

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF COM/NAV MARINE, )  
INC. AND MOBILE COMMUNICATIONS CORPORATION) )  
OF AMERICA FOR APPROVAL OF THE DISTRIBUTION OF ALL OF ITS SHARES OF COM/NAV ) CASE NO.  
MARINE, INC., TO THE SHAREHOLDERS OF ITS ) 10393  
PARENT MOBILE COMMUNICATIONS CORPORATION )  
OF AMERICA )

O R D E R

On September 23, 1988, the joint applicants, Com/Nav Marine, Inc. ("Com/Nav"), and Mobile Communications Corporation of America ("MCCA") filed an application requesting that the Commission issue an Order approving the "spin-off" of Com/Nav to the shareholders of its parent, MCCA.

Com/Nav is a Mississippi corporation authorized to transact business in Kentucky. Concurrently with this Order, Com/Nav has been authorized to provide marine two-way radio services within Kentucky in Case No. 10392, The Application of Com/Nav Marine, Inc. for Authority to Provide Marine Two-Way Radio Service From a Public Coast Station Within the Commonwealth of Kentucky, October 26, 1988.

MCCA, the owner of Com/Nav, is a Delaware corporation, with its principal place of business located in Jackson, Mississippi. MCCA also owns local and regional paging ventures, including a 72 percent equity interest in National Satellite Paging, Inc. Additionally, MCCA owns a 50-percent interest in two joint

ventures controlled by BellSouth Corporation ("BellSouth") which hold equity interests in several cellular mobile radio telephone licenses. MCCA is not a utility, and is not a person within the jurisdiction of this Commission.

Under an agreement and plan of reorganization ("the Agreement") by and among MCCA, Com/Nav, BellSouth, and BLS Aquisition Corp. I, Inc. ("BLS"), a wholly-owned subsidiary of BellSouth, BLS will merge with and into MCCA. MCCA, the surviving corporation, will then be a wholly-owned subsidiary of BellSouth.

BellSouth, a regional Bell Holding Company, is prohibited from owning certain types of businesses, and from participating in certain lines of business,<sup>1</sup> pursuant to the terms of the consent decree<sup>2</sup> governing the divestiture of the regional Bell companies from AT&T. Pursuant to the Agreement, MCCA has transferred to Com/Nav, or its direct and indirect subsidiaries, those businesses and assets which BellSouth is prohibited from owning, as well as certain other businesses and assets which BellSouth will not acquire, including Com/Nav's marine telecommunications service. The spin-off will accomplish the result desired by BellSouth, which is largely mandated by the consent decree.

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<sup>1</sup> For example, interexchange services, manufacturing and certain information services. United States v. American Tel. and Tel. Co., 673 F.Supp. 525 (D.D.C. 1987).

<sup>2</sup> United States v. American Tel. and Tel. Co., 552 F.Supp. 131 (D.D.C. 1982), aff'd sub nom. Maryland v. United States, 460 U.S. 1001 (1983).

Following the spin-off, the shareholders of MCCA, who indirectly own Com/Nav through their ownership of MCCA, will directly own Com/Nav. Prior to the merger, Com/Nav will issue additional common stock. All outstanding shares of Com/Nav will be distributed to MCCA's stockholders, in exchange for common shares of MCCA. Former MCCA employees who operated and managed Com/Nav will become employees of Com/Nav. Com/Nav will continue to offer marine two-way services within Kentucky.

Following the spin-off, Com/Nav will continue to have the financial, technical, and managerial abilities to provide reasonable service. The spin-off will not substantially alter the management or operation of Com/Nav. Additionally, the agreement for the assignment of certain assets to Com/Nav from MCCA should help ensure that Com/Nav is adequately capitalized and otherwise financially sound.

#### APPLICABLE LAW

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission must receive Commission approval prior to the acquisition or transfer of ownership or control of a utility.

KRS 278.020(5), which governs certain utility acquisitions, is inapplicable to the facts of this case, since Com/Nav derives a greater portion of its gross revenue from interstate business than from business in Kentucky. Additionally, the spin-off is subject to the supervision of the Federal Communications Commission. MCCA, Com/Nav, and BellSouth have applied to the FCC for approval of the merger and restructuring, including the spin-off. Before approving the transactions, the FCC must find that the

transactions will serve the public interest, convenience, and necessity. Therefore, KRS 278.020(5) is inapplicable. KRS 278.020(6).

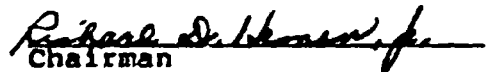
The Commission is of the opinion that the spin-off of Com/Nav to the shareholders of MCCA will not affect the ability of Com/Nav to provide reasonable service.

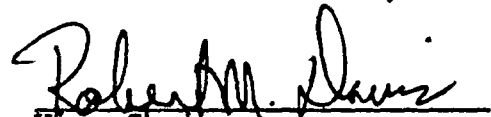
However, the Commission is also of the opinion that the proposed spin-off will not effect a change of ownership or control of Com/Nav, within the meaning of KRS 278.020(4). After the spin-off, Com/Nav will continue to be owned by the same shareholders who now own Com/Nav's parent, MCCA. Com/Nav has suggested in its application that our approval may be unnecessary, and we agree. Therefore, the Commission FINDS that approval of the Com/Nav's "spin-off" transaction is not required.

IT IS THEREFORE ORDERED that application for approval of the proposed spin-off, be and it hereby is dismissed.

Done at Frankfort, Kentucky, this 26th day of October, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director