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Decision No. .

ORIGINAL

Decision No. 2298

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application)	
of EAST OAKLAND WATER AND ELEC-)	
TRIC COMPANY for an order author-)	<u>Application</u>
izing said East Oakland Water and)	
Electric Company to mortgage cer-)	<u>No. 2081.</u>
tain public utility property.)	

BY THE COMMISSION..

FIRST SUPPLEMENTAL OPINION

Applicant in the above entitled matter on July 19, 1916, filed a supplemental application asking the Commission to ratify the issue of one hundred and eleven (111) shares of its capital stock, par value One Dollar (\$1.) per share; the issue of a Four Hundred (\$400.) Dollar note; also authorizing the issue of a Two Thousand (\$2,000.) Dollar note and extend the time within which applicant may issue its stock referred to in Decision No. 2487, dated June 14, 1915, (Vol. 7, Opinions and Orders of the Railroad Commission, page 159). In said Decision No. 2487 the

Commission authorized Andrew Sorenson to transfer his water utility properties to East Oakland Water and Electric Company. In payment the company was permitted to issue six thousand (6,000) shares of its capital stock, par value One (\$1.) Dollar per share, at not less than the par value thereof. The company was also permitted to issue, on or before January 1, 1916, five (5) shares of its capital stock to qualify its directors and two thousand nine hundred and seventy-five (2,975) shares to pay for certain proposed additions and betterments. Thereafter applicant, because of its ability to sell but four hundred and seventeen (417) shares of its stock, set aside for additions and betterments, filed an application seeking authority to issue a Three Thousand (\$3,000.) Dollar note to finance the same improvements for which it was authorized to issue stock.

In Decision No. 3151, dated March 11, 1916, the Commission authorized applicant herein to issue its note or notes for Three Thousand (\$3,000.) Dollars and specifically stated that the authority granted is in substitution for and not in addition to the authority to issue stock to finance said additions and betterments. In other words, the authority to issue the note or notes was an alternative to the issue of stock.

Applicant now reports that subsequent to January 1, 1916, it has issued one hundred and eleven (111) shares of its capital stock and contrary

to the conditions set forth in Decision No. 3151 issued a Four Hundred (\$400.) Dollar note. It further reports that because of a power contract with Great Western Power Company it will need but Two Thousand (\$2,000.) Dollars to pay for its proposed additions and betterments instead of Three Thousand (\$3,000.) Dollars, as originally contemplated.

While applicant requests that the Commission issue a supplemental order extending the time within which applicant may issue its stock authorized by Decision No. 2487, dated June 14, 1915, we believe that matters would be simplified if this request be denied and that the order in Decision No. 3151 be vacated and set aside and the entire matter treated anew.

In Exhibit "A", attached to the supplemental application, applicant reports that it desires to use the proceeds obtained through the issue of a Two Thousand (\$2,000.) Dollar note for the following purposes:

To refund note illegally issued	\$400.00
For working capital	500.00
For additions and betterments	<u>1100.00</u>
Total	\$2000.00

From reports filed with the Commission it appears that Ninety-nine and 50/100 (\$99.50) Dollars of the proceeds from the Four Hundred (\$400.) Dollar note were used to pay operating expenses. Consequently, no part of the Two Thousand (\$2,000.) Dollar loan may be used to pay the Ninety-nine and 50/100 (\$99.50)

Dollars. This indebtedness will have to be paid out of current operating revenues, or provision made for the issue of a note for a term of one year or less.

Eliminating the portion of the Four Hundred (\$400.) Dollar loan chargeable to operating expenses, we find that applicant would be justified in issuing its note for Nineteen Hundred (\$1900.) Dollars or, as an alternative, to issue stock in the amount of Nineteen Hundred (\$1900.) Dollars. This does not include the one hundred and eleven (111) shares of stock which applicant desires to issue in lieu of a like amount of stock heretofore issued without authority from the Commission.

FIRST SUPPLEMENTAL ORDER

EAST OAKLAND WATER AND ELECTRIC COMPANY
having filed a supplemental application in the above entitled matter, requesting the Commission to approve certain acts heretofore performed by applicant without the authority of the Commission and for an order authorizing the issue of a note in the principal sum of not to exceed Two Thousand (\$2,000.) Dollars;

And it appearing to the Commission that no further hearing is necessary in this matter,

IT IS HEREBY ORDERED that EAST OAKLAND WATER AND ELECTRIC COMPANY be given authority, and it is

hereby given authority, to issue one hundred and eleven (111) shares of its capital stock, par value One Dollar (\$1.) per share, at not less than the par value thereof, in lieu of one hundred and eleven (111) shares of capital stock heretofore issued without the authority of the Commission.

IT IS HEREBY FURTHER ORDERED that East Oakland Water and Electric Company be given authority, and it is hereby given authority, to issue nineteen hundred (1,900) shares of its capital stock, par value One (\$1.) Dollar per share, at not less than the par value thereof, or as an alternative, to issue its three year note or notes for the principal sum of not more than Nineteen Hundred (\$1900.) Dollars.

IT IS HEREBY FURTHER ORDERED that East Oakland Water and Electric Company be given authority, and it is hereby given authority, to execute a mortgage to secure the payment of the note or notes which may be issued in accordance with the authority herein granted.

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

1. The note or notes herein authorized to be issued shall be issued so as to net not less than the face value thereof.

2. The note or notes herein authorized to be issued shall bear interest at not more than seven (7%) per cent. per annum.

3. The note or notes herein authorized to be issued may be issued for a term of not more than

three (3) years, provided that applicant may issue its note or notes for a term of less than three (3) years, and without further authority of the Commission renew the same, provided that the term of the original note plus the terms of the renewal note shall not exceed the period of three (3) years.

4. Before applicant shall issue a note, the payment of which is secured by mortgage upon its property, it shall submit to this Commission for approval a copy of its proposed mortgage.

5. The proceeds obtained through the issue of nineteen hundred (1900) shares of its capital stock, or through the issue of a note or notes for the sum of Nineteen Hundred (\$1900.) Dollars, shall be used for the following purposes:

a. To refund in part the \$400. note issued without the authority of the Commission	\$ 300.00
b. For working capital	500.00
c. For additions and betterments set forth in Exhibit "A", attached to supplemental application,	<u>1100.00</u>
Total	\$1900.00

6. East Oakland Water and Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock and notes or notes hereby authorized to be issued and sold, and on or before the twenty-fifth day of each month shall make

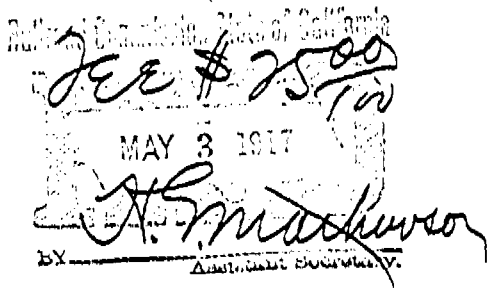
verified reports to the Commission, stating the sale of said stock and notes or note during the previous month, the terms and conditions of such sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7. This order shall not become effective in so far as it relates to the issue of a note or notes until the fee prescribed by Section 57 of the Public Utilities Act has been paid.

8. The authority hereby given to issue stock and a note or notes shall apply only to such stock, note or notes as may be issued on or before the thirtieth day of June, 1917.

IT IS HEREBY FURTHER ORDERED that the authority granted by Decision No. 3151, dated March 11, 1916, be and hereby is vacated and set aside.

Dated at San Francisco, California, this 25 day of August, 1916.



Max Thelen
H. H. Overland
W. L. Gordon
Edwin C. Edgerton
Frank R. White

Commissioners.