

ORIGINAL

Decision No. 62123

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 common stock.)

Application No. 43409
Filed May 17, 1961

O P I N I O N

Dominguez Water Corporation has filed this application for authorization to execute a supplemental trust indenture, to issue \$750,000 principal amount of First Mortgage Series D 5-1/2% Bonds of 1981 and to issue 12,864 shares of its \$25 par value Common Stock of the aggregate par value of \$321,600.

The company proposes to sell the bonds to Pacific Mutual Life Insurance Company at their face value, plus accrued interest. The bonds will be dated May 1, 1961, will bear interest at the rate of 5-1/2% per annum, will be due May 1, 1981 and will be redeemable on or prior to May 1, 1966 at a premium of 5.50% and thereafter at annually reducing premiums. The shares of common stock will be issued to Dominguez Estate Company, a corporation which is the holder of all applicant's outstanding shares of stock.

The purpose of the financing is to liquidate open account indebtedness of approximately \$821,600, as of the end of 1960, which is owing to Dominguez Estate Company and which represents moneys

advanced for additions and betterments, to repay advances for construction in the amount of \$126,000 now past due, and to provide additional working cash of \$124,000.

Applicant's financial statement shows that as of March 31, 1961, it had invested in utility plant the sum of \$8,668,267, after deducting the allowance for depreciation, and that it had financed its capital costs by the issue of bonds and shares of preferred and common stock, by the use of the moneys obtained from Dominguez Estate Company which it now seeks to liquidate and by the use of internally generated funds. The financial statement further shows current assets of \$482,340, including cash of \$143,440, as compared with current liabilities of \$784,861.

A review of this application and of the financial statements annexed thereto shows that applicant will have need for additional funds from external sources to improve its cash position and to enable it to liquidate past due obligations, and that the company's earnings and capital structure should be adequate to service and support the security issues.^{1/} The Commission recently

^{1/} Applicant's capital ratios as of March 31, 1961 and as adjusted to give effect to the proposed financing are as follows:

	March 31, 1961	As Adjusted
Bonds	25%	34%
Due Dominguez Estate Co.	11	-
Advances for construction	26	26
Subtotal - Indebtedness	62	60
Preferred stock	10	9
Common stock equity	28	31
Total	<u>100%</u>	<u>100%</u>

has reviewed applicant's operations and by Decision No. 61396, dated January 24, 1961, authorized certain increases in rates which were designed to produce a return of 6% on the rate base for the test year 1960.

We will enter our order granting this application. The authorization herein granted is for the issue of bonds and common stock 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 a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the bonds and common stock herein authorized is reasonably required for the purposes specified herein, and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS ORDERED that -

1. Dominguez Water Corporation, on or after the effective date hereof and on or before December 31, 1961, may execute a Third Supplemental Trust Indenture in substantially the same form as the indenture filed in this proceeding.

2. Dominguez Water Corporation, on or after the effective date hereof and on or before December 31, 1961, may issue and sell not to exceed \$750,000 of its First Mortgage Series D 5-1/2% Bonds of 1981, at not less than their face value, plus accrued interest, and may issue 12,864 shares of its \$25 par value common stock, at not less than the par value thereof.

3. Dominguez Water Corporation shall use the proceeds from the sale of its bonds and common stock authorized herein for the purposes set forth in this application. The accrued interest from the sale of the bonds may be used for such purposes or for general corporate purposes.

4. 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.

5. 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 \$750.

Dated at San Francisco, California,
this 13th day of JUNE, 1961.

Robert W. Long
President

W. L. Mitchell

S. L. Fox

George B. Weaver

Frederick B. Holoboff
Commissioners

