

Decision 09-12-025 December 17, 2009

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Rosebud Telephone, LLC for a Certificate of Public Convenience and Necessity To Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services within California.

Application 09-09-008
(Filed September 15, 2009)

**DECISION GRANTING ROSEBUD TELEPHONE, LLC,
A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
IN ORDER TO PROVIDE RESOLD AND LIMITED FACILITIES-BASED
LOCAL EXCHANGE AND INTEREXCHANGE SERVICE**

1. Summary

Rosebud Telephone, LLC (Rosebud) filed an application for a certificate of public convenience and necessity (CPCN) for authority to provide resold and facilities-based local exchange telecommunications services in the service territories of Pacific Bell Telephone Company d/b/a AT&T California and Verizon California Inc., and facilities-based and resold intrastate interexchange telecommunications services within California.

By this decision, we grant Rosebud a CPCN to provide resold and limited facilities-based local exchange and intrastate interexchange telecommunications services, on the terms and conditions set forth in the ordering paragraphs.

2. Background

On September 15, 2009, Rosebud Telephone, LLC (Rosebud) filed an application for a certificate of public convenience and necessity (CPCN) to provide resold and facilities-based local exchange telecommunications services in the service territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T) and Verizon California Inc. (Verizon), and resold and facilities-based intrastate interexchange telecommunications services within California. Rosebud proposes to provide local exchange services by leasing unbundled network elements (UNEs) or wholesale platform services pursuant to commercial agreements with incumbent and other local exchange carriers, or by reselling wholesale local exchange services. Rosebud also proposes to provide intrastate interexchange service by reselling calls routed over interexchange facilities owned by other certified carriers.

On October 21, 2009, the assigned Administrative Law Judge (ALJ) issued a ruling, requesting further information, and stating that unless otherwise notified, the application would be treated as a request for limited facilities-based authority. On October 30, 2009, Rosebud filed its response to the ruling (Response).

Rosebud's principal place of business is located at 501 West Main Street, Rosebud, Texas 76570.

3. Limited versus Full Facilities-Based CPCN

In its application, Rosebud did not identify which type of facilities-based CPCN it requested authorization for, but did state that it would not be constructing any facilities. In her October 21, 2009 ruling, the ALJ stated, in part, that, given the language in the application, unless something more was forthcoming, the application would be treated as a request for a limited

facilities-based CPCN. In its Response, Rosebud agreed to treatment of the application as a request for limited facilities-based authority. Therefore, this application will be treated as a request for limited facilities-based authority.

The treatment of Application (A.) 09-09-008 as a request for a limited facilities-based CPCN does not preclude Rosebud from filing an application at a later date to pursue a full facilities-based CPCN. Rosebud must not begin construction of facilities beyond those authorized by this decision until further approval is granted.

4. California Environmental Quality Act (CEQA)

CEQA requires the Commission to act as the designated lead agency to assess the potential environmental impact of a project so that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Rosebud states that it will not be constructing any facilities for the purpose of providing local exchange or interexchange 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. Before it can construct facilities other than equipment to be installed in existing buildings or structures, Rosebud must file for additional authority, and submit to any necessary CEQA review.

5. Financial Qualifications

Pursuant to Rule 4.B of Decision (D.) 95-12-056, an applicant for a CPCN for authority to provide facilities-based local exchange service must demonstrate that it has \$100,000 cash or cash equivalent to meet the firm's start-up expenses. 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.

In Exhibit 6 to the application, Rosebud provided bank statements of its parent company, Rosebud Cotton Company. Additionally, in its Response, Rosebud provided a signed certification of its Financial Officer and Vice-President, Mary Ann Mitchell, that Rosebud will have the required amount of funds available for a period of twelve months. Since Rosebud has provided documentation that, through its parent, it possesses a minimum of \$100,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement.

Rosebud proposed to initially interconnect with AT&T and Verizon, neither of which requires a deposit at this time, based on the good credit history that Rosebud has with each provider. Therefore, no additional resources are required at this time to cover deposits.

6. Managerial and Technical Qualifications

To be granted a CPCN for authority to provide local exchange and interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.¹ Rosebud supplied biographical information on its management that demonstrates that it has sufficient expertise and training to operate as a telecommunications provider.

Rosebud verified that no one associated with or employed by Rosebud as an affiliate, officer, director, partner, or owner of more than 10% of Rosebud was

¹ D.95-12-056 at Appendix C, Rule 4.A.

previously associated with a telecommunications carrier that filed for bankruptcy, or was sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order.

Rosebud also verified that no one associated with or employed by it as an affiliate, officer, director, partner, or owner of more than 10% of Rosebud was previously associated with any telecommunications carrier that filed for bankruptcy, or has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations.

For the above reasons, we find that Rosebud is in compliance with the requirements of D.95-12-056.

7. Tariffs

Commission staff reviewed Rosebud's draft tariffs for compliance with Commission rules and regulations. The deficiencies are noted in Attachment A to this decision. In its compliance tariff filing, Rosebud shall correct these deficiencies as a condition of our approval of its application.

8. Map of Service Territory

To be granted a CPCN for authority to provide local exchange service, an applicant must provide a map of the service territories it proposes to serve.² In

² D.95-12-056 at Appendix C, Rule 4.E.

its Responses, Rosebud provided a map of the location of its proposed service territory, in compliance with this requirement.

9. Expected Customer Base

Rosebud provided its estimated customer base for the first and fifth years of operation in Section 13 of its application. Therefore, Rosebud has complied with this requirement.

10. Conclusion

We conclude that the applicant conforms to our rules for certification as a competitive local exchange and interexchange carrier. Accordingly, we grant Rosebud a CPCN to provide resold and limited facilities-based local exchange telecommunications service in the service territories of AT&T and Verizon and resold and limited facilities-based intrastate interexchange telecommunications services within California, subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

11. Categorization and Need for Hearings

In Resolution ALJ 176-3241, dated September 24, 2009, 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.

12. Comments on Proposed Decision

No protests were filed in this proceeding. Therefore, this is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant

to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

13. Assignment of Proceeding

Dian M. Grueneich is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. Rosebud requests a limited facilities-based CPCN in the service territories of AT&T and Verizon, and intrastate interexchange services within the State of California.

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

3. Rosebud's management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services to the public.

4. No one associated with or employed by Rosebud as an affiliate, officer, director, partner, or owner of more than 10% of Rosebud was previously associated with a telecommunications carrier that filed for bankruptcy, or was sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order.

5. No one associated with or employed by it as an affiliate, officer, director, partner, or owner of more than 10% of Rosebud was previously associated with any telecommunications carrier that has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations.

6. Except for the deficiencies identified in Attachment A to this decision, Rosebud's draft tariffs comply with the Commission's requirements.

7. Rosebud provided a map of the location of its proposed service territory.

8. Rosebud provided an estimate of its customer base for the first and fifth years of operation.

Conclusions of Law

1. Rosebud's application should be treated as a request for limited facilities-based and resold local exchange and intrastate interexchange service.

2. Rosebud should be granted a CPCN to provide resold and limited facilities-based local exchange telecommunications service in the service territories of AT&T and Verizon and resold and limited facilities-based intrastate interexchange telecommunications services within California, subject to the terms and conditions set forth in the Ordering Paragraphs.

3. Since Rosebud will not be constructing any facilities for the purposes of providing local exchange or intrastate interexchange services, no CEQA review is necessary at this time.

4. Rosebud, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

5. Rosebud's initial tariff filing should correct the tariff deficiencies shown in Attachment A to this decision.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Rosebud Telephone, LLC to provide resold and limited facilities-based local exchange telecommunications service in the service territories of Pacific Bell Telephone

Company d/b/a AT&T California and Verizon California Inc., and resold and limited facilities-based intrastate interexchange telecommunications services within California, subject to the terms and conditions set forth below.

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

3. Rosebud Telephone, LLC shall not offer competitive local exchange services until tariffs are filed with and authorized by this Commission, in accordance with General Order 96-B and as corrected for deficiencies set forth in Exhibit A.

4. The corporate identification number assigned to Rosebud Telephone, LLC, U-7171-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

5. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this

decision, Rosebud Telephone, LLC shall be subject to all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities

6. Application 09-09-008 is closed.

This order is effective today.

Dated December 17, 2009, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

ATTACHMENT A

List of deficiencies in draft tariff submitted by Rosebud Telephone, LLC, in A.09-09-008 to be corrected in its initial tariff compliance filing.

1. Tariff Sheet Format: CPUC assigned utility ID number (U-7171-C) should be included on each sheet in the upper left header along with Company name and address. (General Order (GO) 96-B, Section 8.4.1.)
2. Demarcation point (MPOE) – Have your own demarcation tariff or adopt another’s tariff (Decision 02-08-067).
3. Prorating of bills: Add procedure for proration of bills, see Decision 95-07-054, Appendix B, Rule 7.
4. Sheet 43-T: State California address at which the tariff is available for inspection (GO 96-B, Section 8.1.3).
5. Add the procedure the customer may use to request amortization of unpaid charges that is in compliance to Decision 95-07-054, Appendix B, Rule 6.B.(2).5.
6. Add a description and rule for Caller ID and CPNI Restrictions that is in compliance with Decision 95-07-054, Rule 14.
7. Sheet 12-T, Fees and Surcharges: Your tariff must state that your fees and surcharges are in compliance with Resolution T-16901 and concur with the tariff provision for fees and surcharges in AT&T California tariffs.
8. Include samples of customer forms (GO 96-B, Section 8.5.8).
9. Blocking of 976/900 Calls: Provide information on how customers can request the blocking of 976/900 pay-per-call information service. See Decision 95-07-054, Appendix B, Rule 15.

(END OF ATTACHMENT A)

ATTACHMENT B

REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS

1. Applicant shall file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

- a. The current 1.15% 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 Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879; Resolution T-17071, dated March 1, 2007, effective April 1, 2007);
- b. The current 0.20% 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-17127, dated December 20, 2007, effective January 1, 2008);
- c. The user fee provided in Pub. Util. Code §§ 431-435, which is 0.18% of gross intrastate revenue (Resolution M-4819), dated June 7, 2007, effective July 1, 2007;
- d. The current 0.13% 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; Resolution T-17128, dated December 20, 2007, effective January 1, 2008);
- e. The current 0.45% 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.; D.07-12-054); Resolution T 17215, dated October 15, 2009, effective December 1, 2009;

- f. The current 0.25% 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 Advances Services Fund (D.07-12-054); and
- g. The current 0.079% 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; Resolution T-17142, dated April 24, 2008, effective June 1, 2008).

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant should check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised.

3. Applicant is a competitive local exchange carrier (CLEC). The effectiveness of its future tariffs is subject to the requirements of General Order (GO) 96-B and the Telecommunications Industry Rules (D.07-09-019).

4. Tariff filings shall reflect all fees and surcharges to which Applicant is subject, as reflected in 2 above.

5. Applicant shall file a service area map as part of its initial tariff.

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

7. Applicant shall notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

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

9. In the event Applicant's books and records are required for inspection by the Commission or its staff, it 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 its office.

10. Applicant shall file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

11. Applicant shall file an affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

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

13. 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 Communications Division in writing of its compliance.

14. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in 2 above, the Communications Division shall prepare for Commission consideration a resolution that revokes Applicant's CPCN unless it has received written permission from the Communications Division to file or remit late.

15. Applicant is exempt from Commission Rules of Practice and Procedure 3.1(b).

16. Applicant is exempt from Pub. Util. Code §§ 816-830.

17. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

18. If Applicant decides to discontinue service or file for bankruptcy, it shall immediately notify the Communications Division's Bankruptcy Coordinator.

19. Applicant shall send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C

ANNUAL REPORT

An original and a machine readable, copy using Microsoft Word or compatible format shall be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

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

Required information:

1. Exact legal name and U # of the 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. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. 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.

A.09-09-008 ALJ/SMW/tcg

For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT C)

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

1. Each utility shall list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the annual Affiliate Transaction Report.

- Form of organization (e.g., corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (e.g., controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership);
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility shall prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart should have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (e.g., a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary should be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility's annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

(END OF ATTACHMENT D)