

ORIGINAL

Decision 82 01 94 JAN 19 1982

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE )  
 AND TELEGRAPH COMPANY for authoriza- )  
 tion to merge with the Pacific )  
 Transition Corporation, a wholly- )  
 owned subsidiary of the American )  
 Telephone and Telegraph Company, and )  
 related authorization. )

Application 61045  
 (Filed November 6, 1981)

Robert V. R. Dalenberg, Attorney at Law, for  
 the Pacific Telephone and Telegraph Company,  
 applicant.  
Richard Odgers, Attorney at Law, for American  
 Telephone and Telegraph Company and Pacific  
 Transition Corporation; Samuel L. Holmes,  
 Attorney at Law, for Alexander F. Eagle  
 (minority stockholder); Leonard S. Snaider,  
 Attorney at Law, for the City and County of  
 San Francisco; Ed Perez, Attorney at Law,  
 for the City and County of Los Angeles;  
William S. Shaffran, Attorney at Law, for  
 the City of San Diego; Antone S. Bulich, Jr.,  
 Attorney at Law, for the California Farm  
 Bureau Federation; Graham & James, by Thomas J.  
MacBride, Attorney at Law, for the California  
 Hotel and Motel Association; Jose E. Guzman, Jr.,  
 and Richard S. Kopf, Attorneys at Law, for  
 Southern Pacific Communications Company;  
Michael F. Willoughby, Attorney at Law, for  
 Industrial Communications Systems and Chalfont  
 Communications; Sylvia Siegel, for Toward  
 Utility Rate Normalization (TURN); and  
Sidney J. Webb, for himself; interested parties.  
Edward W. O'Neill and Jeff Thomas, Attorneys at  
 Law, and James Pretti, for the Commission staff.

ORDER REOPENING PROCEEDING  
AND DIRECTING THE FILING  
OF ADDITIONAL DATA

In this application Pacific Telephone and Telegraph Company (PT&T) seeks approval of an Agreement and Plan of Merger with American Telephone and Telegraph Company (AT&T) and the Pacific Transition Corporation (PTC) and the related agreement of merger with PTC under which PTC, as the disappearing corporation, will be merged into PT&T, the surviving corporation.

The application was heard on December 23 and 28, 1981 and was submitted subject to the filing of briefs due January 11, 1982.

On January 8, 1982, the United States Department of Justice and AT&T announced that a settlement had been reached in United States of America v Western Electric Company, Inc. and AT&T, (United States District Court for the District of New Jersey, Civil Action No. 17-49), a complaint alleging violations of federal antitrust laws. A key part of the settlement would require AT&T to divest PT&T and other subsidiaries providing local telephone service.

After the announcement of the settlement of the federal antitrust suit, the assigned administrative law judge advised the parties that the due date of briefs was indefinitely postponed. That ruling is affirmed.

It appearing that the Commission should be fully informed of the effect that the antitrust settlement may have on the terms and conditions of the proposed merger and whether applicants desire to proceed with the merger as proposed in this application,

IT IS ORDERED that:

1. Applicant shall file with the Commission, an original and 12 copies, as a compliance filing in this proceeding filed with the Docket Office, within 10 days after the effective date of this order and serve upon the parties of record in Application (A.) 61045:

- a. A copy of the settlement reached in the federal court proceeding referred to above.
- b. An explanation of the effects, if any, that settlement may have upon the terms and conditions of service to local subscribers provided by PT&T.
- c. An analysis of whether the continued existence of minority shareholdings better ensures protection of the interests of both PT&T and its ratepayers.
- d. An explanation of the effect, if any, the settlement may have on the terms and conditions of the merger agreement for which approval is sought in A.61045; and explanation of whether the settlement will adversely affect the rights and privileges of minority PT&T shareholders.
- e. Whether applicant desires to proceed with the proposed merger and, if so, whether the merger terms require revision. (An amended application should be filed if the merger agreement or authority sought is changed.)

2. The Commission will announce within 5 days after the filing of the data specified in the preceding ordering paragraph whether further hearings are to be held in A.61045.

A.61045 ALJ/jn \*

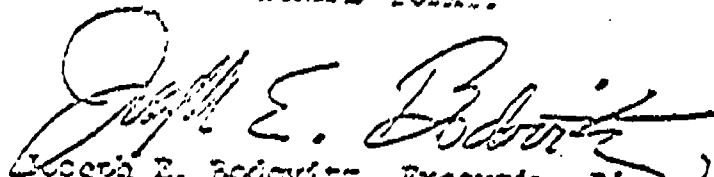
3. If no further hearings are to be held, parties of record in A.61045 shall file with the Commission within 30 days after the effective date of this order and serve on other parties their concurrent briefs on the issues raised at the hearings and in the application, as well as ramifications posed by the proposed modifications to the Consent Decree and applicant's response to Ordering Paragraph 1. Upon receipt of those briefs A.61045 will be resubmitted.

This order is effective today.

Dated JAN 19 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

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

  
Joseph E. Bodovitz, Executive Director