

ORIGINAL

Decision No. 64127

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINGUEZ WATER CORPORATION for Authority to Issue its Unsecured 5-1/2% Sinking Fund Notes due July 1, 1987, in the Aggregate Principal Amount of One Million Dollars.

Application No. 44666
Filed July 25, 1962

O P I N I O N

Dominguez Water Corporation has filed this application for authorization to issue \$1,000,000 of notes.

The company reports that it has need for additional funds to retire outstanding bank loans of \$600,000, to reimburse its treasury, and to finance, in part, estimated capital expenditures of \$647,047 during 1962 as set forth in some detail in Exhibit 3 attached to the application. In order to obtain the required funds, the company proposes to enter into a loan agreement with The Lincoln National Life Insurance Company and, pursuant to the terms thereof, to borrow up to \$1,000,000 and to issue its unsecured 5-1/2 percent sinking fund notes due July 1, 1987, in evidence of such borrowings. Under the terms of the loan agreement, applicant will be required, on July 1, 1964 and on July 1 of each year thereafter, to apply to the prepayment of the notes, without premium, a sum equal to 2 percent of the

largest aggregate principal amount of notes at any time theretofore outstanding. The notes will be redeemable on or after July 1, 1967, at the option of the company, at an initial premium of 5-1/2 percent.

Applicant's financial statements show that during 1961 its operating revenues amounted to \$1,997,153 and its gross income available for interest to \$305,200, after charges of \$239,286 for depreciation. The company's interest charges aggregated \$137,510.

As of June 30, 1962, according to Exhibit 1, applicant had current assets of \$450,006 and current and accrued liabilities of \$900,016. Its capital ratios, as of that date, may be expressed as follows:

Long-term debt	\$2,689,750	27%
Notes payable	600,000	6
Advances for construction	2,222,197	22
Preferred stock	750,000	8
Common stock and surplus	<u>3,646,151</u>	<u>37</u>
Total	<u>\$9,908,098</u>	<u>100%</u>

We have considered this application and based upon the information before us, we find and conclude that applicant will have need for additional funds to meet its obligations, to reimburse its treasury, and to proceed with its construction activities; that applicant's earnings should be sufficient to service the proposed notes; and that applicant will be required to pay a lower

interest rate on the notes it now proposes to issue than it would if the five-year limitation on redemption were to be deleted and that the ensuing lower financial requirements should inure to the benefit of the consumers. We will enter an order granting the application, subject to the provisions set forth in the following order.

The authorization herein given is for the issue of notes only 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 has considered the above-entitled matter, has determined that a public hearing is not necessary, and is of the opinion that the money, property or labor to be procured or paid for through the issue of the notes herein authorized is reasonably required for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted, subject to the terms of this order; therefore,

IT IS HEREBY ORDERED that -

1. Dominguez Water Corporation, on or after the effective date hereof and on or before March 31, 1963, may execute a loan agreement with The Lincoln National Life Insurance Company and, pursuant to the terms thereof, may issue its promissory notes in an aggregate amount of not to exceed \$1,000,000 at any one time outstanding.

2. Dominguez Water Corporation shall use the proceeds to be received through the issue of said notes for the purposes specified in this application, provided, however, that no proceeds shall be used to finance the cost of main extensions which must be financed under the terms and provisions of applicant's filed main extension rule.

3. 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.

4. The authority herein granted shall become effective when Dominguez Water Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California,
this 21st day of AUGUST, 1962.

George G. Grover
President

[Signature]

[Signature]

[Signature]

Fredrick B. Hallock
Commissioners

