

MAY 4 1983

Decision 83 05 006

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MCI AIRSIGNAL OF CALIFORNIA,)
INC., a California Corporation,)
for a Certificate of Public)
Convenience and Necessity to)
Expand Paging Service to portions)
of Sacramento, Placer and)
El Dorado Counties, California.)

Application 82-11-47
(Filed November 24, 1982)

O P I N I O N

Applicant, MCI Airsignal of California, Inc., a radiotelephone utility authorized to provide two-way mobile telephone and one-way paging service within and adjacent to the cities of Sacramento, Stockton, Concord, Modesto, Vallejo, South Lake Tahoe, Fresno, Hanford, Visalia, and Porterville, California, and two-way mobile telephone service to the cities of Taft and Shafter and adjacent areas, currently provides two-way mobile telephone service and one-way paging service to 13,000 mobile and paging units on various low-band, VHF and UHF frequencies.

Applicant seeks a certificate of public convenience and necessity under the provisions of Public Utilities (PU) Code § 1001 to construct and operate one-way paging facilities for the purpose of expanding its currently operated paging systems on frequency 158.70 MHz (Channel P-6) and on frequency 35.58 MHz (Channel P-2) in and

about the City of Sacramento and environs in order to provide tone-only, tone-and-voice, and display paging service in the expanded service area thereby meeting the needs of applicant's existing and potential paging customers.

The proposed expansion will be accomplished through the addition to each paging system of one transmitter located at a site approximately 1.5 miles east-southeast of Newcastle, Placer County, California, which will be controlled from applicant's facilities at 4th and J Streets, Sacramento, California. The proposed additional paging systems will be incorporated in and become an integral part of applicant's paging systems serving the Sacramento area, extending coverage of both systems to Folsom and Auburn and improving signal coverage in Roseville and other northeast portions of Sacramento County, all of which areas have a community of interest with the City of Sacramento and environs.

The proposed facilities will provide tone-only, display, and tone-and-voice paging service locally, and wide-area paging service and multicity paging service in major population centers in California and elsewhere in the United States.

The Federal Communications Commission has granted applicant construction permits for the two transmitters at the Newcastle site.

Applicant avers that it possesses all licenses, permits, and franchises required or that may be required by federal, state, and local regulatory agencies, except required licenses and certificates from the FCC and this Commission. The transmitter site located approximately 1.5 miles east-southeast of Newcastle, California has been leased from the owner by applicant. The site is already occupied by radio communication facilities, and it can be seen with certainty there is no possibility the proposed construction may have a significant effect on the environment.

The proposed facilities will be installed, operated, and maintained by and under the supervision of applicant's technical staff and that of its parent company, MCI Airsignal, Inc. The daily management, operation, and maintenance of both systems will be provided by local station personnel of applicant, including applicant's local manager. Emergency maintenance and repair of facilities will also be provided by local qualified radio communication service shops.

FX lines or an equivalent arrangement will be provided in order that telephone calls originating in the proposed service area will not cost more than a single local message unit. The proposed facilities will include interconnected access to the switched telephone networks.

Applicant estimates the capital cost to be \$12,000 for transmitters and \$20,880 for pagers. Applicant proposes to finance the purchase and installation of the proposed facilities and initial operation and maintenance through open account advances from its parent company, MCI Airsignal, Inc.

Applicant proposes to charge its currently effective rates and charges on file with the Commission for the proposed paging service. Applicant estimates that, as a result of the proposed

expansion of its service area, it will not only meet the demands of its existing customers, but it will also experience a growth (over and above normal growth in its currently authorized service area) of not less than 120 paging units in the first full year of operation, and not less than 600 paging units in the fifth full year of operation.

Applicant estimates revenues and expenses from the expansion as follows:

	<u>Year 1</u>	<u>Year 5</u>
Revenue	\$16,587	\$149,283
Expenses	<u>9,816</u>	<u>64,525</u>
Profit before taxes	\$ 6,771	\$ 84,758

Exhibit F attached to the application contains applicant's comparative balance sheets and income statements as of December 31, 1981 and September 30, 1982, which disclose the following:

	<u>12/31/81</u>	<u>9/30/82</u>
<u>Assets</u>		
Investment In Plant	\$4,558,682	\$4,963,791
Related Depreciation Reserve	<u>1,798,008</u>	<u>1,944,470</u>
Current Assets & Deferred Charges	\$2,760,674	\$3,019,321
Total	<u>\$3,020,892</u>	<u>\$3,594,840</u>
<u>Liabilities</u>		
Current Liabilities	\$1,840,467	\$2,400,981
Operating Reserves & Deferred Credits	-	100,000
Capital Stock Outstanding	-	-
Earned Surplus (Including Amount Reserved)	<u>1,180,425</u>	<u>1,093,859</u>
Total	<u>\$3,020,892</u>	<u>\$3,594,840</u>

	12 Months Ended <u>12/31/81</u>	9 Months Ended <u>9/30/82</u>
Revenue	<u>\$3,381,926</u>	<u>\$2,608,141</u>
Direct Expenses	\$1,043,167	\$ 949,999
Depreciation Accruals	461,766	331,628
Taxes Other Than Income	126,752	110,293
Other Expenses	<u>1,681,257</u>	<u>1,321,624</u>
Total Expenses	\$3,312,942	\$2,713,544
Net Income - Operations	\$ 68,984	\$ (105,403)
Other Income	21,231	18,837
Taxes On Income	<u>45,890</u>	<u>-</u>
Net Income (Loss)	<u>\$ 44,325</u>	<u>\$ (86,566)</u>

(Red Figure)

Exhibit F also contains the balance sheet and income statement of MCI Airsignal, Inc. applicant's parent company as of September 30, 1982 which show assets totaling over \$13 million, liabilities of approximately \$6 million, stockholders' equity of approximately \$7 million, and net income after taxes of approximately \$2 million.

In support of the application applicant states:

"Applicant has been engaged in the radio common carrier communication business, including two-way mobile telephone service and one-way paging service, in California and elsewhere in the United States through its parent company, MCI Airsignal, Inc. (and predecessors) for well over fifteen years and is quite familiar with the additional service area it proposes to serve.

"The area in which service will be provided has experienced a pattern of substantial and continuing growth in population, economic development and demand for paging services in recent years. Applicant's development of radio frequency resources, and its proposed

innovative services will serve the public interest. The competition which applicant would provide within the proposed service area would spur full and efficient utilization of available radio spectrum to accommodate the needs of its existing paging customers as well as the expanding public need for innovative paging services at reasonable prices proposed by applicant.

"Applicant has conducted telephone market surveys and personal interviews with its current paging customers as well as potential customers within the proposed service area which reveal a substantial unserved public need for the paging services proposed by applicant, both for its own customers and potential customers in the proposed expanded service area. Applicant will demonstrate that this need has not been met by the existing service.

"Applicant, as above noted, provides paging service in a number of the major cities in California, in addition to Sacramento, California. Under its proposed tariffs, paging customers of applicant in the proposed service area may, for an area charge in addition to the monthly service charge, obtain service in areas other than Sacramento, California on any other compatible paging system operated by applicant within California or on a connecting carrier system of MCI Airsignal or its affiliate outside of California. Under this proposal, a customer of applicant in the proposed service area could receive service in all of the major population centers in California where applicant is authorized to provide compatible service, as well as in many major cities outside California. Applicant, on the basis of its experience and surveys, believes there is a substantial demand for these proposed multi-city paging services.

"Additionally, a paging customer of applicant in the proposed service area may obtain paging service in the numerous areas in California and elsewhere in the United States where applicant, MCI Airsignal, Inc., and its affiliates are authorized to serve on different paging frequencies through exchange or other arrangements made at local or foreign area business offices for a modest daily rate.

"Applicant has not initially sought to negotiate an intercarrier agreement with local, competing RTUs for the facilities and services proposed herein for three basic reasons. First, the paging system proposed by applicant is not compatible with their facilities. Second, applicant proposes ultimately to serve California with integrated radio communication systems with single carrier responsibility and with control and operation vested in one management, thus insuring the public continuous, quality service throughout the areas in which applicant operates. Third, an intercarrier arrangement would not provide the competitive local paging service sorely needed in applicant's proposed service area."

Copies of the application were served upon various cities and prospective competitors within the proposed service area and the application was noticed on the Commission's Daily Calendar of December 1, 1982. A protest to the granting of the application was received but has been withdrawn.

On March 2, 1983 the Commission issued an Order Instituting Investigation (OII 83-03-01) to consider possible revisions to Rule 18(o) of the Rules of Practice and Procedure in furtherance of its continuing regulation of radiotelephone utilities. The Commission's decision named Applicant a respondent in this generic investigation and consolidated A.82-11-47 with OII 83-03-01, since the application

was among those pending before the Commission, seeking certification for radiotelephone operations on certain paging channels recently allocated by the FCC (Ordering Paragraph No.2). Hearings may be scheduled in OII 83-03-01, pending receipt of respondents' written comments. In granting this application today, the Commission does not intend to prejudge any of the issues to be explored in OII 83-03-01. This application was not protested. It is reasonable, under the circumstances, to grant the application at this time, without altering applicant's status as a respondent in the generic proceeding.

Findings of Fact

1. Applicant is a radiotelephone utility providing two-way mobile telephone and one-way paging service within and adjacent to the Cities of Sacramento, Stockton, Concord, Modesto, Vallejo, South Lake Tahoe, Fresno, Hanford, Visalia, and Porterville. Applicant also provides two-way mobile telephone services to the Cities of Taft and Shafter and adjacent areas. Applicant is a named respondent in OII 83-03-01.

2. Applicant requests a certificate to construct and operate one-way paging facilities for the purpose of expanding its currently operated paging systems in and about the City of Sacramento and environs in order to provide tone-only, tone-and-voice, and display paging service in the expanded service area which is north and easterly of its present service area.

3. The proposed expansion will be accomplished through the addition of one transmitter to each paging system at a site located approximately 1.5 miles east-southeast of Newcastle, California.

4. The proposed additional paging systems will become an integrated part of applicant's paging system serving the Sacramento area and will extend coverage to Folsom and Auburn and will improve signal coverage in Roseville and other northeast portions of Sacramento County.

5. The proposed facilities will be installed, operated, and maintained by and under the supervision of applicant's technical staff and that of its parent company MCI, Airsignal Inc.

6. The estimated cost of the proposed expansion is \$32,880.

7. Applicant estimates annual revenue the first year of operation to be \$6,771 which would increase to \$84,758 in the fifth year of operation.

8. Applicant has determined, through telephone market surveys and interviews with its customers and potential customers within the proposed service area, that there is a need for the proposed service.

9. Public convenience and necessity require the issuance of the requested certificate.

10. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The site is already occupied by radio communication facilities.

11. No protests to the granting of the application have been received.

12. A public hearing is not necessary.

Conclusions of Law

1. Applicant requires a certificate before it may institute the proposed service.

2. 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 is granted to applicant for the construction and operation of a public utility radiotelephone system with a base station and service area as follows:

Base station location: 1.5 miles east-southeast of Newcastle, Placer County.

Service Area: As set out in Exhibit B to Application 82-11-47.

2. Applicant is authorized to file, after the effective date of this order, tariffs applicable to the service authorized containing rates, rules, and charges otherwise applicable to its radiotelephone services. This filing shall comply with General Order 96-A. The tariffs shall become effective on not less than ten days' notice.

3. Applicant shall file, after the effective date of this order, as part of its individual tariff, an engineered service area map drawn in conformity with the provisions of the Federal Communications Commission Rule 22.504, commonly known as the "Carey Report."

4. Applicant shall notify this Commission, in writing, of the date service is first rendered the public under the rates, rules, and charges authorized within five days after service begins.

5. The certificate granted and the authority to render service under the rates, rules, and charges authorized will expire if not exercised within 24 months after the effective date of this order.

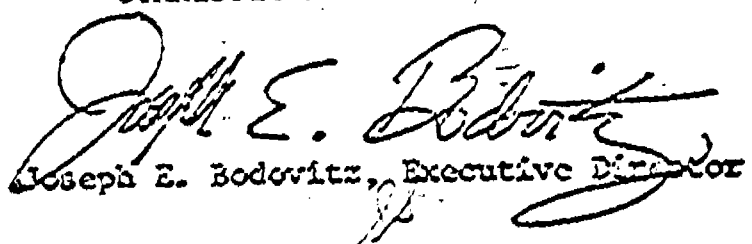
6. This order in no way alters applicant's status as a respondent in OII 83-03-01.

This order becomes effective 30 days from today.

Dated MAY 4 1983 , at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. CREW
DONALD VILL
Commissioners

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


Joseph E. Bodovitz, Executive Director



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