

Decision 89 03 057 MAR 2 2 1989

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of INTERNATIONAL PAGING CORPORATION)
(U-2106-C) for a Certificate of)
Public Convenience and Necessity)
Pursuant to Section 1001 of the)
Public Utilities Code to Operate a)
Radiotelephone Utility System in)
Los Angeles, Orange, Riverside,)
San Bernardino, Ventura, Santa)
Barbara and San Diego Counties.)

Application 88-12-008
(Filed December 2, 1988)

O P I N I O N

International Paging Corporation (applicant) requests a certificate of public convenience and necessity (CPC&N) to construct and operate six one-way radiotelephone utility (RTU) facilities in and around Southern California, pursuant to Public Utilities (PU) Code Section 1001 et seq. A map and engineering statement of the proposed service area are attached to the application as Exhibit 4.

A copy of the application was served on all utilities, corporations, persons, or other entities with which the proposed construction is likely to compete, pursuant to Rule 18(b) of the Commission's Rules of Practice and Procedure.

The applicant requests the Commission to waive the requirement of Rule 18(b) regarding notice to cities. The Rule requires a copy of the application to be served upon all cities within which service will be rendered in the exercise of the requested certificate. The applicant bases its request on the facts that areas within all seven Southern California counties are to be served, that no construction activities are to be authorized by this CPC&N, and that notice of the application has appeared in

the Commission's Daily Calendar. These facts, plus the presence of many competing certificated RTU's in the proposed service area, support the waiver. Therefore, the applicant need not serve a copy of the application on the cities in which service is proposed to be rendered.

Notice of this application appeared in the Commission's Daily Calendar of December 8, 1988. No protests to the application have been received; therefore, a public hearing is not necessary.

The requisite Federal Communications Commission (FCC) permits for base station facilities are attached as Exhibit 3 to the application. Six paging transmitters, operating on radio frequency 931.3875 MHz, along with a central interchange facility to be located at 1450 W. Colorado Blvd., Pasadena, California, are described in the FCC permit. The proposed transmitter locations are as follows:

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|-------------|--|
| Location 1: | 3860 Crest Road East
Palos Verdes, CA |
| Location 2: | Santiago Peak near
El Toro, CA |
| Location 3: | Mount Wilson
Los Angeles, CA |
| Location 4: | Saddle Peak near
Malibu, CA |
| Location 5: | Oat Mountain near
Chatsworth, CA |
| Location 6: | Mount Woodson
San Diego, CA |

Applicant requested that its CPC&N be effective on the earliest date possible because its transmitters are due to be shipped in early 1989. By letter dated March 3, the attorney for the applicant stated that the facilities have been installed and are ready for service.

The applicant is currently engaged in the provision of one-way paging service. It was formed in 1984 to provide both tone and display pagers and air time and service to the commercial and non-commercial public. It currently does not operate its own facilities. Its 4,000 pagers in service throughout the geographic area encompassed by the application use the low band systems of two certificated RTUs, Mobilecomm and Answer Page. The applicant maintains a customer service staff capable of replacement or repair service within 24 hours of reported problem, as well as a computerized customer billing and accounting department.

In response to inquiry by the Commission Advisory and Compliance Division, the applicant states by letter that all of its existing customers will be converted from Mobilecomm and Answer Page to its own 900 MHz paging system. During this transition, the customer will not experience any interruption of service. The applicant states that should any billing or payment questions arise with Mobilecomm or Answer Page, the two vendors have agreed not to interrupt service to the customer but to directly bill the customer until the problem is resolved.

Susan M. Winter is the president and sole shareholder of the applicant. Robert Winter is vice-president in charge of operations and corporate development. Steve Austin is vice-president for marketing. Their resumes, attached as Exhibit 7 to the application, describe their substantial experience in the non-wireline communications industry, and in particular, in the current operations of applicant as a reseller of paging services.

Applicants represent that the proposed operation will enable it to significantly improve the quality of service it is able to provide to its existing and potential patrons. Among the problems with the applicant's current service are its limited geographic coverage, limited building penetration, and reliability factors. The applicant's customers have complained of these inadequacies.

The applicant states that its proposed system has been designed to utilize at each transmitter location the maximum transmitting power available under FCC rules. Messages will be sent throughout the proposed service area by simultaneous activation of all six transmitters. Transmitters will be keyed through the use of radio control links from the control point in Pasadena. It will provide one-way paging and signalling service for tone, display and alpha-numeric radio pagers throughout its proposed service area.

Service features of the signalling service will include local direct dial paging, end-to-end paging, and 800 number access paging. The applicant will offer voice prompt rather than the beep response utilized by most direct dial pagers. The voice prompt will advise the paging person how to enter the telephone number to be displayed on the pager of the person being paged.

The applicant asserts that both its existing subscribers as well as the paging public will benefit from a grant of this application. Applicant will offer an alternative to other mobile communications services, thus providing existing and potential subscribers a greater ability to choose the types of services and coverage areas which best meet their particular needs.

The projected capital requirement for the proposed new facilities is \$175,000, with an associated annual cost estimated in the range of \$45,000. The cost of implementing this proposed service will be defrayed over a five-year period, with monthly principal and interest payments totaling \$1,950. A letter from the transmitter and control equipment manufacturer is attached as Exhibit 5 and confirms the financing arrangements. The monthly cost of tower site rentals, telephone service (DID and trunk lines), transmitter maintenance, and insurance bring the applicant's monthly expenses associated with this service to about \$5,600.

The applicant contemplates that its monthly cash flow generated from existing and potential new customers will be sufficient to cover these additional costs of operation. An operating statement for the eight months ended August 31, 1988 is attached as Exhibit 2 to the application. It reveals net income for that period of \$98,342, or an average monthly net income of \$12,282.75. Exhibit 2 includes an unaudited balance sheet as of August 31, 1988. Total assets of \$444,978, liabilities of \$11,756, and owners' equity of \$444,978 appear on the balance sheet.

Each of the six transmitting antennae will be installed on existing towers in existing antenna farms. In each case, the height of the proposed antenna does not equal or exceed the height of the tallest antenna already mounted on the transmission tower. Therefore, it can be seen with reasonable certainty that there is not any possibility that the grant of this application may have a significant effect on the environment.

The rates to be charged for the proposed services are attached to the application as Exhibit 6. These are identical to its current rates. Tariffs setting forth the detailed rates, practices, and classifications will be filed with the Commission upon exercise of the certificate of public convenience and necessity.

Applicants should be subject to the fee system, as set forth in PU Code Section 401, et seq., which is used to fund the cost of regulating common carriers and businesses related thereto and public utilities. By Resolution M-4750, dated May 25, 1988, the fee level for fiscal year 1988-89 for telephone corporations was set at 0.10 of 1% (0.0010) of revenue subject to the fee. Appropriate tariff rules should be incorporated in applicants' tariff rules for the imposition of this surcharge.

Findings of Fact

1. Applicant requests a CPC&N to construct and operate a one-way RTU system in and around Southern California.
2. Copies of the application were served on all utilities, corporations, persons, or other entities with which the proposed construction is likely to compete.
3. Applicant requested a waiver of Rule 18(b) of the Commission's Rules of Practice and Procedure to exempt it from the requirement that it serve copies of the application on cities and counties within the proposed service territory.
4. The applicant proposes to serve the geographic area bounded by all seven Southern California counties. No new construction activities are to be authorized by this CPC&N. The applicant is presently providing 4,000 pagers within this area.
5. Notice of this application appeared in the Commission's Daily Calendar of December 8, 1988.
6. No protests to the application have been received.
7. Applicants possess the requisite FCC permits.
8. Public convenience and necessity require the granting of this application.
9. The proposed operation is technically feasible.
10. The proposed operation is economically feasible.
11. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
12. Applicants are subject to the fee system, as set forth in PU Code Section 401, et seq.

Conclusions of Law

1. The notice to cities requirement of Rule 18(b) should be waived.
2. The application should be granted.
3. The user fee for the 1988-89 fiscal year should be 0.10%. 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 is granted to International Paging Corporation (applicant) to construct and operate a public utility one-way radiotelephone system with a base station facility located at 1450 W. Colorado Blvd., Pasadena, California, and seven transmission facilities at six locations (two at Mount Wilson) and a service area as shown in Exhibit 4 to Application (A.) 88-12-008.
2. Within 30 days after this order is effective, applicants shall file a written acceptance of the certificate granted in this proceeding.
3. Applicants are authorized to file, after the effective date of this order and in compliance with General Order 96-A, tariffs applicable to the service authorized containing rates, charges, and rules applicable to their radiotelephone services. The tariffs shall become effective on not less than 5 days' notice. The rates and charges shall be as proposed for service in Exhibit 6 to A.88-12-008.

4. Applicants shall file as part of their individual tariff, after the effective date of this order and, consistent with Ordering Paragraph 3, an engineered service area map drawn in conformity with FCC Rule 22.504, commonly known as the "Carey Report," and consistent with Exhibit 4 to A.88-12-008.

5. Applicants shall notify the Commission Advisory and Compliance Division Director in writing of the date service is first rendered to the public as authorized herein, within 5 days after service begins.

6. Applicants shall keep their books and records in accordance with the Uniform System of Accounts for radiotelephone utilities prescribed by this Commission.

7. Applicants 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 according to the instructions included in the form.

8. The corporate identification number assigned to International Paging Corporation is U-2106-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.

9. Applicants are subject to the user fee as a percentage of gross intrastate revenue under PU Code Section 401, et seq.

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

This order is effective today.

Dated MAR 22 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners

Commissioner Patricia Eckert,
present but not participating

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


Victor Weiss, Executive Director

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