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Decision No. 90553

JUL 17 1979

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of INTRASTATE )  
 RADIO TELEPHONE, INC., OF SAN FRANCISCO, )  
 a corporation, (a) to acquire control )  
 by purchase of securities of a radio- )  
 telephone utility system and L. T. )  
 NIETHAMMER to sell securities of DELTA )  
 MOBILE RADIO SERVICE, INC.; (b) for )  
 INTRASTATE RADIO TELEPHONE, INC., OF SAN )  
 FRANCISCO, for authority to issue and sell )  
 securities; and (c) for INTRASTATE RADIO )  
 TELEPHONE, INC., OF SAN FRANCISCO to )  
 borrow money. )

Application No. 58700  
(Filed February 23, 1979)

O P I N I O N

By this application, Intrastate Radio Telephone, Inc. of San Francisco (Intrastate) requests authority to acquire the capital stock of Delta Radio Service, Inc. (Delta), through purchase, from L. T. Niethammer, of all of Delta's stock, some 1,180 shares.

Intrastate also requests authority to execute and deliver a promissory note in the amount of \$117,500, and to issue 40 shares of its \$100 par value common stock.

Intrastate and L. T. Niethammer request authority pursuant to Sections 816, 817, 852 and 854 of the Public Utilities Code.

Notice of the filing of the application appeared on the Commission's Daily Calendar of February 26, 1979.

The application indicates that L. T. Niethammer has reached such an age that he wishes to reduce his management activities and be relieved of his obligations.

Delta is a radiotelephone utility subject to the jurisdiction of this Commission. The utility provides radio-telephone service in the Counties of Solano and Sacramento and in

portions of the Counties of San Joaquin, Contra Costa, Marin, Sonoma, Napa, Yolo, Sutter, Yuba, Placer, Nevada, and El Dorado. The company's annual report to the Commission for the year 1978 indicates that the utility had operating revenues and net income of \$156,830 and \$25,649, respectively.

Intrastate is also a radiotelephone utility subject to the jurisdiction of this Commission. Intrastate provides radiotelephone service in the City and County of San Francisco, and the Counties of Marin, Napa, and Sonoma, and in a portion of Solano County. The company's annual report to the Commission for the year 1978, indicates that the utility had operating revenues and net income of \$2,114,567 and \$265,507, respectively.

The total consideration to be paid to L. T. Niethammer for the stock of Delta is \$165,000, of which \$47,850 will be paid in cash as a down payment. The balance of \$117,150 will be represented by Intrastate's promissory note which would be payable over a period of five years in installments of \$23,430, plus interest at the rate of 8-1/2 percent on the declining balance. A form of the proposed note is attached to the application as Exhibit 1 to the Agreement of Sale (Exhibit A).

Intrastate also proposes to issue 40 shares of its \$100 par value capital stock to its present stockholders for the sum of \$65,000. The proceeds from the issue would provide Intrastate with the cash necessary to meet the down payment for Delta's common stock, and for capital improvements.

The application indicates that Intrastate is an expanding organization. Its acquisition of Delta would better serve the public interest and demands, as well as create a more efficient utility. Since the service areas of Delta and Intrastate are contiguous, interchange of traffic for subscribers of each utility would be improved. Intrastate proposes to upgrade the central office facilities of Delta by use of Intrastate's existing microwave control links, and installation of an additional microwave link between the City of Fairfield and Mount Vaca. The proposed microwave link would significantly improve the quality of service to the public.

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

Findings of Fact

1. Intrastate Radio Telephone, Inc. of San Francisco and Delta Mobile Radio, Inc. are California corporations and radiotelephone utilities subject to the jurisdiction of this Commission.
2. The participation by Intrastate in the proposed Agreement of Sale, for the purchase of the stock and acquisition of control of Delta, and the issuance of a promissory note, would not adverse to the public interest.
3. The issuance by Intrastate of a promissory note and the issuance and sale of stock are for proper purposes.
4. There is no known opposition and there is no reason to delay granting the authority requested.
5. The money, property or labor to be procured or paid for by the note and stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

Conclusions of Law

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

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

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order Intrastate Radio Telephone, Inc. of San Francisco may acquire control of Delta Mobile Radio Service, Inc.

2. Within sixty days after the actual transfer of control, Intrastate Radio Telephone, Inc. of San Francisco shall notify this Commission in writing of the date upon which the transfer of control is consummated.

3. On or after the effective date hereof and on or before December 31, 1979, Intrastate Radio Telephone, Inc. of San Francisco may issue and sell not exceeding 40 shares of its \$100 par value capital stock at a price of \$1,625 per share for cash to be used for purposes set forth in the application.

4. Intrastate Radio Telephone, Inc. of San Francisco for the purposes specified in the application may issue a promissory note in a principal amount not exceeding \$117,500 in substantially the same form set forth in Exhibit 1 to Exhibit A, the Agreement of Sale, attached to the application.

5. Intrastate Radio Telephone, Inc. of San Francisco shall file with the Commission a report as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

6. The authority granted by this order to issue common stock and an evidence of indebtedness will become effective when Intrastate Radio Telephone, Inc. of San Francisco has paid the fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$236 for the note and \$130 for the stock, a total of \$366. In other respects the effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California this 17th day of JULY, 1979.

John E. Bryson  
President  
Richard L. Sturgeon  
Stephen W. Rowell  
Paul J. ...  
Edward J. ...  
Commissioners

