

ORIGINAL

Decision No. 76993

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 DOMINGUEZ WATER CORPORATION,)
 a California corporation,)
)
 for authorization to issue and)
 sell not to exceed \$1,000,000)
 aggregate principal amount of its)
 9-3/4% sinking fund notes due)
 January 1, 1990.)

Application No. 51759
 Filed March 9, 1970

O P I N I O N

Dominguez Water Corporation requests an order of the Commission authorizing it to execute and deliver a Note Purchase Agreement, and to issue, sell and deliver not exceeding \$1,000,000 aggregate principal amount of its 9-3/4% Sinking Fund Notes Due January 1, 1990.

Pursuant to authority granted by Decision No. 76690, dated January 20, 1970, in Application No. 51593, applicant issued a \$500,000 note and a \$400,000 note, both notes being in favor of Bank of America National Trust and Savings Association and bearing a due date of March 31, 1970.

In order to obtain funds for retiring and discharging the indebtedness represented by said notes, and for capital expenditures,

the utility proposes to issue and sell at a price of \$978,550 to The Minnesota Mutual Life Insurance Company not exceeding \$1,000,000 aggregate principal amount of its 9-3/4% Sinking Fund Notes Due January 1, 1990.

A sinking fund will retire 40% of the notes to be issued by maturity, which fund will consist of annual payments equal to 2.1% of the largest aggregate principal amount of the notes at any time outstanding. Until January 1, 1980, the notes will be subject to a restricted prepayment provision similar to that frequently employed in long-term debt issues at the present time.

As justification for the terms pertaining to the proposed notes, the application states the following:

"Applicant has been informed and advised by Eastman Dillon, Union Securities & Co., in connection with the negotiation of the placement of the New Notes on behalf of Applicant that it was necessary to negotiate with a substantial number of prospective institutional investors in order to complete the arrangements for the sale and issuance of the New Notes proposed herein. Applicant has been informed that no investors were found who would be interested in said New Notes at interest rates or terms less burdensome to Applicant than those reflected in the proposed Note Purchase Agreement nor if the nonrefundability period were less than ten years. In view of the very restricted market for long-term debt securities of public utilities and the general tightness of the money market at the present time, Applicant believes that it would not be possible to borrow the funds required by the Applicant at this time without such provisions."

The utility proposes to pay Eastman Dillon, Union Securities & Co. a fee of 1% of the principal amount of the new notes for services rendered. A portion of the proceeds will be applied to expenses incident to the issuance and sale of said notes.

After consideration the Commission finds that:

1. The proposed notes are for proper purposes.
2. The proposed Note Purchase Agreement would not be adverse to the public interest.
3. Applicant will be required to pay interest at a lower effective rate than it would in the absence of the proposed restricted prepayment provision.
4. The money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

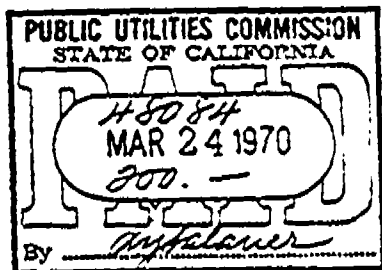
1. Dominguez Water Corporation may execute and deliver a Note Purchase Agreement in the same form, or in substantially the same form, as that attached to the application as Exhibit B.
2. Dominguez Water Corporation, on or after the effective date hereof and on or before June 30, 1970, may issue, sell and

deliver not exceeding \$1,000,000 aggregate principal amount of its 9-3/4% Sinking Fund Notes Due January 1, 1990, at the price and for the purposes as set forth in this proceeding. The notes shall be in the same form, or in substantially the same form, as that attached to the application as Exhibit A to Exhibit B.

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

4. This order shall become effective when Dominguez Water Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California,
this 24th day of MARCH, 1970.



William S. Jones, Jr.
President

[Signature]
[Signature]

Vernon L. Sturgeon
Commissioners

Commissioner A. W. Catov, being necessarily absent, did not participate in the disposition of this proceeding.