

ORIGINAL

Decision No. 57088

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DOMINGUEZ WATER CORPORATION
for an order authorizing it to
issue its bonds and to mortgage
its properties, and to issue its
preferred and common stock.

Application No. 40266

O P I N I O N

This is an application for an order of the Commission authorizing Dominguez Water Corporation, for the purpose of refinancing indebtedness, to issue securities as follows:

First mortgage bonds	\$ 700,000
Preferred stock	155,900
Common stock	<u>369,000</u>
Total	<u>\$1,224,900</u>

Applicant is a California corporation engaged in the business of producing, distributing and supplying water, as a public utility, in an area of approximately 30 square miles lying generally south of the City of Los Angeles, north of the City of Wilmington, east of the City of Redondo Beach and west of the Los Angeles River, most of which is in unincorporated territory.

As of June 30, 1958, applicant reports its outstanding debt, other than current liabilities, and its capital as follows:

First mortgage bonds	\$ 1,412,500
Due Dominguez Estate Company	1,243,637
Consumers' advances and donations	1,694,925
Preferred stock	594,100
Common stock and surplus	<u>1,469,735</u>
Total	<u>\$ 6,414,897</u>

Dominguez Estate Company owns all of applicant's outstanding stock, both preferred and common, and, in addition, has advanced substantial cash sums to applicant. In order to liquidate \$1,224,900 of these cash advances, applicant now desires to issue to its parent company the additional preferred and common stock covered by this application, amounting to \$524,900, and to pay the remainder with proceeds to be obtained from the sale of \$700,000 of bonds to Pacific Mutual Life Insurance Company.

The preferred stock to be issued consists of 6,236 shares of the par value of \$25 each, carrying cumulative dividends at the rate of 5% per annum. The bonds will constitute a new series which will be designated as Series C, will be dated August 1, 1958, will mature August 1, 1978, will bear interest at the rate of 5% per annum and will be redeemable in whole or in part at any time, on 28 days' notice, at the principal amount plus accrued interest, plus a premium of 5% if redeemed during the first five years, and at a premium which shall be decreased 1/3 of 1% each year thereafter. The bonds will be created and the terms defined by a second supplemental trust indenture dated as of August 1, 1958.

Applicant's capital ratios as of June 30, 1958, and as adjusted to give effect to the proposed refinancing, are as follows:

	<u>June 30,</u> <u>1958</u>	<u>Pro</u> <u>Forma</u>
Bonds	22%	33%
Advances for construction	24	24
Due Dominguez Estate Company	19	-
Preferred stock	9	12
Common stock equity	<u>26</u>	<u>31</u>
Total	<u>100%</u>	<u>100%</u>

Financial statements attached to the application show applicant's current and prepaid assets as of June 30, 1958, in the amount of \$324,287 and its current liabilities in the amount of \$314,034. The statements further show, for the 12 months ended June 30, 1958, operating revenues in the amount of \$1,027,799 and net income, after payment of interest, in the amount of \$92,589.

We have reviewed this application and are of the opinion that the requests of applicant should be granted, that the money, property or labor to be procured or paid for by the issue of the securities herein authorized is reasonably required for the purpose of refinancing indebtedness, as herein specified, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein given is for the issue of securities and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that an ex parte order should be entered, therefore,

IT IS HEREBY ORDERED as follows:

1. Dominguez Water Corporation, on and after the effective date hereof and on or before December 31, 1958, may execute a second supplemental trust indenture in, or substantially in, the same form as that filed in this proceeding, may issue and sell \$700,000 of its First Mortgage, Series C, 5% Bonds at not less than the principal amount, plus accrued interest, and may issue not to exceed \$155,900 par value of its 5% preferred stock and \$369,000 par value of its common stock. Said bonds and preferred and common stock shall be issued for the purpose of paying outstanding indebtedness.

2. Dominguez Water Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Dominguez Water Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$700.

Dated at Los Angeles, California, this 5th day of August, 1958.

E. J. Fox
President
Paul W. ...
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...
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
14228
AUG 5, 1958
B. ...
ASST. SECRETARY