

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of the application of Channel Islands Telephone Company for a certificate of public convenience and necessity to construct telecommunications facilities and to provide local exchange and interexchange service to and within certain previously-unserved Channel Islands.

Application No.

A07-08-014

APPLICATION OF
CHANNEL ISLANDS TELEPHONE COMPANY

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CHANNEL ISLANDS TELEPHONE COMPANY**

Pursuant to Article I of Chapter 5 of the Public Utilities Code, Channel Islands Telephone Company ("Applicant" or "the Company") hereby requests a certificate of public convenience and necessity to construct telecommunications facilities and to provide local exchange and interexchange service to and within five, previously-unserved Channel Islands, specifically San Miguel, Santa Rosa, Santa Barbara, Anacapa, and Santa Cruz Islands.

INTRODUCTION

There are eight Channel Islands. Santa Catalina Island contains the city of Avalon and is the most well-known. It is the only island with a relatively-large year-round population and is served by Pacific Bell Telephone Company. Two of the islands, San Nicolas and San Clemente Islands are controlled by the United States Navy. Four of the five remaining islands, San Miguel, Santa Rosa, Santa Barbara, and Anacapa Islands, along with a portion of the fifth island, Santa Cruz Island, comprise the Channel Islands National Park. The remaining portion of Santa Cruz Island is owned by The Nature Conservancy.

None of these latter five islands is served by any local exchange or interexchange carrier. Although analog cellular telephone service is currently available, coverage is very limited and the service is being discontinued. As a result, there soon will be no public telephone service to serve either the National Park Service employees, ranch employees, and research personnel who live on the these islands or the 30,000 individuals who visit the Park each year.

With the support and cooperation of the National Park Service, the Company is proposing to establish a fixed Internet protocol (IP)-based wireless telephone system to serve each of the islands. As explained, below, the full scope of the project will depend on the availability of funding from the Rural Telecommunications Infrastructure Grants Program or other public funding sources. If the full extent of funding required by the Company is not available, the Company may need to reduce its proposed coverage area or make other modifications to the configuration of its proposed system to meet budgetary constraints.

The system that the Company proposes to install will be capable of providing high-quality voice-grade telephone communications between points on the islands and also between the islands and the mainland. In addition, the system will have broadband data capability that can be used by National Park Service employees, other island residents, and the public to access the Internet, communicate by e-mail, and utilize other broadband applications.

The Company's proposed service will improve public safety and security. Among other things, it will provide access to previously-unavailable E-911 emergency communications service, and will enable the air carrier that serves the island to remotely monitor conditions at the uncontrolled, non-towered island landing strips prior to mainland take-offs. Currently, the carrier cannot determine key wind and ceiling conditions at the landing strips until its planes are actually attempting their approaches.

who currently provides service?
- why it's discontinued?

scope of project?

which air carrier?
- which islands served?

In addition, the Company's proposed service will allow the National Park Service to enjoy greater efficiencies in its operations, provide research personnel on the islands and the mainland with real-time access to remote computing and other research tools, encourage greater public use of the park, and, generally, enhance the experience of National Park Service personnel, other residents, and visitors while they are on the islands.

The Company's system will utilize state-of-the-art equipment and facilities.

plan?

Consistent with the national importance of the islands' historic and environmental features, the Company's island network will be composed of small, unobtrusive solar-powered transmitters, antennas, towers, and other equipment that will be installed in or on existing structures or installed at previously developed sites. The Company also plans to install pay telephones for public use at developed campsites and other locations specified by the National Park Service; but, whether these are installed as stand-alone units or are attached to existing structures, they will be small and inconspicuous. Communications between the islands and the mainland will be transmitted via satellite uplinks on each island and a hub server/gateway that will be installed in an existing structure on the mainland.

2?

The Company believes that the proposed service is clearly needed and that the manner in which the Company intends to construct and operate its network is fully consistent both with that need and the islands' status as a national park. Accordingly, the Company submits that its application should be granted without delay.

I. INFORMATION REGARDING APPLICANT

The exact legal name of Applicant is Channel Islands Telephone Company.

Applicant is a California corporation. Applicant's principal place of business is located at 3802

Rosecrans Street, San Diego, California 92110. Its telephone number for the purpose of this application is 619-364-4750.

II. CORRESPONDENCE AND COMMUNICATIONS

All communications, correspondence, and pleadings with respect to this application should be directed to:

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III. CORPORATE DOCUMENTS

Attached as Exhibit A to this application is a certified copy of Applicant's articles of incorporation and a current good standing certificate.

IV. DESCRIPTION OF PROPOSED CONSTRUCTION AND FACILITIES

The Company will provide service on the islands using IP-CDMA2000 (3G) mobile communications technology. This is a proven technology that has been deployed around the world and is well-suited for use on the Channel Islands. The Company has selected UTStarcom as its vendor. The UTStarcom system utilizes IP transmission for all on-net communications and communications with other IP networks. Communications between the Company's network and the PSTN or other non-IP networks will be routed via the Company's mainland gateway.

The Company proposes to install a CDMA radio access network (RAN) on each island. The RAN consists of a UTStarcom iCell compact radio frequency system (RFS), an iCell Pico IP Base Transceiver System (BTS), and an iCell Soft Based Station controller (sBSC). This equipment is very compact and can fit in a 27.5" x 36.5" x 34" case or, if installed on a rack, has a 19" rack-mount footprint. Each RAN will be installed at a pre-existing cellular base station transmitter site or other previously-developed site in an outdoor cabinet and will be powered by 240V single phase power generated by an array of solar photovoltaic panels. The antennas accompanying each RAN will include an omni antenna and a 1.8 meter K-band iDirect remote satellite terminal/antenna, with lightning arrestors, installed either on an existing communications tower or other existing structure, or on a small tower to be constructed by the Company.

Small tower
- define "small"

What goes on islands?

The five RANs will be connected via a DAMA (Demand Assigned) VSAT satellite network, which will also connect the RANs to core voice and data network equipment on the mainland. The core equipment will consist of a UTStarcom Sonata SE mobile switching center (MSC) server, home location register (HLR), intelligent media gateway (IMG), signalling gateway (SGW), an operations maintenance center (OMC), and a Total Control 200 packet data switching module (PSDN). This equipment, which will be installed in an existing mainland building, is compact and has a small rack-mount footprint.

includes RANs? VSAT?

V. CEQA COMPLIANCE

The Company's project will require no trenching for installation of cables and very little other outside plant construction. In most cases, the Company's facilities will be installed in or on existing structures and, in all cases, will be unobtrusive.

In the context of competitive local carrier ("CLC") systems, the Commission previously has concluded that the installation of communications equipment inside existing structures would not have a significant effect on the environment. *See*, D. 99-10-025. Because the equipment to be installed by the Company in existing structures is no different from that which may be installed by a CLC pursuant to a "limited" facilities-based authorization granted under the rationale of D. 99-10-025, the Company contends that, as in the case of such CLC facilities, it can be seen with certainty that there is no possibility that such installations may have a significant adverse effect on the environment. With respect to all other facilities to be constructed or installed by the Company, the Company contends that the project is exempt from CEQA review under one or more categorical exemptions, including Class 1, Class 2, Class 3, and Class 4 exemptions, as set forth in sections 15301 through 15304, inclusive, of the CEQA Guidelines (14 CCR §§ 15000 et seq.).

In cooperation with the National Park Service, the Company has made some preliminary siting determinations for the components of its project. However, as noted above, the final scope and configuration of the Company's system will depend on the availability of funding that is made available for the project, as well as final approval by the National Park Service of each site. Because of these circumstances, the Company has not yet finally identified the specific locations at which all of the components of its proposed system will actually be installed.

For this reason, the Company proposes that the procedure adopted by D. 06-04-030 for addressing the construction of distributed antenna system networks be utilized in this case. Under that modified CEQA review process, which is described in Exhibit E to that decision and attached to this application as Exhibit B, once the Company has identified the

need plans

need
help
for
the
plan

specific siting for all of the components of its project, it will submit detailed documentation to the Commission's Energy Division to enable the Energy Division to determine whether, as the Company contends, the project is exempt from CEQA. Then, based on this submission, the Energy Division will either issue a Notice to Proceed and file a Notice of Exemption with the State Clearinghouse, or issue a letter of denial, in which case, the project will be subject to the normal environmental review process under CEQA.

VI. LIST OF COMPETITORS, CITIES, AND COUNTIES

The proposed service will not compete with service provided by any other person. (As noted above, analog cellular service to the islands is being discontinued.) The five islands are located in the counties of Ventura and Santa Barbara. In accordance with the Commission's rules, a copy of this application will be served, by mail, on such counties at the same time as it is filed with the Commission at the following addresses:

County Clerk
County of Santa Barbara
Hall of Records, 1100 Anacapa
Santa Barbara, CA 93102-0159

County Clerk
County of Ventura
County Clerk Division
Hall of Admin., Main Plaza
800 S. Victoria Ave.
Ventura, CA 93009-1210

VII. MAP

A map illustrating Applicant's proposed service area and generally identifying the locations of its proposed island and mainland facilities is attached hereto as Exhibit C.

VIII. PERMITS

The National Park Service has advised the Company obtain new permits to construct its system so long as it installs its cellular telephone transmitter sites or other previously-developed Park Service, as the Company has proposed. In addition to obtain convenience and necessity from the Commission, the Company will be required to obtain radio licenses from the Federal Communications Commission and, possibly, antenna structure permits from the Federal Aviation Administration if it constructs or modifies any antenna structures.

IX. PUBLIC CONVENIENCE AND NECESSITY

As noted above, the five Channel Islands that are subject to this application are not served by any local exchange or interexchange carrier and will soon be without cellular telephone service. Consequently, National Park Service employees, other island residents, and Park visitors have no ability to communicate telephonically between the islands or to the mainland, except for official business purposes. The lack of public communications facilities leave visitors, Park personnel, and other residents without the ability to fully attend to their personal communications needs while on the islands. Such needs may involve personal emergencies, changes in travel plans, checking in with a babysitter, calling a sick relative, calling the office, or simply having a chat with a friend. In addition, although some communications facilities are currently available for emergencies, they are only available at limited locations.

The proposed communications system responds to these deficiencies and will thereby improve public safety, allow the National Park Service to enjoy greater efficiencies in its operations, encourage greater use of the Park, and, generally, enhance the experience of National

Park Service personnel, researchers, and other island residents, as well as Park visitors, while they are on the islands.

X. ESTIMATED COST OF CONSTRUCTION AND OPERATION; FINANCING
SOURCES AND FINANCIAL FEASIBILITY

The Company estimates that the total cost of constructing its proposed system will be \$2,342,865. An itemization of construction cost components is set forth in Exhibit D. Exhibit E contains pro forma financial statements, including a pro forma income statement that shows operating expenses projected over a 10-year period.

The Company proposes to finance construction and initial start-up costs primarily through a grant obtained under the Rural Telecommunications Infrastructure Grants Program, which is administered by the Commission, and a \$125,000 equity contribution by the Company's founder, Todd Lesser. Following the start-up of its operations, the Company expects to meet ongoing operating costs through revenues generated by sales of local exchange and other services, ongoing federal universal service funding, and revenues recovered through its participation in National Exchange Carrier Association (NECA) access pooling. As shown in Exhibit E, the Company projects that it will become profitable (before interest, taxes, depreciation, and amortization) during the second full year of proposed operations and that it will experience net profitability the following year.

XI. STATEMENT OF PROPOSED RATES

The Company's tentative plan is to offer local exchange service at rates that roughly approximate those of Pacific Bell Telephone Company ("AT&T") for mainland service.

In developing the pro forma projections set forth in Exhibit E, the Company assumed a monthly rate of \$11.95 for residential service and a monthly rate of \$33.50 for business service. Prices for vertical features would also be comparable to those offered by AT&T. In addition, the Company would charge a monthly subscriber line charge at rates authorized by the FCC.

Attached as Exhibit F to this application is a draft tariff for local exchange service. The rates and services set forth in this draft are for illustrative purposes, only, and are subject to change prior to the actual initiation of service.

XII. GENERAL ORDER NO. 104-A

With regard to the statement required by section 2 of G.O. No. 104-A, Applicant hereby states that no such matters are known to have so occurred or known to be proposed.

XIII. NUMBER OF CUSTOMERS

Customers to be served by the proposed system will include the National Park Service, including its resident employees, other residents of the islands, and large numbers of visitors. As indicated above, the Channel Islands National Park receives approximately 30,000 visitors each year.

XIV. TECHNICAL QUALIFICATIONS

The Company's proposed operations will be directed by Mr. Todd Lesser. Mr. Lesser is the founder and Chief Executive Officer of North County Communications, Inc., which has successfully provided facilities-based telecommunications services in California and other states since 1996. Mr. Lesser has been involved in the telecommunications industry for over 20

years. Prior to establishing North County Communications, Inc., Mr. Lesser co-founded Info Connection, Inc., a manufacturer of voicemail and teleconferencing equipment, and, before then, he was employed by Comtel Communications, an telephone interconnect company.

The Company has retained CCG Consulting LLC (“CCG”) for the design and installation of its proposed system. CCG is a respected, full-service telecommunications consulting and engineering firm based in Riverdale, Maryland. CCG has substantial experience in telecommunications facilities design and construction management and has served hundreds of carriers across the nation, including carriers, such as the Company, who serve customers in high-cost rural areas. CCG has will work closely with the Company to develop and construct an economically-feasible, state-of-the-art telecommunications system, which will help ensure that the Company can fully meet the needs of the National Park Service, island residents, and Park visitors.

XV. SCOPING INFORMATION

Proposed Category: Applicant proposes that the Commission classify this proceeding as ratesetting. Although this application does not affect rates, the definitions of “adjudicatory” or “quasi-legislative” as set forth in Rule 5(b) and (d) clearly do not apply to this petition. Rule 6.1(c) specifies that when a proceeding does not clearly fit any of the categories, it should be conducted under the ratesetting procedures. In addition, Rule 5(c) defines ratesetting proceedings to include “other proceedings” that do not fit clearly into any other category.

Need for hearing: No hearings are needed for the Commission to act on Applicant’s request.

Issues to be considered: The sole issues in this proceeding are whether the proposed service will serve the public convenience and necessity, whether the applicant has the requisite financial and technical qualifications to provide service, and whether application of the modified CEQA review process for adopted by D. 06-04-030 is appropriate for this proceeding.

Proposed Schedule: Applicant proposes the following schedule:

- September 2007 - Final date for protests; application deemed submitted.
- October 2007 - Commission decision issued granting application.

WHEREFORE, Channel Islands Telephone Company requests that the Commission authorize it to construct telecommunications facilities and to provide local exchange and interexchange service to and within San Miguel, Santa Rosa, Santa Barbara, Anacapa, and Santa Cruz Islands as set forth above.

Respectfully submitted, August 8, 2007, at San Francisco, California.

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP



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VERIFICATION

I, Todd Lesser, am an officer of the applicant and am authorized to make this verification on its behalf. I have read the application and am familiar with its contents. The matters stated in the application and the exhibits thereto are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 8th day of August 2007 at San Diego, California.

Todd Lesser

Todd Lesser