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Decision 92-06-008 June 3, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Mt. Shasta Radiotelephone, Inc.,)
 a California Corporation (U-2039-C),)
 to transfer Public Utility Assets)
 and property and Shasta Cascade)
 Services, Inc., a California)
 Corporation (U-2118-C) to acquire)
 Public Utility Assets and property)
 pursuant to Section 851-et seq., of)
 the California Public Utilities Code.)

ORIGINALApplication 92-03-007
(Filed March 3, 1991)O P I N I O N

This is an application by Mt. Shasta Radiotelephone, Inc. (Mt. Shasta), (U-2039-C), a California corporation and Shasta Cascade Services, Inc. (Shasta Cascade), (U-2118-C), a California corporation, collectively referred to as applicants, to transfer public utility assets and property from Mt. Shasta to Shasta Cascade.

Notice of the filing of the application was published in the Commission's Daily Calendar on March 10, 1992. No protests have been filed and no hearing on the application is necessary.

The Parties

Mt. Shasta engages in the business of providing two-way radiotelephone utility services and one-way paging services pursuant to a Certificate of Public Convenience and Necessity (CPC&N) issued by this Commission on August 4, 1970, in Decision (D.) 77573 (Application (A.) 51618).

Shasta Cascade engages in the business of providing two-way radiotelephone utility service and one-way paging services pursuant to CPC&N's issued by this Commission on May 4, 1990, October 12, 1990, and November 6, 1991, in D.90-05-007 (A.89-12-036), D.90-10-009 (A.90-06-022), and D.91-11-010 (A.91-07-031), respectively.

The Proposal

The applicants each currently provide two-way radiotelephone utility services and one-way paging services subject to regulation by the Federal Communications Commission (FCC) and the California Public Utilities Commission (CPUC or Commission). Services provided by each have been based in Mt. Shasta, California and the parties have been serving substantially similar areas in and around Mt. Shasta, California. By this application, the parties intend to transfer substantially all of the public utility assets and operations of Mt. Shasta to Shasta Cascade. The Mt. Shasta operation will then be continued by Shasta Cascade which will thereafter provide service identical to that being provided by each company at present, utilizing the combined equipment being separately operated by each at present.

The total purchase price for the assets will be \$225,000. Shasta Cascade has placed \$25,000 in escrow and the remaining \$200,000 will be paid by Shasta Cascade at closing. The assets to be purchased by Shasta Cascade consist of the following:

1. All FCC licenses and California Public Utilities Commission authorizations:
 - a. FCC Licenses authorizing the using of call letters KUS 379 and KWU 525, authorizing the following channels and frequencies:

PMS Station KUS 379

<u>Location</u>	<u>Frequencies</u>
612 Mt. Shasta Blvd. Mt. Shasta, CA	152.0600 454.0500 2165.6000
Summitt Grey Butte Mt. Shasta, CA	152.0600 454.0500 454.0750 152.2100 2115.6000
Big Valley Mountain Fall River Mills, CA	152.1500 454.0250

PMS Station KWU 525

<u>Location</u>	<u>Frequencies</u>
612 Mt. Shasta Blvd. Mt. Shasta, CA	43.58
Summitt Grey Butte Mt. Shasta, CA	152.2400
Big Valley Mountain Fall River Mills, CA	152.2400

- b. The CPUC certificate of Public Convenience and Necessity as found in D.77573 and all related decisions.

2. Customer Contracts and Accounts:

Mt. Shasta has agreed to transfer to Shasta Cascade all customers contracts and all other agreements or contracts entered into by Mt. Shasta in the ordinary course of business to the extent that such agreements pertain to and are used in the operation of Mt. Shasta.

3. Records:

Mt. Shasta will transfer to Shasta Cascade all customer lists, logs, books, business records, files (including public files), all traffic and billing systems, data and records and all documentation with respect thereof used in connection with Mt. Shasta radiotelephone operations.

4. Personal Property:

Mt. Shasta will transfer all tangible personal property including office supplies, office equipment and other inventories and supplies owned by Mt. Shasta and used in the operation of the system and all advertising and promotional material associated with the operation of this system.

5. Mt. Shasta will transfer its rights to all buildings facilities owned by Mt. Shasta at the Summitt Grey Butte transmitter site, at the Big

Valley Mountain transmitter site and at the 612 Mt. Shasta Blvd. site.

6. Accounts Receivable:

Mt. Shasta will transfer all accounts receivable of Mt. Shasta to Shasta Cascade as of the closing date.

No notes or evidence of indebtedness have been or will be issued as part of this transaction as the entire purchase price will be paid in cash.

The FCC has, upon request by applicants, consented to assignment of the Common Carrier Radio Station construction permits and licenses of Mt. Shasta to Shasta Cascade (see Attachment 2 to the application).

Financial Feasibility

Pursuant to Rule 17 of the Commission's Rules of Practice and Procedure, Shasta Cascade discloses:

1. The corporation is authorized to issue one class of stock up to one million shares. There are three (3) shares issued to Jeanne M. Crabb.
2. There is no preferred stock.
3. There are no security agreements, mortgages or deeds of trust upon applicant's property.
4. There are no bonds authorized or issued.
5. There are no notes outstanding.
6. There are no other debts secured by the utility property.
7. No dividends have been paid for the previous five fiscal years.
8. Financial statements have been attached as Attachment 3.

The cash necessary for this transaction will be advanced to Shasta Cascade by its sole shareholder, Jeanne M. Crabb. This advance will be on an open account. It will not be repaid until such time as Shasta Cascade has profits from which to make repayment.

Proposed Operations

Because the applicants currently offer virtually identical services and operate in virtually the same service area, the effect of this transaction will be simply to continue the operation of both utilities under the auspices of Shasta Cascade. The applicants anticipate, and it is to be expected, that the operation will be more efficient in that existing employees of Shasta Cascade will be able to also operate the Mt. Shasta facilities, thus substantially reducing the effective cost of providing the Mt. Shasta service. A "Projection of Sources of Revenue" and "Pro Forma Income Statement" combining the Mt. Shasta and Shasta Cascade operations, attached to the application, indicate a projected revenue of \$202,050 and a gross profit of \$60,353 after the first year of combined operation. The profit is expected to be accomplished through the consolidation of the operation of the two radiotelephone utilities.

Tariffs

As there are minor variations in the tariffs of Mt. Shasta and Shasta Cascade, Shasta Cascade has requested that the resulting consolidated service be authorized to operate pursuant to Shasta Cascade's tariffs currently on file with this Commission.

Service Areas

Both Mt. Shasta and Shasta Cascade have on file with the Commission service area maps for their respective existing operations. As there will be no change in operations for either applicant, the service area of the consolidated operation is represented by these service area maps.

Environmental and Energy Impact

Because the transfer sought will simply continue operations on existing towers or structures, it appears reasonably certain that granting of the application will not result in any significant adverse effect upon the environment or upon energy efficiency. For that reason, no environmental impact statement is required in connection with the application.

Findings of Fact

1. Applicant, Mt. Shasta is a California corporation engaged in the business of providing two-way radiotelephone utility services and one-way paging services pursuant to a CPCN issued by this Commission on August 4, 1970, in D.77573 (A.51618).

2. Applicant, Shasta Cascade is a California corporation engaged in the business of providing two-way radiotelephone utility services and one-way paging services pursuant a CPCN issued by this Commission on May 4, 1990, October 12, 1990, and November 6, 1991, in D.90-05-007 (A.89-12-036), D.90-10-009 (A.90-06-022), and D.91-11-010 (A.91-07-031), respectively.

3. The applicants, both of which are based in Mt. Shasta, California, each currently provide two-way radiotelephone utility services and one-way paging services in and around the Mt. Shasta area.

4. Applicants seek the transfer of substantially all of the public utility assets and operations of Mt. Shasta to Shasta Cascade following which the Mt. Shasta operation will be continued by Shasta Cascade providing service identical to that being provided by each company at present, utilizing the combined equipment being separately operated by each at present.

5. The total purchase price for the assets will be \$225,000 which will be advanced to Shasta Cascade by its sole shareholder on an open account basis, and will not be repaid until such time as Shasta Cascade has profits from which to make payment.

6. The combined operations would be financially more efficient in that existing employees of Shasta Cascade will be able to also operate the Mt. Shasta facilities.

7. Revenues of \$202,050 and a gross profit of \$60,353 are projected after one year of operation.

8. Applicants request that the consolidated service be authorized to operate pursuant to Shasta Cascade's tariffs currently on file with this Commission.

9. Both Mt. Shasta and Shasta Cascade have on file with this Commission service area maps for their respective existing operations.

10. The combined operations of Mt. Shasta and Shasta Cascade will operate from existing towers and structures.

11. Combined operations from existing towers and structures will not result in any significant adverse effect on the environment or upon energy efficiency.

12. Combined operations would be in the public interest.

Conclusions of Law

1. The purchase of substantially all of Mt. Shasta's public utility assets by Shasta Cascade will result in increased efficiency and will have no significant impact on either the environment or energy efficiency.

2. The purchase of substantially all of Mt. Shasta's public utility assets by Shasta Cascade is in the public interest.

3. The purchase of assets of Mt. Shasta by Shasta Cascade as contemplated by the parties should be approved.

4. Upon issuance of this decision, the corporate identification number (U-2039-C) assigned by the Commission to Mt. Shasta should be cancelled.

O R D E R

IT IS ORDERED that:

1. The transfer of public utility assets of Mt. Shasta Radiotelephone, Inc. (Mt. Shasta) to Shasta Cascade Services, Inc. (Shasta Cascade) is approved.

2. The Certificate of Public Convenience and Necessity and authority therein granted Mt. Shasta by this Commission on August 4, 1970, in D.77573 (A.51618) is hereby transferred to Shasta Cascade.

3. The corporate identification number (U-2039-C) assigned by the Commission to Mt. Shasta is hereby cancelled.

4. In exercising the authority granted or transferred herein, Shasta Cascade may utilize its tariffs presently on file with the Commission.

5. Within 10 days after the acquisition of control, Shasta Cascade shall provide the Director of the Commission's Advisory and Compliance Division with written notice of the date on which control was acquired.

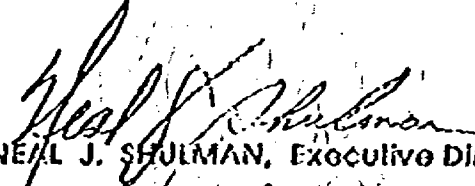
6. Within 90 days of the effective date of this decision, Shasta Cascade shall file with this Commission a map of its new (combined) service area.

This order is effective today.

Dated June 3, 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


NEIL J. SHULMAN, Executive Director