

**ORIGINAL**

Decision No. 72710

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of (a) IMPERIAL COMMUNICATIONS )  
CORPORATION, a corporation, for )  
authority to issue and sell )  
securities; (b) IMPERIAL )  
COMMUNICATIONS CORPORATION, a )  
corporation, to borrow money; )  
(c) IMPERIAL COMMUNICATIONS )  
CORPORATION, a corporation, to )  
buy, and IMPERIAL CONSTANT )  
COMMUNICATIONS, a limited )  
partnership, to sell, operating )  
rights and assets to perform as )  
a radiotelephone utility in the )  
San Diego area; and (d) )  
IMPERIAL COMMUNICATIONS )  
CORPORATION, a corporation, to )  
buy, and ITT MOBILE TELEPHONE, )  
INC., a corporation, to sell, )  
operating rights to perform )  
service as a radiotelephone )  
utility in the San Diego area )  
and for authority for IMPERIAL )  
COMMUNICATIONS CORPORATION, a )  
corporation, 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 San Diego area. )

Application No. 49298  
Filed April 20, 1967  
and Amendment  
Filed June 16, 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 in the

San Diego area to Imperial Communications Corporation, and (2) authorizing the latter to issue and sell 5,800 shares of its \$10 par value capital stock.

ITT Mobile Telephone, Inc. is a California corporation engaged in radiotelephone public utility operations in the City of San Diego and the surrounding area pursuant to operating rights acquired in accordance with authority granted by Decision No. 64704, dated December 28, 1962, as modified, in Application No. 44934 and Decision No. 69989, dated November 23, 1965, in Application No. 47800.

The present application shows that ITT Mobile Telephone, Inc. 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 connected with its San Diego area operations to Imperial Communications Corporation for an agreed cash consideration of \$50,000.

Imperial Communications Corporation is a California corporation organized on or about March 21, 1967, for the purpose of acquiring the operations and related assets of ITT Mobile Telephone, Inc. pertaining to the San Diego area. In order to obtain funds for meeting the \$50,000 purchase price and providing \$8,000 for working capital and for additions and betterments to the system, Imperial Communications Corporation proposes to issue \$58,000 aggregate par value of its capital stock.

It appears that, although the buyer will assign no value to the operating rights which it proposes to acquire through transfer, the assets to be purchased for \$50,000 include certain intangible property. Although this Commission has not adopted a Uniform System of Accounts for Radiotelephone Utilities, Imperial Communications Corporation should give serious consideration to reducing substantially, or eliminating entirely, the sums assigned to intangible assets which it proposes to acquire through transfer.

By Decision No. 71209, dated August 30, 1966, in Application No. 48161, the Commission granted a certificate of public convenience and necessity to certain partners, doing business as Imperial Constant Communications, authorizing them to construct and operate a mobile communications service in the area of Imperial Beach (San Diego), California. An affiliated relationship would exist between holders of said certificate and Imperial Communications Corporation, and it appears that upon consummation of the transfer proposed in this proceeding the certificate would be abandoned.

The Commission has considered this matter and finds that: (1) the proposed transactions will not be adverse to the public interest; (2) the need for the certificate of public convenience and necessity granted by said Decision No. 71209 will cease upon consummation of the sale, assignment and transfer proposed in this proceeding; (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. On the basis of these findings we conclude that the application, as amended, 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 date hereof and on or before December 31, 1967, may sell, assign and transfer, and Imperial Communications Corporation may purchase and acquire, the radiotelephone public utility operating rights and other assets referred to in this proceeding.

2. Imperial Communications Corporation, on or after the date hereof and on or before December 31, 1967, for the purposes specified in this proceeding, may issue not exceeding 5,800 shares of its \$10 par value capital stock.

3. As a condition of the authority herein granted, Imperial Communications Corporation 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 San Diego area shall be refiled under the name of Imperial Communications Corporation in accordance with the procedure prescribed in General Order No. 96-A or, in lieu of such refiling, Imperial Communications Corporation 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 Imperial Communications Corporation.

6. On or before the end of the third month after the consummation of the transfer as herein authorized, Imperial Communications Corporation 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 Diego 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 Imperial Communications Corporation, 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, Imperial Communications Corporation 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 Imperial Communications Corporation.

10. Concurrently with the consummation of the transactions authorized by Ordering Paragraph No. 1 hereof, the certificate of public convenience and necessity set forth in Decision No. 71209, dated August 30, 1966, in Application No. 48161, is hereby revoked.

11. Imperial Communications Corporation 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. The effective date of this order is the date hereof.

Dated at San Francisco, California,  
this 6<sup>th</sup> day of JULY, 1967.

[Signature]  
President

[Signature]

William M. Bennett

[Signature]  
Commissioners

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