

ORIGINAL

Decision No. 72543

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of (a) INTRASTATE RADIO)
TELEPHONE, INC. OF LOS ANGELES, a)
corporation, for authority to)
issue and sell securities; (b))
INTRASTATE RADIO TELEPHONE, INC.)
OF LOS ANGELES to borrow money;)
and (c) INTRASTATE RADIO)
TELEPHONE, INC. OF LOS ANGELES,)
a corporation, and ITT MOBILE)
TELEPHONE, INC., a corporation,)
for authority for INTRASTATE)
RADIO TELEPHONE, INC. OF LOS)
ANGELES to buy, and for ITT)
MOBILE TELEPHONE, INC., to sell,)
operating rights to perform)
service as a radiotelephone)
utility in the Los Angeles area,)
and for authority for INTRASTATE)
RADIO TELEPHONE, INC. OF LOS)
ANGELES to operate as a)
radiotelephone utility in such)
area under the operating rights)
to be transferred, and for ITT)
MOBILE TELEPHONE, INC., a)
corporation, to discontinue)
service as a radiotelephone)
utility in the Los Angeles area.)

Application No. 49269
Filed April 10, 1967

O P I N I O N

This is an application for an order of the Commission (1) authorizing ITT Mobile Telephone, Inc. to sell and assign its radiotelephone operating rights and related assets for providing service in and about the City of Los Angeles, to Intrastate Radio Telephone, Inc. of Los Angeles, and (2) authorizing the latter to issue 600 shares of its \$100 par

value capital stock and a promissory note in the principal amount of \$75,000.

ITT Mobile Telephone, Inc. is a California corporation engaged in radiotelephone public utility operations in the City of Los Angeles and the surrounding area pursuant to operating rights acquired in accordance with authority granted by Decision No. 64703, dated December 28, 1962, as modified, in Application No. 44891.

The present application shows that the company desires to withdraw from mobile radiotelephone utility activities and that it has arranged to sell and transfer its operating rights, equipment and certain other assets related to its Los Angeles operations to Intrastate Radio Telephone, Inc. of Los Angeles for an agreed cash consideration of \$110,000.

Intrastate Radio Telephone, Inc. of Los Angeles 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 Los Angeles area. In order to obtain funds for meeting the \$110,000 purchase price and providing \$25,000 for working capital and for additions and betterments to the system, Intrastate Radio Telephone, Inc. of Los Angeles proposes (a) to issue \$60,000 aggregate par value of its capital stock and (b) to issue a \$75,000 unsecured note representing a bank borrowing. The note will be repayable over a three-year period and will bear interest at a rate of not exceeding 7% per annum. The prospective shareholders will guarantee the liability to be evidenced by said note.

According to Exhibits H and I attached to the application, the proposed \$110,000 purchase price is \$113,411 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 Los Angeles 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.

Intrastate Radio Telephone, Inc. of Los Angeles reports that its directors and prospective shareholders have considerable experience in the mobile radiotelephone utility business. The corporation also states that it expects to expand and improve facilities and operations so as to provide greater benefits to subscribers.

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 Los Angeles may purchase and acquire, the radiotelephone public utility operating rights and other assets referred to in this proceeding.

2. Intrastate Radio Telephone, Inc. of Los Angeles, on or after the effective date hereof and on or before December 31, 1967, for the purposes specified in this proceeding, may issue not exceeding 600 shares of its \$100 par value capital stock and may issue a note in the principal amount of not exceeding \$75,000, bearing interest at a rate of not in excess of 7% per annum.

3. As a condition of the authority herein granted, Intrastate Radio Telephone, Inc. of Los Angeles is hereby directed to continue the public utility responsibilities of ITT Mobile Telephone, Inc. with respect to the area served by the radiotelephone system being transferred.

4. Within sixty days after the date of actual transfer, the tariffs of ITT Mobile Telephone, Inc. now on file with this Commission for the Los Angeles area shall be refiled under the name of Intrastate Radio Telephone, Inc. of Los Angeles in accordance with the procedure prescribed in General Order No. 96-A, or, in lieu of such refiling, Intrastate Radio Telephone, Inc. of Los Angeles 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.

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

6. On or before the end of the third month after the consummation of the transfer as herein authorized, Intrastate Radio Telephone, Inc. of Los Angeles 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 Los Angeles area for the period

commencing with the first day of the current year to and including the effective date of the transfer.

7. 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 Los Angeles, 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.

8. If the authority herein granted is exercised, Intrastate Radio Telephone, Inc. of Los Angeles 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.

9. 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 Los Angeles.

10. Intrastate Radio Telephone, Inc. of Los Angeles 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.

11. This order shall become effective when Intrastate Radio Telephone, Inc. of Los Angeles has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$75.

Dated at San Francisco, California, this 6th day of JUNE, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

