Williams, from 1979 to 1986. Sharp is also the principal owner of CELL-U-LINK Marketing, Inc. which is involved in the wholesale and retail sales of cellular telephone equipment and services.

2. Cell-U-Link proposes to operate as a resale carrier of cellular radio telephone service within California pursuant to the general scheme of regulation established by this Commission

D.84-04-014, dated April 4, 1984. A reseller of cellular radio services does not construct, own or operate any fixed cellular radio equipment or facilities, but sells to end users the services provided by communications carriers which do operate the fixed facilities necessary to transmit cellular telephone traffic. A schedule of its proposed rates is included in the application.

3. The proposed service will enhance competition in the cellular retail market. Enhanced competition will bring long-term benefits to California cellular subscribers such as lower priced service, increased ability of customers to choose between service providers and a wide variety of service packages, and provide increased utilization of the existing facilities of the underlying carriers, which will enable the underlying carriers to use the system more efficiently.

4. A financial statement submitted to the Commission, which is designated as Exhibit 1, indicates that as of September 21, 1987, Cell-U-Link had net assets of \$150,000 in cash.

5. Cell-U-Link has the ability, including financial ability, to conduct the proposed operations.

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

7. Public convenience and necessity require that the application be granted.

8. Cell-U-Link should be subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435. The fee is currently 0.1% for the 1987-88 fiscal year.

9. It is reasonable to require that upon certification, Cell-U-Link should be subject to reporting requirements deemed appropriate by the Commission. One of these requirements is the manner in which its records are maintained. Until a uniform system of accounts for cellular resellers has been prescribed, the Commission will not issue detailed account instructions. However,

each cellular communications company is expected to maintain its books of account in such detail that financial data relating to its operations can be assembled upon request:

- a. Revenue and expenses of utility operations should be segregated from nonutility operations.
- b. Charges from affiliates should be broken down so that each kind of charge can be identified.
- c. Revenue accounts should be appropriately subdivided (access, peak, off-peak, service order charges, custom calling, directory listing, etc.).
- d. Expense accounts should be grouped to provide a total for sales and marketing expense. This would include, in subaccounts, advertising, promotion and incentives, sales salaries and commissions, sales vehicle expense, etc.
- e. General and administrative expenses should be subdivided to identify rent and lease expense, building expense, salaries, insurance, and other appropriate subdivisions.
- f. Other significant costs, such as unsold numbers inventory, should be separately identified.

10. It is reasonable to require Cell-U-Link to file annual reports with this Commission, in a form prescribed by the Commission. Although Cell-U-Link will be expected to have detailed operating information available in its records, for competitive reasons it may not be required to disclose such detail in its filed annual reports.

11. The Commission takes official notice that resellers of cellular telecommunications service have been granted an exemption from GO 96-A and have been permitted to make tariff filings on 15 days' notice.

12. Because of the public interest in effective competition this order should be effective on the date of issuance.

Conclusions of Law

1. The application should be granted as provided herein.
2. Cell-U-Link should be exempt from the provisions of Sections IV, V, and VI of this Commission's GO Series 96 and allowed to file tariff revisions to become effective on 15 days' notice.

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.

ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity to operate as a telephone corporation as defined in PU Code § 234 for the purpose of operating as a reseller of cellular telecommunications services within California is granted to Cell-U-Link, Incorporated (Cell-U-Link) in accordance with the terms of the application, except as herein modified.
2. Cell-U-Link is authorized to file tariff schedules at the rates proposed in the application. Service may not be offered until tariffs are on file. This filing shall comply with General Order (GO) Series 96, except that, applicant is authorized to employ the alternative method of page numbering described in Commission Resolutions U-275 and T-4886, at its election.
3. Cell-U-Link is authorized to file with this Commission, after the effective date of this order, on not less than 15 days notice to the public and Commission, tariff schedules for the provision of its proposed service with rates as shown on page 3 of Application 87-09-036. The tariff shall provide for a user fee

surcharge of 0.10%. Failure to file the tariff may result in revocation of the authority granted here.

4. Cell-U-Link is exempted, in part, from the provisions of Section IV, V, and VI of GO Series 96 and is authorized to make tariff revisions effective on 15 days' notice.

5. Cell-U-Link is subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435.

6. The corporate identification number assigned to Cell-U-Link is U-4060-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

7. The certificate of public convenience and necessity granted by this order shall expire within 12 months after the effective date of this order if Cell-U-Link has not filed tariffs and commenced operations by that date.

8. Within 20 days after this order is effective, Cell-U-Link shall file a written acceptance of the certificate granted in this proceeding.

This order is effective today.

Dated February 10, 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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


Victor W. Wilson, Executive Director

Decision SE 02 039**ORIGINAL**

FEB 10 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CELL-U-LINK INCORPORATED for a certi-)
ficate Convenience and Necessity)
to Operate as a Reseller of Cellular)
Radio Telecommunications Services)
Within California.)

Application 87-09-036
(Filed September 28, 1987)

OPINION

This is an application in which Cell-U-Link, Incorporated (Cell-U-Link) seeks authority to operate as a reseller of cellular telecommunications services within California.

Notice of the filing of the application appeared in the Commission's Daily Calendar on October 1, 1987. There are no protests.

The Commission makes the following findings and conclusions.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Cell-U-Link is a newly formed California corporation. Michael L. Sharp (Sharp) has 100% control of Cell-U-Link through his management company, Mike Sharp Management, which owns all of its outstanding stock. Sharp has extensive management experience having served as Senior Vice-President for the chief marketing organization of Massachusetts Indemnity and Life Insurance Company, A. L. Williams, from 1979 to 1986. Sharp is also the principal owner of CELL-U-LINK Marketing, Inc. which is involved in the wholesale and retail sales of cellular telephone equipment and services.
2. Cell-U-Link proposes to operate as a resale carrier of cellular radio telephone service within California pursuant to the general scheme of regulation established by this Commission

D.84-04-014, dated April 4, 1984. A reseller of cellular radio services does not construct, own or operate any fixed cellular radio equipment or facilities, but sells to end users the services provided by communications carriers which do operate the fixed facilities necessary to transmit cellular telephone traffic. A schedule of its proposed rates is included in the application.

3. The proposed service will enhance competition in the cellular retail market. Enhanced competition will bring long-term benefits to California cellular subscribers such as lower priced service, increased ability of customers to choose between service providers and a wide variety of service packages, and provide increased utilization of the existing facilities of the underlying carriers, which will enable the underlying carriers to use the system more efficiently.

4. A financial statement submitted to the Commission, which is designated as Exhibit 1, indicates that as of September 21, 1987, Cell-U-Link had net assets of \$150,000 in cash.

5. Cell-U-Link has the ability, including financial ability, to conduct the proposed operations.

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

7. Public convenience and necessity require that the application be granted.

8. Cell-U-Link should be subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435. The fee is currently 0.1% for the 1987-88 fiscal year.

9. It is reasonable to require that upon certification, Cell-U-Link should be subject to reporting requirements deemed appropriate by the Commission. One of these requirements is the manner in which its records are maintained. Until a uniform system of accounts for cellular resellers has been prescribed, the Commission will not issue detailed account instructions. However,

each cellular communications company is expected to maintain its books of account in such detail that financial data relating to its operations can be assembled upon request:

- a. Revenue and expenses of utility operations should be segregated from nonutility operations.
- b. Charges from affiliates should be broken down so that each kind of charge can be identified.
- c. Revenue accounts should be appropriately subdivided (access, peak, off-peak, service order charges, custom calling, directory listing, etc.).
- d. Expense accounts should be grouped to provide a total for sales and marketing expense. This would include, in subaccounts, advertising, promotion and incentives, sales salaries and commissions, sales vehicle expense, etc.
- e. General and administrative expenses should be subdivided to identify rent and lease expense, building expense, salaries, insurance, and other appropriate subdivisions.
- f. Other significant costs, such as unsold numbers inventory, should be separately identified.

10. It is reasonable to require Cell-U-Link to file annual reports with this Commission, in a form prescribed by the Commission. Although Cell-U-Link will be expected to have detailed operating information available in its records, for competitive reasons it may not be required to disclose such detail in its filed annual reports.

11. The Commission takes official notice that resellers of cellular telecommunications service have been granted an exemption from GO 96-A and have been permitted to make tariff filings on 15 days notice.

12. Because of the public interest in effective competition this order should be effective on the date of issuance.

Conclusions of Law

1. The application should be granted as provided herein.
2. Cell-U-Link should be exempt from the provisions of Sections IV, V, and VI of this Commission's GO Series 96 and allowed to file tariff revisions to become effective on 15 days' notice.

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.

ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity to operate as a telephone corporation as defined in PU Code § 234 for the purpose of operating as a reseller of cellular telecommunications services within California is granted to Cell-U-Link, Incorporated (Cell-U-Link) in accordance with the terms of the application, except as herein modified.
2. Cell-U-Link is authorized to file tariff schedules at the rates proposed in the application. Service may not be offered until tariffs are on file. This filing shall comply with General Order (GO) Series 96, except that, applicant is authorized to employ the alternative method of page numbering described in Commission Resolutions U-275 and T-4886, at its election.
3. Cell-U-Link is authorized to file with this Commission, after the effective date of this order, on not less than 15 days notice to the public and Commission, tariff schedules for the provision of its proposed service with rates as shown on page 3 of Application 87-09-036. The tariff shall provide for a user fee

surcharge of 0.10%. Failure to file the tariff may result in revocation of the authority granted here.

4. Cell-U-Link is exempted, in part, from the provisions of Section IV, V, and VI of GO Series 96 and is authorized to make tariff revisions effective on 15 days' notice.

5. Cell-U-Link is subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435.

6. The corporate identification number assigned to Cell-U-Link is U-4060-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

7. The certificate of public convenience and necessity granted by this order shall expire within 12 months after the effective date of this order if Cell-U-Link has not filed tariffs and commenced operations by that date.

8. Within 20 days after this order is effective, Cell-U-Link shall file a written acceptance of the certificate granted in this proceeding.

This order is effective today.

Dated FEB 10 1988, at San Francisco, California.

STANLEY W. MULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did not
participate.