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Decision 90 03 029 MAR 14 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of STRATEGIC ALLIANCES, INC., dba)
Cellular U.S.A., for a Certificate)
of Public Convenience and Necessity)
to Operate as a Reseller of)
Cellular Radio Telecommunications)
Service Within California.)

ORIGINAL

Application 89-09-043
(Filed September 26, 1989)

O P I N I O N

Strategic Alliances, Inc., dba Cellular U.S.A.
(applicant), requests a certificate of public convenience and
necessity to operate as a reseller of cellular radio
telecommunications services.

Notice of the filing of the application appeared in the
Commission's Daily Calendar of October 16, 1989. There are no
protests.

The Commission makes the following findings and
conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Applicant is a California corporation with its principal
place of business in Dublin, California.
3. Applicant proposes to operate as a resale carrier of
cellular radiotelephone service at any location in California and
initially in the San Francisco/San Jose cellular geographic service
area (CGSA) and other contiguous CGSAs. It proposes to resell
service purchased on a bulk basis from basic cellular
telecommunications carriers including GTE Mobilnet Limited
Partnership and Bay Area Cellular Telephone Company. Applicant
will then resell these telephone numbers to the general public at
retail rates.

4. Applicant will purchase services from carriers at their tariffed wholesale rates and will resell these services initially at the following rates:

| | |
|-----------------------|---------|
| Connection Charge | \$25.00 |
| Monthly Access Charge | 45.00 |
| Peak Minute Usage | .45 |
| Off-Peak Minute Usage | .20 |

5. Applicant is owned in equal shares by three partners: Warren Linney, Dharam Ahuja, and Bobby Chaudhuri. Linney and Chaudhuri are principals in a cellular consulting firm. Ahuja has the following employment involving telecommunications: American Telephone and Telegraph-Marketing Manager, International Business Machines-Advisor in Business Planning, and National Semiconductor-Vice President of Marketing.

6. Applicant has provided a financial statement which indicates cash of \$50,000 as of September 14, 1989 with a commitment by the partners to invest an additional \$100,000 if needed and to raise venture capital. A projected income statement estimates a net loss of \$63,283 for the first year and a profit of \$7,560 at the end of the second year of operation.

7. Applicant has the ability, including financial ability, to conduct the proposed operations.

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

9. Applicant requests any other relief which the Commission deems appropriate. Exemption from the provisions of Public Utilities (PU) Code §§ 816-830 has been granted to other resellers. (Decision (D.) 86-10-007 and D.88-12-076.) PU Code §§ 816-830 require Commission approval prior to the issuance of debt or equity, or the encumbrance of property by a public utility. Since applicant will not construct or own any facilities or equipment, observance of these sections will not serve to protect investment in facilities against improvident financial manipulation by utility

management. If applicant fails because of competitive market forces, other competitive resellers will be able to continue to offer service to applicant's customers. Compliance with these provisions may increase applicant's costs and impede competition.

10. Applicant's proposed resale of cellular service will enhance competition in the cellular retail market and may result in providing lower priced service, increased ability of customers to choose among service providers and a wide variety of service packages, and increase use of the existing facilities of the underlying carriers resulting in greater efficiency.

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

12. Applicant did not file proposed tariff pages with its application. Applicant requests that it be authorized to file its initial tariffs five days after the effective date of this order to be effective on one day's notice.

13. It is reasonable to require that the initial tariffs filed by applicant be filed on not less than 15 days' notice before they become effective to allow time for appropriate review by the Commission Advisory and Compliance Division and other interested parties. This is consistent with our treatment of other resellers (D.90-01-004).

14. Applicant 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 1989-90 fiscal year.

15. As a telephone corporation operating as a telecommunications service supplier, applicant should be subject to the three-tenths of one percent (0.3%) surcharge on gross intrastate revenues to fund Telecommunications Devices for the Deaf. This surcharge became effective July 1, 1989 as set forth in Resolution T-13061 dated April 26, 1989 and issued pursuant to PU Code § 2881.

CORRECTION

**THIS DOCUMENT HAS
BEEN REPHOTOGRAPHED**

**TO ASSURE
LEGIBILITY**

16. Because of the public interest in effective competition, this order should be effective on the date issued.

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

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 radiotelephone services within California is granted to Strategic Alliances, Inc., dba Cellular U.S.A. (applicant), in accordance with the terms of the application.

2. Applicant is authorized to file with the Commission after the effective date of this order, on not less than 15 days' notice to the public and the Commission, the tariff schedules and rates for the proposed service. 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. 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.

3. Applicant is subject to the provisions of GO 96-A including Sections IV, V, and VI as revised in D.88-05-067.

4. Applicant is subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435.

5. Applicant is exempted from the provisions of PU Code §§ 816-830.

6. The corporate identification number assigned to applicant is U-4086-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. Within 60 days of the effective date of this order, applicant shall comply with PU Code § 708, Employee Identification Cards, and notify, in writing, the Chief of the Telecommunications Branch of the Commission Advisory and Compliance Division of compliance.

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

9. Within 20 days after this order is effective, applicant shall file a written acceptance of the certificate granted in the proceeding.

This order is effective today.

Dated MAR 14 1990, at San Francisco, California.

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

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

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NEAL J. SHULMAN, Executive Director
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