

Decision 96-02-055 February 23, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Mariners' Telecomm Group, Inc., for)
a Certificate of Convenience and) Application 95-10-022
Necessity to Operate as a Reseller) (Filed October 12, 1995)
of Telecommunications Services)
Within the State of California.)

ORIGINAL

1. Summary

Mariners' Telecomm Group, Inc. (applicant) seeks a certificate of public convenience and necessity under Public Utilities (PU) Code, § 1001 to permit it to resell interLATA and intraLATA telephone services in California. The application is granted.

2. Nature of Application

Applicant, a California corporation, is a wholly owned subsidiary of the Seamen's Church Institute. It sells prepaid telephone debit cards at maritime centers in California, Connecticut, Maryland, Oregon, Pennsylvania and Washington. Applicant states that the debit cards are designated for use only for interstate and international calls. If this application is approved, applicant also would offer intrastate calling service on its debit cards in California.

Applicant has attached its proposed tariffs to the application as Exhibit VI. The tariffs are comparable to those of competing carriers. Applicant requests a partial waiver of

1 California is divided into 10 Local Access and Transport Areas (LATAs) of various sizes, each containing numerous local telephone exchanges. "InterLATA" describes telecommunications service originating in one LATA and terminating in another. "IntraLATA" describes telecommunications service originating and terminating within a single LATA.

By Decision (D.) 84-01-037 (14 CPUC2d 317 (1984)) and later decisions, the Commission authorized interLATA entry generally.

By D.94-09-065, we authorized competitive intraLATA services effective January 1, 1995. The Commission has established two major criteria for determining whether an operating certificate should be granted to a switchless reseller, that is, a reseller of telephone services that uses the switch of another interexchange carrier. First, the applicant must demonstrate that it has at least \$25,000 in uncommitted cash or the equivalent to handle start-up costs. Second, it must show technical expertise in telecommunications or a related business. (D.91-10-041 (41 CPUC2d 505 (1991)) and (93-05-010).

Applicant here has provided financial statements (Exhibit IV) showing net income of \$32,000 through the first six months of 1995, with current assets of \$122,000 for the same period, including \$32,000 in cash.

Applicant also has provided information on its key managers. (Exhibit V) The Rev. Kelly A. Crawford, Jr., president, manages the telecommunications services offered by applicant through the Seamen's Church Institute, and has 20 years of experience in managing small businesses. Kamala Kannan, director of telecommunications, holds a master's degree from the University of Notre Dame and has four years of experience in directing electronic support systems. Linda Atmajoana, director of accounting, has 14 years of experience in finance and accounting for small businesses.

Applicant has attached its proposed tariffs to the application as Exhibit VI. The tariffs are comparable to those of competing carriers. Applicant requests a partial waiver of Rule 18(b) to the extent that it requires service of the application on city and county planning agencies. The Rule 18(b) request has been granted routinely in the past. (American Telephone Network, Inc. (1992) 43 CPUC2d 380.)

3. Discussion

Applicant has demonstrated that it has the financial resources and technical skill to operate reseller services in California. No officer of applicant has been involved in any other telecommunications company that has gone out of business or has filed for bankruptcy. No protests to the application have been filed. We will authorize the interLATA and intraLATA services that applicant seeks to provide.

Findings of Fact

1. Applicant served a copy of its application to 158 telecommunications corporations with which it may compete.

2. A notice of the filing of the application appeared in the Daily Calendar on October 27, 1995.

3. No protests have been filed.

4. By prior Commission decisions, we authorized competition in providing interLATA telecommunications service but generally barred those offering such service from holding out to the public the provision of intraLATA services.

5. By D. 94-09-065, we authorized competitive intraLATA services effective January 1, 1995; for carriers meeting specified criteria.

6. Applicant has demonstrated that it has a minimum of \$25,000 in cash available to meet its start-up expenses, and that it has sufficient resources to cover required deposits, if any.

7. Applicant has demonstrated that its management possesses the requisite technical experience to operate its service.

8. Applicant has submitted with its application a draft of its initial tariff, and this tariff complies with Commission requirements.

The user fee provided in PU Code § 431-432, which is 0.1% of gross interstate revenue for the 1992-1996 fiscal year (Resolution 4378), and

9. Since no facilities are to be constructed, it can be seen with certainty that the proposed operation will not have a significant effect upon the environment.

10. The Commission has routinely granted non-dominant interexchange carriers such as applicant an exemption from the Rule 18(b) requirement that the application be served on cities and counties in the proposed service area.

11. Exemption from the provisions of PU Code §§ 816-830 has been granted to other resellers.

12. No officer of applicant has been involved in any other telecommunications company that has gone out of business or has filed for bankruptcy.

Conclusions of Law

1. No hearing is required.

2. Applicant has the financial ability to provide the proposed service.

3. Applicant has made a reasonable showing of technical expertise in telecommunications.

4. Public convenience and necessity require the interLATA and intraLATA services to be offered by applicant.

5. Applicant is subject to:

a. The current 3.2% surcharge applicable to all intrastate services, except for those excluded by D.94-09-065 as modified by D.95-02-050 to fund Universal Lifeline Telephone Service (PU Code § 879; Resolution T-15799, November 21, 1995);

b. The current 0.36% surcharge applicable to all intrastate services except for those excluded by D.94-09-065 as modified by D.95-02-050 to fund the California Relay Service and Communications Devices Fund (PU Code § 2881; Resolution T-15801);

c. The user fee provided in PU Code §§ 431-435, which is 0.1% of gross intrastate revenue for the 1995-1996 fiscal year (Resolution 4778); and

The current 0.27% surcharge applicable to all intrastate services except for those excluded by D.94-09-065 as modified by D.95-02-050, to fund the California High Cost Fund (PU Code § 739.30; Resolution T-15826, December 20, 1995).

5. Applicant should be exempted from the Rule 18(b) requirement of service of the application on cities and counties.

6. The application should be granted to the extent set forth below.

7. Because of the public interest in competitive interLATA and intraLATA services, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Mariners' Telecomm Group, Inc. (applicant) to operate as a reseller of interLocal Access and Transport Area (interLATA) services and, to the extent authorized by Decision (D.) 94-09-065, intraLocal Access and Transport Area (intraLATA) services offered by communications common carriers in California.

2. Applicant shall file a written acceptance of the certificate granted in this proceeding.

3. a. Applicant is authorized to file with this Commission tariff schedules for the provision of interLATA and intraLATA service. Applicant may not offer interLATA or intraLATA service until tariffs are on file. Applicant's initial filing shall be made in accordance with General Order (GO) 96-A, excluding Sections IV, V, and VI, and shall be effective not less than 1 day after filing.

Applicant is a nondominant interexchange carrier (NDIEC). The effectiveness of its future tariffs is subject to the schedules set forth in Ordering Paragraph 5 of D.90-08-032, as modified by D.91-12-013 and D.92-06-034.

5. All NDIECs are hereby placed on notice that their California tariff filings

will be processed in accordance with the following effectiveness schedule:

"a. Inclusion of FCC-approved rates for interstate services in California public utilities tariff schedules shall become effective on one (1) day's notice.

"b. Uniform rate reductions for existing services shall become effective on five (5) days' notice.

"c. Uniform rate increases, except for minor rate increases, for existing services shall become effective on thirty (30) days' notice, and shall require bill inserts, a message on the bill itself, or first class mail notice to customers of the pending increased rates.

"d. Uniform minor rate increases, as defined in D.90-11-029 for existing services shall become effective on not less than 5 working days' notice. Customer notifications is not required for such minor rate increases.

"e. Advice letter filings for new services and for all other types of tariff revisions, except changes in text not affecting rates or relocations of text in the tariff schedules, shall become effective on forty (40) days' notice.

Advise letter filings merely by
 revising the text, or location of
 text material which do not cause an
 increase in any rate or charge
 shall become effective on not less
 than five (5) days' notice."

4. Applicant may deviate from the following provisions of
 GO 96-A: (a) paragraph II.C.(1)(b), which requires consecutive
 sheet numbering and prohibits the reuse of sheet numbers, and
 (b) paragraph II.C.(4), which requires that "a separate sheet or
 series of sheets should be used for each rule." Tariff filings
 incorporating these deviations shall be subject to the approval of
 the Commission Advisory and Compliance Division's (CACD)
 Telecommunications Branch. Tariff filings shall reflect all fees
 and surcharges to which applicant is subject, as reflected in
 Conclusion of Law 5.

5. Applicant shall file as part of its initial tariff, after
 the effective date of this order and consistent with Ordering
 Paragraph 3, a service area map.

6. Applicant shall notify this Commission in writing of the
 date interLATA service is first rendered to the public within 5
 days after service begins and again within 5 days of when intralATA
 service begins.

7. Applicant shall keep its books and records in accordance
 with the Uniform System of Accounts specified in Title 47, Code of
 Federal Regulations, Part 32.

8. In the event the books and records of the applicant are
 required for inspection by the Commission or its staff, applicant
 shall either produce such records at the Commission's offices or
 reimburse the Commission for the reasonable costs incurred in
 having Commission staff travel to applicant's office.

9. Applicant shall file an annual report, in compliance with
 GO 104-A, on a calendar-year basis using the information request
 form developed by the CACD Auditing and Compliance Branch and
 contained in Attachment A.

10. Applicant shall ensure that its employees comply with the provisions of Public Utilities' (PU) Code § 2889.5 regarding solicitation of customers.

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

12. The corporate identification number assigned to applicant is U-5567-C which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

13. Within 60 days of the effective date of this order, applicant shall comply with PU Code § 708, Employee Identification Cards, and notify the Chief of CACD's Telecommunications Branch in writing of its compliance.

14. Applicant is exempted from the provisions of PU Code §§ 815 & 830.

15. In response to the applicant's request for waiver, applicant is exempted from Rule 18(b) of the Commission's Rules of Practice and Procedure to the extent that the rule requires applicant to serve a copy of its application on the cities and counties in which it proposes to operate.

16. If applicant is 90 days or more late in filing an annual report or in remitting the fees listed in Conclusion of Law 5, CACD shall prepare for Commission consideration a resolution that revokes the applicant's certificate of public convenience and necessity, unless the applicants have received the written permission of CACD to file or remit late.

Applicant shall file an annual report, in compliance with GO 104-A, on a calendar-year basis using the information request form developed by the CACD Auditing and Compliance Branch and contained in Attachment A.

17. The application is granted, as set forth above.
18. Application 95-10-022 is closed.
This order is effective today.
Dated February 23, 1996, at San Francisco, California.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

A.95-10-022 ALJ/GEW/sid

TO: ALL INTEREXCHANGE TELEPHONE UTILITIES

Article 5 of the Public Utilities Code grants authority to the California Public Utilities Commission to require all public utilities doing business in California to file reports as specified by the Commission on the utilities' California operations.

A specific annual report form has not yet been prescribed for the California interexchange telephone utilities. However, you are hereby directed to submit an original and two copies of the information requested in Attachment A no later than March 31st of the year following the calendar year for which the annual report is submitted.

Address your report to:

California Public Utilities Commission
Auditing and Compliance Branch, Room 3251
505 Van Ness Avenue
San Francisco, CA 94102-3298

Failure to file this information on time may result in a penalty as provided for in §§ 2107 and 2108 of the Public Utilities Code.

If you have any question concerning this matter, please call (415) 703-1961.

ATTACHMENT A

Information Requested of California Interexchange Telephone Utilities.

To be filed with the California Public Utilities Commission, 505 Van Ness Avenue, Room 3251, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

1. Exact legal name and U # of reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (e.g., corporation, partnership, sole proprietorship, etc.).
If incorporated, specify:
 - a. Date of filing articles of incorporation with the Secretary of State.
 - b. State in which incorporated.
6. Commission decision number granting operating authority and the date of that decision.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. A list of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

(END OF ATTACHMENT A)