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OCT 8 1980

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Tel-Page, Inc., a California
corporation; Ventec Incorporated,
a California corporation; Gencom
Incorporated, an Arizona corporation;
and Communications Industries, Inc.,
a Texas corporation, pursuant to
Public Utilities Code Sections 851,
852 and 854

Application No. 59826
(Filed July 24, 1980)
and
Amendment
(Filed August 29, 1980)

O P I N I O N

Gencom Incorporated (Gencom) and Communications Industries, Inc., (CI) request authority to acquire control of Tel-Page, Inc., (Tel-Page) through acquisition of the capital stock of Ventec Incorporated (Ventec). Tel-Page is a radiotelephone utility under the jurisdiction of this Commission and presently is a wholly owned subsidiary of Ventec. Applicants request this authority pursuant to Sections 851 through 854 of the Public Utilities Code. Notice of the filing of the application and amendment appeared on the Commission's Daily Calendar of July 28 and September 5, 1980.

The application indicates Gencom is an Arizona corporation and a wholly owned subsidiary of CI, a Texas corporation.

Pursuant to a proposed agreement attached to the application as Exhibit G, and a letter dated August 27, 1980 from applicant's attorney, shares of the capital stock of CI will be exchanged for

the capital stock of Ventec. Upon completion of the exchange of stock, Ventec will be merged with Gencom and Gencom will be the surviving corporation. As a result of the proposed merger, Tel-Page will become a wholly owned subsidiary of Gencom and an affiliate of CI.

Tel-Page provides one-way paging service in parts of Marin, Sonoma, Contra Costa, Alameda, Santa Clara, San Mateo, and San Francisco Counties.

Gencom, either by itself or through wholly owned subsidiaries, operates one-way and two-way radiotelephone common carrier services in Arizona, Texas, Georgia, Missouri and Florida. Gencom also has a San Diego, California subsidiary known as Imperial Communications Corporation (Imperial), not involved in the proceeding. Imperial is a radiotelephone utility under the jurisdiction of this Commission.

Communications Industries, by itself and through wholly owned subsidiaries such as Gencom, is engaged generally in the business of providing radio communications equipment and services to the communications industry and to the general public.

Ventec is a nonutility California corporation which owns all the outstanding shares of stock of Tel-Page and two other non-utility subsidiaries, Tel-Page, Inc. - Peninsula, and Hawthorne Secrephone Service, Inc.

Balance sheets at May 31, 1980, showing the effect of the proposed merger and financial position of Gencom are as follows:

<u>Assets</u>	<u>Gencom Incorporated</u>	<u>Ventec Incorporated</u>	<u>Pro Forma Consolidated</u>
Cash and Due from Parent Co.	\$ 1,492,855	\$ 23,969	\$ 1,516,824
Accounts Receivable--Net	354,872	-	354,872
Other Current Assets	<u>147,709</u>	<u>-</u>	<u>147,709</u>
Total Current Assets	1,995,436	23,969	2,019,405
Investment in Subsidiaries			
Gencom (of Calif.)	598,876	-	598,876
Tel-Page, Inc.	-	75,812	75,812
Tel-Page, Inc.,-Peninsula	-	110,689	110,689
Hawthorne Secrephone Serv.	<u>-</u>	<u>30,457</u>	<u>30,457</u>
Total Inv. in Subs.	598,876	216,958	815,834
Investment in Pref. Stock of Non-Subs.	-	930,318	930,318
Total Net Property and Equipment	9,778,788	10,920	9,789,708
Other Assets	<u>1,111,507</u>	<u>181,050</u>	<u>1,292,557</u>
Total Assets	<u>\$13,484,607</u>	<u>\$1,363,215</u>	<u>\$14,847,822</u>
<u>Liabilities and Stockholders Equity</u>			
Total Current Liabilities	\$ 1,824,632	\$ 1,004	\$ 1,825,636
Due Subsidiaries	-	359,095	359,095
Convertible Debentures	-	343,440	343,440
Deferred Income Taxes	596,248	-	596,248
Stockholder's Equity	<u>11,063,727</u>	<u>659,676</u>	<u>11,723,403</u>
Total Liabilities and Stockholder's Equity	<u>\$13,484,607</u>	<u>\$1,363,215</u>	<u>\$14,847,822</u>

The present owners and operators of Ventec and Tel-Page have determined that it would be in the best interests of those entities for ownership and control to be transferred to Gencom and CI, which are capable of providing the management skills and capital funds necessary for the continued improvement and expansion of the radiotelephone services provided by Tel-Page.

Applicants have entered into an Agreement and Plan of Reorganization, a copy of which is attached as Exhibit G to the application. Shares of Ventec will be exchanged ratably for shares of CI common stock and Ventec will merge with and into Gencom. Ventec common stock, \$10 par value, with a book value of \$8.94 per share, or an aggregate stockholders' equity of \$659,676 is to be exchanged for approximately 175,000 shares of CI common stock. CI stock, however, is traded on the over-the-counter market and as of July 9, 1980 has a market value of \$23.75 per share or an aggregate value of \$4,156,250. The reason for the disparity in value is that Ventec's investment in subsidiaries are recorded on its balance sheet at the cost of the stock in these entities. For example, the investment in Tel-Page is recorded on the records of Ventec at \$75,812, whereas the book value of this stock is \$913,372. Tel-Page stock is not publicly traded therefore, there is no established market for its shares.

Gencom intends wherever feasible, to continue to utilize existing personnel in operating Tel-Page.

Applicants' attorney, by letter dated September 12, 1980, has requested, because of the scheduled transfer of stock, that the order in this proceeding become effective on the date signed.

The Revenue Requirements and Communications Divisions of the Commission staff have reviewed the proposals set forth in the application and consider the requests to be reasonable and not adverse to the public interest.

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By protest filed September 29, 1980, Dusty's Answering Service, Inc. (Dusty's), a nonutility telephone answering service, operating in San Diego, requests the Commission to defer authorization for Gencom to acquire any additional RTU properties until the Commission resolves Case No. 10847, scheduled for hearing in December 1980. In Case No. 10847, Dusty's alleges that Imperial Communications Corporation (Imperial), wholly owned by Gencom, abuses its utility RTU status in furtherance of its non-regulated telephone answering service business in San Diego. There is no merit in the protest and we will deny Dusty's request for the following reasons:

(1) Dusty's allegations are already the subject of an ongoing Commission proceeding where relief can be fashioned as the Commission deems appropriate; (2) Dusty's, ~~is~~ a nonutility telephone answering service in San Diego, has no standing to allege that Gencom, through acquisition of Tel-Page, a radiotelephone utility operating in Northern California, will use the RTU in improper furtherance of certain telephone answering service within the Tel-Page RTU service area; and (3) Dusty's protest is not germane to the issue at hand and constitutes an improper collateral attack on the matters contained in Application No. 59826.

Findings of Fact

1. Tel-Page is a radiotelephone utility and a California corporation subject to the jurisdiction of this Commission.
2. The transfer of control of Tel-Page by an exchange of stock from Ventec to Gencom and CI would not be adverse to the public interest.
3. The Agreement and Plan of Reorganization, Exhibit G of the application, is not adverse to the public interest.
4. There is no reason to delay granting the authority requested.

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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 values of the assets or capital stock of Tel-Page.

O R D E R

IT IS ORDERED that:

- 1. Within one year after the effective date of this order Gencom Incorporated and Communications Industries, Inc., may acquire control of Tel-Page, Inc.
- 2. Within sixty days after the actual transfer of control, Tel-Page, Inc., shall notify this Commission in writing of the date upon which the transfer of control is consummated. ✓
- 3. The effective date of this order shall be the date hereof.

Dated OCT 8 1980, at San Francisco, California.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

John E. Byron
Vernon L. Sturgeon
Richard D. Lyall
Ronald W. Smith