

JUN 20 1988

Decision 88-06-043 June 17, 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Gencom Incorporated, a California)
 corporation (U 2019 C), and Fresno)
 Mobile Radio, Inc., a California)
 corporation, pursuant to Public)
 Utilities Code Sections 851 and 854,)
 for authority to transfer certain)
 assets used in transferor's)
 radiotelephone business in and)
 around the Fresno, California area.)

Application 88-01-022
(Filed January 21, 1988)

Application of Fresno Mobile Radio,)
 Inc., a California corporation,)
 for a Certificate of)
 Public Convenience and Necessity)
 to operate a radiotelephone)
 business in and around the Fresno,)
 California Area.)

Application 88-02-022
(Filed February 16, 1988)

OPINION

By Application (A.) 88-01-022 Gencom Incorporated (Gencom) and Fresno Mobile Radio, Inc. (Fresno Mobile), California corporations, request Commission authority for Gencom to sell to Fresno Mobile certain assets of Gencom, pursuant to Public Utilities Code (PU Code) Sections 851 and 854.

Subsequently, by A.88-02-022 Fresno Mobile requests a certificate of public convenience and necessity to operate a radiotelephone utility service in and around Fresno. Fresno Mobile requests that this application be granted in conjunction with A.88-01-022, identified above.

Rule 55 of the Commission's Rules of Practice and Procedure authorizes the Commission to consolidate proceedings with related facts. Because A.88-01-022 and A.88-02-022 raise

substantially similar facts, we will, in the interest of efficiency, invoke Rule 55 and consolidate these two applications.

Copies of A.88-01-022 and A.88-02-022 were served on potential competitors and other interested parties, identified in Exhibits I and H of the application. Copies of A.88-02-022 were also served on the city and county within the proposed service territory.

Notice of A.88-01-022 and A.88-02-022 appeared on the Commission's Daily Calendar of January 26, 1988 and February 19, 1988, respectively. No protests to the applications have been filed; therefore, a public hearing is not necessary.

Gencom is a public utility operating a one-way and two-way radiotelephone system in San Diego, Fresno, and Santa Cruz counties. Gencom is a wholly owned subsidiary of Gencom Incorporated, an Arizona corporation, which is a wholly owned subsidiary of PacTel Personal Communications. PacTel Personal Communications, in turn, is a wholly owned subsidiary of Pacific Telesis Group, a Nevada corporation.

Fresno Mobile, incorporated on October 6, 1987, has not yet begun operations. It is owned by Mr. and Mrs. Donald R. Cook and Mr. and Mrs. Robert D. Cook. Donald R. Cook has owned and operated radiotelephone utilities (RTU) throughout California for more than 35 years. Donald R. Cook's son, Robert D. Cook, has been associated with the operations of the Fresno two-way mobile facilities for Gencom.

The Purchase and Sale Agreement entered into between Gencom and Fresno Mobile provides for Fresno Mobile to acquire Gencom's present RTU facilities and operations in and around the Fresno area at a cost of \$479,363, Exhibit D to A.88-01-022. Fresno Mobile has submitted to the Federal Communications Commission an application for consent to assignment of Gencom's licenses in the Fresno area, Exhibit G to A.88-02-022.

Fresno Mobile proposes to continue the operation of Gencom's certificated two-way radiotelephone utility service in the Fresno area, as identified on the service area map attached to A.88-02-022. Because Fresno Mobile does not contemplate any major facilities changes it can be seen with certainty that there is no possibility that the grant of these applications will have a significant effect on the environment.

Fresno Mobile is aware that two-way RTU services are also being provided within its proposed service area by cellular telephone operators. However, Fresno Mobile represents that the cellular operators service area are considerably smaller and more costly than the conventional RTU service to be provided by Fresno Mobile. Fresno Mobile represents that the cost to provide cellular service and limited coverage make conventional RTU services convenient and necessary.

Fresno Mobile anticipates that its proposed operations, beginning with 2,074 units transferred from Gencom, will average approximately 2,500 units during its fifth year of operations. An operating profit of \$80,000 is projected in the first year of operation, Exhibit D to A.88-02-022. Fresno Mobile's net worth as of October 6, 1987 is \$10,000. However, should Fresno Mobile need additional funds for its initial operation and maintenance of the proposed system, Donald R. Cook commits his net worth of approximately \$19 million, as of May 12, 1987, to Fresno Mobile.

The rates to be charged for Fresno Mobile's proposed two-way radiotelephone utility service are the same rates and charges that Gencom presently has on file with the Commission for the Fresno area, excerpts of which are attached to A.88-02-022 as Exhibit F.

Findings of Fact

1. Gencom requests authority to sell its RTU facilities and operations in and around the Fresno area to Fresno Mobile.

2. Fresno Mobile requests a certificate of public and convenience and necessity to operate RTU services in and around the Fresno area.

3. Rule 55 of the Commission's Rules of Practice and Procedure authorizes the Commission to consolidate proceedings with related facts.

4. No protests to the applications have been filed with the Commission.

5. Gencom is a public utility operating a one-way and two-way radiotelephone system in San Diego, Fresno, and Santa Cruz counties.

6. Fresno Mobile has not yet begun operations.

7. Fresno Mobile is owned by Mr. and Mrs. Donald Cook and Mr. and Mrs. Robert D. Cook.

8. At the close of escrow Fresno Mobile will pay Gencom approximately \$479,000 for Gencom's RTU facilities and operations located in and around Fresno.

9. It can be seen with certainty that there is not any possibility that the proposed transfer of facilities and operations may have a significant effect on the environment.

10. Fresno Mobile's net worth as of October 6, 1987 is \$10,000.

11. Donald R. Cook commits his net worth of approximately \$19 million to Fresno Mobile to fund any additional cost necessary to operate and maintain the proposed system.

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

13. A public hearing is not necessary.

Conclusions of Law

1. A.88-01-022 should be consolidated with A.88-02-022 because the facts to each application are substantially identical.

2. The applications should be granted and made effective on the date signed because the applications are not protested and are not adverse to the public interest.

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

The grant of these applications is not a finding of value of the rights and properties to be transferred.

ORDER

IT IS ORDERED that:

1. A.88-01-022 is consolidated with A.88-02-022.
2. Fresno Mobile is granted a certificate of public convenience and necessity to operate a two-way radiotelephone utility (RTU) system in and around the Fresno area as shown in Exhibit B to A.88-01-022.
3. Fresno Mobile Radio, Inc. (Fresno Mobile) is authorized to acquire Gencom, Inc.'s two-way RTU facilities and operations in the Fresno area, as shown in the Agreement for Purchase and Sale, Exhibit D to A.88-01-022.
4. Within 10 days after the transfer, transferee shall notify the Commission's Advisory and Compliance Division Director in writing of the date on which the transfer was consummated. A true copy of the instrument of transfer shall be attached to the written notification.
5. Fresno Mobile is authorized to file after the effective date of this order and in compliance with General Order (GO) 96-A, tariffs applicable to the service authorized containing rates, charges, and rules applicable to its radiotelephone services. The tariffs shall become effective immediately. The rates and charges shall be the same as Gencom Incorporated presently has on file with

the Commission for the Fresno area, as shown in Exhibit F to A.88-02-022.

6. Fresno Mobile shall keep its books and records in accordance with the Uniform System of Accounts for Radiotelephone Utilities prescribed by this Commission.

7. Fresno Mobile shall file an annual report, in compliance with GO 104-A, on a calendar year basis using CPUC Annual Report Form L and prepared according to the instructions included in that Form.

8. Fresno Mobile is subject to the user fee as a percentage of gross intrastate revenue under PU Code Sections 401, et seq.

9. The corporate identification number assigned Fresno Mobile Radio, Inc. is U-2101-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

10. The applications are granted as set forth above and the authority granted will expire if not exercised within one year of the effective date of this order.

This order is effective today.

Dated JUN 17 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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

Victor Weisser
Victor Weisser, Executive Director

ORIGINAL

Decision 88 06 043

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