

Decision 83 97 012 JUL 20 1983

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 its radio-
telephone facilities and services
in portions of Kern County,
California.

Application 83-03-76
(Filed March 28, 1983)

O P I N I O N

Applicant MCI Airsignal of California, Inc., a California corporation, requests a certificate of public convenience and necessity to construct and operate radio communication facilities for the purpose of providing expanded two-way mobile radiotelephone service in portions of Kern County. The application shows that it was served on the involved cities and county as well as on Kidd's Communications, Inc., Pacific Telephone and Telegraph Company, and Continental Telephone Company of California. No protests to the application have been received.

Applicant is a radiotelephone utility (RTU) which is authorized to provide and is providing two-way mobile radiotelephone 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 and two-way mobile radiotelephone service to the Cities of Taft and Shafter and adjacent areas. It currently provides two-way mobile radiotelephone service and one-way paging service to over 13,000 units on various low-band, VHF, and UHF, frequencies.

By this application, applicant seeks a certificate of public convenience and necessity under the provisions of California Public Utilities (PU) Code § 1001 to construct and operate radio communication facilities for the purpose of providing expanded two-way mobile telephone service on frequencies 454.200 megahertz (MHz)

(Channel 28) and 454.300 MHz (Channel 32), located at Pelato Peak, ten miles south of Maricopa, California, and on frequencies 454.075 MHz (Channel 21) and 454.275 MHz (Channel 31), located atop the Bank of America Building, Bakersfield, California. Existing and proposed manual two-way mobile telephone service will be converted in the future to fully automatic, interconnected mobile telephone service, and applicant also proposes to eventually provide secondary tone-and-voice paging service on its existing and proposed UHF frequencies, and tone-only paging service on its existing VHF frequencies. The proposed expansion of applicant's radiotelephone facilities will not only enable applicant to meet the demands of its existing customers for an enlarged coverage area and improve the quality and efficiency of its current two-way mobile telephone service, but will also permit applicant to eventually provide a higher grade of tone-and-voice paging service on a secondary basis on its existing and proposed two-way mobile channels. Currently, only a low-band paging channel is available to applicant. The proposed facilities will be controlled by terminal equipment located at 2325 "Q" Street, Bakersfield, California.

Applicant requests expedited treatment of this application because of the necessity for it to continue to serve its customers in the Bakersfield area without any interruption of service. Currently, applicant provides RTU service in this area under an agency contract with Kidd's Communications, Inc. This agency contract was executed on August 2, 1971 and service has been provided to the public continuously under it until the present time. Subsequent to the filing of this application Kidd's Communications, Inc. invoked the termination clause of this agency agreement effective August 1, 1983. Should applicant not receive the requisite certificate from the Commission and complete the necessary construction before August 1, 1983, regular RTU service to applicant's approximately 1,200 customers in the Bakersfield area will be discontinued.

Applicant possesses all licenses, permits (including the relevant Federal Communication Commission (FCC) permits), and franchises required or that may be required by federal, state, and local regulatory agencies. All transmitter sites have been rented from the owners by applicant. The sites are already occupied by radio communication facilities (or are in the immediate vicinity of them) so that 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 under the direct supervision of applicant's western regional 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 expects that its capital expenditure necessary to construct or alter the base station to accommodate the requested service will be approximately \$57,000. It also expects to invest approximately \$195,000 in tone-only and voice pagers for use by its customers. During the first year of operation it expects to gross approximately \$162,000 and have expenses of \$185,000 for an operating loss of \$23,000. However, it estimates that its fifth year of operation will give it an operating profit of \$425,000. Applicant estimates that, as a result of the proposed expansion of its service area, it will experience the addition of not less than 60 mobile units in the first full year of operation and not less than 170

mobile units in the fifth full year of operation. Applicant further estimates it will experience the addition of not less than 900 paging units (both tone-only and tone-and-voice units) in the first full year of operation, and not less than 3,000 paging units (both tone-only and tone-and-voice units) in the fifth full year of operation. The proposed operation is economically feasible.

The application shows that as of December 31, 1982 applicant had assets of approximately \$3,000,000 and liabilities of \$2,000,000 for a net worth of \$1,000,000. 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 for the proposed expanded two-way mobile telephone service its currently effective rates and charges on file with the Commission for its Area I service areas for mobile telephone service and equipment. Upon conversion to automatic mobile telephone service, applicant currently intends to charge its rates and charges on file with the Commission for its Area II service area for automatic mobile telephone service and equipment.

In providing tone-only and tone-and-voice paging service within its proposed expanded service area, applicant currently intends to charge its rates and charges on file with the Commission for its Visalia area for its paging service and equipment.

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 15 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 mobile telephone and 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 expanded service area would spur full and efficient utilization of available radio spectrum to accommodate expanding public need for innovative radiotelephone services at reasonable prices proposed by applicant.

Applicant has conducted telephone market surveys and personal interviews with its existing customers as well as potential customers within the proposed expanded service area, which reveal that a substantial unserved public need exists for the radiotelephone services proposed by applicant, both for its own customers and potential customers in the proposed expanded service area.

This matter did not appear on the Commission's public agenda as required by the Government Code. However, the potential for lapse in service to existing customers as of August 1, 1983 justifies our action today on an emergency basis under PU Code § 306(b).

Findings of Fact

1. Applicant requests a certificate to construct and operate radiocommunication facilities for the purpose of providing expanded two-way mobile radiotelephone service from base stations located at Pelato Peak, 10 miles south of Maricopa, and atop the Bank of America Building in Bakersfield.

2. Applicant possesses the relevant FCC permits to conduct the requested operations.

3. The application is not protested.

4. Over the last 12 years, applicant has provided service in the area for which a certificate is requested pursuant to an agency contract with Kidd's Communications, Inc. However, the agency contract expires on August 1, 1983.

5. The proposed expansion will not only enable applicant to meet the demands of its existing customers for an enlarged coverage area and improve the quality and efficiency of its current two-way RTU service but will also permit applicant to eventually provide a higher grade of tone-and-voice paging service on a secondary basis.

6. Applicant has conducted telephone market surveys and personal interviews which reveal that a substantial unserved public need exists for the proposed service.

7. The cost to construct the facilities necessary to engage in the proposed operation is approximately \$57,000.

8. During the first year of operation it expects to lose \$23,000 in its operation but it estimates that its fifth year of operation will see an operating profit of \$425,000.

9. As of December 31, 1982 applicant had a net worth of approximately \$1,000,000.

10. Applicant is financially fit to conduct the proposed operations.

11. Applicant presently conducts RTU operations in many parts of the State.

12. Applicant has the necessary expertise to conduct the proposed operations.

13. Public convenience and necessity require the granting of the requested certificate.

14. A hearing is not necessary.

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

16. This decision is required to be effective today to prevent a lapse of service to the public.

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 is granted to MCI Airsignal of California, Inc. for the construction and operation of two public utility radiotelephone systems with base stations and service areas as follows:

- a. Base station location: Atop the Bank of America Building in Bakersfield, Kern County.

Service area: As set out on page 2 of Exhibit B attached to Application (A.) 83-03-76.

- b. Base station location: At Pelato Peak, 10 miles south of Maricopa, Kern County.

Service area: As set out on page 1 of Exhibit B attached to A.83-03-76.

2. Applicant is authorized to file, after the effective date of this order, tariffs applicable to the service authorized herein containing rates and charges otherwise applicable to its one-way paging and two-way radiotelephone services. Such filings shall comply with General Order 96-A. The tariffs shall become effective on not less than 5 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 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 and rules herein above authorized within 5 days.

5. Applicant shall keep its books and records in accordance with the Uniform System of Accounts prescribed by the Commission for radiotelephone utilities and shall determine accruals for depreciation by dividing the original cost of depreciable utility plant, less estimated future net salvage and less depreciation reserve, by the estimated remaining life of the depreciable plant. Further, applicant shall review these accruals as of January 1 following the date service is first rendered and whenever major changes in plant composition may occur at intervals of not more than 5 years. Results of these reviews shall be submitted to the Commission staff.

6. The certificate granted and the authority to render service under the rates and rules authorized will expire if not exercised within 12 months after the effective date of this order.

This order is effective today.

Dated JUL 20 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

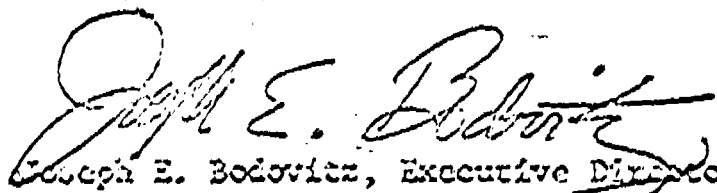
PRISCILLA C. CREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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


Joseph E. Bodovitz, Executive Director