

ORIGINAL

Decision No. 65760

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
ALVOR E. OLSON, doing business as
NOR-CAL TELE-RADIO SYSTEM, for
Authority to Sell, and the Application
of L. P. HAMMOND, for Authority to
Purchase the Former's Radio Telephone
Utility Operating Rights.

Application No. 45380
(Filed April 25, 1963)

OPINION AND ORDER

By this joint application of Alvor E. Olson, doing
business as Nor-Cal Tele-Radio System, ^{1/} and L. P. Hammond, ^{2/} authority
is sought under Sections 816 and 851 of the Public Utilities Code
by the seller, Alvor E. Olson, to sell his mobile radiotelephone
utility operating in the Humboldt, Del Norte, and portions of
Mendocino counties, California, and vicinity, to the buyer,
L. P. Hammond, 315 West Seventh Street, Eureka, California.

The radiotelephone utility is alleged to consist of a
two-way and one-way radio and telephone communications system
operating as a radio telephone utility pursuant to licenses issued
by the Federal Communications Commission and pursuant to authority
granted by this Commission in its Decision No. 62156 in Case No.
6945. A copy of the license issued to seller by the Federal
Communications Commission is set out as Exhibit A, attached to the
application.

Assigned frequencies and base station locations are also
set out in Exhibit A. Seller maintains seven base stations located

^{1/} Hereinafter called seller,

^{2/} Hereinafter called buyer.

at 315 West Seventh Street, Eureka; Mount Pierce in Humboldt County; Horse Mountain in Humboldt County; near the town of Klamath; at 732 Second Street, Crescent City; on Red Mountain in Del Norte County; Mt. Pratt in Humboldt County; and in the City of Garberville, California. The radio contours encompassing seller's operation areas are set out in Exhibit B.

Seller states that the proposed transfer will be in the public interest in view of the following reasons:

1. The radiotelephone utility operation in question has been increasing in size over the past years and seller does not desire to continue the operation in view of this expansion.

2. Buyer, through his business in the radiotelephone field, presently has employees who are experienced in the operation of radiotelephone communications and therefore can further expand the operations of the utility.

3. Buyer is in the position to secure additional capital for the utility and by such means improve the service presently rendered in the area in question.

4. A detailed program of expansion and improvement is contemplated by buyer in the event this Commission and the Federal Communications Commission authorize the transfer of the radiotelephone utility operation in question to him. Exhibit G outlines this expansion program.

Pending the required authorization, buyer has operated the utility since November 1, 1962 under the supervision, direction, and on behalf of seller.

On July 8, 1962, buyer entered into a written contract providing for the purchase of seller's radiotelephone utility. Exhibit C is a copy of the said contract, exhibits thereto, and

amendment dated August 3, 1962. The total purchase price set forth in the said contract is \$50,000. At the time of the signing of the contract, an escrow was opened with an attorney as the escrow-holder.

Exhibit C provides for a cash payment of \$10,000 and the issuance of a promissory note in the amount of \$40,000. However, Exhibit C contemplated the closing of the escrow on November 1, 1962. Since this was not done, the amount of the promissory note is to be decreased by \$1,025.88, and the cash payment is increased by the same \$1,025.88.

Exhibit C also sets forth a list of all of the radio-telephone utility equipment that is being purchased by buyer.

Of the purchase price of \$50,000, Exhibit C allocates the sum of \$2,500 to the license and operating authority granted by the Federal Communications Commission and the Public Utilities Commission.

Exhibit D is a detailed summary of buyer's technical qualifications and experience in the radiotelephone field.

Exhibit E is a balance sheet as of January 31, 1963, prepared as though the radiotelephone utility were owned by buyer on that date. The amount of \$53,012.49 shown for plant and equipment includes the entire purchase price of \$50,000. The balance sheet does not reflect the allocations set forth in Exhibit C. The increase in the amount of plant and equipment reflects additions made to plant and equipment since November 1, 1962. This figure also includes equipment of the telephone answering service that is being transferred from seller to buyer.

Exhibit F is a statement of the income account for the three months ended January 31, 1963. This profit and loss

statement has been prepared as though buyer had operated the radio-telephone utility service on his own behalf since November 1, 1962.

Findings

The Commission having considered the application finds that the proposed transfer will not be adverse to the public interest; that a public hearing is not necessary; that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

Conclusion

The Commission concludes therefore that the application should be granted subject to the conditions contained herein.

IT IS HEREBY ORDERED that:

1. Alvor E. Olson, doing business as Nor-Cal Tele-Radio System, 315 W. 7th Street, Eureka, California, may on or after the effective date hereof and on or before September 30, 1963, sell and transfer his radiotelephone utility facilities with all operating rights as heretofore described, to L. P. Hammond, in accordance with the terms and conditions contained in the "Agreement of Sale and Escrow Instructions", attached to this application as Exhibit C.

2. As a condition of the authority herein granted, L. P. Hammond is directed to continue the public utility responsibilities of Alvor E. Olson, doing business as Nor-Cal Tele-Radio System, with respect to the area served by the properties being transferred.

3. The tariffs of Alvor E. Olson, doing business as Nor-Cal Tele-Radio System, now on file with this Commission, shall be filed within thirty days from the date of actual transfer under the name of L. P. Hammond, in accordance with the procedure prescribed in General Order No. 96-A, or, in lieu of such refiling, L. P. Hammond may file a notice of adoption of said presently filed tariffs. No increase in the presently filed tariffs shall be made unless authorized by this Commission.

4. On or before the date of actual transfer of the specific properties herein authorized, Alvor E. Olson, doing business as Nor-Cal Tele-Radio System, shall transfer and deliver to L. P. Hammond, and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the radiotelephone utility authorized to be transferred.

5. If the authority herein granted is exercised, L. P. Hammond shall, within thirty days thereafter, notify this Commission, in writing, of the date of such completion of the property transfer herein authorized and of its compliance with the conditions hereof.

6. Upon compliance with the above ordering paragraphs, Alvor E. Olson, doing business as Nor-Cal Tele-Radio System, is relieved of his public utility responsibilities with respect to the property being transferred coincident with the full assumption of such responsibilities by L. P. Hammond.

7. L. P. Hammond, in part payment for the properties herein authorized to be transferred, may issue a note in the principal amount of not to exceed \$38,975 payable in monthly installments of \$337.50 with interest at the rate of 6 percent per annum. L. P. Hammond shall file a report as required by General Order No. 24-A.

The authority herein granted to issue a note will become effective when L. P. Hammond has paid the fee prescribed in Section 1904(b) of the Public Utilities Code, which fee is \$39. In all other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 30th day of JULY, 1963.

William J. Bennett
 President

John S. Mitchell

Wesley W. Page

George T. Grover

Fredrick B. Hobbieff
 Commissioners

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FILE NO. A-45380

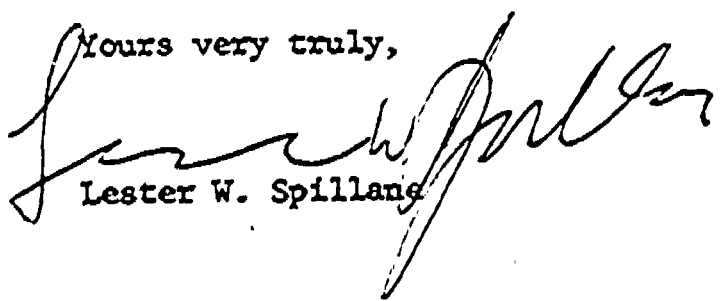
December 16, 1963

Public Utilities Commission
State Building
San Francisco, California

Gentlemen:

This is in reference to your Decision 65760 in re application of Alvor E. Olson for authority to sell his radio-telephone utility to L. P. Hammond, application No. 45380.

As your records will show, it appears from concluding paragraph 1 of the Decision that this approval lapsed on September 30, 1963. It had been intended earlier to request dismissal of the application, but in some manner this was overlooked. In any event, I wanted your records to be clear as to the parties' determination to drop the matter at this time, and not to pay the \$39.00 fee referred to in the final paragraph of the Decision. If it should be decided to proceed at some time in the future, a new application will be filed.

Yours very truly,

Lester W. Spillane

LWS:EB

cc - L. P. Hammond
cc - Alvor E. Olson

COMMUNICATIONS SECTION

DEC 17 1963