

Decision 01-05-023 May 3, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Metromedia Fiber Network Services, Inc. (U-6030-C) for Its Third Modification of Its Certificate of Public Convenience and Necessity To Provide Facilities-Based and Resold Local Exchange and Exchange Access Services in the State of California.

Application 00-12-006
(Filed December 11, 2000)

O P I N I O N

I. Summary

Metromedia Fiber Network Services, Inc. (Applicant) seeks a certificate of public convenience and necessity (CPCN) under Pub. Util. Code § 1001 for authority to provide facilities-based and resold local exchange telecommunications services as a competitive local carrier (CLC).¹ By this decision, we grant Applicant authority to operate as a facilities-based and resale provider of local exchange services in the service territories of Pacific Bell (Pacific), Verizon California, Inc. (Verizon), Roseville Telephone Company (RTC) and Citizens Telecommunications Company of California, Inc. (CTC).

¹ A CLC is a common carrier that is issued a CPCN to provide local exchange telecommunications service for a geographic area specified by such carrier.

II. Regulatory Background

In Decision (D.) 95-07-054, D.95-12-056, and D.97-06-107, we established procedures to govern applications for authority to offer competitive local exchange service within the service territories of Pacific and Verizon.

Applicants that are granted authority to provide competitive local exchange service must comply with various rules established by the Commission, including: (1) the consumer protection rules set forth in Appendix B of D.95-07-054; (2) the rules for local exchange competition set forth in Appendix C of D.95-12-056; and (3) the customer notification and education rules adopted in D.96-04-049.

By D.97-09-115, we extended coverage of our adopted rules for local exchange competition to the service territories of RTC and CTC.

III. Overview of Application

Applicant, a Delaware corporation, filed its application on December 11, 2000. In its application, Applicant requests authority to operate as a facilities-based and resale provider of local exchange services within Pacific, Verizon, RTC and CTC's service territories.

IV. Procedural Matters

In Resolution ALJ 176-3053 dated December 21, 2000, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

V. Comments on Draft Decision

This is an uncontested matter in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

VI. Financial Qualifications of Applicant

To be granted a CPCN for authority to provide local exchange service, an applicant must demonstrate that it has \$100,000 of cash or cash equivalent to meet the firm's start-up expenses. The applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by other telecommunications carriers in order to provide service in California.²

Applicant provided a guarantee by its parent company, Metromedia Fiber Network, Inc., that satisfies the financial requirements.

VII. Technical Qualifications of Applicant

To be granted a CPCN for authority to provide local exchange service, an applicant must make a reasonable showing of technical expertise in telecommunications or a related business. Applicant supplied biographical information on its officers that demonstrates that it has sufficient business expertise and training to operate as a telecommunications carrier. Applicant represents that no affiliate, officer or director of Applicant was previously associated with a telecommunications carrier that filed for bankruptcy or went out of business, or was sanctioned by the Federal Communications Commission

² The financial standards for certification to operate as a CLC are set forth in D.95-12-056, Appendix C, Rule 4.B.

or any state regulatory agency for failure to comply with any regulatory statute, rule, or order.

By D.98-07-108, Applicant was authorized to provide facilities-based interexchange service.

We find that Applicant has met our requirement that it possesses adequate technical expertise to operate as a CLC.

VIII. Draft Tariffs

Commission staff also reviewed Applicant's draft tariffs for compliance with Commission rules and regulations. The deficiencies are noted in Attachment B of this decision. In its compliance tariff filing, Applicant is directed to correct these deficiencies as a condition of our granting approval of the tariffs.

IX. California Environmental Quality Act (CEQA)

The California Environmental Quality Act requires the Commission as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Applicant states that it will not be constructing any facilities for the purpose of providing local exchange services, except for equipment to be installed in existing buildings or structures, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. Applicant must file for additional authority and submit to any required CEQA review before it can construct facilities.

X. Conclusion

We conclude that the application conforms to our rules for certification as a CLC. Accordingly, we shall grant Applicant a CPCN to provide local exchange service in the service territories of Pacific, Verizon, RTC and CTC, subject to compliance with the terms and conditions set forth herein. Applicant will not be authorized to construct any facilities other than equipment to be installed in existing buildings or structures. It must file for additional authorization in order to do so.

Findings of Fact

1. A notice of the filing of the application appeared in the Daily Calendar on December 14, 2000.

2. By D.97-06-107, all interexchange carriers (IECs) and CLCs are no longer required to comply with GO 96-A, subsections III.G(1) and (2), and Commission's Rules of Practice and Procedure 18(b).

3. By D.95-07-054, D.95-12-056, D.95-12-057, and D.96-02-072, the Commission authorized CLCs meeting specified criteria to provide facilities-based local exchange services beginning January 1, 1996, and resold local exchange services beginning March 31, 1996.

4. There were no protests to this application.

5. A hearing is not required.

6. In prior decisions, the Commission authorized competition in providing local exchange telecommunications services within the service territories of Pacific, Verizon, RTC and CTC.

7. Applicant has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

8. Applicant has sufficient additional cash or cash equivalent to cover any deposits that may be required by other telecommunications carriers in order to provide the proposed service.

9. Applicant's management possesses sufficient expertise to provide local exchange services to the public.

10. As part of its application, Applicant submitted a draft of its initial tariff that contained the deficiencies identified in Attachment B to this decision. Except for these deficiencies, Applicant's draft tariffs complied with the requirements established by the Commission.

11. Applicant does not propose to construct any facilities other than equipment to be installed in existing buildings or structures.

12. By D.95-12-057, as modified by D.97-01-015, CLCs are exempt from Pub. Util. Code §§ 816-830.

13. By D.95-12-057, as modified by D.97-01-015, CLCs are exempted from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

Conclusions of Law

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

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

3. Public convenience and necessity require the competitive local exchange services to be offered by Applicant, subject to the terms and conditions set forth herein.

4. Applicant is subject to:

- a. The current 0.80% surcharge, changing to 1.45% effective July 1, 2001, applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050,

to fund the Universal Lifeline Telephone Service (Pub. Util. Code § 879; Resolution T-16412, May 18, 2000; Resolution T-16435, December 21, 2000);

- b. The current 0.00% 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 (Pub. Util. Code § 2881; D.98-12-073 and Resolution T-16487, December 21, 2000);
 - c. The user fee provided in Pub. Util. Code §§ 431-435, which is 0.11% of gross intrastate revenue for the 2000-2001 fiscal year (Resolution M-4800);
 - d. The current 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-A (Pub. Util. Code § 739.3; D.96-10-066, pp. 3-4, App. B, Rule 1.C; set by Resolution T-16380 at 0.0% for 2000, January 20, 2000);
 - e. The current 2.6% 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-B (D.96-10-066, p. 191, App. B, Rule 6.F, Resolution T-16430, September 21, 2000); and
 - f. The current 0.185% 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 Teleconnect Fund (D.96-10-066, p. 88, App. B, Rule 8.G; set by Resolution T-16437, September 21, 2000).
5. The application should be granted to the extent set forth below.
6. Applicant, once granted a CPCN to operate as a CLC, should be subject to the Commission's rules and regulations regarding the operations of CLCs as set forth in D.95-07-054, D.95-12-056, and other Commission decisions.

7. Any CLC that does not comply with our rules for local exchange competition adopted in Rulemaking (R.) 95-04-043 shall be subject to sanctions including, but not limited to, revocation of its CLC certificate.

8. Since Applicant does not propose to construct any facilities in order to provide local exchange services, other than equipment to be installed in existing buildings or structures, it can be seen with certainty that granting Applicant authority to provide local exchange services will not have a significant adverse effect upon the environment.

9. Because of the public interest in competitive local exchange 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 (CPCN) is granted to Metromedia Fiber Network Services, Inc. (Applicant) to provide facilities-based and resold local exchange services in the service territories of Pacific Bell, Verizon California, Inc., Roseville Telephone Company and Citizens Telecommunications Company of California, Inc. subject to the terms and conditions set forth below.

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

3. Applicant is authorized to file with this Commission tariff schedules for the provision of competitive local exchange services. Applicant may not offer competitive local exchange services 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 correct the deficiencies noted in Attachment B.

The tariff shall be effective not less than one day after tariff approval by the Commission's Telecommunications Division. Applicant shall comply with the provisions in its tariffs.

4. Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future CLC tariffs is subject to the schedules set forth in Appendix C, Section 4.E of Decision (D.) 95-12-056:

“E. CLCs shall be subject to the following tariff and contract filing, revision and service pricing standards:

- “(1) Uniform rate reductions for existing tariff services shall become effective on five (5) working days' notice. Customer notification is not required for rate decreases.
- “(2) Uniform major rate increases for existing tariff services shall become effective on thirty (30) days' notice to the Commission, and shall require bill inserts, or first class mail notice to customers at least 30 days in advance of the pending rate increase.
- “(3) Uniform minor rate increases, as defined in D.90-11-029, shall become effective on not less than (5) working days' notice to the Commission. Customer notification is not required for such minor rate increases.
- “(4) 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.
- “(5) Advice letter filings revising the text or location of text material which do not result in an increase in any rate or charge shall become effective on not less than five (5) days' notice to the Commission.”
- “(6) Contracts shall be subject to GO 96-A rules for NDIECS, except interconnection contracts.
- “(7) CLCs shall file tariffs in accordance with PU Code § 876.”

5. 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’s Telecommunications Division. Tariff filings shall reflect all fees and surcharges to which Applicant is subject, as reflected in Conclusion of Law 4.

6. 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.

7. Prior to initiating service, Applicant shall provide the Commission’s Consumer Services Division with its designated contact person(s) for purposes of resolving consumer complaints and the corresponding telephone number. This information shall be updated if the name or telephone number changes, or at least annually.

8. Applicant shall notify this Commission in writing of the date that local exchange service is first rendered to the public. This notice shall be provided no later than five days after local exchange service first begins.

9. Applicant shall keep its books and records in accordance with the Generally Accepted Accounting Principles.

10. In the event Applicant’s books and records 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.

11. Applicant shall file an annual report, in compliance with GO 104-A, on a calendar-year basis using the information request form developed by Commission staff contained in Attachment A to this decision.

12. Applicant shall ensure that its employees comply with the provisions of Public Utilities (Pub. Util.) Code § 2889.5 regarding solicitation of customers.

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

14. The corporate identification number assigned to Applicant is U-6030-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.

15. Within 60 days of the effective date of this order, Applicant shall comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Telecommunications Division in writing of its compliance.

16. If Applicant is 90 days or more late in filing an annual report or in remitting the fees listed in Conclusion of Law 4, the Commission's Telecommunications Division shall prepare for Commission consideration a resolution that revokes its CPCN unless it has received the written permission of the Commission's Telecommunications Division to file or remit late.

17. Applicant shall comply with all applicable rules adopted in the Local Exchange Competition proceeding (R.95-04-043, I.95-04-044), as well as all other applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

18. Applicant is not authorized to construct facilities, except for equipment to be installed in existing buildings or structures, and shall file an application to amend its CPCN in order to construct any other facilities.

19. The application is granted, as set forth above.
20. This proceeding is closed.

This order is effective today.

Dated May 3, 2001, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

TO: ALL COMPETITIVE LOCAL CARRIERS

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 California Competitive Local Carriers. 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
Financial Reports, 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 and Competitive Local Carriers.

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)

ATTACHMENT B

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List of deficiencies in tariff filed by Metromedia Fiber Network Services, Inc. in A.00-12-006 to be corrected in its tariff compliance filing.

1. On the top right-hand corner of every sheet, add the words “Cal. P.U.C.” between the word “Original” and “Sheet.” Refer to GO 96-A page 4, and Exhibit A-1.
2. Sheet 4: The tariff must be available for inspection at an office in California.
3. Sheet 27, Rule 3(B): The customer may notify the CLC of his or her desire to discontinue service on or before the date of disconnection, and such notice may be either verbal or written. Refer to Rule 6B(1) from Appendix B of D. 95-07-054. Also, include Rule 2 of Appendix B of D. 95-07-054 in the CLC tariff.
4. Sheet 30, Rule 6(A): State in the tariff that the CLC cannot require advance payments for usage.
5. Sheet 30, Rule 6(B)3: State in the tariff that in the event customer requests services in addition to basic service, the average bill will reflect the aggregate services requested by the customer. Refer to Rule 5 of Appendix B of D. 95-07-054.
6. Sheet 32, Rule 7: Incomplete rule on Notices and Communications. Include Rule 6 of Appendix B of D.95-07-054 in the CLC tariff.
7. Sheet 33, Rule 8(E): Customers have up to three years to initiate a dispute over charges or to receive credits. Refer to Pub. Util. Code § 736. Also state in the tariff that late payment date will be prominently displayed on the customer’s bill, and that the CLC shall credit payments within 24 hours of receipt to avoid assessing late payment charges incorrectly. Refer to Rule 9 of Appendix B of D.95-07-054.
8. Sheet 35, Rule 9: Incomplete rule on Disputed Bill Procedure. Include Rule 8 of Appendix B of D.95-07-054 in the CLC tariff.
9. Sheet 36, Rule 10(A)1: Customers do not have to provide 30 days written notice to the company to have service discontinued. Refer to Rule 6B(1) from Appendix B of D.95-07-054.
10. Sheet 36, Rule 10(B): Remove the words “without incurring any liability” from the tariff. In Rule 10(B)1, the CLC must give a seven day written notice to the customers to discontinue or suspend service. Refer to Rule 6B(2) from Appendix B of D.95-07-054. Also, include Rule 10 of Appendix B of D.95-07-054 in the CLC tariff.
11. Sheet 42, Rule 12(D): Remove Rule 12(D)9 from the tariff.

ATTACHMENT B

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12. Sheet 45, Rule 14: Remove the Liability Rule from the tariff and include Pacific or Verizon's Limitation of Liability tariffs. CLC must concur with Pacific or Verizon's Limitation of Liability tariffs as appended to D.95-12-057.
13. Include Rules 3, 11, 14 and 15 from Appendix B of D.95-07-054 in the CLC tariff.
14. The CLC must have a demarcation tariff or concur in another company's tariff.
15. Decision 91188 requires that each CLC to include the provisions of the rule set forth in Appendix B of that decision as a part of the rules in the CLC's tariff.
16. Include sample forms in the CLC tariff.
17. Include the following corrected surcharges:

<u>Period</u>	<u>Effective 01/01/01</u>
ULTS	0.80%
CRS/CDFS	0.00%
CHCF-A	0.00%
CHCF-B	2.60%
CTF	0.185%
User Fee	0.11%

(END OF ATTACHMENT B)