

Decision 84 06 CS2 June 6, 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of ICS Communications, a California corporation, Phillips Wyman, an individual, Neoma Joyce Wyman, an individual, Linda Dennis, an individual, and Salinas Valley Radio Telephone Company, a California corporation, for transfer of control of Salinas Valley Radio Telephone Company.

ORIGINAL

Application 84-03-48  
(Filed March 18, 1984)

O P I N I O N

ICS Communications (ICS), a California corporation, and three individuals, namely, Phillips Wyman, Neoma Joyce Wyman, and Linda Dennis (sellers), and Salinas Valley Radio Telephone Company (SVR) request authority for ICS to control SVR through the purchase by ICS from the sellers of all of the issued and outstanding stock of SVR. Copies of the application were served on Central Radio Telephone, Inc., Mobile Radio System of San Jose, Inc., Santa Cruz Radio Service, General Telephone Company of California, Pacific Bell, and Continental Telephone Company of California. Notice of the filing of the application appeared in the Commission Daily Calendar of March 19, 1984. No protests to the application have been received.

ICS is a radiotelephone utility (RTU) which provides service in major portions of Orange, San Bernardino, Riverside, Ventura, and Los Angeles Counties, and the northern portion of San Diego County. ICS owns Chalfont Communications which is an RTU serving Palm Springs, Palm Desert, and adjacent areas. For the

12 months ending December 31, 1983 ICS had a net income before taxes of \$1,357,370 on consolidated gross revenue of \$11,812,971. As of that date ICS had a consolidated net worth of \$33,857,370, including \$21,635,703 of goodwill.

SVR is an RTU which provides two-way mobile, one-way paging, point-to-point microwave, and maritime radiotelephone service in the metropolitan areas of Salinas, Carmel, Monterey, Hollister, Gilroy, Watsonville, and adjacent areas in the Counties of Monterey, Santa Cruz, San Benito, and Santa Clara. For the calendar year 1983 SVR had gross revenues from operations of \$1,757,454 and net revenue of \$54,935. As of December 31, 1983 SVR had a net worth of approximately \$516,839. Sellers own all of the issued and outstanding stock of SVR, which totals 100 shares.

The Stock Purchase Agreement (the agreement) provides for ICS to purchase all of the sellers' shares of SVR for \$32,250 per share, or a total of \$3,225,000. The purchase price is to be paid by certified or bank checks concurrent with the delivery of the stock on the closing date. According to the agreement the sellers will cause the officers and directors of SVR to submit their resignations to SVR effective as of the closing date.

The application states that the difference between the book value of the SVR stock and the purchase price is attributable to numerous factors and reasons, including the value of the customer lists of SVR's utility and nonutility business, its value as a going concern, the scope, quality, and extent of the licenses and assets owned by and operations of SVR, a market analysis by ICS, and its plans to institute a substantial, aggressive marketing and technical improvement and expansion program. The total purchase price to be paid by ICS to sellers will be funded in that amount by a capital

contribution to ICS from its parent company, Metromedia, Inc., which is a group broadcasting company which owns and operates seven television stations in major metropolitan areas as well as RTUs in nine states. As of December 31, 1983 Metromedia, Inc. had a consolidated net worth of approximately \$198,470,000.

The application states that, upon transfer of control of SVR from the sellers to ICS, management responsibility for SVR will reside in the management of ICS (and its parent Metromedia, Inc.), which has demonstrated management experience and ability in the radiotelephone industry. Through the transfer of control SVR will be better able to participate in the rapid technological changes and new service possibilities developing in the radiotelephone utility industry. This industry is becoming increasingly competitive and capital-intensive, and the cost of developing, engineering and offering efficient and sophisticated radiotelephone utility service is steadily increasing. ICS (and Metromedia, Inc.) will not only bring valuable experience to assist SVR in its future plans, but will also contribute substantially to the financial resources necessary to fully participate in the growth of SVR and enable SVR to maintain its competitive position.

There is currently on file with the Federal Communications Commission an application seeking that commission's approval of the transfer of control of Domestic Public Land Mobile Radio Service license/permits and point-to-point microwave licenses/permits held by SVR to ICS.

Findings of Fact

1. The application requests authority for ICS to acquire control of SVR through the purchase of the issued and outstanding stock of SVR, all of which is owned by the sellers.

2. ICS is a radiotelephone utility performing service in major portions of Orange, San Bernardino, Riverside, Ventura, and Los Angeles Counties, and the northern portion of San Diego County.

3. SVR is a radiotelephone utility which provides mobile radiotelephone service in the metropolitan areas of Salinas, Carmel, Monterey, Hollister, Gilroy, Watsonville and adjacent areas in the Counties of Monterey, Santa Cruz, San Benito, and Santa Clara.

4. SVR had gross revenue from operations of \$1,757,454 and net revenue of \$54,935 for the calendar year 1983 and as of December 31, 1983 had a net worth of approximately \$516,839.

5. Total purchase price for the subject stock is \$3,225,000 to be paid by cashier or bank check concurrent with the delivery of stock to ICS on the closing date.

6. ICS had a consolidated net worth as of December 31, 1983 of \$33,857,370, including \$21,635,703 of goodwill.

7. The total purchase price will be funded in the entire amount by a capital contribution to ICS from its parent company, Metromedia, Inc., which had a consolidated net worth of \$198,470,000 on December 31, 1983.

8. Upon transfer of control to ICS the management responsibility for SVR will reside in the officers and management of ICS and its parent company, Metromedia, Inc.

9. Both ICS and Metromedia, Inc. have had extensive experience in the management of public utility radiotelephone operations and service.

10. The control of SVR by ICS is not adverse to the public interest.

11. A hearing is not necessary.

Conclusion of Law

The application should be granted. ✓

O R D E R

IT IS ORDERED that the application is granted and ICS Communications may acquire control of Salinas Valley Radio Telephone Company as provided in Application 84-03-48.

This order becomes effective 30 days from today.

Dated June 6, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO

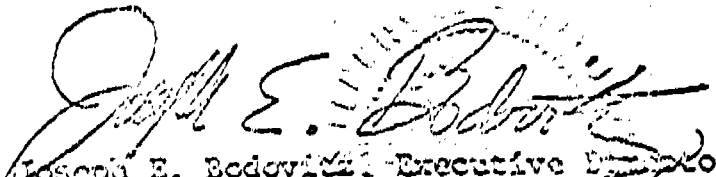
DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

Commissioner Priscilla C. Grew,  
being necessarily absent, did not  
participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director

**ORIGINAL**

Decision 84 06 082

JUN 6 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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of ICS Communications, a California )  
corporation, Phillips Wyman, an )  
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an individual, Linda Dennis, an )  
individual, and Salinas Valley )  
Radio Telephone Company, a )  
California corporation, for )  
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Valley Radio Telephone Company. )

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Conclusions of Law

The application should be granted.

Only the amount paid to the State for operative rights may be used in ratefixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

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Dated JUN 6 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

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WILLIAM T. BAGLEY  
Commissioners

Commissioner Priscilla C. Grow,  
being necessarily absent, did  
not participate