

NOV 6 1989

Decision 89-11-025 November 3, 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 Dominguez Water Corporation )  
 (U 330 W), a corporation, and )  
 Dominguez Water Holding Company, a )  
 corporation, for an order authorizing )  
 Dominguez Water Holding Company to )  
 control Dominguez Water Corporation )  
 through ownership of all of its )  
 outstanding shares of stock. )

**ORIGINAL**

Application 89-07-046  
(Filed July 27, 1989)

OPINION

Dominguez Water Corporation (Dominguez) and Dominguez Water Holding Company (Holding Company) (applicants) seek Commission approval of a proposal to form a holding company which will own and control all of the stock of Dominguez, a public utility operating water systems in Long Beach, Carson, Torrance, Compton, and Los Angeles and in unincorporated areas of Los Angeles County.

Both applicants are California corporations. The articles of incorporation of Holding Company are substantially similar to those of Dominguez, except that Holding Company has 4,000,000 common shares authorized while Dominguez has 2,000,000 common shares authorized.

As a result of the proposed acquisition, each common share of Dominguez will be automatically converted into one common share of Holding Company, and each preferred share of Dominguez will be automatically converted into one preferred share of Holding Company of the same class and series and with rights, preferences, privileges and restrictions substantially similar to those of the Dominguez preferred shares being converted. Dominguez's first mortgage bonds will remain as obligations of Dominguez and will not be assumed by Holding Company.

To complete the proposed holding company structure, Dominguez's existing nonutility subsidiary, Hydro-Metric Service Corporation (Hydro-Metric), will become a direct subsidiary of Holding Company, just as Dominguez will be a direct subsidiary of Holding Company. (Hydro-Metric's principal business is the sale, servicing, and repair of water meters and water control devices.)

Dominguez and Holding Company believe that the proposed holding company structure will:

- o Afford clearer separation between utility and nonutility business.
- o Provide flexibility for future utility financing.
- o Make it easier to maintain appropriate capital ratios for Dominguez.
- o Provide organizational flexibility to take advantage of future opportunities in both the utility and nonutility business.
- o Facilitate the further development and financing of the nonutility business, Hydro-Metric.
- o Facilitate Dominguez's future plans to acquire and operate small water utilities in a manner best suited to take advantage of Department of Water Resources loan opportunities.

Dominguez will continue to be operated after the merger exactly as it has been operated in the past. (Because Dominguez has several subsidiaries at the present time, its financial statements are currently prepared on a consolidated basis.) Dominguez believes its revenues and earnings will be unaffected by the merger. Dominguez also believes that the merger will not affect its credit worthiness.

While the immediate control of Dominguez will change from Dominguez's present shareholders to Holding Company, the ultimate control of Dominguez will remain unchanged, since its present

shareholders, upon completion of the transactions, will become shareholders of Holding Company owning the same interest in Holding Company as they now own in Dominguez. The directors of Holding Company are expected to be the same as the directors of Dominguez for the foreseeable future. In essence, the proposed acquisition only effects a technical change in control of Dominguez.

Applicants believe that the consummation of the transactions outlined above will not adversely affect Dominguez, its shareholders or customers, or any other person, and that, accordingly a public hearing of this matter is not required.

The application was noticed by publication in the Commission's Daily Calendar. No protests have been received.

Findings of Fact

1. No public hearing is required.
2. The proposed acquisition of control of Dominguez is not adverse to the public interest.
3. Provision should be made to ensure that Commission staff has the same access to the books and records of Holding Company as if it were an operating public utility.

Conclusion of Law

The application should be granted.

ORDER

IT IS ORDERED that:

1. Dominguez Water Holding Company (Holding Company), a California corporation, may acquire and control Dominguez Water Corporation (Dominguez) in accordance with the terms set forth in the application and applicable provisions of California law.
2. Holding Company shall notify the Commission Advisory and Compliance Division in writing within 15 days after the acquisition is consummated.

3. Holding Company and any other affiliated company transacting business with Dominguez shall, upon request, make all books and records available for review and inspection by the Commission and its staff.

4. The authority granted in Ordering Paragraph 1 shall expire unless it is exercised by July 1, 1990.

This order is effective today.

Dated NOV 3 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. CHANAN  
PATRICIA M. ECKERT  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Wesley Franklin*

WESLEY FRANKLIN, Acting Executive Director

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Decision 89 11 025 NOV 3 1989

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Water Corporation through ownership )  
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