

DM

Decision No. 9553

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of EAST BAY WATER COMPANY, )  
a corporation, for an order authorizing ) Application Number 7091.  
the issue of bonds and of Class "A" 6% )  
cumulative preferred stock. )

McKee, Tasheira and Warhaftig  
for East Bay Water Company.

Leon E. Gray,  
for City of Oakland.

Frank V. Cornish,  
for City of Berkeley.

W. J. Locke,  
for City of Alameda.

J. Allison Bruner,  
for City of San Leandro.

ROWELL, Commissioner.

O P I N I O N.

EAST BAY WATER COMPANY, in the above entitled application, asks permission to issue \$825,000.00 face value of 5½% first mortgage bonds, due January 1, 1946; and \$275,000.00 par value of Class "A" cumulative preferred stock, in payment for the properties of The Union Water Company of California and The Union Water Development Company.

The Railroad Commission, by Decision Number 8491, dated December 24, 1920, in Application Number 5503, authorized The Union Water Company of California to sell its properties to the East Bay Water Company. In the same decision the Commission found as a fact that public convenience will be served by the transfer of the

properties of The Union Water Company of California to East Bay Water Company and that a fair price to be paid for the properties described in Decision Number 8491 is \$1,100,000.00.

From the testimony in this proceeding it appears that The Union Water Company of California and The Union Water Development Company have agreed to accept at par in payment for their properties \$825,000.00 of East Bay Water Company 5½% first mortgage bonds due January 1, 1946, and \$275,000.00 of Class "A" 6% cumulative preferred stock.

It further appears from the testimony that East Bay Water Company has been given an option to buy back the \$825,000.00 of bonds at 85 and accrued interest and the stock at \$74.00 per share. If these options are exercised, the owners of the properties of The Union Water Development Company and the Union Water Company of California will realize \$904,750.00. Of the purchase price, \$50,000.00 may be paid in cash. If this is done, the amount of stock and bonds which the East Bay Water Company will issue will be reduced proportionately.

Representatives of several cities appeared at the hearing. While they did not enter a formal protest against the granting of the application, they did endeavor to ascertain the figure at which East Bay Water Company intends to include in a rate base the properties of The Union Water Development Company and The Union Water Company of California.

There are now pending before the Commission several proceedings involving the rates of the East Bay Water Company, and if at the time these proceedings are heard, the transfer of

the properties referred to herein has been consummated, the Commission will then consider at what figure the properties of The Union Water Development Company and The Union Water Company of California shall be included in the rate base.

I am satisfied that the price which the East Bay Water Company intends to pay for the properties referred to herein is not unreasonably high and that the Commission may properly authorize the issue of the stock and bonds covered in this application.

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 \$825,000.00 of bonds and \$275,000.00 of 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 such issue is reasonably required for the purpose or purposes specified in this order, and that the expenditures for 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, authorized to issue not exceeding \$825,000.00 face value of its 5½% first mortgage bonds due January 1, 1946, and \$275,000.00 par value of its Class "A" 6% cumulative preferred stock in full payment for the properties of The Union Water Company of California and The Union Water Development Company, more particularly described in Decision Number 8491, dated December 24, 1920. If any part of the purchase price is paid in cash, the amount of bonds and stock which may be issued is reduced proportionately.

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

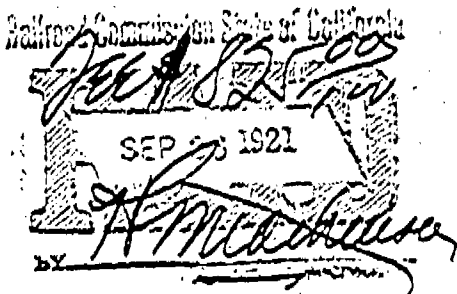
1.-- EAST BAY WATER COMPANY shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24,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

2.-- The authority herein granted will not become effective until East Bay Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$825.00.

3.-- The authority herein granted will apply only to such stock and bonds as may be issued and delivered on or before December 15, 1921.

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 23<sup>rd</sup> day of September, 1921.



*H. D. Loveland*  
*Erving Martin*  
*Charles H. [Signature]*

Commissioners.