

MM

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of EAST OAKLAND WATER & ELECTRIC)
COMPANY for authority to mortgage)
certain public utility property.)

Application No. 2081

Decision No. 3157

BY THE COMMISSION.

O P I N I O N

This is an application of East Oakland Water and Electric Company, operating a small water utility in Oakland, Alameda County, for authority to mortgage its property as security for a note or notes in a total sum not exceeding \$3,000.00 and to use the proceeds from said note or notes in the construction of additions and extensions to its plant and system.

On June 14, 1915, in Decision Number 2487 this Commission authorized applicant to acquire certain water utility properties from Andrew Sorensen and to issue 9,000 shares of stock of the par value of \$1.00 per share, 6,000 shares of said stock to be issued to Andrew Sorensen in payment for his properties, five shares to be used for qualification of directors, and the balance

or 2,995 shares to be issued for additions and extensions.

It now appears that applicant has been able to sell only \$417.00 par value of stock for the purpose of making the contemplated improvements to its plant. It still desires to purchase a crude oil engine, generator and accessories estimated to cost about \$2,000.00 and additional pipe for extensions to cost from \$500.00 to \$1,000.00 according to the number of consumers added to the system.

This Commission has already gone into the question of these additions and extensions in Decision Number 2487, mentioned above. Reference is hereby made to said Decision for a more complete description of applicant's property and a history of its operations.

A valuation of applicant's property made by this Commission's engineers in Application Number 1691 fixed the reproduction cost of said properties at \$5,891.00. Since that time applicant has expended \$417.00 out of the proceeds from the sale of stock in additions and betterments.

Witness for applicant testified that at the present time East Oakland Water and Electric Company has no indebtedness upon its properties.

After consideration of the evidence submitted by applicant we are of the opinion that this application is proper and should be granted subject, however, to the conditions of the following Order:

O R D E R

EAST OAKLAND WATER AND ELECTRIC COMPANY having applied to this Commission for authority to mortgage its property as security for a note or notes in a total principal sum not exceeding \$3,000.00 and to use the proceeds from the sale of said note or

notes in construction of additions and extensions to its plant and system as hereinbefore set forth;

And a hearing having been held;

And it appearing to this Commission that applicant's request is reasonable and should be granted and that the purposes for which it is proposed to issue said notes are not reasonably chargeable in whole or in part to operating expenses or to income;

IT IS HEREBY ORDERED that East Oakland Water and Electric Company be and it is hereby authorized to issue a note or notes in a total principal sum not exceeding \$3,000.00 for a term not to exceed three years and bearing interest at not to exceed 7% per annum.

IT IS HEREBY FURTHER ORDERED that East Oakland Water and Electric Company be and it is hereby authorized to execute a mortgage upon its properties described in Exhibit "A", attached to Decision Number 2487, dated June 14, 1915, as security for the note or notes herein authorized to be issued,

The authority herein granted is granted upon the following conditions and not otherwise:-

- 1.-The note or notes herein authorized shall be issued so as to net applicant not less than the face value thereof.
- 2.-The proceeds from said note or notes shall be used only for the purchase of new pipe and fittings for extensions to the present distributing system and for the purchase of a crude oil engine, generator and accessories.
- 3.-The authority herein granted applicant to issue a note or notes for certain specified additions and betterments is in substitution for and not in addition to the authority to sell stock for the purpose of constructing said additions and betterments granted

applicant by this Commission's decision
Number 2487, dated June 14, 1915.

- 4.-Within thirty days after the issue of the note or notes herein authorized to be issued, applicant shall report to this Commission, the face amounts of the notes, the name of the payee, the rate of interest, the terms of the notes and the disposition of the proceeds.
- 5.-Before executing the mortgage or issuing the note or notes herein authorized, applicant shall submit to this Commission a copy of its proposed mortgage and secure a supplemental order from this Commission approving the same.
- 6.-The authority herein granted is conditioned upon the payment by applicant of the fee prescribed in the Public Utilities Act as amended.
- 7.-The authority herein granted shall apply only to such notes as shall have been issued on or before December 31, 1916.

Dated at San Francisco, California, this 11th
day of March, 1916.

Max Shelton
H. B. Lovland
Wm. Gordon
Edwin O. Edgerton
Frank D. White

Commissioners.