

ES

ORIGINAL

Decision No. 8938.

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 authori-) Application No. 6716.
zing the issue of Class "A" six (6))
per cent cumulative preferred stock.)

McKee, Tasheira & Wahrhaftig, by A.G. Tasheira,
for applicant.

MARTIN, Commissioner.

O P I N I O N.

EAST BAY WATER COMPANY asks permission to issue and sell \$201,525.55 of its Class "A" preferred stock to reimburse its treasury on account of earnings expended for extensions, additions and betterments.

The company reports that from November 1, 1919 to January 1, 1921, it has expended for general construction work the sum of \$908,954.48. From this amount, applicant deducts \$92,500.00 because of the investment of part of the reserve for accrued depreciation, \$118,318.50 received from land sales, \$225,610.43 on account of capital abandoned, and \$271,000.00 for construction expenditures for which stock was authorized to be issued by Decision No. 7062 dated January 27, 1920, leaving a balance of \$201,525.55 of expenditures which has not been paid or provided for by the issue of stock or bonds.

The Railroad Commission has authorized applicant by Decision No. 6108, dated February 13, 1919. Application No. 3655 (Vol. 16,

Opinions and Orders of the Railroad Commission of California, pg.468) to issue and sell on or before October 1, 1919, \$437,531.90 of preferred stock, and by Decision No. 7062, dated January 27, 1920, Application No. 5212, (Vol. 17, Opinions and Orders of the Railroad Commission of California, pg. 719) to issue and sell, on or before May 20, 1921, \$406,221.00 of preferred stock, both issues to provide money to pay for extensions, additions and betterments. Applicant reports that there is an unsold balance of \$17,331.90 of stock under Decision No. 6108, and of \$247,821.00 under Decision No. 7062, and asks that the time within which it might issue and sell stock under these two orders, be extended so as to permit it to issue and sell the remaining unsold stock of \$259,152.90 at 78 per cent of par value, and use the proceeds to reimburse the treasury. This part of the application will be taken care of by supplemental orders in Application No. 3655 and Application No. 5212.

Applicant asks permission to sell the stock at \$78.00 per share. Mr. George H. Wilhelm, applicant's vice-president and general manager, is of the opinion that the stock can be sold at that price. He was, however, not able at the hearing had on this application to inform the Commission how much expense applicant will have to incur to sell the stock. Only a reasonable amount of the proceeds from the sale of the stock may be used to cover the cost of selling the stock. The Commission will by supplemental order specify what amount of the proceeds may be used to pay the cost of selling the stock.

I herewith submit the following form of Order:

O R D E R.

EAST BAY WATER COMPANY having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the stock herein

authorized to be issued is reasonably required for the purpose specified herein, and that the expenditures for such purpose 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, authorized to issue and sell at not less than \$78.00 per share, on or before December 31, 1921, \$201,525.55 of its Class "A" preferred stock and to use the proceeds to reimburse its treasury for earnings expended for extensions, additions and betterments described in this application. If hereafter authorized by the Commission, such an amount of the proceeds from the sale of the stock as the Commission may find reasonable may be used to pay the cost of selling the stock herein authorized to be issued, as well as the unsold stock in Application No. 3655, and Application No. 5212, provided:-

THAT, East Bay Water Company keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

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 6th day of May, 1921.

H. D. Loveland
H. B. Brundage
J. J. Hartman
W. C. Meredith

COMMISSIONERS.