

Mailed

Decision 91-11-042 November 20, 1991

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Contel Cellular of California, Inc.)
 (U 3026 C) to sell and of Sacramento-)
 Valley Limited Partnership (U 3004 C))
 to purchase assets and business)
 associated with California Rural)
 Service Area No. 10.)

Application 91-09-028
 (Filed September 11, 1991)

OPINION

Contel Cellular of California, Inc. (Contel) and Sacramento-Valley Limited Partnership (SVLP), collectively referred to as applicants, seek Commission authorization for SVLP to acquire Contel's California Rural Service Area (RSA) No. 10 for a cash purchase price.

Notice of this application appeared in the Commission's Daily Calendar of Monday, September 23, 1991. The application was served on those who were served with Contel's initial advice letter for RSA No. 10 and on Data Cellular Systems, the competing cellular carrier in California RSA No. 10. Applicants are aware of no one who has an interest in opposing this application. No protests to application were received; therefore, a public hearing is not necessary.

SVLP is 49.88% owned and wholly controlled by PacTel Cellular (PacTel) (the general partner of SVLP), a wholly-owned subsidiary of PacTel Corporation, which in turn is a wholly-owned subsidiary of Pacific Telesis Group. SVLP provides cellular radio telephone service in the Sacramento, Stockton, Modesto, Yuba City, Chico, and Redding, California Metropolitan Statistical Areas (MSA), the Tehama RSA, and the Reno, Nevada MSA. SVLP is a California Limited Partnership with its principal executive offices

located at 2150 River Plaza Drive, Suite 400, Sacramento, California 95833.

Contel was authorized to provide cellular radio telephone service in RSA No. 10 by Decision (D.) 90-07-064, dated July 18, 1990. Pursuant to D.90-12-075 dated December 19, 1990, in response to Contel's Petition for Modification, filed on October 15, 1990, Contel was authorized to put into effect tariff schedules containing Basic Plan rates identical to those of SVLP for SVLP's Sacramento service area and other terms and conditions of service essentially similar to those of SVLP. As stated in that Petition for Modification, the community of interest for RSA No. 10 is with the Sacramento area. Pursuant to a switch-sharing agreement with SVLP, the RSA No. 10 cellular system is operated in conjunction with and as integral part of the SVLP system. Pursuant to a management agreement between Contel and SVLP, SVLP constructed Contel's initial RSA No. 10 cell site for and on behalf of Contel.

To facilitate the acquisition, applicants will enter into a management agreement, which will provide that SVLP will manage the operations of RSA No. 10, including specifically the construction of one additional cell site by SVLP for and on behalf of Contel, all subject to Contel's oversight, review, supervision, and ultimate control. Contel will file an appropriate advice letter with respect to such site pursuant to General Order No. 159.

Applicants state that the proposed transfer of RSA No. 10 will better align this operation with the operations of SVLP for the benefit of the customers of both systems. Initially, SVLP will adopt as part of the SVLP tariff the same rates and charges as are currently set forth in Contel's tariffs for RSA No. 10. These rates are identical to the SVLP Basic Plan rates for Sacramento. Contel's other terms and conditions of service are essentially as set forth in SVLP's tariffs, and the latter would be made applicable after the proposed transfer is consummated. The letter of intent contemplates the completion of the transaction by

December 31, 1991. Applicants believe that the transfer would benefit the users of the RSA No. 10 cellular system and that all that will be required is an advice letter filed by SVLP to incorporate RSA No. 10 into its service territory, make SVLP's Sacramento rates applicable to Contel's RSA No. 10, and make such other text changes in its tariff as are required to reflect the transfer.

Contel has no customers in RSA No. 10. To date, service in RSA No. 10 has consisted of roamer usage.

Applicants further state that since the inception of cellular service in California, PacTel has been a leading advocate of cellular telecommunications service, and through its predecessors, pioneered many of the technical advances leading to the development of a commercially viable cellular system. PacTel has been in the forefront of implementing cellular service in the markets it serves and continues to expand and upgrade its service to the public in those markets.

Applicants assert that the transfer of RSA No. 10, as proposed by this application, will serve the public interest, convenience and necessity by making cellular service easier to use for customers and creating economies of scale.

Applicants point out that since RSA No. 10 is immediately adjacent to the Sacramento MSA, many customers currently roam between the service areas. Since RSA No. 10 would become a part of the SVLP service area, customers would no longer have to roam on a foreign system when travelling between RSA No. 10 and Sacramento areas. The RSA No. 10 system already purchases switching services from SVLP, so no interruption in service will result from the transfer. In addition, since the RSA No. 10 Basic Plan rates are identical to those of SVLP in the Sacramento area, no customer will experience an increase in rates from the transfer.

Lastly, applicants claim that economies of scale and efficiencies will result from the transfer because SVLP's existing

staff will perform at one location many management and operational functions which previously were done by two companies.

Findings of Fact

1. By this application, applicants seek to transfer RSA No. 10 from Contel to SVLP for cash.
2. A public hearing is not necessary in this matter.
3. The proposed acquisition by SVLP of Contel's RSA No. 10 is not adverse to the public interest.

Conclusions of Law

1. The application should be granted.
2. This authorization is not a finding of the value of the property for which authorization to acquire control is granted.
3. Since the ensuing order primarily affects the parties to this application, it should be made effective on the date of issuance.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order, applicants Contel Cellular of California, Inc. (Contel) and Sacramento-Valley Limited Partnership (SVLP) are granted authority for Contel to sell and for SVLP to purchase for cash Contel's California Rural Service Area (RSA) No. 10, in accordance with the terms set forth in the application.
2. Applicants shall file written notice of the acquisition of control with the Commission Advisory and Compliance Division within 15 days after it has occurred.
3. SVLP shall file an advice letter, effective on the date filed, amending its tariffs to reflect the acquisition of RSA No. 10, the expansion of its service territory, and the application of SVLP's Sacramento rates to RSA No. 10.

4. Upon the consummation of such transfer, Contel shall be relieved of its public utility obligations with respect to California RSA No. 10, and Contel's CIS Identification No. U 3026 C shall be cancelled.

5. The authority granted in Ordering Paragraph 1 shall expire unless it is exercised within 12 months from the effective date of the order.

This order is effective today.

Dated November 20, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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


NEAL J. SHULMAN, Executive Director