

ORIGINAL

Decision No. 93128 JUN 2 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Mt. Shasta Radiotelephone, Inc.,)
a California corporation, for a)
certificate to construct additional)
radiotelephone utility facilities)
as may be required by Section 1001,)
et seq., of the California Public)
Utilities Code.)

Application No. 59115
(Filed August 31, 1979;
amended May 27, 1980
and September 16, 1980)

In the Matter of the Application of)
Radio Electronics Products Corpora-)
tion, a California corporation, for)
a certificate of public convenience)
and necessity to construct a)
Radiotelephone utility system.)

Application No. 59130
(Filed September 11, 1979;
amended May 22, 1980)

Robert C. Crabb and Donald E. Maria, for
Mt. Shasta Radiotelephone, Inc., appli-
cant in A.59115.

Warren A. Palmer, by Michael F. Willoughby,
Attorney at Law, for Radio Electronics
Products Corporation, applicant in
A.59130.

Heller, Ehrman, White & McAuliffe, by
Cynthia W. Hecker, Attorney at Law, for
Citizens Utilities Company of California,
protestant in both applications.

Lester W. Spillane, Attorney at Law, for
Donald Pollard, protestant in A.59115.

O P I N I O N

In Application No. 59115, as amended, Mt. Shasta Radio-
telephone, Inc., (Mt. Shasta), a radiotelephone utility (RTU),
requests a certificate of public convenience and necessity

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authorizing the construction and operation of RTU facilities with a transmitter and antenna site (base station) located at each of the following points:

1. Park Mountain near Weed, Siskiyou County;
2. Big Valley Mountain near Fall River Mills, Lassen County;
3. Likely Mountain near Alturas, Lassen County;
and
4. Shaffer Mountain near Susanville, Lassen County.

Siskiyou Mobilephone (Siskiyou), an RTU, protests Mt. Shasta's request to establish a base station on Park Mountain. Citizens Utilities Company of California (Citizens), a public utility landline telephone company which offers radiotelephone service, protests Mt. Shasta's request to establish base stations on Big Valley, Likely, and Shaffer mountains. ✓

In Application No. 59130, as amended, Radio Electronics Products Corporation (RepcO), an RTU, requests a certificate of public convenience and necessity authorizing the construction and operation of RTU facilities with a base station located at Antelope Mountain near Susanville, Lassen County. Citizens protests Repco's application.

Initially, Repco and Mt. Shasta protested each other's request for a base station in the vicinity of Susanville, but after entering into a Settlement Agreement and an Intercarrier Traffic Exchange Agreement, for which approval is sought herein, they withdrew their respective protests.

The applications were heard on a consolidated record before Administrative Law Judge Pilling in San Francisco and Redding on three days in November and two days in December 1980.

Mt. Shasta's Showing

Mt. Shasta presently offers two-way mobile radiotelephone (mobile) service and one-way paging service as an RTU with a base station located on Gray Butte on the lower southern slopes of Mount Shasta and its control station located in the City of Mt. Shasta. It desires to improve its radio signal to the City of Weed and to Scott Valley, located northwest of Weed, by establishing an additional base station west of Weed on Park Mountain which will be controlled by its present control station. It also desires to institute an RTU service in three new service areas^{1/} east and

^{1/} Generally speaking, the service area of a public utility radiotelephone system, including that of an RTU, is the theoretical ground area, depicted by a contour line on a map filed with the Commission, throughout which a radio signal from a base station can be received with a prescribed degree of reliability as to signal strength and frequency. Exhibit 38 consists of maps depicting the radiotelephone and landline telephone service areas involved in this proceeding, except that of Siskiyou and that of Mt. Shasta's extension of its present service area which are found in Exhibits 12 and 13. Exhibit 39 contains the legend for Exhibit 38. ✓

southeast of its present service area by establishing a base station on Big Valley Mountain near Fall River Mills, on Likely Mountain near Alturas, and on Shaffer Mountain near Susanville. Mt. Shasta expects to make arrangements with an independent telephone answering office in each of Fall River Mills, Alturas, and Susanville to take on the additional function of operating as a Mt. Shasta control station. Each control station will be linked by radio to its respective base station. The areas to be served are sparsely populated and predominantly rural.

Mt. Shasta's proposed Fall River Mills service area includes two of Citizens' radiotelephone service areas but embraces considerably more territory. Mt. Shasta's proposed Alturas service area lies entirely within the boundaries of another Citizens' radiotelephone service area. Mt. Shasta's proposed Susanville service area includes about half of another of Citizens' radiotelephone service area plus four times as much additional territory.

In its proposed service Mt. Shasta intends to offer two-way mobile service and one-way tone-only and tone-and-voice paging service. UHF and VHF radio frequencies will be used, except that, by agreement between Repco and Mt. Shasta, Mt. Shasta will use UHF only in its Susanville service area. The proposed services will be operated in the manual mode, except that calls between mobiles in the same local service area will be automatically relayed by a

repeater at the local base station. The manual mode, as contrasted to the direct-dial mode, requires that pages and calls (other than local mobile-to-mobile calls) be placed through a control station operator. To set up a call from a mobile the customer must locate a vacant radio channel and then hold down a button to signal the local control station operator. The operator after receiving the radio signal enters into the channel and logs the call on the air. The customer tells the operator who he is and in terms of billing data tells the operator whom he is calling, and describes the type of call he wants to make. The operator then records the information on a traffic ticket for billing purposes. If the call is to a landline telephone number, the operator connects the radio circuit to a general landline telephone company circuit, dials the telephone number (either local or long distance), waits on the line to determine if contact has been made and, if so, begins timing the call. Upon completion of the call the mobile calling party must signal the operator again so that the operator will sever the connection and stop timing the call.

Mt. Shasta's proposed RTU system will interconnect with a public landline telephone company system at each of Mt. Shasta's proposed control stations thus permitting calls between a landline telephone and a mobile and a page from a landline telephone to a pager. The landline telephone system linkage between control

stations will permit intercommunication between Mt. Shasta's service areas. Citizens' public landline telephone system will be used as Mt. Shasta's landline telephone interconnection.

Mt. Shasta intends to offer, in addition to local paging service, a wide-area paging service through its City of Mt. Shasta control station, which will be able to send a radio signal from the Gray Butte base station to each of the other base stations causing all base stations to simultaneously broadcast the page. Future plans call for Mt. Shasta to install a direct dial system to operate parallel to its manual system and to connect all base stations by microwave.

Mt. Shasta contends that many mobile users prefer the manual mode over a direct-dial mode because the operators at the control stations can perform the functions of a telephone answering service and message center, set up conference calls, forward calls, assist in cases of emergencies, and perform other secretarial services. In a direct-dial system there is no contact between the caller and a human operator as all functions at the control station are performed electronically. Mt. Shasta acknowledges that calls to or from its subscribers' mobile units can be monitored by other of its mobile subscribers within the same calling or receiving area, as one can monitor calls on a landline telephone party line,

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but points out that many subscribers, such as logging contractors and other companies who have areawide operations find it useful to monitor intracompany calls so that they can keep abreast of what is going on in their operations. Mt. Shasta contends that while party-line type monitoring cannot be done in a direct-dial type mobile system the same may be accomplished by the use of a scanner.

The witness for Mt. Shasta testified that RTUs and land-line telephone companies operating radiotelephone service have been unable to exchange radio traffic because the Federal Communications Commission (FCC) has set aside a certain block of frequencies that are relegated exclusively to landline telephone companies and are not available to RTUs. Additionally, manufacturers historically have not built equipment that would accommodate the radio channels of both types of companies.

The president of Mt. Shasta has been active in the radiotelephone utility field for 30 years and has been officer, stockholder, and technical head of Mobilfone, Inc. which he alleges to be the largest and most technically advanced radiotelephone system in the nation, now serving a five-county area of Metropolitan Los Angeles. As of May 31, 1979 Mt. Shasta had a minus net worth of \$99,500. As of that date the principal amount (\$172,037) of its long-term debts is owed to its affiliated companies and stockholders.

For the six months ending May 31, 1979, Mt. Shasta had a net loss of \$33,000. To the extent that additional revenue is required for the proposed construction or operations, the president of Mt. Shasta and his wife have agreed to provide all additional monies needed from their personal funds. The unaudited joint personal balance sheet of the president and his wife shows that they have an excess of assets over liabilities of \$559,313 with the assets figured on a cost basis and \$2,388,200 with the assets figured on the basis of present-day value.

Mt. Shasta estimates that the cost of the equipment and installation of the proposed base station and control station facilities will be approximately \$135,000, but that it has on hand in its warehouse all the necessary equipment to construct the facilities, some of the equipment having been used on a development project and other equipment having been retired by an affiliated company. Hence, little or no additional financing will be required to construct the facilities. Arrangements for antenna sites have been completed. Estimated annual expenses of the four sites are \$23,410. Mt. Shasta is currently serving, depending on the season of the year, between 60 to 85 pager subscribers and 60 to 170 mobiletelephone subscribers. By the fifth year of operation it expects to be serving 300 pagers and 450 mobile subscribers.

Charges for its proposed services will be the same as the charges for its current services. A subscriber may use his own equipment or that of the Mt. Shasta.

The FCC has granted a license to Mt. Shasta for all locations and channels Mt. Shasta expects to use in its proposed service but has withheld approval, until Mt. Shasta submits the results of further tests of requested power waivers which, if granted, would permit Mt. Shasta to serve the wider areas it seeks to serve in this application. In satisfaction of each other's protest to the other's application Mt. Shasta and Repco have agreed to change their proposed broadcasting frequencies in the Susanville area and to provide intercarrier exchange service to the other's customers in accordance with the Intercarrier Agreement submitted as an amendment to the applications. Both Repco and Mt. Shasta have agreed to apply to the FCC for these changes in frequencies.

Three public witnesses supported Mt. Shasta's application and testified to a need for its service. One witness was the logging manager of a lumber and logging company which operates in northern California and Oregon; one witness owned a telephone answering service which will act as a control station for Mt. Shasta at Fall River Mills; and one witness owns a radio shop in Burney which sells and services, among other radio equipment, mobiles and pagers.

Repco's Showing

Repco, which presently offers RTU service in the Redding area, intends to establish a control station in Susanville and a VHF base station on Antelope Mountain five miles northeast of Susanville. The base station will be connected to the control station by cable if available, and if not available then by radio. Repco will offer two-way mobile service and one-way tone-only and tone-and-voice paging in its proposed Susanville service area. The services will be operated in the manual mode. Repco has a commitment from Lassen Telephone Answering Service to operate Repco's control station. Repco's RTU system will interconnect with Citizens' general landline telephone system at the control station. Repco has a verbal commitment with Sierra Communications of Reno, Nevada, to enter into an interchange of traffic agreement if the Repco's application is granted. Repco's proposed Susanville service area includes all of Citizens' Susanville radiotelephone service area but is nine times larger than all of Mt. Shasta's Susanville service areas.

Exhibit 19 consists of a survey taken by Repco to establish a need for its proposed paging and mobile telephone service in Susanville and vicinity. The survey consisted of written questionnaires submitted to 17 businesses in the area setting forth an abbreviated description of the manual services

proposed to be offered and the charges therefor with a request to complete and sign the questionnaire. The completed questionnaires show that of the 12 persons expressing a positive interest in subscribing to Repco's proposed service in the future, nine persons wanted the paging service, one person the mobiletelephone service, and two persons wanted both paging and mobiletelephone service. Of the three persons who expressed an interest in immediately applying for the service, three persons wanted the mobiletelephone service. One person stated he had no interest in either service.

The majority shareholder of Repco is also the majority shareholder of Communication Enterprises, Inc. which has over 25 years' experience in the radiotelephone industry. As of September 30, 1978, Repco had a net worth of \$82,981 and for the nine months ending on that date had a gross income from paging and mobiletelephone service and equipment rentals of \$134,438. Repco estimates its initial construction and equipment costs to be approximately \$47,300, which it expects to finance through internally generated funds and, if necessary, advances from affiliated companies. Repco estimates that it will have 30 paging and 25 mobile radiotelephone subscribers by the end of its first year of operation and will experience for that year a gross operating income of \$40,455, total operating expenses of \$40,350, and a net profit of \$105. It anticipates the number of subscribers

will increase by the end of its fifth year of operation to 80 for pagers and 100 mobile telephones and it will experience a net profit from operations for that year of approximately \$40,610. Repco will initiate service under the same schedule of rates and charges as it uses in its Redding operation. A subscriber to Repco's service may use his own equipment or obtain the equipment from Repco. Repco's proposed antenna location and channels have been licensed by the FCC and arrangements have been completed for an antenna site.

Protestant Citizens' Showing ✓

Applicants question Citizens' standing to protest various parts of their applications. They contend that Citizens possesses no certificate from the Commission authorizing it to perform any radiotelephone services in the involved areas. While conceding that Section 1001 of the Public Utilities Code would allow Citizens to give radiotelephone service within and incidentally outside of its landline telephone service area without the need of obtaining a certificate from the Commission, they point to the fact that Citizens' Alturas radiotelephone service area encompasses many square miles outside of its landline telephone service area-up to a distance of 30 miles outside.^{2/} They also point out that, while

^{2/} By Application No. 60076 filed with the Commission November 14, 1980, Citizens requested a certificate to construct and operate radiotelephone facilities to give service in its present Alturas radiotelephone service area. The record in that case shows that its application was not protested.

Citizens' Susanville radiotelephone service area map on file with the Commission shows its service area to be limited principally to its local Susanville telephone service area, Citizens has been licensed by the FCC to serve an area approximately two-and-one-half times larger than its radiotelephone service area map shows, ^{3/} including other parts of its landline telephone service area but Citizens has not seen fit to file an amended service area map. ✓

Protestant Citizens is a landline telephone company which offers, in connection with its landline telephone service, a two-way mobile service in its Alturas, Burney-Fall River Mills, and Susanville radiotelephone service areas and a one-way tone-only paging service in its Susanville radiotelephone service area. Citizens' mobile and paging services are operated in the direct-dial mode, except that local mobile-to-mobile calls must be operator-assisted. In Citizens' direct-dial mode, a mobile customer locates a vacant channel, picks up the telephone receiver and dials the number he wants in the same way a person dials an ordinary telephone. The connection between the two parties, timing of the call, and billing the call are all done automatically as they are done with an ordinary telephone set. When the parties are

3/ Footnote ** to Exhibit 39 indicates that Citizens intends some time in the future to apply for a certificate from the Commission to serve the larger areas.

done talking, they simply hang up their receivers. It has 30 mobile customers in the Alturas service area, 28 in the Burney-Fall River Mills areas, and 55 in its Susanville service area. It serves 35 pagers in the Susanville service area. A subscriber may use his own mobile and pager equipment or equipment furnished by Citizens. Citizens plans to improve its service in the Susanville, Burney, and Alturas areas. For the Susanville area, it intends to add a second channel and place the antenna on Antelope Mountain, which will increase its service area. For the Burney area, it will install a new base station on Haney Mountain, which will give it improved quality over a larger area, and it will add paging. For the Alturas area it will add paging. However, if Mt. Shasta's and Repco's applications are granted, Citizens testified that it would have second thoughts about investing money in making the improvements.

Citizens objects to the granting of the applications (except Mt. Shasta's request to construct a transmitter on Park Mountain) contending that the area involved is sparsely populated and should not be saddled with the financial burden of supporting a second utility, much less three utilities in the Susanville area. It claims that if either or both applicants made significant inroads in Citizens' customers, Citizens' revenues would no longer support its mobile and paging operations, and with a smaller number

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of subscribers to support Citizens' investment in such operations, Citizens would have to apply for a rate increase. The subscribers would then be paying more for Citizens' service as a result. Additionally, Citizens claims that its service is adequate and satisfactory and that Citizens' service is less expensive than applicants'. Citizens advertises its radiotelephone service from time to time in the local news media. Between May 26, 1980 and August 4, 1980, it conducted a newspaper advertising campaign which netted it only three new customers in the Alturas area, three new customers in the Fall River Mills area, and no new customers in the Susanville or Burney areas. During four days in October, 1980 it made a traffic study with automatic recorders of the use of its mobile channels and found that the channel was in use an average of only 22 minutes per hour, or an average use of 37 percent. Citizens claims that it is willing and able to take on more subscribers.

Citizens possesses no Commission certificate specifically authorizing it to perform radiotelephone services in the involved areas. Citizens claims authority to perform radiotelephone services under Section 1001 of the Public Utilities Code which states that no certificate is necessary "for an extension within or to a territory already served by it, necessary in the ordinary course of its business". It contends that all the populated areas

it serves in its radiotelephone operations are within its landline telephone service areas, or areas contiguous thereto, and hence no certificate is necessary. It points out that all its radiotelephone customers in the Susanville area have Susanville addresses and that Susanville is within its certificated landline telephone service area. It also contends that no certificate is necessary if its mobile and paging service subscribers are also subscribers to its landline telephone service.

Citizens considers manual mobile service inferior to its direct-dial service because manual service requires a longer time to set up and take down a call and has no way of preserving the confidentiality of a conversation. In Citizens' view, while the theory behind voice paging makes it sound superior to tone paging Citizens believes tone paging is superior because voice messages are difficult to understand, the Nicad batteries used in the voice pager are good for only two or three messages before the batteries have to be recharged, and a tone can be heard where a voice transmission would be garbled, especially in the mountainous areas involved in the applications.

Protestant Siskiyou's Showing

Protestant Siskiyou provides two-way mobile and one-way paging service in a service area which includes Yreka, Montague, Granada, Shasta Valley, and Scott Valley from its base station located approximately five miles due west of Yreka. Its control

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station is located in Yreka. Its operations are in the manual mode except that a repeater is provided at its base station which allows local mobile-to-mobile contact without the caller having to go through an operator. Currently it serves 100 mobiles in the Yreka-Scott Valley area. Customers have the option of buying their own equipment or renting it from Siskiyou. It provides transient service and its customers are able to work through Mt. Shasta's present system when in Mt. Shasta's territory. Siskiyou's service area is roughly a circle with a circumference of 35 miles and is located north and northwest of Mt. Shasta's present service area. The extreme northwest portion of Mt. Shasta's service area overlaps the extreme south and southeast portion of Siskiyou's service area to a small extent. The proposed Park Mountain base station will extend Mt. Shasta's present service area to the north-west along Interstate Highway 5 from 12 miles south of Yreka to 15 miles north of Yreka, to the west from the eastern half of Scott Valley to all of Scott Valley, and to the north from the southern end of Shasta Valley to the northern end of Shasta Valley--all territory now served by Siskiyou. Siskiyou suggests that if Mt. Shasta is having trouble with its signal in some parts of Weed, which often happens in mountainous terrain, that Mt. Shasta place a low-powered facility in Weed connected to the Gray Butte base station by

line-of-sight microwave or cable and not take the major step of establishing a base station on Park Mountain, which will result in a two-thirds overlap of Siskiyou's service area. Siskiyou contends there is no need for an additional RTU to provide service in its service area.

Discussion

Both Mt. Shasta and Repco have received their basic FCC licenses to construct and operate the proposed base stations. We long ago established a policy of permitting limited competition by RTUs with general landline telephone companies offering radio-telephone service. This policy is in acknowledgment that "the FCC has encouraged the development of competitive public radiotelephone systems through the provision of a family of frequencies within which the development of common carrier mobile radio systems by enterprises other than existing telephone companies may take place" and our recognition of the impasse which would result if we did not adopt a policy reasonably consistent with that of the FCC.

Sylvan B. Malis (Coast Mobilphone Service) v General Telephone of Cal. (1961), 59 CPUC 110, 115. We will continue to adhere to this policy.

Fall River Mills and Alturas Service Areas

When Mt. Shasta's base station on Big Valley Mountain and Likely Mountain start operating, Mt. Shasta will be Citizens' only RTU competitor in that area, a situation which affords only limited

RTU competition to Citizens. In addition, since Citizens does not offer paging service in that area Mt. Shasta's proposal to give a paging service will add a new dimension to radiotelephone in those areas.

Susanville Service Area

We will authorize the construction and operation in this area requested by Repco and Mt. Shasta, who, essentially, do not protest each other's application. Citizens' present radiotelephone service area depicted on its service area map filed with the Commission is confined principally within its local Susanville and vicinity landline telephone exchange area. Hence, nine-tenths of Repco's proposed service area and four-fifths of Mt. Shasta's proposed service area, both of which include some of Citizens' landline telephone service areas not included in Citizens' radiotelephone service area, have no public radiotelephone service available. While Citizens has plans for future expansion of its radiotelephone service area to approximate that of Repco's proposed service area, applicants have presented us with a concrete request to immediately initiate the service which should not be denied pending implementation of Citizens' expansion plans which appear to have been of recent origin.

Weed Service Area

Our policy and that of the FCC of permitting limited competition cited in Malis, supra, is for the purpose of fostering the development of "competitive systems, techniques, and equipment." However, neither this Commission nor the FCC has a policy of authorizing additional competition between RTUs in sparse and remote areas (such as here) which have few customers whose needs are adequately met by the existing RTU services. The proposal of Mt. Shasta to provide service through a new base station is based on other considerations.

Mt. Shasta's principal reasons for wanting to establish a base station on Park Mountain are to improve its signal in Weed and in Scott Valley. As suggested by Siskiyou, the signal in Weed can be improved by installing a low-power facility in Weed connected to the Gray Butte base station by line-of-sight microwave or cable and would thus eliminate one of the reasons for installing the new base station. Some of Scott Valley lies within and some without the western boundary of Mt. Shasta's present service area. Establishing the Park Mountain base station will allow Mt. Shasta to extend its present service area approximately six miles west of Scott Valley and at the same time to extend its present service area to cover approximately two-thirds of Siskiyou's service area. We are not convinced that these are valid reasons for

authorizing Mt. Shasta to expand its present service area where the authorization will result principally in the invasion by one RTU into over half of the service area of another RTU.

Findings of Fact

1. Mt. Shasta requests authority to construct and operate an RTU base station on Park Mountain near Weed, on Big Valley Mountain near Fall River Mills, on Likely Mountain near Alturas, and on Shaffer Mountain near Susanville.
2. Repco requests authority to construct and operate an RTU base station on Antelope Mountain near Susanville.
3. The antenna sites and channels proposed to be used by Mt. Shasta and Repco have been licensed by the FCC.
4. Mt. Shasta and Repco intend to operate their proposed RTU systems in the manual mode and to offer mobile service as well as tone-only and tone-and-voice paging service.
5. Mt. Shasta intends to offer wide-area paging service covering its present and proposed RTU service areas.
6. The locations and outlines of all service areas involved in this proceeding are set forth in detail in Exhibits 12, 13, 38, and 39.
7. Protestant Citizens is a landline telephone public utility which offers, in connection with its landline telephone service, direct-dial mobile service in its Burney-Fall River

Mills and Alturas radiotelephone service areas and offers both direct-dial mobile and tone-only paging services in its Susanville radiotelephone service area.

8. Mt. Shasta's proposed Fall River Mills service area includes Citizens' Burney-Fall River Mills service areas plus considerably more territory.

9. Mt. Shasta's proposed Alturas service area is entirely within Citizens' Alturas radiotelephone service area. ✓

10. Mt. Shasta's proposed Susanville service area includes half of Citizens' Susanville radiotelephone service area plus four times as much additional territory.

11. Repco's proposed Susanville service area is nine times larger than Citizens' Susanville radiotelephone service area and includes Citizens' service area as well as Mt. Shasta's proposed service area.

12. Citizens plans to add another channel and enlarge its Susanville radiotelephone service area to make it coextensive with that of Repco's proposed service area, to institute paging service in its Alturas and Burney-Fall River Mills radiotelephone service areas, and to enlarge the latter service areas.

13. Citizens' plans set forth in Finding 12 are in recognition of an unsatisfied need for additional radiotelephone service in the involved areas.

14. In a written survey of 17 businesses taken by Repco, 16 of the businesses expressed an interest in subscribing to a radio-telephone service available within the boundary of Repco's proposed Susanville service area.

15. Three prospective users of Mt. Shasta's service supported its application.

16. Public convenience and necessity require the authorization of Mt. Shasta's request to construct and operate RTU facilities with a base station each on Big Valley Mountain, Likely Mountain, and Shaffer Mountain.

17. Public convenience and necessity require the authorization of Repco to construct and operate RTU facilities with a base station on Antelope Mountain.

18. The quality of Mt. Shasta's signal from its present base station on Gray Butte is poor in certain sections of the City of Weed and certain sections of Scott Valley.

19. Mt. Shasta proposes to improve the quality of its signal in Weed and Scott Valley by placing a base station on Park Mountain.

20. Protestant Siskiyou is an RTU which offers manual mobile and paging service with a base station located five miles west of Yreka in a service area 30 miles in circumference.

21. Siskiyou's RTU service was not shown to be inadequate.

22. Operating the Park Mountain base station will enlarge Mt. Shasta's present service area to include approximately 60 percent of Siskiyou's service area.

23. Mt. Shasta can improve the quality of its signal in Weed by placing a low-powered facility in Weed connected to its Gray Butte base station.

24. Mt. Shasta's desire to improve the quality of its service in two small areas of its present service area is not alone a valid reason for authorizing it to expand its present service area to include 60 percent of another RTU's service area.

25. Public convenience and necessity have not been shown to require the establishment of a base station on Park Mountain.

26. The Settlement Agreement and the Intercarrier Traffic Exchange Agreement between Mt. Shasta and Repco will not be adverse to the public interest.

27. Mt. Shasta is fit, willing, and financially able to operate as an RTU in each of the areas authorized by this decision.

28. Repco is fit, willing, and financially able to conduct the operation proposed in its application.

Conclusions of Law

1. Repco's application, as amended, should be granted.

2. Mt. Shasta's application, as amended, should be granted to the extent of authorizing it to construct and operate a base station on Big Valley Mountain, Likely Mountain, and Shaffer Mountain.

3. Mt. Shasta's application, as amended, should be denied as to its request to construct and operate a base station on Park Mountain.

4. The Settlement Agreement and the Intercarrier Traffic Exchange Agreement entered into between Mt. Shasta and Repco should be approved.

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 Mt. Shasta Radiotelephone, Inc. (Mt. Shasta) for the construction and operation of three public utility radiotelephone systems with base stations and service areas as follows:

- a. Base station location: Big Valley Mountain near Fall River Mills, Lassen County. Service area: as set out on page 2 of Appendix B to Application No. 59115;
- b. Base station location: Likely Mountain near Alturas, Lassen County. Service area: as set out on page 3 of Appendix B of Application No. 59115;
- c. Base station location: Shaffer Mountain near Susanville, Lassen County. Service area: as set out on page 4 of Appendix B to Application No. 59115.

2. The Settlement Agreement and Intercarrier Traffic Exchange Agreement entered into between Mt. Shasta and Radio Electronics Products Corporation (Repeco) as proposed in the applications, as amended, are approved. ✓

3. A certificate of public convenience and necessity is granted to Repco for the construction and operation of a public utility radiotelephone system with a base station located on Antelope Mountain near Susanville, Lassen County, with a service area as set out in Exhibit A to Application No. 59130.

4. Mt. Shasta and Repco are authorized to file, after the effective date of this order, tariffs applicable to the service authorized herein containing rates and charges otherwise applicable to their one-way paging and two-way radiotelephone services. Such filings shall comply with General Order No. 96-A. The tariffs shall become effective on not less than ten days' notice.

5. Mt. Shasta and Repco shall file, after the effective date of this order, as part of their individual tariffs, an engineered service area map drawn in conformity with the provisions of Federal Communications Commission Rule 22.504, commonly known as the "Carey Report".

6. Mt. Shasta and Repco shall notify this Commission, in writing, of the date service is first rendered the public under the rates and rules hereinabove authorized within five days thereafter.

7. Mt. Shasta and Repco shall keep their 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

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reserve, by the estimated remaining life of the depreciable plant. Further, they shall review said accruals as of January 1, following the date service is first rendered and thereafter whenever major changes in plant composition may occur at intervals of not more than five years. Results of the these reviews shall be submitted to this Commission.

8. The certificate herein granted and the authority to render service under the rates and rules hereinabove authorized will expire if not exercised within twenty-four months after the effective date of this order.

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9. To the extent not authorized or approved herein Application No. 59115 is denied.

The effective date of this order shall be thirty days after the date hereof.

Dated JUN 2 1981, at San Francisco, California.

John E. Byrne

President
Michael D. Crowley

Joseph J. ...

Walter ...

Commissioners

Commissioner Priscilla C. Grow, being necessarily absent, did not participate in the disposition of this proceeding.