

Decision 90 08 020 AUG 8 1990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Mammoth Cellular, Inc., a Delaware)
 corporation, for a certificate of)
 public convenience and necessity)
 under Section 1001 of the Public)
 Utilities Code granting authority to)
 construct and operate a domestic)
 public cellular radiotelecommuni-)
 cations system in the Inyo/Mono Rural)
 Service Area; and authority under)
 Sections 816-30 and 851 to issue)
 secured evidences of indebtedness.)

Application 90-04-035
(Filed April 20, 1990)

O P I N I O N

This decision grants Mammoth Cellular, Inc. (Mammoth) a certificate of public convenience and necessity (CPCN) to construct and operate the proposed cellular telephone service in Inyo and Mono Counties. We also grant authority to issue evidences of indebtedness in the aggregate principal amount of up to \$2.2 million under the financial arrangements as set forth in the application. Because the application involves only the installation of cellular transmission equipment or existing structures, the project is categorically exempt from the reporting requirements of the California Environmental Quality Act (CEQA).

Mammoth filed this application on April 20, 1990. Notice appeared in the Commission's Daily Calendar on April 26, 1990. No protests have been received. A public hearing is not necessary.

Applicant's Qualifications

Mammoth is a Delaware corporation qualified to transact business in this state.

Mammoth is wholly owned by General Cellular Corporation (General Cellular). General Cellular is successor in interest to Fairmont Cellular Group, Inc. (Fairmont) which was granted

authority by the FCC to construct a cellular system in the Inyo-Mono rural service area (RSA) on March 13, 1989. On December 5, 1989 the FCC consented to an assignment of Fairmont's authority to General Cellular and on February 22, 1990 to Mammoth.

General Cellular, through an affiliate, constructed and operates a cellular system in Butte County, California, and owns a controlling interest in five other systems, three of which are currently in operation. This application is for so-called "A Block" frequencies, those reserved for non-wireline companies.

The Proposed System

Applicant's service will initially consist of three components, a Mobile Telephone Switching Office (MTSO) to be located in Bishop, California, a cell site on Silver Mountain some 14 miles to the east of Bishop, and a second cell site on Lincoln Peak in the Mammoth Ski Area 38 miles northwest of Bishop. Each cell site will consist of transmitter equipment, an antenna structure, and an antenna dish. The initial configuration of sites will provide service to the population centers at Bishop and Mammoth Ski Area and roamer service along US Highway 395.

The sites will be controlled by the MTSO via direct microwave links. Applicant is negotiating with Contel of California for land line interconnection at the Bishop local office. Pacific Bell also provides intraLATA land line service in the area. Applicant will provide roamer service to the customers of other service providers who enter into intercarrier agreements with the applicant.

Financing

Applicant states that capital costs for the system start-up in the amount \$2.2 million have been secured through a commitment on the part of Novatel, Inc. (Novatel) to General Cellular and through that company to Mammoth. General Cellular has also committed to furnish operating funds to the extent that they exceed revenues. The loan from Novatel is secured by the assets of

California 6 (former corporate name of Mammoth), requiring our approval pursuant to Public Utilities (PU) Code §§ 816 through 830 and 851.

Mammoth projects that it will have an average of 27 subscribers in the first year of service with service revenues estimated at \$35,335. First year capital costs are estimated at \$799,000 and operating expense is estimated at \$139,751. In the fifth year of operation Mammoth projects 537 subscriptions and revenues of \$911,231 with operating expenses of \$541,771. Applicant proposes to file tariffs providing for a monthly service charge of \$29 per subscription or number and a usage rate of \$0.38 per minute (peak) and \$0.20 (off peak).

Environmental Analysis

Applicant submits that each of the proposed facilities to be constructed will be placed within or on existing structures. The MTSO will be located in an existing building in a developed shopping center. Both cellular sites are on U.S. Forest Service land. There are no other property owners within 300 feet of the proposed sites.

In the proponent's environmental assessment, applicant states its belief that the project is categorically exempt from environmental review under CEQA. We agree that the project is categorically exempt. We find that the project involves only the addition of cellular transmission equipment to existing facilities and therefore lies within the scope of categorical exemption classes 1 and 3 as provided in Sections 15301 and 15303 of the CEQA Guidelines.

Applicant acknowledges that additional cellular sites will be needed as demand for the system grows. Applicant should be advised that additional environmental information and analysis will be required at that time. Expansion sites, when any are proposed, will be governed by the Commission's General Order 159.

Findings of Fact

1. Mammoth has been granted authority by the FCC to construct the Block A cellular radiotelephone system for the Inyo-Mono RSA.

2. Mammoth's initial development plan is for two cell sites with a MTSO located in Bishop, California.

3. Mammoth proposes to enter into a vendor financing arrangement with Novatel to fund the construction and installation of the proposed system. Novatel intends to lend up to \$2.2 million to that end. General Cellular has committed to furnishing operating funds to the extent that revenues may not exceed operating expense. The Novatel loan will be secured by the assets of Mammoth.

4. The proposed financing arrangement is not adverse to the public interest.

5. The funds to be provided are reasonably related to the purposes set forth in the application.

6. A public hearing in this matter is not necessary.

7. The public convenience and necessity require the approval of this application.

8. The proposed cellular facility sites will be located within or on existing structures.

Conclusions of Law

1. The application for a CPCN should be granted.

2. The proposed financing plan should be approved.

3. Mammoth is subject to a 0.3% surcharge on gross intrastate revenues to fund telecommunications services for the deaf, pursuant to PU Code § 2881 as set forth in Resolution T-13061 dated April 26, 1989 and issued pursuant to PU Code § 2881.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity (CPCN) is granted to Mammoth Cellular, Inc. (Mammoth) for the establishment of two cell sites within the Inyo-Mono Rural Service Area at the following locations:

| | |
|-----------------|----------------------------|
| Lincoln Peak | 37 38' 19" N; 119 1' 14" W |
| Silver Mountain | 37 24' 48" N; 116 11' 8" W |

2. Mammoth is authorized to issue evidence of indebtedness in the aggregate principle amount up to \$2,200,000 under the arrangements set forth in the application.

3. Mammoth is authorized to encumber its public utility property as provided in the financing arrangement set forth in the application.

4. Mammoth shall use the net proceeds from these financing arrangements for the purposes set forth in the application.

5. Within 30 days after the effective date of this order applicant shall file a written acceptance of the CPCN with the Director of the Commission Advisory and Compliance Division.

6. Applicant shall keep its books as directed by the Uniform System of Accounts for cellular communications licensees as prescribed by D.86-01-043.

7. Applicant shall notify the Director of the Commission Advisory and Compliance Division in writing of the date it begins service.

8. On or after the effective date of this order Mammoth is authorized to file wholesale and retail tariff schedules in accordance with the application. The filing shall comply with General Order 96-A and shall be effective not earlier than 5 days after the date of filing.

9. Mammoth's filed tariffs shall provide for a user fee surcharge of 0.10%, pursuant to PU Code §§ 431-435.

10. The corporate identification number assigned to Mammoth Cellular, Inc. is U-3025-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings in existing cases.

11. The authority granted in this order will expire if not exercised within 12 months after the effective date of this order.

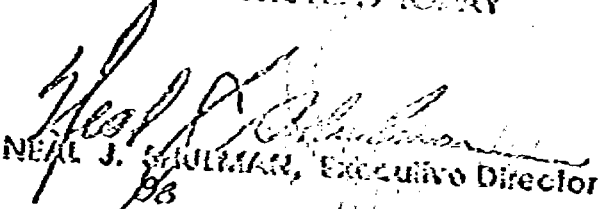
12. At such time as applicant proposes to construct cell sites in addition to those approved in this order, applicant shall comply with the requirements of the Commission's General Order 159.

This order is effective today.

Dated AUG 8 1990 , at San Francisco, California.

G. MITCHELL WALK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. O'HANIAN
PATRICIA M. ECKERT
Commissioners

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


NEAL J. SAULZAKER, Executive Director