

Decision 89 04 026 APR 12 1989

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
of California Bell Communications)
Corporation for a certificate)
of public convenience and necessity)
to operate as a reseller of cellular)
radio telecommunications services)
within California.)

Application 89-01-036
(Filed January 27, 1989)

APR 15 1989

O P I N I O N

California Bell Communications Corporation (CBCC), a California corporation, seeks authorization from this Commission pursuant to Public Utilities (PU) Code § 1001 to provide cellular resale service in California. CBCC initially proposes to provide its service in the Los Angeles Cellular Geographic Service Area (CGSA) and other contiguous CGSA's and, ultimately, throughout the State of California. It's initial operations encompass purchasing services from the Los Angeles SMSA Limited Partnership (Partnership) and the Los Angeles Cellular Telephone Company (LACTC) at their tariffed wholesale rates and reselling these services to the general public at the following rates similar to those previously approved by this Commission for other utilities:

General Resale

Connection Charge	\$50.00
Monthly Access Charge	45.00
Peak Minute Usage	.45
Off-Peak Minute Usage	.27

Decision (D.) 84-04-014 dated April 4, 1984, on Partnership's Application (A.) 83-01-12 for a certificate of public convenience and necessity (CPC&N) to provide a cellular radio communications system in the greater Los Angeles metropolitan area, provided tariffs including rates for both wholesale and retail sale of cellular service. These retail tariff provisions were reviewed

in detail by this Commission and its staff before being authorized by D.84-04-014. It is our intent that such tariff provisions be used as a model for other resellers in California. Consequently, we will require the filing of retail tariffs generally similar to the retail provisions authorized by D.84-04-014 and filed by the Partnership. We recognize that the tariffs as a whole may be somewhat abbreviated from those of the primary carrier; however, they must include the usual table of contents, preliminary statement, rate schedules, list of contracts and deviations, rules, and sample forms as prescribed in Section II of General Order (GO) Series 96. We will permit the initial filing to contain only the preliminary statement, table of contents, and rate schedules, to be effective on five days' notice; the remaining material will be prepared promptly and transmitted to the Commission staff by advice letter for review and filing per GO Series 96. We will authorize CBCC to deviate from the page numbering system prescribed by GO Series 96, Section II.C.(1)(b) and to substitute the system generally employed by the major wireline exchange carriers at its election.¹

CBCC alleges that its proposed resale of cellular service will enhance competition in the cellular retail market bringing long-term benefits to California cellular subscribers such as:

1. Lower priced services.
2. Increased ability of customers to choose between service providers and a wide variety of service packages.
3. Increased utilization of the existing facilities of the underlying carriers, which will enable the underlying carriers to use the system more efficiently.

¹ The alternate system is described in Commission Resolutions U-275 (March 25, 1947) and T-4886 (February 26, 1962).

Upon certification by this Commission, CBCC will be subject to reporting requirements deemed appropriate by this Commission. One of these requirements is the manner in which records are kept. Each cellular communications company will be expected to maintain its books in such detail that the following financial data relating to its operations can be assembled upon request:

1. Revenue and expenses of utility operations should be segregated from nonutility operations.
2. Charges from affiliates should be broken down so that each kind of charge can be identified.
3. Revenue accounts should be appropriately subdivided (access, peak, off-peak, service order charges, custom calling, directory listing, etc.).
4. 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.
5. General and administrative expenses should be subdivided to identify rent and lease expense, billing expense, salaries, insurance, and other appropriate subdivisions.
6. Other significant costs, such as unsold numbers inventory, should be separately identified.

CBCC will be directed to file an annual report with the Commission, in a form prescribed by the Commission. CBCC is expected to have detailed operating information available in its records; if for competitive reasons it wishes relief from the requirement that it disclose such details in its filed annual reports, it must raise that issue formally with the Commission.

CBCC's operations will subject it to the fee system set forth in PU Code §§ 401 et seq. and § 2881. Applicant will be ordered to provide for the collection of billing surcharges in its tariff rules as required by Resolutions M-4743 and T-13005.

A balance sheet attached to the application showed as assets money market and bank assets of \$100,000. Projected statements and income show a net loss of \$4,115 for the first year of operation, a net income of \$149,949 for the third year of operation, and a net income of \$366,874 for the fifth year of operation. The projected number of subscribers upon which the above income projections were made is 600 for the first year; 2,000 for the third year; and 3,600 for the fifth year.

CBCC notes that 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 wholesale cellular carriers which do operate the fixed facilities necessary to transmit cellular telephone traffic. Consequently, a grant of this application will not have an adverse impact on the environment.

A copy of the application has been served upon all existing cellular facilities-based and resale carriers pursuant to a list supplied CBCC by the Commission. Notice of the application appeared in the Commission's Daily Calendar of February 2, 1989. No protests to the granting of the application were filed.

Findings of Fact

1. CBCC has the ability, experience, equipment, and financial resources to perform the proposed service.
2. Public convenience and necessity require the service proposed by CBCC.
3. CBCC should file a set of tariffs similar in scope to the retail tariffs set forth in D.84-04-014 for the Partnership.

4. CBCC's proposed operations will provide competition in the cellular radio service market which will benefit the public at large.

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

6. CBCC should keep its records in the detail described in this decision.

7. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted as provided in the order which follows.

2. Applicant is subject to the fee systems set forth in PU Code §§ 401 et seq. and § 2881.

3. The appropriate surcharge pursuant to §§ 401 et seq. is 0.10% for the fiscal year 1988-1989. The monthly surcharge to fund Telecommunications for the Deaf required by § 2881 and Resolution T-13005 is 0.50%.

4. Because of the immediate need for the service, the order should become effective today.

5. Applicant should be exempted from serving notice of its application to cities and counties.

The certificate hereinafter granted is subject to the provision of law that the Commission shall have no power to authorize the capitalization of this CPC&N or the right to own, operate, or enjoy such CPC&N 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 CPC&N or right.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to California Bell Communications Corporation (CBCC) to operate as a reseller of cellular radio telecommunications services within California.

2. On or after the effective date of this order, CBCC is authorized to file tariff schedules generally similar to those authorized by D.84-04-104 for the Los Angeles SMSA Limited Partnership (Partnership) at the proposed rates for the resale of cellular mobile radiotelephone service in the Los Angeles area. Service may not be offered until tariffs are on file. This filing shall comply with GO Series 96, except that CBCC is authorized to employ the alternate method of page numbering described in Resolutions U-275 and T-4886 at its election. The initial filing shall contain at least the preliminary statement, table of contents, and rate schedules to be effective on at least five days' notice. The rate schedule shall provide for a user fee surcharge of 0.10% and a monthly surcharge of 0.50% to fund Telecommunication Devices for the Deaf. Failure to file the tariff may result in revocation of the authority granted here. CBCC shall file the remaining tariff schedules, to include rules and forms as prescribed by GO Series 96, no later than 10 days following the effective date of this order, to be effective on not less than five days' notice. CBCC is authorized to file rates and charges for resale of services purchased from authorized underlying cellular telecommunications carriers in other areas of California, in accordance with the provisions of Section III of GO Series 96.

3. CBCC shall keep its records as detailed in this decision.

4. The certificate of public convenience and necessity is granted as set forth above. The certificate granted and the

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

5. Within 5 days after service begins, CECC shall notify the Commission in writing of the day it first commences service to the public as authorized herein.

6. The corporate identification number assigned to CECC is U-2108-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.

This order is effective today.

Dated APR 12 1989, at San Francisco, California.

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

Commissioner Frederick R. Duda
being necessarily absent, did
not participate.

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


Victor Weisner, Executive Director