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Decision 92-03-029 March 11, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GTE Mobilnet of California, Inc. (U-4028-C) to transfer and Fresno MSA Limited Partnership (U-3005-C) to acquire certain assets of GTE Mobilnet of California, Inc.

ORIGINAL

Application 92-01-013
(Filed January 3, 1992)

O P I N I O N

GTE Mobilnet of California, Inc. (U-4028-C), a California corporation, (GTEM) seeks authority to transfer certain assets to Fresno MSA Limited Partnership (U-3005-C) (Fresno MSA), and Fresno MSA seeks authority to acquire GTEM's same certain assets.

GTEM operates as a reseller of cellular radio telecommunications services pursuant to authorization by this Commission. Fresno MSA is a California limited partnership. Its general partner is Contel Cellular of California Incorporated. Fresno MSA operates as an underlying carrier of cellular radio telecommunications services pursuant to authorization by this Commission. At the present time GTEM provides service in various areas of California, excluding, among others, areas served by its facilities-based affiliates. Its operations entail the retail provision of communications channels acquired in bulk from authorized facilities-based cellular radio carriers, including Fresno MSA. Fresno MSA is engaged in the business of providing mobile communications services using cellular radio technology. Fresno MSA has been authorized by the Federal Communications Commission as the wireline cellular licensee in the Fresno, Bakersfield, and Visalia MSAs, and the Kings County RSA.

By this application, GTEM and Fresno MSA are seeking authority to transfer all of GTEM's subscriber accounts in the areas served by Fresno MSA to it along with associated accounts receivable. There are 148 (more or less) subscriber accounts. The terms and conditions of the transaction are set forth in the agreement between the parties attached to the application as Exhibit I. As indicated in the agreement, the valuation of the involved subscriber base is \$350 per subscriber in good standing plus associated accounts receivable. Fresno MSA agrees to return the security deposit of any transferred customer to that customer. The subscriber accounts represent the expenditure of substantial sums of money, as well as marketing time and effort. Although some tangible property, in the nature of records, journals, applications, software, and the like related to the subscriber base will be transferred, there is no ascertainable book value, per se, of the property.

Applicants assert that Fresno MSA is entering into the proposed transaction in order to enhance the efficiency of its operations in the affected market areas. The transfer of such accounts to Fresno MSA will enable it to spread its fixed costs over a broader customer base. GTEM is entering into the proposed transaction as a result of a determination by its management that the cellular resale operation no longer serves its business interests. Upon completion of the transfer, GTEM will cease operating as a cellular reseller in the affected markets.

Findings of Fact

1. Notice of the filing of the application appeared in the Daily Calendar on January 17, 1992. No protests have been filed. A hearing is not necessary.
2. The proposed transfer is expected to enhance the efficiency of the operations of Fresno MSA.
3. The transfer is in the public interest.

Conclusions of Law

1. The application should be approved.
2. 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. On or before December 31, 1992 GTE Mobilnet of California, Inc. may transfer the assets designated in the agreement attached to the application as Exhibit I to Fresno MSA Limited Partnership.
2. As a condition of this grant of authority, buyer shall assume liability for refunds of all existing customer deposits and shall notify the affected customers.
3. Within 10 days after the transfer, buyer shall write the Director of Commission Advisory and Compliance Division stating the date of transfer and the date the requirements of paragraph 2 were completed.

This order becomes effective 30 days from today.

Dated March 11, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. SHULMAN, Executive Director