

Decision 82 11 053 NOV 17 1982**ORIGINAL**

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

In the Matter of the Application of )  
 METROMEDIA, INC., a Delaware )  
 corporation; ROBERT RUSSELL HARRIS, )  
 individually and as Trustee for )  
 Jamie Jo Harris and Robert Russell )  
 Harris, Jr.; CHERYL HARRIS, an )  
 individual; LESLIE KENNETH HARRIS, )  
 individually and as Trustee for )  
 Joanne Michele Harris, Karen Arlene )  
 Harris and Leslie Kay Harris; )  
 JEANETTE HARRIS, an individual; )  
 ARLENE JOY HARRIS, an individual; )  
 HOMER N. HARRIS, an individual; )  
 DOLORES G. HARRIS, an individual; )  
 for Transfer of Control of ICS )  
 COMMUNICATIONS, a California )  
 corporation. )

Application 82-08-35  
 (Filed August 17, 1982)

O P I N I O N

Under Public Utilities Code §§ 851-854, ICS Communications (ICS) requests authority to sell and Metromedia, Inc. (Metromedia) requests authority to purchase the outstanding shares of ICS.

Metromedia, a Delaware corporation, qualified to transact business in California, is engaged in the communications, advertising, and entertainment business. Metromedia has entered into agreements, subject to regulatory approval, to acquire several radio common carriers in the States of Massachusetts, New York, New Jersey, Pennsylvania, and Illinois, and is a party to several cellular radio applications on file with the Federal Communications Commission (FCC).

ICS is a radiotelephone utility (RTU) certificated and licensed by this Commission and the FCC to provide public utility radiotelephone service, including two-way mobile telephone, one-way paging, and point-to-point microwave service in major portions of Orange, San Bernardino, Riverside, and Los Angeles Counties, the southern portion of Ventura County and the northern portion of San Diego County. Wholly owned subsidiaries of ICS include the following:

1. Chalfont Communications, a radiotelephone utility providing two-way mobile and one-way paging services in Palm Springs, Palm Desert, and adjacent area.
2. Peak Rentals, Inc. which owns and leases mobile, paging, and point-to-point microwave facilities and equipment to ICS and others. It also owns and operates licensed specialized mobile radios and related facilities and equipment.
3. Global Paging, Inc., in conjunction with Radio Relay Corporation, owns a Motorola Metro 100 computer used by ICS to provide tone-only paging service in southern California.

The issued and outstanding stock of ICS totals 1,560,000 of common shares and 88,000 shares of preferred. The common shares are owned in equal amounts by Arlene Joy Harris, Leslie Kenneth Harris, and Robert Russell Harris. Homer N. Harris owns 33,800 shares of preferred and Homer N. Harris and Dolores G. Harris own 50,000 preferred shares as community property. The balance of 5,000 preferred shares are held by Robert Russell Harris as trustees for Jamie Jo Harris and Robert Russell Harris, Jr., and Leslie K. Harris as trustee for Joanne Michele Harris, Karen Arlene Harris, and Leslie K. Harris.

The total purchase price for all of the issued and outstanding shares of ICS consists of cash in the amount of \$30,000,000 and a promissory note of a selected Metromedia subsidiary

in the amount of \$2,500,000 and guaranteed by Metromedia. The purchase price is payable to ICS shareholders according to their respective holdings as set forth in Exhibit B attached to the application.

The financial statement attached to the application shows net plant and equipment for ICS as of December 31, 1981 of \$4,684,563. Sales for 1981 totaled \$8,406,461 with net income of \$547,384.

The application states that ICS and Metromedia have filed an application with the FCC for federal authority for the transfer of control of ICS. A similar application was filed with the FCC for Metromedia to control Chalfont Communications.

The application states that the transfer of control will inure to the benefit of the public in the following ways: (1) Metromedia's technical capabilities and extensive research and development resources will be available to supplement and significantly expand ICS' existing technical capabilities; (2) the substantial financial resources of Metromedia will ensure that ICS is fully capable of meeting the growing need for new and improved mobile radio communication services in southern California. This financial backing will enable ICS to rapidly implement various new technologies, including cellular radiotelephone and advanced paging techniques, and to meet the necessary capital requirements; and (3) as new mobile radio markets develop and competition intensifies, Metromedia's significant marketing expertise will prove an asset to ICS.

The application states that for the time being Metromedia does not intend to change the operating staff, existing tariffs, or method of operations of ICS and its wholly owned subsidiaries. Daily operations of ICS and its subsidiaries are to continue under present ICS management under a multiyear employment contract.

Further, it is alleged that through the transfer and control ICS will be better able to participate in the rapid

technological changes and new service possibilities present in the radiotelephone utility industry, including potential participation in a nationwide electronic paging network with MCI Communications Corporation, American Express Company, Communications Industries, Inc., and Metromedia. It states the radiotelephone utility industry is becoming increasingly competitive and capital-intensive, and that the cost of developing, engineering, and offering the most efficient and sophisticated radiotelephone utility service is steadily increasing. With the transfer Metromedia will bring valuable experience while contributing materially and substantially to the financial resources necessary to fully participate in the anticipated growth and expansion of the ICS system.

Notice of the application appeared in the Commission's Daily Calendar published August 20, 1982. A copy of the application was mailed to all competing utilities. No protests to the transfer have been received.

Because there is no protest to the application and because authorization is required to consummate the transfer, the order should be effective on the date signed.

#### Findings of Fact

1. ICS is a California corporation providing public utility radiotelephone service, including two-way mobile, one-way paging, and point-to-point microwave service in southern California.

2. Metromedia, a Delaware corporation authorized to do business in California, is engaged in the broadcasting, advertising, and entertainment business in several sections of the United States.

3. The proposed control of ICS by Metromedia would not be adverse to the public interest.

4. There is no known opposition to the proposed acquisition by Metromedia.

5. A public hearing is not necessary for approval of this application.

#### Conclusion of Law

The proposed acquisition of ICS by Metromedia is not adverse to the public interest and the application should be granted.

The authorization granted is for the purpose of this proceeding only and is not to be construed as a finding of the value of the capital stock or assets of ICS.

O R D E R

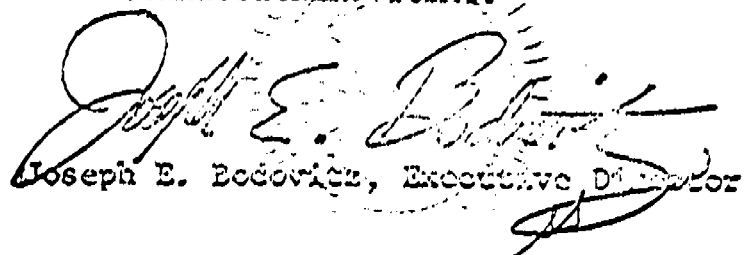
IT IS ORDERED that Metromedia, Inc., a Delaware corporation, is authorized to purchase the common and preferred shares of ICS Communications as provided in the application.

This order is effective today.

Dated NOV 17 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. Bodovick, Executive Director