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ORIGINAL

Decision No. 5279

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of EAST BAY WATER COMPANY, a)
 corporation, for an order authoriz-) Application No. 3505.
 ing the issue of bonds.)

W. E. Creed and A. G. Tasheira, for applicant.

EDGERTON, Commissioner.

OPINION

East Bay Water Company asks authority to issue \$218,084.71 of its first mortgage 5-1/2 per cent bonds payable January 1, 1946.

Applicant's mortgage provides that the trustee shall certify bonds, to aid in acquiring and providing for 80 per cent of the cost of betterments, improvements or extensions of the works of the company, or acquisition of new property of the company. In schedules attached to the petition herein, applicant reports its construction expenditures during 1917 as follows:-

San Pablo project	\$605,986.05
General construction	351,976.34
Total	<u>\$957,962.39</u>
Less allowance for depreciation	200,000.00
Amount against which applicant intends to issue bonds	\$757,962.39
Amount of expenditures against which the Commission has authorized the issue of bonds pursuant to Application Number 3011	<u>\$485,356.50</u>
Balance of construction expenditures against which the Commission has not authorized the issue of any bonds.....	\$272,605.89

Applicant reports that under its mortgage it may issue \$218,084.71 of bonds against the \$272,605.89 of construction expenditures.

In its annual report for 1917, filed with the Railroad Commission, applicant reports revenues and expenses for the year as follows:-

<u>Item</u>	<u>1917</u>
Operating Revenues	\$1,763,074.13
Operating Expenses	967,742.67
Net Operating Revenue	<u>\$ 795,331.46</u>
<u>Add:-</u>	
Non-operating revenues	\$ 35,917.40
Gross corporate income	831,248.86
<u>Deductions:-</u>	
Interest on Funded Debt	534,833.64
Other interest deductions	4,363.79
Uncollectible bills	5,932.77
Amortization of Debt Discount and Expense ..	473.80
Non-operating Revenue deductions.....	4,962.02
Rents for lease of other water plants.....	866.68
Total Deductions	<u>\$ 551,432.70</u>
Balance carried to corporate surplus account	<u>\$ 279,816.16</u>

Applicant reports its additions to and deductions from its corporate surplus account during the year 1917 as follows:-

Profit for year from income account	\$279,816.16
Miscellaneous additions to surplus	82,002.75
Profit plus additions	361,818.91
Deductions:- Dividends on outstanding stock...	201,582.00
Miscellaneous Deductions	6,534.10
Total Deductions	208,116.10
Surplus on December 31, 1917	<u>\$153,702.81</u>

In Schedule "1" attached to the petition herein applicant reports assets and liabilities as follows:-

Assets:-

Fixed Capital	\$15,221,296.36
Cash on hand undeposited	8,673.76
Cash in Banks	50,951.64
Special Deposits	22,181.85
Revolving Fund	3,205.00
Notes Receivable	6,291.86
Accounts Receivable Consumers	71,914.46
Accounts Receivable Miscellaneous	7,675.83
Leases Receivable	155.00
Investments - Liberty Bonds	10,000.00
Materials & Supplies	139,975.62
Other special funds	2,000.00
Accruing Land Rents on Leases	95,111.68
Advanced Expenses	162,094.73
Stock Discount	1,919,680.00
Unamortized Discount on Securities	13,883.57
Other Suspense	8.55
Union Trust Company of S.F. Trustee, Proceeds of sale of non-operative Real estate	13,520.63
San Pablo project	605,986.05
Treasury Securities	1,200.00
<u>Total Assets:</u>	<u>\$18,355,806.59</u>

Liabilities:

Class A - 6% Cumulative Preferred Capital Stock	\$ 4,480,800.00
Class B - 6% Non-cumulative preferred capital Stock	2,987,200.00
Common Capital Stock	100,000.00
First Mortgage 30 Yr. 5 $\frac{1}{2}$ % Gold Bonds	9,827,900.00
Bonds in Reserve	73,500.00
Mortgages Payable	12,500.00
Notes Payable	220,000.00
Audited Vouchers	82,656.53
Audited Payrolls	2,337.85
Guarantee Deposits	10,312.20
Extension Deposits	73,537.78
Accounts Payable Miscellaneous	6,353.39
Contracts Payable	200.00
Land Rents charged in advance	117,457.13
Land Sales Account	7,348.90
Reserve Depreciation	200,000.00
Surplus	153,702.81
<u>Total Liabilities</u> ...	<u>\$18,355,806.59</u>

The testimony in this proceeding shows that the construction expenditures during 1917 have been paid out of funds obtained from the Peoples Water Company, from earnings and from a \$220,000.00 loan represented by short term notes. It is the intention of applicant to use the proceeds of the bonds to pay the \$220,000.00 of notes or other notes given in renewal thereof or to reimburse its treasury because of having used earnings to pay said notes.

I herewith submit the following form of Order:-

ORDER

EAST BAY WATER COMPANY having applied to the Railroad Commission for authority to issue \$218,084.71 of its first mortgage 5-1/2 per cent bonds, payable January 1, 1946, a hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that East Bay Water Company be, and it is hereby, granted authority to issue \$218,084.71 of its first mortgage 5-1/2 per cent bonds, payable January 1, 1946, upon the following conditions:-

1.-The bonds herein authorized to be issued shall be sold by applicant for cash at not less than 94 per cent of their face value, plus accrued interest.

2.-The proceeds obtained from the sale of the bonds herein authorized to be issued shall be used by applicant to pay in part the \$220,000.00 of notes

outstanding December 31, 1917 or notes given in renewal thereof or to reimburse applicant's treasury because of earnings expended for the payment of said notes.

3. East Bay Water Company shall keep, separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued; and on or before the twenty-fifth day of each month shall make verified reports to the Railroad Commission, in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

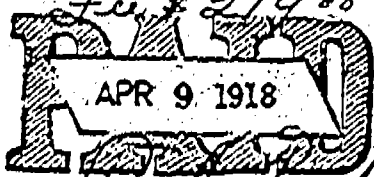
5. The authority herein granted shall apply only to such bonds as may be issued on or before December 1, 1918.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this

5th day of April, 1918.

Railroad Commission State of California



BY W. H. Baker
Assistant Secretary.

Max Shelton
H. D. ...
Edwin O. Edgerton
Francis R. Devlin
Commissioners.