

ORIGINAL

Decision No. 63788

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINGUEZ WATER
CORPORATION, a California
Corporation, to Issue its Stock.

Application No. 44408
Filed May 3, 1962

O P I N I O N

Dominguez Water Corporation has filed this application for authorization to issue 266,241 shares of common stock of the par value of \$5 each, and of the aggregate par value of \$1,331,205, in exchange for presently outstanding common shares of the par value of \$25 each in order to effect a stock split.

The corporation presently has outstanding 88,747 shares of common stock of the par value of \$25 each, and of the aggregate par value of \$2,218,675, which are held by Dominguez Estate Company. It appears that those in control of the affairs of the two corporations have decided to place the water utility common shares, or part of them, on the market and that they have concluded a split up of such shares into a greater number having a lower par value each and a lower book value would provide a wider distribution of the shares and thereby broaden the market and facilitate future financing of capital requirements.

To accomplish the stock split, it is proposed to surrender each \$25 par value share for three new \$5 par value shares and to credit the difference between the par value, or \$10 a share, to capital surplus. The proposed arrangements, of course, will not result in any increase in the total common stock equity capital or the rate base; they will merely provide for the transfer of \$887,470 from the capital stock account to the capital surplus account.

The company's financial statement, filed as Exhibit B, shows, among other things:

First mortgage bonds -		
3-3/4%, Series A	\$ 870,000	
4%, Series B	460,000	
5%, Series C	661,500	
5-1/2%, Series D	750,000	
Total first mortgage bonds	<u>2,741,500</u>	43%
Preferred stock	750,000	12
Common stock	2,218,675	35
Earnings retained in business	<u>695,787</u>	<u>10</u>
Total	<u>\$6,405,962</u>	<u>100%</u>

The Commission, by Decision No. 61396, dated January 24, 1961, reviewed applicant's earnings and authorized rate increases effective for service rendered after February 20, 1961, which were designed to produce a return of 6 percent for the test year 1960. For the calendar year 1961, the company has reported net utility operating revenues of \$301,523 and net income, after deducting interest and other fixed charges, of \$158,293.

Upon reviewing this matter we find and conclude that the proposed issue of stock is for a proper purpose and will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. We will enter an order granting the application.

The authorization herein granted is not to be construed as a finding of the value of applicant's stock or properties nor 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 has considered the above-entitled matter and has determined that a public hearing is not necessary and that the application should be granted, therefore,

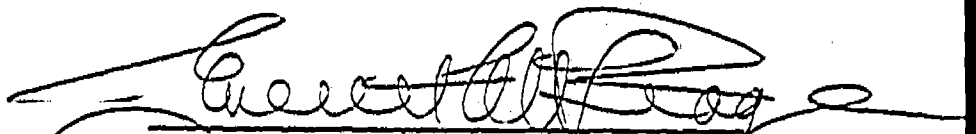
IT IS ORDERED that -

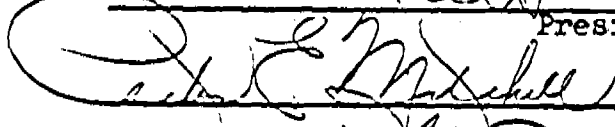
1. Dominguez Water Corporation, on or after the effective date hereof and on or before December 31, 1962, may issue not to exceed 266,241 shares of \$5 par value common stock in exchange for 88,747 shares of \$25 par value common stock presently outstanding under the terms and conditions set forth in this application.

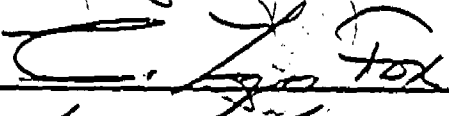
2. Dominguez Water Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

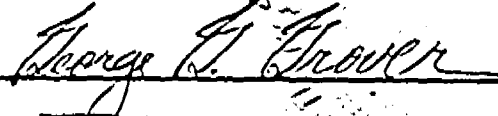
3. The authority herein granted shall become effective twenty days after the date hereof.


Dated at San Francisco, California,
this 13th day of JUNE, 1962.



President








Commissioners