

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division RESOLUTION T-14263  
Telecommunications Branch December 27, 1990

**R E S O L U T I O N**

RESOLUTION T-14263. FOR MCCAW-AFFILIATED CELLULAR TELECOMMUNICATIONS COMPANIES:  
FRESNO CELLULAR TELEPHONE COMPANY (U-4040-C),  
VENTURA CELLULAR TELEPHONE COMPANY (U-3010-C),  
REDDING CELLULAR PARTNERSHIP (U-3020-C),  
SALINAS CELLULAR TELEPHONE COMPANY (U-3018-C),  
NAPA CELLULAR TELEPHONE COMPANY (U-3016-C),  
STOCKTON CELLULAR TELEPHONE COMPANY (U-3012-C),  
FRESNO CELLULAR TELEPHONE COMPANY (U-3014-C),  
SACRAMENTO CELLULAR TELEPHONE COMPANY (U-3013-C),  
SANTA BARBARA CELLULAR SYSTEMS LIMITED (U-3015-C),  
CAGAL CELLULAR COMMUNICATIONS CORP. (U-3021-C).

REQUEST FOR AUTHORITY TO OFFER HIGH VOLUME DISCOUNT PLANS.

BY ADVICE LETTER NOS. 15, 18, 9, 11, 24, 29, 18, 35, 22,  
FILED ON NOVEMBER 8, 1990; AND ADVICE LETTER NO. 15,  
FILED ON NOVEMBER 12, 1990 RESPECTIVELY.

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**SUMMARY**

This resolution approves the advice letters filed by the following McCaw Cellular Communications, Inc.-affiliated California cellular telecommunications companies proposing to offer aggregated high volume discount plans: Fresno Cellular Telephone Company (U-4040-C) Advice Letter (A.L.) No. 15, Ventura Cellular Telephone Company (U-30101-C) A.L. No. 18, Redding Cellular Partnership (U-3020-C) A.L. No. 9, Salinas Cellular Telephone Company (U-3018-C) A.L. No. 11, Napa Cellular Telephone Company (U-3016-C) A.L. No. 24, Stockton Cellular Telephone Company (U-3012-C) A.L. No. 29, Fresno Cellular Telephone Company (U-3014-C) A.L. No. 18, Sacramento Cellular Telephone Company (U-3013-C) A.L. No. 35, Santa Barbara Cellular Systems Limited (U-3015-C) A.L. No. 22, filed on November 8, 1990; and Cagal Cellular Communications Corp. (U-3021-C) A.L. No. 15; filed on November 12, 1990.

This resolution also addresses the protest filed by Cellular Resellers Association, Inc..

BACKGROUND

All the above-mentioned utilities are wholesale cellular telecommunications carriers, except Fresno Cellular Telephone Company (U-4040-C) which is a reseller. Each of these utilities is a certificated California-affiliate of McCaw Cellular Communications, Inc. Each has filed an advice letter containing identical language in its offering of a "High Volume Discount Plan". The proposed discount rates of the High Volume Discount Plan are shown in the following table:

	<u>Minimum Monthly Total of Basic Monthly Access and Usage Rates Charges*</u>	<u>Applicable Discount</u>
Plan Level 1	\$ 3,500	5 %
Plan Level 2	7,000	10
Plan Level 3	14,000	13
Plan Level 4	35,000	15

\* The Discussion section of this Resolution will describe how the minimum levels are determined.

PROTESTS

A protest was filed with the Commission Advisory and Compliance Division (CACD) by Cellular Resellers Association, Inc. (CRA) on November 20, 1990 citing that the filings of the McCaw-affiliated utilities do not comply with all the requirements set forth in Decision 90-06-025. CRA points out three violations:

1. "... the terms of the offering do not clearly indicate that the subscriber that receives and pays for the service is the large organization and that organization must pay guarantee (sic) that bill.
2. ... proposed tariff revisions neglect to specifically include the requ(i)rement that no individual bills will be rendered by the utility to the large organizations' members, officers or employees.
3. ... the proposed tariff language under the heading Eligibility allows the ultimate subscriber - the large organization - to aggregate its usage in all McCaw affiliated cellular systems."

McCaw Cellular Communications, Inc. (McCaw), on behalf of its certificated California affiliates, filed a response to CRA's protest with CACD on November 30, 1990. In response to the first two issues of CRA's protest, McCaw filed supplemental advice letters on December 7, 1990 which modified the language to address the issues in contention. We find the modified

language to be adequate in resolving the first two issues. The supplemental Advice Letters did not address CRA's third issue.

DISCUSSION

The Commission issued Decision (D.) 90-06-025 on June 6, 1990, modified by D. 90-10-047 on October 12, 1990, which established its regulatory framework on the cellular telecommunications industry. One of the policies that resulted from the Decision was the encouragement of facilities-based carriers to implement a volume user tariff for their customers if sufficient demand exists. Modified Ordering Paragraph (O.P.) 8 of the Decision reads:

"Facilities-based carriers shall implement a 'volume-user' tariff for their customers if sufficient demand exists within a MSA. The volume user tariff rate shall be set at least five percent (5%) higher than the carrier's wholesale rate. To qualify for the volume user tariff the entity must serve as the master customer, guarantee payment for all usage by its members, and not apply any additional charges to its members for such services. The five percent margin shall not affect any rate offered by a carrier to a government agency."

One of our concerns regarding this offering was whether or not the margin is at least five percent (5%) above wholesale rates as required by O.P. 8. McCaw provided CACD with information under terms of confidential treatment showing that the discounted plans more than satisfy the 5% margin. We find the submitted information to be sufficient.

CRA's primary contention is the following language found in the Eligibility section under the proposed plan in each advice letter:

"The discounts shown above are available to eligible subscribers who furnish the Company with a written commitment to take Service from the Company and/or from Cagal Cellular Communications Corp., Cellular Pacific, Data Cellular Systems<sup>1</sup>, Fresno Cellular Telephone

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1 Cellular Pacific (CP) and Data Cellular Systems (DCS) are not mentioned in the protest, nor will this Resolution address their Advice Letters because neither utility has filed this offering. DCS was awarded a Certificate of Public Convenience and Necessity (CPCN) to serve as the non-wireline cellular telecommunications provider in the California Cellular Rural Service Area No. 10, or RSA 10 (Sierra and

(Footnote continues on next page)

Company (U-3014-C), Fresno Cellular Telephone Company (U-4040-C), Napa Cellular Telephone Company, Redding Cellular Partnership, Sacramento Cellular Telephone Company, Salinas Cellular Telephone Company, Santa Barbara Cellular Systems Ltd., Stockton Cellular Telephone Company or Ventura Cellular Telephone Company, at one of the levels of usage shown above for a period of 12 consecutive months."

CRA feels that this is in violation of D. 90-06-025 because this offering does not limit a large-user's usage within their statistical metropolitan service areas (SMSAs) as stipulated in O.P. 8 of the decision, to be eligible for this program.

We disagree with CRA's argument that these proposed offerings violate O.P. 8. This O.P. was intended to encourage carriers to file volume-user discount plans rather than to limit the specific nature of those plans. Elsewhere in D.90-06-025, we addressed specific provisions and limitations that should apply to these plans that were intended to eliminate potentially anti-competitive aspects. The first two points of CRA's protest properly addressed these requirements, which were subsequently remedied by McCaw's supplements.

#### FINDINGS

- 1). The McCaw-affiliated cellular telephone companies are requesting authority to offer a bulk-user program.
- 2). With the supplements filed by McCaw, the proposed High Volume Discount Plan does meet the provisions of Commission Decision 90-06-025.
- 3). The protest filed by the California Resellers Association, Inc. is rejected.
- 4). The Advice Letters addressed in this Resolution should be approved.

THEREFORE, IT IS ORDERED that:

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(Footnote continued from previous page)

Nevada Counties) and has filed its initial advice letter on November 30, 1990. CP was awarded the CPCN as the non-wireline cellular telecommunications provider in California RSA No. 11 (El Dorado County) on November 21, 1990 per Decision 90-11-064.

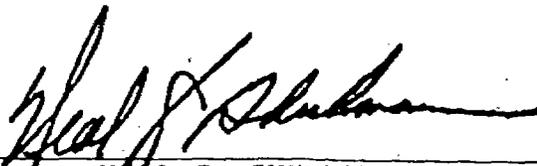
December 27, 1990

The following advice letters (A.L.) are approved:

FRESNO CELLULAR TELEPHONE COMPANY (U-4040-C)  
A.L. No. 15,  
VENTURA CELLULAR TELEPHONE COMPANY (U-3010-C)  
A.L. No. 18,  
REDDING CELLULAR PARTNERSHIP (U-3020-C)  
A.L. No. 9,  
SALINAS CELLULAR TELEPHONE COMPANY (U-3018-C)  
A.L. No. 11,  
NAPA CELLULAR TELEPHONE COMPANY (U-3016-C)  
A.L. No. 24,  
STOCKTON CELLULAR TELEPHONE COMPANY (U-3012-C)  
A.L. No. 29,  
FRESNO CELLULAR TELEPHONE COMPANY (U-3014-C)  
A.L. No. 18,  
SACRAMENTO CELLULAR TELEPHONE COMPANY (U-3013-C)  
A.L. No. 35,  
SANTA BARBARA CELLULAR SYSTEMS LIMITED (U-3015-C)  
A.L. No. 22  
CAGAL CELLULAR COMMUNICATIONS CORP. (U-3021-C)  
A.L. No. 15.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 27, 1990. The following Commissioners approved it:

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. CHANAN  
PATRICIA M. ECKERT  
Commissioners

  
NEAL J. SHULMAN  
Executive Director