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Decision No. 92579 JAN 6 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY and DOMINGUEZ WATER CORPORATION for an order authorizing the acquisition of the common stock of UEHLING WATER COMPANY by PARK WATER COMPANY from DOMINGUEZ WATER CORPORATION.

Application No. 59465 (Filed February 15, 1980)

O P I N I O N

Park Water Company (Park) requests an order from the Commission authorizing Park, (1) to execute and enter into a stock purchase agreement with Dominguez Water Corporation (Dominguez), and pursuant to such agreement, (2) to authorize Park to purchase for cash all the issued and outstanding capital stock of Uehling Water Company, Inc. (Uehling) which is owned by Dominguez. Notice of the filing of the application appeared on the Commission's Daily Calendar of February 28, 1980. No protests have been received.

The request for authority is made pursuant to Sections 852 and 854 of the Public Utilities Code.

Park is a public utility which provides water service in the southeastern section of Los Angeles County, the Chino area of San Bernardino County and in the vicinity of the City of Lompoc in Santa Barbara County. Park also owns three subsidiary public utilities. They are Pomona Valley Water Company which provides water service in the Chino area of San Bernardino County, Santa Paula Water Works, Ltd. which provides water service in the City of Santa Paula in Ventura County, and the Mountain Water Company which provides water service to the communities of Missoula and Superior, Montana.

The most recent financial statement filed with this Commission shows that Park had total operating revenues of \$3,214,738 and net income of \$120,442 for the nine months ended August 31, 1980. The company's balance sheet on that date is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Total Utility Plant Less Accumulated Depreciation	\$11,832,290
Investment and Fund Accounts	12,649,546
Current and Accrued Assets	2,180,237
Deferred Debits	<u>795,389</u>
Total	<u>\$27,457,462</u>
 <u>Liabilities and Capital</u>	
Common Stock Equity	\$15,503,012
Long-Term Debt	6,674,331
Contributions and Advances for Construction	3,170,160
Other Liabilities	<u>2,109,959</u>
Total	<u>\$27,457,462</u>

Park recently sold parts of its water system under threat of condemnation. The proceeds of the sale are recorded on its balance sheet as Temporary Cash Investments. This is the source of cash from which the proposed stock purchase is to be made.

Park requests authority to purchase all the issued and outstanding common capital stock of Uehling for cash. Uehling is a Class C water utility regulated by this Commission and furnishes water service to approximately 1,040 metered and 420 flat rate services in the Compton area of Los Angeles County. Uehling has 500 shares of its \$10 par value Common Stock outstanding. Uehling reports total operating revenues and net income of \$135,134 and \$190, respectively, for the twelve-month period ended December 31, 1979.

Park seeks authority to execute a stock purchase agreement in substantially the same form as that attached to the application as Exhibit 2. Subject to the terms and conditions of this agreement and consistent with the formula shown as Exhibit A to the Stock Purchase Agreement (Exhibit 2), Park agrees to pay Uehling's shareholder, approximately \$570 per share for all the issued outstanding common shares. The estimated purchase price for all the outstanding stock is approximately \$300,000. The book value of Uehling's stock at December 31, 1978 is \$100,611. The purchase price is 2.83 times the book value.

Park and Dominguez both allege that the acquisition by Park of Uehling stock is in the public interest because the location of the Uehling service area is directly adjacent and in mesh with one of Park's service areas, while the Dominguez service area is several miles removed. This proximity to Park's service area will allow Park to provide more economic service by integrating the operations of the two systems, and will improve each of the companies' operational efficiency.

The staff of the Commission's Revenue Requirements Division and Utilities Division have reviewed the application and have no objection to the stock purchase agreement nor the stock acquisition.

Findings of Fact

1. Park, Dominguez and Uehling are public utilities operating under the jurisdiction of this Commission.
2. Park requests authority to acquire control of Uehling through the purchase of all its issued and outstanding common shares from Dominguez.
3. The control of Uehling by Park through acquisition of all the issued and outstanding capital stock of the corporation would not be adverse to the public interest.
4. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The authorization granted herein is for the purpose of this proceeding only and is not to be construed as a finding of the value of the assets or capital stock of Uehling.

O R D E R

IT IS ORDERED that:

1. On or before July 1, 1981, Park Water Company may purchase and acquire all of the issued and outstanding capital stock of Uehling Water Company, Inc. from Dominguez Water Corporation according to the terms and conditions of the stock purchase agreement attached to the application.
2. On or before July 1, 1981, Park Water Company and Dominguez Water Corporation may execute and enter into a stock purchase agreement in substantially the same form as Exhibit 2 attached to the application.
3. Park Water Company may acquire control of Uehling Water Company, Inc.
4. Within ninety days after the date hereof, Park Water Company and Uehling Water Company, Inc., shall file reports informing the Commission whether or not the control authorized has been completed.

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

Dated JAN 6 1981, at San Francisco, California.

John E. Gynn
President
Michael D. ...
Francis M. ...

Commissioners