

Decision No. 9976.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the Matter of the Application of )  
BEAR GULCH WATER COMPANY, )  
a corporation, for order authorizing )  
the issue of bonds. )

Application No. 7425

J.M. Mannon, Jr., for Applicant.

BENEDICT, Commissioner.

O P I N I O N.

BEAR GULCH WATER COMPANY asks permission to issue and sell \$45,000.00 of its first mortgage five per cent. bonds due January 15, 1930, and to use the proceeds to pay outstanding indebtedness and to reimburse itself for capital expenditures made during the years 1917 to 1920, inclusive.

Bear Gulch Water Company was organized on or about October 8, 1889, and is at present engaged in distributing water for domestic purposes in and about Menlo Park and Woodside, San Mateo County, reporting approximately 600 consumers. The application shows that on December 24, 1921, there was issued and outstanding all (\$500,000.00) of applicant's authorized capital stock, and \$205,000.00 of its authorized issue of \$250,000.00 of first mortgage bonds. In addition, there are outstanding \$40,000.00 of 7 per cent. promissory notes.

The company reports that during the years 1917, 1918, 1919 and 1920, it expended for extensions, additions and betterments the sum of \$60,374.65. From this amount applicant deducts \$7,477.96 which was obtained from the sale of old equipment, leaving \$52,896.69

of uncapitalized expenditures. These expenditures which are described in some detail in the petition, are reported to have been necessary to maintain good and efficient service and to take care of increasing business.

The testimony of Ralph P. Merritt, applicant's general manager, shows that \$20,000.00 of the \$52,896.69 was obtained by the issue of two 7 per cent. 1-day notes in the principal amount of \$10,000.00 each, one dated March 17, 1920 and one dated May 20, 1920, and the balance by the appropriation of surplus earnings and reserve for accrued depreciation. Of the proceeds from the sale of the bonds, the company intends to use \$20,000.00 to pay the two \$10,000.00 notes, \$12,585.31 to reimburse its reserve for accrued depreciation, \$709.99 to reimburse operating accounts and the balance to reimburse itself for surplus earnings invested in properties.

Applicant asks permission to sell the bonds at not less than 87.9% of their face value and accrued interest.

I herewith submit the following form of Order:

C O R D E R

BEAR GULCH WATER COMPANY having applied to the Railroad Commission for permission to issue and sell \$45,000.00 of bonds, 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 by applicant 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 expenses or to income;

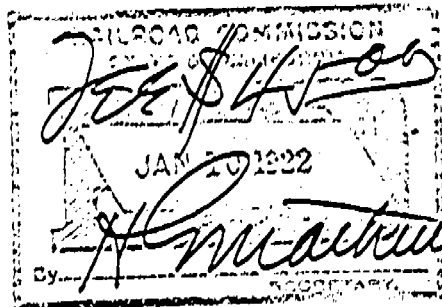
IT IS HEREBY ORDERED, that BEAR GULCH WATER COMPANY be, and it is hereby, authorized to issue and sell, on or before May 1, 1922, at not less than 87.9 per cent. of their face value and accrued interest, \$45,000.00 of its first mortgage 5 per cent. bonds due January 15, 1930.

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

- 1.--The proceeds from the sale of the bonds shall be used by applicant to pay the two \$10,000.00 notes referred to in the preceding opinion and to reimburse its treasury, in part, for moneys expended for the extensions, addition and betterments described in this application. The moneys used to reimburse applicant's treasury shall after such reimbursement be expended for financing the cost of extensions, additions and betterments properly chargeable to capital account, or for such other purposes as the Railroad Commission may authorize by supplemental order.
- 2.--Applicant shall keep such record of the issue and sale of the 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.
- 3.--The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act, which fee is \$45.00.

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 9<sup>th</sup> day of January, 1922.



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Commissioners.