

ORIGINAL

Decision No. 69446

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of INDUSTRIAL COMMUNI-)
 CATIONS SYSTEMS, INC., and VALLEY)
 MOBILE COMMUNICATIONS, INC., for)
 authority to transfer Radiotele-)
 phone Common Carrier System KMD-)
 690, Lancaster, California,)
 together with operative rights)
 thereto from Industrial Communica-)
 tions Systems, Inc., to Valley)
 Mobile Communications, Inc.)

Application No. 47493
 Filed April 15, 1965;
 Amended June 2, 1965.

O P I N I O N

This is an application for an order of the Commission (1) authorizing Industrial Communications Systems, Inc. (seller) to sell and transfer its radiotelephone common carrier system KMD-690 to Valley Mobile Communications, Inc. (purchaser), and (2) authorizing purchaser to issue \$6,000 par value of its common stock and to execute a mortgage of chattels.

Seller is engaged in the operation of a radiotelephone common carrier system, which it acquired pursuant to authority granted by Decision No. 63333, dated February 26, 1962, in Application No. 44043. It provides service to three customers in the vicinity of Lancaster, Los Angeles County. The application states that because of the extremely heavy burdens and problems involved in the operation and continuing development of seller's Los Angeles radiotelephone utility business, seller's principals have found it extremely difficult to give the attention to the Lancaster division which they feel that operation should have for its maximum development.

The application states that purchaser's principals will devote themselves vigorously to the development and improvement of

the system. Purchaser's vice president will manage the operation on a full time basis and plans to live in Lancaster.

Exhibit E-1, attached to the amendment to the application, shows that the total capital required for the first six months of operation is \$12,950. Exhibit E-2 shows the estimated net income before taxes for the first six months of operation as \$1,270. The above estimates are predicated upon a market survey, Exhibit F attached to the amendment to the application, which shows a potential of 24 customers.

The total consideration to be paid by purchaser is \$7,000, of which \$4,000 will be paid in cash, with the \$3,000 balance to be represented by a promissory note bearing interest at the rate of 7 percent per annum and payable on or before 12 months from date of closing. The note is to be secured by a mortgage of chattels.

Purchaser proposes to issue and sell 600 shares of its \$10 par value capital stock at par for cash. The proceeds from the issue of the stock are to be used to provide the \$4,000 down payment on the purchase price with the remainder to be used as working capital. In addition to the proceeds from the sale of its capital stock, purchaser has available to it the sum of \$13,000 for development and operation of the system.

Applicants allege that the proposed transfer will be completed following the grant of authority herein requested and the approval by the Federal Communications Commission of the assignment of seller's station authorization to buyer.

The Commission has considered this matter and finds that: (1) there will be no change in rates or service to the public as a result of the transfer; (2) the proposed sale and transfer will not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the stock herein

authorized is reasonably required for the purposes specified herein; and (4) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

The Commission concludes that the application should be granted as set forth in the ensuing order.

In issuing our order herein, we place purchaser and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return purchaser should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of value of purchaser's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Industrial Communications Systems, Inc. may, on or after the effective date hereof, and on or before January 1, 1966, sell, assign and dispose of its radiotelephone utility system KMD-690 to Valley Mobile Communications, Inc.

2. As a condition of the authority herein granted, Valley Mobile Communications, Inc. is directed to continue the public utility responsibilities of Industrial Communications Systems, Inc. with respect to the area served by the properties being transferred.

3. The tariffs of Industrial Communications Systems, Inc. now on file with this Commission shall be refiled, within thirty days from the date of actual transfer, under the name of Valley Mobile Communications, Inc. in accordance with the procedure prescribed by

General Order No. 96-A, or, in lieu of such refiling, Valley Mobile Communications, Inc. may file a notice of adoption of said presently filed tariffs. No increases in the presently filed rates shall be made unless authorized by this Commission.

4. On or before the date of actual transfer of the specific properties herein authorized to be transferred, Industrial Communications Systems, Inc. shall transfer and deliver to Valley Mobile Communications, Inc., 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, Valley Mobile Communications, Inc. shall, within thirty days thereafter, file with this Commission the journal entries by which it proposes to record the acquisition of the radiotelephone utility properties herein authorized to be transferred, together with a statement of the method of determining the original or historical cost of the items of plant used and useful in the operations of the radiotelephone utility, and together with a statement of the method of determining the amount of depreciation accrued as of the date of the transfer.

6. Within one year after the effective date hereof, Valley Mobile Communications, Inc. may issue not to exceed 600 shares of its \$10 par value common stock at par for cash, for the purposes set forth in the application, as amended.

7. Valley Mobile Communications, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is made a part of this order.

8. Within one year after the effective date hereof purchaser may execute a mortgage of chattels for the purpose set forth in this proceeding.

9. Valley Mobile Communications, Inc. shall file with this Commission copies of all annual reports made to the Federal Communications Commission.

10. If the authority herein granted is exercised, Valley Mobile Communications, Inc. shall, within thirty days thereafter, notify this Commission in writing of the date of the completion of the transfer herein authorized and of its compliance with the conditions hereof.

The effective date of this order shall be the date on which Valley Mobile Communications, Inc. shall have filed with this Commission a written statement showing that it has obtained authority from the Federal Communications Commission for transfer of seller's station authorization to Valley Mobile Communications, Inc.

Dated at San Francisco, California, this 27th day of July, 1965.

Frederick B. Holbeck
President

George E. Driver

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Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. DeLoach, being necessarily absent, did not participate in the disposition of this proceeding.