

**ORIGINAL**

Decision No. 69516

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
of Dominguez Water Corporation )  
for an order authorizing the )  
acquisition of all of the )  
outstanding common stock of )  
Antelope Valley Water Co. and )  
North Edwards Water Co. )

Application No. 47756 ✓  
Filed July 19, 1965

O P I N I O N

This is an application for an order of the Commission authorizing Dominguez Water Corporation to acquire all of the outstanding capital stock of Antelope Valley Water Co. and North Edwards Water Co.

Applicant is a California corporation engaged in the business of producing, distributing and supplying water in portions of Los Angeles County. For the twelve months ended May 31, 1965, the utility reported total operating revenues of \$2,510,296 and net income of \$332,409. The company's assets and liabilities at May 31, 1965, as set forth in Exhibit No. 1 attached to the application, are summarized as follows:

Assets

Net utility plant	\$11,789,254
Current and accrued assets	1,089,355
Deferred debits	<u>99,491</u>
Total	<u>\$12,978,100</u>

Liabilities

Long-term debt	\$ 3,762,500
Preferred stock	750,000
Common stock and surplus	3,300,031
Advances for construction	3,224,488
Contributions in aid of construction	1,572,344
Current and accrued liabilities	<u>368,737</u>
Total	<u>\$12,978,100</u>

Antelope Valley Water Co. and North Edwards Water Co. are California corporations operating public utility water systems in Los Angeles and Kern Counties under common management which owns all of the outstanding capital stock of each company. The latest annual reports on file with the Commission show that, for the year 1964, Antelope Valley Water Co. realized operating revenues and net income of \$37,497 and \$7,520, respectively, and that North Edwards Water Co. reported \$162 of operating revenues and a \$577 net loss during the same period. The reported assets and liabilities of each company as of May 31, 1965 are included as part of Exhibit No. 3, annexed to the application, and are summarized as follows:

	<u>Antelope Valley Water Co.</u>	<u>North Edwards Water Co.</u>
<u>Assets</u>		
Net utility plant	\$465,003	\$25,924
Current assets	<u>8,066</u>	<u>-</u>
Total	<u>\$473,069</u>	<u>\$25,924</u>
<u>Liabilities</u>		
Advanced from associated company	\$ 44,463	\$ -
Long-term note payable	535	-
Common stock and surplus	321,863	25,924
Advances for construction	90,614	-
Contributions in aid of construction	3,028	-
Current liabilities	<u>12,566</u>	<u>-</u>
Total	<u>\$473,069</u>	<u>\$25,924</u>

According to the Agreement for Purchase and Sale of Stock, a copy of which is attached to the application as Exhibit No. 3, the owners of the outstanding stock of Antelope Valley Water Co. and North Edwards Water Co. have agreed to (a) sell their shares to applicant and (b) forgive the indebtedness of \$44,462.59 owed by Antelope Valley Water Co. to an associated company controlled by said stockholders. It appears that the total purchase price for the stock is \$225,000 cash and that forgiveness of the \$44,462.59 debt will constitute a capital contribution by stockholders.

Dominguez Water Corporation asserts that the stock acquisition contemplated herein is in the public interest because applicant can provide financial resources and a degree of managerial skill, continuity of personnel and

general level of experience and ability in the water utility industry which are not otherwise available to Antelope Valley Water Co. and North Edwards Water Co.

The Commission has considered this matter and finds that: (1) Dominguez Water Corporation, Antelope Valley Water Co. and North Edwards Water Co. are public utility water corporations subject to the jurisdiction of this Commission; (2) Dominguez Water Corporation is financially able to purchase the common stock of Antelope Valley Water Co. and North Edwards Water Co.; and (3) the purchasing, acquiring, taking and holding of all of the outstanding common stock of Antelope Valley Water Co. and North Edwards Water Co. by Dominguez Water Corporation would not be adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The action taken herein shall not be construed as a finding of the value of the outstanding shares of capital stock of Antelope Valley Water Co. and North Edwards Water Co.

O R D E R

IT IS ORDERED that Dominguez Water Corporation may purchase, acquire, take and hold all of the common stock of Antelope Valley Water Co. and North Edwards Water Co. in the manner and substantially upon the terms and conditions set forth in the Agreement for Purchase and Sale of Stock, a copy of which is attached to the application as Exhibit No. 3.

The effective date of this order shall be ten days after the date hereof.

San Francisco

Dated at \_\_\_\_\_, California,  
this 10<sup>th</sup> day of August, 1965.

Frederick B. Holdcroft  
President

Charles E. R. [unclear]  
Attorneys

William W. Bennett

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.