

Decision 84 07 117

JUL 18 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
GENCOM INCORPORATED, INC., a
California corporation, and FRESNO
MOBILE RADIO, INC., a California
corporation, pursuant to Public
Utilities Code § 851 and 854.

Application 84-04-140
(Filed April 27, 1984)

O P I N I O N

Gencom, Inc. (Gencom) (a California corporation) requests authority to purchase all of the assets, business, and goodwill of Fresno Mobile Radio, Inc. (FMR) and to assume the stated liabilities of FMR. FMR joins in the application. The application shows that copies of the application were served on Pacific Bell, Riggs Radio Dispatch, Madera Radio Dispatch, Inc., Airsignal of California, Inc., and Ponderosa Telephone Company. Notice of the filing of the application was published in the Commission Daily Calendar of May 3, 1984. No protests to the application have been received.

The application shows that Gencom is a one-way and two-way radiotelephone public utility which serves the populated parts of San Diego County. It is affiliated with Tel-Page, Inc., Intrastate Radio Telephone, Inc. of San Francisco, and Delta Mobile Radio Service, which conduct public utility radiotelephone service in and around the San Francisco Bay Area. Gencom is a wholly owned subsidiary of Gencom, Inc., an Arizona corporation, which is a wholly owned subsidiary of Communication Industries, Inc. (CI). As of December 31, 1983, Gencom had assets of \$4,776,310, liabilities of \$305,137, and a net worth of \$4,471,173. For the 12 months ending on that date it had revenues of \$4,043,860 and a net income of \$922,239.

FMR conducts one-way and two-way public utility radiotelephone service in the Fresno-Coalinga area. During the calendar year 1983 FMR had revenues of \$1,254,895 and a net profit of \$438,939. On December 31, 1983 it had assets of \$912,960, liabilities of \$156,101 and a net worth of \$756,859. FMR is a wholly owned subsidiary of American District Telegraph Company (ADT).

The agreement of Purchase of Assets entered into between Gencom and FMR provides for a total purchase price of \$3,299,586 to be allocated to the assets in the manner prescribed in the agreement, with any balance allocated to subscriber accounts and good will. A pro forma balance sheet for Gencom, giving effect to the transaction as of December 31, 1983, shows that Gencom would have assets of \$5,689,270, liabilities of \$461,238, and a net worth of \$5,228,032. CI will fund the entire purchase price through a capital contribution to Gencom.

The application states that FMR's parent company, ADT, is not primarily engaged in the radiotelephone utility business, and has elected to deploy its assets in other lines of endeavor. In contrast, Gencom's parent, CI, has as its primary business the provision of radiotelephone utility service in parts of the States of California, Arizona, Texas, Missouri, Kentucky, Florida, and Georgia. CI's acquisition through Gencom of FMR will enable CI better to serve the public not only in the Fresno area, but also in its existing San Diego and San Francisco Bay area marketplaces through the use of technical expertise, the networking of common frequencies, and the consolidation of microwave, billing, and other facilities.

Findings of Fact

1. Gencom requests authority to purchase all of the assets, business, and goodwill of FMR and to assume all of the stated liabilities of FMR.

2. Both Gencom and FMR are radiotelephone public utilities.

3. Gencom serves the greater San Diego Area while FMR serves the Fresno-Coalinga area.

4. As of December 31, 1983, Gencom had a net worth of \$4,471,173, and for the 12 months ending at that date had revenues of \$4,043,860 for a net profit of \$922,239.

5. FMR had net worth of \$756,859 as of December 31, 1983, and for the 12 months ending on that date had revenues of \$1,254,895 for a net profit of \$438,939.

6. The Agreement for Purchase of Assets entered into between Gencom and FMR, with Gencom's performance being guaranteed by CI, calls for a purchase price of \$3,299,586.

7. CI will fund the entire purchase price through a capital contribution to Gencom.

8. Giving effect to the proposed transaction as of December 31, 1983 results in Gencom having assets of \$5,689,270, liabilities of \$461,238, and a net worth of \$5,228,032.

9. FMR's parent corporation, ADT, has elected to deploy its assets in lines of endeavor other than public utility radiotelephone service.

10. Consummation of the proposed transaction will result in better service to the public through the use of consolidation facilities owned by CI and the borrowing of technical expertise from CI and its commonly own radiotelephone utilities.

11. The proposed transaction is not adverse to the public interest.

12. A public hearing is not necessary.

13. Because the application is unopposed this decision should be made effective today. ✓

Conclusion of Law

The application should be granted.

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

This authorization is not a finding of the value of the rights and properties to be transferred.

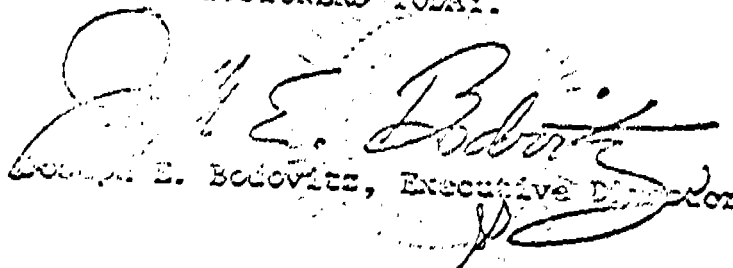
O R D E R

IT IS ORDERED that:

1. Gencom, Inc. is authorized to purchase the assets, business, and goodwill of Fresno Mobile Radio, Inc. as provided in Application 84-04-140.
 2. Written consummation of the transaction authorized herein shall be filed with the Commission within ten days after its completion.
 3. The application is granted.
- This order is effective today.
Dated JUL 18 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
FRISCOILLA C. CREW
DONALD VIAL
WILLIAM T. BACLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

FMR conducts one-way and two-way public utility radiotelephone service in the Fresno-Coalinga area. During the calendar year 1983 FMR had revenues of \$1,254,895 and a net profit of \$438,939. On December 31, 1983 it had assets of \$912,960, liabilities of \$156,101 and a net worth of \$756,859. FMR is a wholly owned subsidiary of American District Telegraph Company (ADT).

The agreement of Purchase of Assets entered into between Gencom and FMR provides for a total purchase price of \$3,299,586 to be allocated to the assets in the manner prescribed in the agreement, with any balance allocated to subscriber accounts and good will. A pro forma balance sheet for Gencom, giving effect to the transaction as of December 31, 1983, shows that Gencom would have assets of \$56,689,270, liabilities of \$461,238, and a net worth of \$52,280,032. CI will fund the entire purchase price through a capital contribution to Gencom.

The application states that FMR's parent company, ADT, is not primarily engaged in the radiotelephone utility business, and has elected to deploy its assets in other lines of endeavor. In contrast, Gencom's parent, CI, has as its primary business the provision of radiotelephone utility service in parts of the States of California, Arizona, Texas, Missouri, Kentucky, Florida, and Georgia. CI's acquisition through Gencom of FMR will enable CI better to serve the public not only in the Fresno area, but also in its existing San Diego and San Francisco Bay area marketplaces through the use of technical expertise, the networking of common frequencies, and the consolidation of microwave, billing, and other facilities.

Findings of Fact

1. Gencom requests authority to purchase all of the assets, business, and goodwill of FMR and to assume all of the stated liabilities of FMR.
2. Both Gencom and FMR are radiotelephone public utilities.

3. Gencom serves the greater San Diego Area while FMR serves the Fresno-Coalinga area.

4. As of December 31, 1983, Gencom had a net worth of \$4,471,173, and for the 12 months ending at that date had revenues of \$4,043,860 for a net profit of \$922,239.

5. FMR had net worth of \$756,859 as of December 31, 1983, and for the 12 months ending on that date had revenues of \$1,254,895 for a net profit of \$438,939.

6. The Agreement for Purchase of Assets entered into between Gencom and FMR, with Gencom's performance being guaranteed by CI, calls for a purchase price of \$3,299,586.

7. CI will fund the entire purchase price through a capital contribution to Gencom.

8. Giving effect to the proposed transaction as of December 31, 1983 results in Gencom having assets of \$65,689,270, liabilities of \$461,238, and a net worth of \$52,280,032.

9. FMR's parent corporation, ADT, has elected to deploy its assets in lines of endeavor other than public utility radiotelephone service.

10. Consummation of the proposed transaction will result in better service to the public through the use of consolidation facilities owned by CI and the borrowing of technical expertise from CI and its commonly own radiotelephone utilities.

11. The proposed transaction is not adverse to the public interest.

12. A public hearing is not necessary.

13. Because the application is unopposed this decision will be made effective today.

Conclusion of Law

The application should be granted.

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

This authorization is not a finding of the value of the rights and properties to be transferred.