

Decision No. 90320 MAY 22 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 INDUSTRIAL COMMUNICATIONS SYSTEMS, INC.,)
 a California corporation, for authorization) Application No. 58693
 to merge Victor Radio Telephone Corporation,) (Filed February 21, 1979)
 a California corporation, into itself and)
 to cancel all issued and outstanding shares)
 of stock of Victor Radio Telephone)
 Corporation.)

O P I N I O N

Industrial Communications Systems, Inc. (ICS), seeks authority (a) to merge Victor Radio Telephone Corporation (Victor Radio) into itself, and (b) to cancel all issued and outstanding shares of stock of Victor Radio.

This authorization is sought pursuant to Section 851 of the Public Utilities Code. Notice of the filing of the application was published on the Commission's Daily Calendar on February 22, 1979.

ICS acquired and now holds all the issued and outstanding shares of common stock of Victor Radio pursuant to the Commission's Decision No. 89063 dated July 11, 1978 in Application No. 57811. Both ICS and Victor Radio are California corporations and radiotelephone utilities subject to the jurisdiction of this Commission.

ICS is authorized to provide two-way mobile and one-way paging service in major portions of the Counties of San Bernardino, Riverside, Los Angeles, Orange, San Diego and adjacent areas.

ICS provides radiotelephone service to 6937 subscribers and for the eleven-month period ending November 30, 1978 reported operating revenues of \$1,990,969 and net income of \$334,315.

Victor Radio is a radiotelephone public utility authorized by Decision No. 89063, dated July 11, 1978 in Application No. 57811 to provide two-way mobile and one-way paging service in Victorville and adjacent areas of San Bernardino County.

The authority requested is based on the unanimous consent of the Board of Directors of ICS as evidenced by its resolution, a copy of which is attached as Exhibit A to the application. In this merger all issued and outstanding shares of stock of Victor Radio would be surrendered and cancelled. ICS will assume all the liabilities of Victor Radio.

A pro forma balance sheet of ICS and Victor Radio as of November 30, 1978, after giving effect to the proposed merger as required by Rule No. 36(c), is summarized from Exhibit C, attached to the application as follows:

<u>Assets</u>	<u>Amount</u>
Net radiotelephone plant	\$ 283,561
Other investments	784,475
Current assets	686,224
Deferred charges	5,693
Total	<u>\$1,759,953</u>
<u>Liabilities</u>	
Stockholders equity	\$1,128,773
Long-term debt	14,936
Current liabilities	616,244
Total	<u>\$1,759,953</u>

As reasons for the proposed merger ICS alleges that regulation by this Commission and the Federal Communications Commission would be simplified. The merger would enable ICS and Victor Radio to share management benefits, including the filing of consolidated tax returns. It would also serve the public interest in that it would simplify operations and promote more efficient management and savings in operations costs.

The Finance Division and the Communications Division of the Commission staff have reviewed the proposal set forth in the application and consider the request to be reasonable.

Findings of Fact

1. The proposed transactions would not be adverse to the public interest.
2. There is no known opposition and there is no reason to delay granting the authority requested.

Conclusions of Law

1. The application should be granted to the extent set forth in the orders which follow.
2. A public hearing is not necessary.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed as a finding of the value of the properties merged, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Victor Radio Telephone Corporation may merge into Industrial Communications Systems, Inc.
2. Industrial Communications Systems, Inc. shall maintain its records in such form as to show separately the investment in properties, operating revenues and operating expenses for each of the areas as if the merger did not occur.
3. Industrial Communications Systems, Inc., as the surviving corporation, may assume all of the liabilities and shall undertake the public utility obligations of Industrial Communications Systems, Inc.
4. Within thirty days after consummation of the merger, Industrial Communications Systems, Inc. shall notify the Commission, in writing, of that fact.
5. Not less than five days before the date of actual merger, Industrial Communications Systems, Inc. shall file with the Commission by advice letter, four copies of a notice of adoption of the tariff schedules of Victor Radio Telephone Corporation then in effect. The effective date of the notice of adoption shall be concurrent with the date of actual merger.

6. Within sixty days after the effective date of actual merger herein authorized and in accordance with the requirements of General Order No. 96-A, Industrial Communications Systems, Inc., as part of its tariffs, shall refile the tariff maps and rate schedules applicable to the areas served by Victor Radio Telephone Corporation, and the rules and standard forms of the companies to be merged may be standardized to the extent that they do not result in increases in rates or more restrictive conditions than those in effect.

7. Within sixty days after the consummation of the merger herein authorized, Industrial Communications Systems, Inc. shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

8. On or before the end of the third month after the consummation of the merger herein authorized, Industrial Communications Systems, Inc. shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report or reports, related to the operations of Victor Radio Telephone Corporation for the period commencing with the first day of the current year to and including the effective day of the merger.

9. Upon compliance with all the conditions of this order, Victor Radio Telephone Corporation shall stand relieved of all further public utility obligations pertaining to the operations of the radiotelephone system herein authorized to be merged.

The effective date of this order shall be thirty days after the date hereof. Unless exercised, the authority herein granted will expire on December 31, 1979.

Dated at San Francisco, California, this 22nd day of MAY 4, 1979.

John E. Boyer
President
Richard D. Hunkeler
Edward J. [unclear]
Commissioner