

SR

Decision No. 9396

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of The Bear Valley Utility Company, a corporation, for authority to sell capital stock and for a certificate of public convenience and necessity for the acquiring of rights of way, necessary lands for power houses, offices, etc., and for the construction of a high voltage line and distributing system for electric energy, for light, heat and power in Big Bear Valley, California.

ORIGINAL

Application No. 7005.

McNabb and Hodge, by R. W. Hodge, for applicant.

E. B. Criddle for Southern Sierras Power Company.

BY THE COMMISSION:

OPINION

In this application, as amended, The Bear Valley Utility Company asks for an order from the Railroad Commission authorizing it to acquire the franchise granted on June 27, 1921, to E. T. Ergenbright by the Board of Supervisors of San Bernardino County; permitting it to issue and sell \$40,000.00 of its common capital stock; and declaring that public convenience and necessity require the construction and operation of an electric distributing system in Big Bear Valley, San Bernardino County.

No protest to the granting of this application was made at the public hearing which was held by Examiner Satterwhite in San Bernardino on August 15, 1921.

The record herein shows that The Bear Valley Utility Company was organized on June 30, 1921, with an authorized

capital stock of \$100,000.00, divided into 1000 shares of the par value of \$100.00 each. The company proposes to engage in the business of buying, selling and distributing electric energy for light, heat and power in Big Bear Valley, San Bernardino County. The Board of Supervisors of San Bernardino County, by Ordinance No. 193, approved June 27, 1921, have heretofore granted to B. T. Ergenbright, applicant's president, a franchise to erect, construct, operate and maintain, for a period of fifty years, an electric pole, tower and wire system in San Bernardino County, and more particularly in Big Bear Valley and Baldwin Lake. B. T. Ergenbright now asks permission to assign this franchise, and applicant asks permission to acquire it.

Big Bear Valley is situated in the mountains about eighteen miles northeast of Redlands, and is about twelve miles long and six miles wide. Its population, which is substantially a summer one only, amounts to approximately 8000 people during the summer months and to about 200 during the winter. Testimony herein shows that no electric utility at present operates in this region and that there is a general demand by the inhabitants for electric service.

The company has arranged to purchase power from The Southern Sierras Power Company at the Gold Mountain Mining Company's sub-station at Doble. From Doble, it is proposed to construct a 33 K. V. transmission line a distance of eight miles, to a point on the south side of Big Bear Valley Lake and from such transmission line to construct distributing lines and service lines to the various summer camps and settlements.

Applicant estimates that it will be necessary to expend \$34,000.00 to pay for its proposed construction work, of which amount approximately \$2,000.00 will be used for

rights-of-way, \$12,000.00 for the high tension line, \$12,000.00 for distributing lines, \$4,000.00 for offices and \$4,000.00 for working capital. In Exhibit 3, filed at the hearing, these construction expenditures are reported in detail.

To obtain \$34,000.00, petitioner proposes to issue and sell, to prospective consumers, at not less than 85 per cent of par value, 400 shares (\$40,000.00) of its common capital stock. The testimony of B. T. Erzenbright, applicant's president, and E. S. Goble, applicant's secretary, shows that subscriptions have been received of a large portion of this amount and that no difficulty is anticipated in disposing of the entire issue.

It is estimated that during the first year of operation 200 consumers will be served, a gross revenue of \$12,072.00 will be received, and expenditures of \$10,940.00 incurred, leaving a surplus of \$1,132.00.

It is apparent that the development of this proposed distributing system is physically and financially possible, and should benefit the public.

#### ORDER

The Bear Valley Utility Company having applied to the Railroad Commission for a certificate of public convenience and necessity and for permission to acquire a franchise and to issue stock, a public hearing having been held, and it appearing to the Railroad Commission that the application should be granted and that the money, property or labor to be procured or paid for by such issue of stock is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole

or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that The Bear Valley Utility Company be, and it is hereby, authorized to acquire from B. T. Ergenbright, and B. T. Ergenbright be, and he is hereby, authorized to assign to The Bear Valley Utility Company, the franchise granted said B. T. Ergenbright on June 27, 1921, by the Board of Supervisors of San Bernardino County by Ordinance No. 193.

IT IS HEREBY FURTHER ORDERED that The Bear Valley Utility Company be, and it is hereby, authorized to issue and sell, on or before February 28, 1922, at not less than .85 per cent of par value, 400 shares (\$40,000.00) of its common capital stock.

The authority herein granted to issue stock is subject to further conditions as follows:

1. The proceeds from the sale of the stock herein authorized shall be used by applicant to finance the proposed construction work and for working capital, as described in Exhibit 3, filed in this application.

2. Applicant shall 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 twenty-fifth 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 Railroad Commission hereby declares that public convenience and necessity require the exercise by The Bear

Valley Utility Company of the rights and privileges granted by the Board of Supervisors of San Bernardino County on June 27, 1921, in Ordinance No. 193, provided that The Bear Valley Utility Company, within thirty days from the date of this order, file with the Railroad Commission a stipulation duly authorized by its board of directors, declaring that it, its successors and assigns, will never claim before the Railroad Commission or any court or other public body, a value for such rights and privileges in excess of the amount actually paid to the County of San Bernardino as the consideration for the grant of such franchise, which amount shall be stated in the stipulation.

Dated at San Francisco, California, this 23<sup>d</sup> day of August, 1921.

H. B. Brundage

H. S. Howard

Dwight Martin

Clara J. Powell

J. J. Benedict

Commissioners.