

Decision 92 10 031 OCT 7 1992

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of South Bay Communications, Inc. )  
(U-5110-C) to Transfer Its )  
Certificate of Public Convenience )  
and Necessity, Certain Utility )  
Property, and Its Customer Base to )  
SB Communications, Inc., a Wholly )  
Owned Subsidiary of West Coast )  
Telecommunications, Inc. (U-5195-C) )

Application 92-08-028  
(Filed August 20, 1992)

O P I N I O N

This decision grants the application of South Bay Communications, Inc. (applicant) to transfer its certificate of public convenience and necessity, certain utility property, and its customer base to SB Communications, Inc. (SB Communications), a wholly owned subsidiary of West Coast Telecommunications, Inc. (West Coast or West Coast Telecommunications).

The application was filed on August 20, 1992, and notice of the application appeared in the Daily Calendar on August 25, 1992. No protests to the application have been received. A public hearing is not necessary.

Applicant is a California corporation with principal offices in Carson. It provides telecommunications services between Local Access and Transport Areas within the state. The company has encountered financial difficulties and has entered into an asset purchase agreement (attached to the application as Exhibit C) to transfer its operating authority, customer base, and certain equipment to SB Communications. The purchase price is approximately \$500,000.

After the transaction, applicant will no longer hold operating authority and will cease to operate as an interexchange carrier. Applicant also has agreed to change its corporate name

the day after the transaction is complete so that there will be no confusion with the service provided by SB Communications.

SB Communications is a California corporation formed by its parent company, West Coast Telecommunications, to facilitate this transaction. It states that it intends to develop its services in a specific niche market, serving small businesses. West Coast Telecommunications will provide financial and technical resources to SB Communications.

West Coast's president and chief financial officer, Richard Frockt, and its vice president and director, Christopher Edgecomb, will oversee the business affairs of the new company. Frockt, an attorney, has been president of West Coast since 1989 and previously was an officer of TMC Communications, Inc., a regional interexchange carrier. Edgecomb is a former consultant for Telco Planning, Inc., advising long-distance telephone companies, and before that was a sales manager for American Network and Bay Area Teleport of Pacific Telecom.

As evidence of West Coast's financial ability to support SB Communications, applicant has attached to its application a copy of West Coast's financial statement for the period ending March 31, 1992. The statement shows total assets of approximately \$10 million and a 6-month net income before taxes of approximately \$1 million.

Applicant states that the transaction will provide it with compensation for the value of its assets. At the same time, its customers will receive service without interruption from the subsidiary of an experienced interexchange carrier.

Applicant represents that SB Communications will notify all affected customers of the transfer of the customer base, and of SB Communications' terms, conditions, and rates for service. Customers may terminate service if they do not wish to deal with the new carrier. Applicant at closing will remit to SB Communications an amount equal to all refundable customer deposits,

prepayments and advances. SB Communications will assume responsibility for handling these funds in accordance with customers' agreements with applicant.

SB Communications will adopt applicant's current tariff rates, terms and conditions of service. The company states that it later will draw on the resources of its parent corporation to modify some current operations to create a more efficient company.

Because the proposed sale involves only the transfer of existing customer accounts, operating authority, and some equipment, and the application does not propose new construction or relocation of facilities, it can be seen with certainty that the proposed transfer will not have an adverse impact on the environment.

Applicant requests ex parte approval pursuant to Decision (D.) 86-08-057. That decision, modified by D.87-10-035, delegated authority to the Executive Director to grant noncontroversial applications by nondominant carriers for authority to transfer assets or control under PU Code §§ 851-855. This application is not controversial. SB Communications has the capability to provide service to the customers whose accounts are to be transferred to it. Accordingly, the application should be granted and the Executive Director is within his authority to grant it.

Findings of Fact

1. Applicant is a nondominant carrier providing resale of telephone services in California.
2. Applicant seeks to transfer its certificate of public convenience and necessity, its telephone customer base, and certain utility property to SB Communications, a wholly owned subsidiary of West Coast Telecommunications.
3. No protest has been filed; the matter is not controversial, and no public hearing is required.

4. SB Communications is financially able to provide the service and is qualified to operate as a reseller of telecommunications services.

5. Applicant's customers will not be subject to substantial changes in rates or services.

6. It can be seen with certainty that the proposed transfer is not a project that can have an adverse impact on the environment.

7. Public convenience and necessity require the granting of this application.

Conclusions of Law

1. The application should be granted.

2. This authority is not a finding of the value of rights and property to be transferred.

3. Because the public convenience and necessity require continued service to customers of applicant, the following order should be effective immediately.

The State may grant any number of rights and may cancel or modify the monopoly feature of those rights at any time.

O R D E R

1. On or after the effective date of this order, South Bay Communications, Inc. (U-4064-C) (applicant) may transfer to SB Communications, Inc. (SB Communications), a wholly owned subsidiary of West Coast Telecommunications Inc. (U-5195-C), applicant's certificate of public convenience and necessity, its customer base, and certain utility property, in accordance with the terms set forth in the application and the Asset Purchase Agreement attached thereto as Exhibit C.

2. Applicant or SB Communications shall notify the affected customers of the transfer in writing within 21 days of the effective date of the transfer.

3. Applicant shall inform the Commission Advisory and Compliance Division in writing of the actual transfer date as authorized herein, within 10 days after the effective date of the transfer. A true copy of the transfer documents shall be attached to the written notification.

4. SB Communications is authorized to file, after the effective date of this order and in compliance with General Order 96-A, tariff sheets applicable to all customer accounts transferred from applicant.

5. Within 90 days after transfer, applicant shall file with the Commission, in the prescribed form, an annual report on its operations from the first day of the current year through the effective date of the transfer.

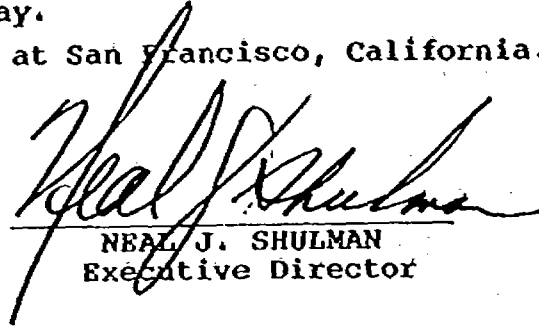
6. When the authorized transfer is completed and the conditions of this order are fulfilled, applicant shall be relieved of its public utility obligations for the transferred system and its Corporate Identification Number (U-5110-C) shall be transferred to SB Communications. Applicant shall file an advice letter in compliance with General Order 96-A canceling its tariffs.

7. SB Communications shall use the transferred Corporate Identification Number (U-5110-C) in connection with the authority issued in this proceeding. The number shall appear in the caption of all original pleadings, in the titles of pleadings, and in the title of pleadings filed in existing cases with the Commission.

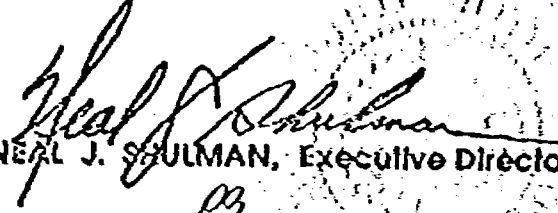
8. The authority granted in Ordering Paragraph 1 shall expire if not exercised within 12 months after the effective date of this order.

This order is effective today.

Dated   OCT 7 1992  , at San Francisco, California.

  
NEAL J. SHULMAN  
Executive Director

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

  
NEAL J. SHULMAN, Executive Director  
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