

JUL 08 1991

Decision 91 07 022

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BELLSOUTH CORPORATION and GRAPHIC)
 SCANNING CORP., Pursuant to Section)
 854 of the Public Utilities Code,)
 Seeking Authority to Transfer Control)
 of DIGITAL MOBILE COMMUNICATIONS,)
 INC.-CALIFORNIA (U-2049-C) and)
 DIGITAL MOBILE COMMUNICATIONS, INC.-)
 SACRAMENTO (U-2016-C) to BELLSOUTH)
 CORPORATION.)

ORIGINAL

Application 91-04-002
 (Filed April 1, 1991)

OPINION

Bellsouth Corporation (Bellsouth) and Graphic Scanning Corp. (Graphic Scanning) request authority under Section 854 of the Public Utilities Code for Bellsouth to acquire control of Digital Mobile Communications, Inc.-California (DMC-C) and Digital Mobile Communications, Inc.-Sacramento (DMC-S). The proposed acquisition will be accomplished through the merger and stock transfer of Bellsouth's wholly-owned subsidiary, Bellsouth Enterprises Inc., into Graphic Scanning.

Bellsouth is a corporation, organized under the laws of the State of Georgia with its principal place of business in Atlanta. 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).

Through its subsidiaries, Bellsouth provides local and toll telephone exchange service in nine states and cellular mobile telephone service in seven states. In California, pursuant to

Decisions (D.) 86-12-090 and 88-07-061, Bellsouth operates the Bakersfield Cellular Telephone Company, holds a majority equity interest in Los Angeles Cellular Telephone Company and provides paging services as Mobilecomm of California, Inc. The certificated services of Mobilecomm of California, Inc. include tone-only, display, voice and alphanumeric paging services and conventional mobile telephone services. All of these services are licensed to Mobilecomm of California, Inc. by the Federal Communications Commission under Part 22 of its Rules. In support of the application, Bellsouth filed with this Commission its most recent balance sheet and financial statement.

Graphic Scanning is a Delaware corporation with its principal place of business in Englewood, New Jersey. Through its subsidiaries, DMC-C and DMC-S, Graphic Scanning provides paging services which are subject to the jurisdiction of this Commission. DMC-C provides statewide paging services over a 900 MHz system and provides additional wide-area and local paging services throughout the southern California area over other frequencies. DMC-S provides paging services throughout the northern San Joaquin and Sacramento Valleys as well as in the Sierras. Both companies provide a full range of services, including tone-only, digital display, alphanumeric and voice paging. Graphic Scanning also filed its most recent balance sheet and financial statement.

The applicants assert that for the present, paging services will continue to be provided pursuant to the terms and conditions of the existing tariffs of DMC-C and DMC-S on file with the Commission. Also, the entities and employees who currently operate DMC-C and DMC-S will continue to do so during the period immediately following the closing date of the transaction. This continuity of operations should ensure that the proposed transfer of control will have a minimal effect upon existing paging customers.

Following the closing date of the transactions, DMC-C and DMC-S will continue to operate as separate entities, with no change in name or operation. Any additional changes in name or structure will require a petition by applicant for modification of this decision.

The parties are entering into the proposed transaction to provide DMC-C and DMC-S with access to the considerable financial resources and technical expertise of Bellsouth. In addition, the parties maintain that California customers will benefit from the acquisition and resulting consolidation of Bellsouth's California radiotelephone service by reason of a more efficient utilization of transmission facilities and the general repositioning of resources to best serve all of Bellsouth's paging customers at the lowest cost consistent with the provision of high quality service. Finally, Graphic Scanning has agreed to transfer its California paging operations to Bellsouth because the terms of the agreement are favorable.

Both DMC-C and DMC-S are non-dominant telecommunications carriers under the criteria set forth in D.84-06-113. On August 18, 1986, the Commission issued D.86-08-057, which authorized and directed the Executive Director to grant non-controversial applications for the transfer of control or assets of nondominant carriers. In accordance with those decisions, applicants request that the instant application be granted by an order of the Executive Director.

In support of their request, applicants submit that there is no reasonable basis for any opposition to this application. Therefore, expeditious ex parte action is, in the opinion of applicants, clearly warranted in this instance.

Notice of the filing of the application appeared on the Commission's Daily Calendar of April 4, 1991. No protests have been received.

Findings of Fact

1. Bellsouth is a well financed, experienced operator of local and toll exchange service in nine states and cellular mobile telephone systems in seven states, including California. 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 paging services in California.

3. The proposed transfer does not involve the sale of assets or operating authority.

4. The change of corporate control will not be adverse to the public interest.

5. No change in the operation of any of the regulated companies will take place as a result of the change of corporate control. Neither rate changes nor changes in the form of service provided to the existing customers will be affected by the change of control.

6. Notice of the filing of the application appeared in the April 4, 1991 Daily Calendar. No protests have been filed. A public hearing is not necessary.

Conclusions of Law

1. The proposed transfer is in the public interest.

2. D.86-08-057 authorized and directed the Executive Director to grant non-controversial applications for the transfer of control or assets of non-dominant carriers. Providers of paging services are non-dominant carriers.

3. Since the application is not controversial, the following order should be effective immediately.

O R D E R

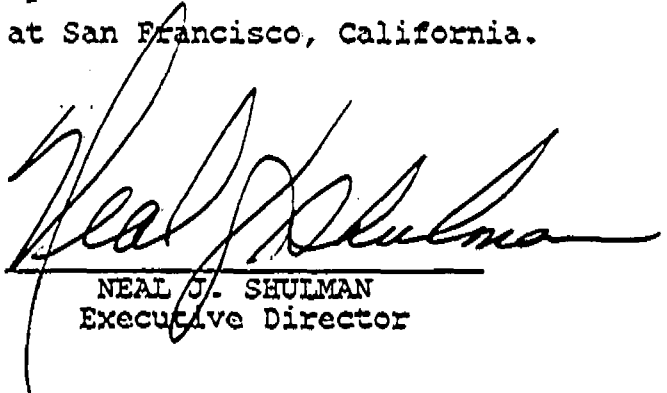
IT IS ORDERED that:

1. Bellsouth Corporation may acquire and control Digital Mobile Communications, Inc.-California and Digital Mobile Communications, Inc.-Sacramento pursuant to the proposed transaction described in the application. This authorization is not a finding of the value of the rights and properties to be transferred.

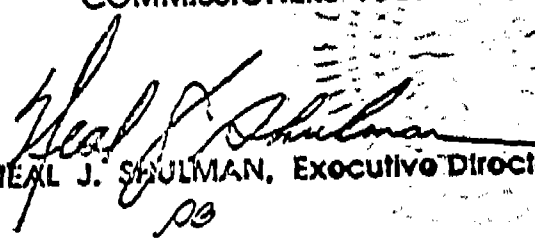
2. Bellsouth shall submit to the Commission Advisory and Compliance Division within 30 days after the closing date of the proposed transaction a copy of each document evidencing the transaction.

This order is effective today.

Dated JUL 08 1991, at San Francisco, California.


NEAL J. SHULMAN
Executive Director

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

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NEAL J. SHULMAN, Executive Director