

Decision 90 05 025 MAY 04 1990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Coast Cellular Corporation,)
a California corporation, for a)
certificate of public convenience)
and necessity to operate as a)
reseller of cellular radio)
telephone services within the)
State of California.)

Application 90-03-027
(Filed March 22, 1990)

O P I N I O N

This is an application in which Coast Cellular Corporation (applicant) seeks 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 March 26, 1990. 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 Culver City, California.
3. Applicant's President, Chief Executive Officer, and Director is Stanley M. Stalford, Jr. He founded the applicant and prior to that was a stockbroker and securities analyst specializing in stocks in the cellular telecommunications field. Applicant's Vice-President, Chief Financial Officer, and Director is Albert H. Gersten, Jr. He is Chairman of the Board of The Gersten Companies which are widely diversified and which conduct business worldwide. Applicant's Vice President, Secretary and Director is Michael E. Kassan. He is Chairman of the Board of Norwalk Enterprises, Inc.

and Chicken Enterprises, and has numerous other business interests. He is an Attorney at Law and holds a Masters of Law in Taxation.

4. Applicant proposes to operate as a resale carrier of cellular radiotelephone service at any location in California and initially in the Los Angeles metropolitan area. Initially it proposes to resell service purchased from the applicable wholesale cellular carrier at the carrier's published wholesale rates.

5. As a reseller, applicant will not construct, own or operate any fixed cellular radio equipment or facilities but will sell to end users the services provided by carriers which do operate the fixed facilities necessary to transmit cellular telephone traffic. Applicant will purchase services from these carriers at their tariffed wholesale rates and will resell these these carriers and will resell them at the following rates:

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

6. Applicant has provided a pro forma balance sheet which indicates assets of \$243,000 as of March 31, 1990. A pro-forma income statement projects a net loss of \$80,317 for the first year's operation and a profit of \$24,214 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 also requests an exemption from the provisions of Public Utilities (PU) Code §§ 816-830 which require Commission approval prior to issuance of debt, equity, or encumbrances 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. Exemption from the provisions of PU Code §§ 816-830 has been granted to other resellers (e.g., Decision (D.) 86-10-007 and D.88-12-076).

11. 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.

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

13. Applicant requests that it be authorized to file tariffs five days after the effective date of this order to be effective on five days' notice. Applicant also asks to be exempted from Parts IV, V, and VI of General Order (GO) 96-A for subsequent tariff filings. Applicant did not file proposed tariff pages with its application. 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 (e.g., D.89-05-006).

14. Sections IV, V, and VI of GO 96-A relate to filed and effective dates, procedures and the filing of tariff sheets which do not increase rates or charges, as well as procedures and filings to increase rates. In general, these provisions require a showing before this Commission justifying any increase and provide in the case of cellular resellers that rates will become effective 30 days

after filing tariff sheets which do not increase rates or 30 days after filing an authorized increase unless Commission authorization for a shorter period is obtained.

15. 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.

16. 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.

17. 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 Coast Cellular Corporation (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 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 Section 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-4091-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.

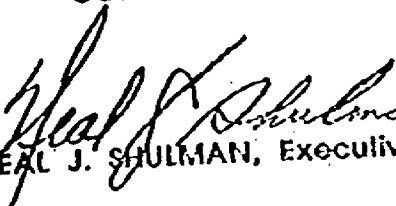
9. Within 20 days after this order is effective, applicant shall file a written acceptance of the certificate granted in the proceeding.

This order is effective today.

Dated MAY 04 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


NEAL J. SHULMAN, Executive Director

JB