

ORIGINAL

Decision No. 72542

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of (a) INTRASTATE RADIO)
TELEPHONE, INC. OF SAN FRANCISCO,)
a corporation, for authority)
to issue and sell securities,)
and of WILLIAM R. FOX, doing)
business as SANTA CRUZ)
TELEPHONE ANSWERING AND RADIO)
SERVICE, and JOSEPH A. SMILEY,)
doing business as CENTRAL)
EXCHANGE MOBILE RADIO, to)
purchase securities;)
(b) INTRASTATE RADIO TELEPHONE,)
INC. OF SAN FRANCISCO to borrow)
money and of WILLIAM R. FOX,)
doing business as SANTA CRUZ)
TELEPHONE ANSWERING AND RADIO)
SERVICE, and JOSEPH A. SMILEY,)
doing business as CENTRAL)
EXCHANGE MOBILE RADIO, to)
guarantee obligations; and)
(c) INTRASTATE RADIO TELEPHONE,)
INC. OF SAN FRANCISCO, a)
corporation, and ITT MOBILE)
TELEPHONE, INC., a corporation,)
for authority for INTRASTATE)
RADIO TELEPHONE, INC. OF SAN)
FRANCISCO to buy and for ITT)
MOBILE TELEPHONE, INC., a)
corporation, to sell, operating)
rights to perform service as a)
radiotelephone utility in the)
San Francisco area, and for)
authority for INTRASTATE RADIO)
TELEPHONE, INC. OF SAN FRANCISCO)
to operate as a radiotelephone)
utility in such area under the)
operating rights to be trans-)
ferred, and for ITT MOBILE)
TELEPHONE, INC., a corporation,)
to discontinue service as a)
radiotelephone utility in the)
San Francisco area.)

Application No. 49268
Filed April 10, 1967

O P I N I O N

This is an application for an order of the Commission authorizing (a) ITT Mobile Telephone, Inc. to sell and assign its radiotelephone operating rights and related assets for providing service in the City and County of San Francisco and vicinity to Intrastate Radio Telephone, Inc. of San Francisco, (b) the latter to issue and sell 300 shares of its \$100 par value stock aggregating \$30,000 par value, and to issue a \$60,000 note, and (c) William R. Fox and Joseph A. Smiley to purchase and acquire 100 shares each of said stock and to assume liability as guarantors for the borrowing to be represented by said note.

ITT Mobile Telephone, Inc. operates under the jurisdiction of this Commission as a radiotelephone utility serving portions of the State of California including the City and County of San Francisco and vicinity. Pursuant to authority granted by Decision No. 64702, dated December 28, 1962, as amended, in Application No. 44883, the corporation acquired from Walter F. Corbin, doing business as United Radio Communications, his radiotelephone operating rights and related facilities. Following such acquisition the corporation commenced its San Francisco area operations.

Intrastate Radio Telephone, Inc. of San Francisco is a California corporation organized on or about March 14, 1967 for the purpose of acquiring the operations and related assets of

ITT Mobile Telephone, Inc. pertaining to the San Francisco area. In order to obtain funds to meet the purchase price of \$75,000 and to provide an additional \$15,000 for working capital and for additional equipment and improvements, the former proposes (a) to issue a \$60,000 unsecured note representing a bank borrowing repayable over a period of three years, and bearing interest at a rate of not in excess of 7% per annum, and (b) to issue and sell, at par for cash, 300 shares of its common capital stock with an aggregate par value of \$30,000, of which 100 shares each would be issued to William R. Fox, Joseph A. Smiley and Cook's Communications Corp. The proposed shareholders would guarantee the liability to be evidenced by said note.

William R. Fox, doing business as Santa Cruz Telephone Answering and Radio Service, operates as a radiotelephone utility pursuant to authority granted by Decision No. 69013, dated May 4, 1965, in Application No. 47370. Joseph A. Smiley, doing business as Central Exchange Mobile Radio, operates a radiotelephone utility pursuant to authority granted by Decision No. 63572, dated April 17, 1962, in Application No. 43893.

Cook's Communications Corp., doing business as Electronics Specialties Co., is engaged in the nonutility business of selling and servicing radio equipment. The application shows that all of its outstanding capital stock is owned by Donald R. Cook, President of Cook's Telephone Answering and Radio, Inc.,

Fresno Mobile Radio, Inc. and Hanford Mobile Radio, Inc. Cook's Telephone Answering and Radio, Inc. and Fresno Mobile Radio, Inc. operate as radiotelephone utilities pursuant to authority granted by Decision No. 62156, dated June 20, 1961, in Case No. 6945. Hanford Mobile Radio, Inc. operates as a radiotelephone utility pursuant to authority granted by Decision No. 64423, dated October 23, 1962, in Application No. 44761.

It appears that ITT Mobile Telephone, Inc. desires to withdraw from the mobile radiotelephone business in the State of California as well as throughout the United States of America. The application shows that Intrastate Radio Telephone, Inc. of San Francisco intends to continue the service offered by ITT Mobile Telephone, Inc. in the San Francisco area, and also plans to expand and improve the facilities and operations to the benefit of the subscribers.

According to portions of Exhibits H and I, attached to the application, the proposed \$75,000 purchase price is \$72,448 less than the total of the depreciated book values of the assets to be transferred. Although this Commission has not adopted a Uniform System of Accounts for Radiotelephone Utilities, it appears that Intrastate Radio Telephone, Inc. of San Francisco should give serious consideration to reducing substantially, or eliminating entirely, the relatively large sums assigned to intangible assets which it proposes to acquire through transfer.

The Commission has considered this matter and finds that: (1) the proposed transactions will not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the stock and note herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

The authority herein granted is subject to the following provision of law:

"The commission shall have no power to authorize the capitalization of the right to be a corporation, or the capitalization of any franchise or permit, or the right to own, operate, or enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right."

O R D E R

IT IS ORDERED that:

1. ITT Mobile Telephone, Inc., on or after the effective date hereof and on or before December 31, 1967, may sell, assign and transfer, and Intrastate Radio Telephone, Inc. of San Francisco may purchase and acquire, the San Francisco area radiotelephone public utility operating rights and related assets referred to in this proceeding.

2. Intrastate Radio Telephone, Inc. of San Francisco, on or after the effective date hereof and on or before December 31, 1967, for the purposes specified in this proceeding, may issue and sell, at par for cash, not exceeding 300 shares of its \$100 par value common capital stock, and may issue a note in the principal amount of not exceeding \$60,000 bearing interest at a rate of not in excess of 7% per annum.

3. William R. Fox and Joseph A. Smiley may purchase and acquire not exceeding 100 shares each of the \$100 par value common capital stock of Intrastate Radio Telephone, Inc. of San Francisco, and may assume liability as guarantors of the indebtedness to be represented by the note authorized in the preceding ordering paragraph.

4. As a condition of the authority herein granted, Intrastate Radio Telephone, Inc. of San Francisco is hereby directed to continue the public utility responsibilities of ITT Mobile Telephone, Inc. with respect to the area served by the properties being transferred.

5. Within sixty days after the date of actual transfer, the tariffs of ITT Mobile Telephone, Inc. now on file with this Commission for the San Francisco area shall be refiled under the name of Intrastate Radio Telephone, Inc. of San Francisco in accordance with the procedure prescribed in General Order No. 96-A or, in lieu of such refiling, Intrastate Radio Telephone, Inc. of San Francisco may file within thirty days after the date of actual transfer, by advice letter, a notice of adoption of said presently filed tariffs. No increase in the presently filed tariffs shall be made unless authorized by this Commission.

6. On or before the date of actual transfer, ITT Mobile Telephone, Inc. shall refund all customers' deposits and advances which are subject to refund. Any unrefunded advances and deposits shall be transferred to and become the obligation for refund of Intrastate Radio Telephone, Inc. of San Francisco.

7. On or before the end of the third month after the consummation of the transfer as herein authorized, Intrastate Radio Telephone, Inc. of San Francisco shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the transferor in the San Francisco area for the period commencing with the first day of the current year to and including the effective date of the transfer.

8. On or before the date of actual transfer of the specific properties herein authorized, ITT Mobile Telephone, Inc. shall transfer and deliver to Intrastate Radio Telephone, Inc. of San Francisco, 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.

9. If the authority herein granted is exercised, Intrastate Radio Telephone, Inc. of San Francisco 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.

10. Upon compliance with the above ordering paragraphs, ITT Mobile Telephone, Inc. is hereby relieved of its public utility responsibilities with respect to the property being transferred coincident with the full assumption of such responsibilities by Intrastate Radio Telephone, Inc. of San Francisco.

11. Intrastate Radio Telephone, Inc. of San Francisco shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

12. This order shall become effective when Intrastate Radio Telephone, Inc. of San Francisco has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60.

Dated at San Francisco, California,
this 10th day of JUNE, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

