

JUL 25 1988

Decision 88 07 061 JUL 22 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Mobile Communications Corporation)
 of America and BellSouth Corporation)
 pursuant to Section 854 of the)
 Public Utilities Code seeking) Application 88-03-061
 authority for BellSouth Corporation) (Filed March 29, 1988)
 to control Mobilecomm of California,)
 Inc. (U-2032-C) and Cellular One)
 of Bakersfield (U-4056-C).)

OPINION

Mobile Communications Corporation of America (MCCA) and BellSouth Corporation (BellSouth) request authority under Section 854 of the Public Utilities Code for BellSouth to acquire control of Mobilecomm of California (Mobilecomm-California) and of Cellular One of Bakersfield (Bakersfield Cellular).

We will grant BellSouth authority to acquire and merge with Mobilecomm-California and Bakersfield Cellular.

BellSouth is a corporation, organized under the laws of the State of Georgia with its principal place of business in Atlanta, Georgia. It is one of the regional holding companies created to facilitate the reorganization of American Telegraph and Telephone Company as required by the consent decree issued by the United States District Court for the District of Columbia in U.S. v. AT&T (D.D.C., 1982) 552 F. Supp. 131, aff'd mem, sub nom Maryland v U.S. (1983) 460 U.S. 1001, 75 L. Ed 472 (the Modification of Final Judgment decree, or MFJ).

BellSouth, through subsidiaries, provides local and toll telephone exchange service within 38 Local Access and Transport Areas (LATAs) in the States of Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Florida, Georgia, North Carolina, and South Carolina. Other subsidiaries conduct directory operations, provide

billing and collection services, sell and rent customer equipment, design and sell private fiber optic communications systems for buildings, and engage in other nonregulated lines of business. BellSouth Mobility Inc., another wholly-owned subsidiary of BellSouth, has constructed and operates cellular mobile telephone systems in Atlanta, Georgia; Baton Rouge and New Orleans, Louisiana; Birmingham, Alabama; Chattanooga, Memphis, and Nashville, Tennessee; Jacksonville, Miami/Ft. Lauderdale, Orlando, and West Palm Beach, Florida; and Louisville, Kentucky. BellSouth, with retained earnings in 1987 in excess of \$4 billion, has the financial capability to acquire and operate Mobilecomm of California and Cellular One of Bakersfield. The stock of BellSouth is publicly traded on the New York Stock Exchange.

Mobilecomm-California, a wholly owned subsidiary of MCCA, is successor in interest, pursuant to Decision (D.) 87-12-054, to a group of California radiotelephone utilities which include Mobilecomm of Los Angeles, Inc., Mobilecomm of Long Beach, Inc., Mobilecomm of San Bernardino, Inc., Mobilecomm of Ventura, Inc., Mobilecomm of Orange County, Inc., Mobilecomm of San Francisco, Inc. and Mobilfone, Inc. A combined pro forma balance sheet of the certificated California entities to be controlled by BellSouth following the proposed merger was filed with the Commission.

The certificated service offerings of Mobilecomm-California include tone-only paging services, display paging services, voice paging services, alphanumeric paging services, and conventional mobile telephone services. All of these services are licensed to Mobilecomm-California by the Federal Communications Commission (FCC) under the provisions of Part 22 of its Rules.

Bakersfield Cellular was certificated to resell cellular services pursuant to D.88-01-017. In D.88-05-025 the Commission granted Bakersfield Cellular a certificate of public convenience and necessity to construct and operate a new domestic public cellular radiotelephone service within the Bakersfield area. As a

condition of certification, Bakersfield Cellular must phase out its resale service in the Bakersfield area within 90 days after the new cellular system is placed in service. BellSouth and MCCA through their subsidiaries each presently own a 50% interest in Bakersfield Cellular. On acquisition of MCCA by BellSouth, BellSouth will own a 100% interest in Bakersfield Cellular and will control it.

On February 19, 1988, BellSouth and MCCA entered into a merger agreement and plan of reorganization. Under this agreement, control of the certificated operations of Mobilecomm-California will be transferred to BellSouth, along with the 50% interest indirectly held by MCCA in Bakersfield Cellular. The remaining beneficial minority interest held by MCCA in L.A. Cellular will also pass to BellSouth, but this transfer will not affect control of that company which will continue to be as described by D.87-12-054. Control of the non-certificated operations of the Mobilecomm-California entities, as well as the inter-LATA operations of MCCA Microwave, Inc. will not be transferred to BellSouth. Instead, they will be transferred to COM/MAV Marine, Inc., a wholly-owned Mississippi subsidiary of MCCA.

BellSouth and MCCA assert that Mobilecomm-California intends to build a statewide paging system to compete in the statewide radiotelephone market with a group of companies controlled by Pacific Telesis Group and another group of companies controlled by Southwestern Bell. This merger between BellSouth and MCCA, according to the applicants, will provide Mobilecomm-California with the additional capital and expertise necessary to effectively compete with these other Bell companies. This authorization of the proposed merger does not constitute review or approval of the applicants' statewide radiotelephone market plans or activities.

Notice of the filing of the application appeared on the Commission's Daily Calendar of March 31, 1988. No protests have been received.

Findings of Fact

1. BellSouth is a well financed, experienced operator of local and toll telephone exchange service in nine states and cellular mobile telephone systems in six states. BellSouth has the ability, experience and financial resources to acquire and operate the certificated California entities which are the subject of this merger.

2. BellSouth is currently providing, among other services, intraexchange cellular radio services to cellular customers outside of the region served by its operating telephone companies. ✓

3. No protest has been filed. A public hearing is not necessary.

Conclusion of Law

The proposed transfer is in the public interest.

ORDER

IT IS ORDERED that:

1. BellSouth Corporation (BellSouth) may acquire control of Mobilecomm of California and of Cellular One of Bakersfield. This authorization is not a finding of the value of the rights and properties to be transferred.

2. BellSouth shall complete acquisition of Mobilecomm of California and of Cellular One of Bakersfield within one year of the effective date of this decision, or BellSouth may petition the Commission for an extension of time to complete the acquisition.

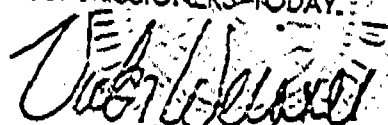
3. Within 15 days after completing the acquisition as authorized in Ordering Paragraph 1, BellSouth shall file with the Commission Advisory and Compliance Division written notice that the authorized acquisition has been completed.

This order is effective today.

Dated JUL 22 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, Executive Director

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2. BellSouth is authorized to provide, among other services, intraexchange cellular radio services to cellular customers outside of the region served by its operating telephone companies.

3. No protest has been filed. A public hearing is not necessary.

Conclusion of Law

The proposed transfer is in the public interest.

ORDER

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