

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
ARCH WIRELESS, INC.)
Application for Authority to)
Transfer Control of Arch Wireless,)
Inc., Debtor-in-Possession)
_____)

DOCKET NO. 02-0045

DECISION AND ORDER NO. 19420

DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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RECEIVED

Filed June 19, 2002
At 11:00 o'clock A.M.

Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of))	
ARCH WIRELESS, INC.)	Docket No. 02-0045
)	
Application for Authority to)	Decision and Order No. 19420
Transfer Control of Arch Wireless,)	
Inc., Debtor-in-Possession)	
_____)	

DECISION AND ORDER

I.

By application filed on February 26, 2002, ARCH WIRELESS, INC. (Arch) seeks commission approval of the proposed transfer of control of Arch in connection with its reorganization plan (plan) under Chapter 11 of the United States Bankruptcy Code (Bankruptcy Code).

Copies of the application were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). In its statement of position, filed on April 9, 2002, the Consumer Advocate stated that it does not object to Arch's request to transfer control of Arch in accordance with its plan.

II.

A.

Arch is a publicly held Delaware corporation that provides, among other services, traditional messaging services consisting of numeric and alpha numeric paging services. Arch provides intrastate service in the State of Hawaii (State) by using facilities licensed by the Federal Communications Commission to its subsidiary, MobileMedia License Co. LLC (MMLicense).¹

B.

On November 9, 2001, certain holders of 12 ¼ per cent Senior Notes of Arch's subsidiary, Arch Wireless Communications, Inc. (AWCI), filed an involuntary petition with the United States Bankruptcy Court (court) under Chapter 11 of the Bankruptcy Code. On December 6, 2001, Arch and its wholly-owned, domestic subsidiaries filed voluntary petitions with the court. AWCI consented to the entry of an order for relief. That same day, the court granted Arch's request to

¹By Decision and Order No. 16802, filed on January 26, 1999, in Docket No. 98-0382, the commission granted MMLicense a certificate of registration to operate as a commercial mobile radio service provider in the State of Hawaii. By that same order, the commission approved the merger plan that resulted in Arch's acquisition of MMLicense.

convert the involuntary petition filed on November 9, 2001, to a voluntary petition.

Under the plan submitted by Arch with the court, Arch will issue new common stock and Arch Wireless Holdings, Inc., Arch's operating subsidiary, will issue \$200 million principal amount of 10 per cent Senior Secured Notes due 2007 and \$100 million principal amount of 12 per cent Senior Subordinated Secured PIK Notes due 2009 in full satisfaction of all existing debt obligations and equity securities of Arch and its subsidiaries. After implementation of the plan, holders of existing secured bank debt and existing secured notes will own approximately 92 per cent of the new common stock of Arch.

Arch asserts that "[n]o change in the day-to-day operations of Arch and its subsidiaries is expected to result from the implementation of the [p]lan." Moreover, Arch states that upon the completion of the plan, it will continue to be "well qualified to exercise ultimate authority over the various wireless businesses operated by its subsidiaries."

C.

The Consumer Advocate, in its statement of position, recognized the "proliferation of wireless services in the Hawaii market." In addition, the Consumer Advocate found that the

marketplace will "mitigate any adverse impacts" from the transactions proposed by Arch.

The commission asserts jurisdiction over the proposed transfer of control of Arch pursuant to Hawaii Revised Statutes (HRS) § 269-7(a). This section provides the commission with the power to examine, among other things, the condition of a public utility, the manner in which the utility is operated with reference to the safety or accommodation of the public, the issuance by it of stocks and bonds, and the disposition of the proceeds thereof, the amount and disposition of its income, all of its financial transactions, the utility's business relations with other persons, companies, or corporations, and all matters between the utility and the public, persons, or corporations. The provisions of section 269-7(a) are broad and, in essence, vest the commission the authority to examine all transactions that affect or may affect the public whom the utility serves. The commission will approve these transactions only if they are reasonable and consistent with the public interest.

Upon a review of the record in this matter and pursuant to HRS § 269-7(a), the commission finds that Arch's request for approval of the proposed transfer of control of Arch in accordance with its plan is reasonable and consistent with

the public interest, and concludes that the proposed transfer of control should be approved.

III.

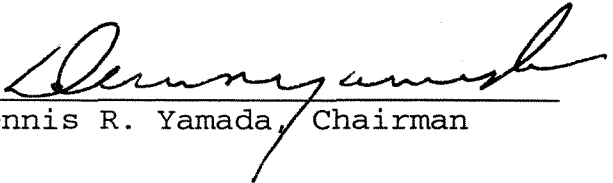
THE COMMISSION ORDERS:

1. Arch's request for approval of the proposed transfer of control of Arch in connection with its plan, filed on February 26, 2002, is approved.

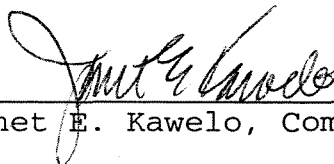
2. This docket is closed.

DONE at Honolulu, Hawaii this 19th day of June, 2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Dennis R. Yamada, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:



Catherine P. Awakuni
Commission Counsel

02-0045.eh

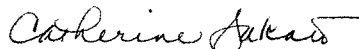
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19420 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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Catherine Sakato

DATED: June 19, 2002