

ORIGINAL

Decision No. 39000

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Don Lugo Corporation, a corporation,	:	Application
to transfer public utility assets.)	No. 27445
-----)	

O P I N I O N

In this application, Don Lugo Corporation asks permission to sell its public utility water properties situated near Chino, California, to the following named persons who will take such properties as tenants in common: John W. Dawson and Velma Dawson, husband and wife; Gray Phelps and Marjorie Phelps, husband and wife; Homer Barnes and Mary F. Barnes, husband and wife; Gordon Bell and Fern J. Bell, husband and wife; Kersey Kinsey and Glenn Daugherty. Subsequent to the conclusion of the negotiations for the sale of the properties, Homer Barnes and Mary F. Barnes, husband and wife, have sold their interest to Gordon Bell and Fern J. Bell, husband and wife, who were two of the original purchasers. All of the parties have agreed that Gordon Bell shall act as general manager and shall have sole charge of the operation of the public utility properties.

A copy of the grant deed is on file in this application as Exhibit "A". It shows the interest which each of the purchasers will have in the properties. The deed covers not only the public utility water properties, but also some nonutility properties comprising about 400 acres of land, including a golf course, club house, caddy house, some unsold lots adjacent to the

golf course and lake, and some personal property.

Purchasers have agreed to pay for the properties \$104,150. They have paid \$40,000.00 of the purchase price. The balance is to be represented by an installment note secured by a deed of trust. A copy of the deed of trust and note are on file in this application as Exhibit "B". The face amount of the note is \$64,150, which includes interest on deferred balances calculated at the rate of four percent per annum. The principal and interest are payable at \$900 or more per month until the principal of the note is reduced to \$30,000. Thereafter, the monthly payments are reduced to \$450 or more per month. The lien of the deed of trust attaches to both the utility and nonutility properties which are being transferred, such properties being particularly described in the deed of trust.

By Decision No. 37803, dated April 17, 1945, in Case No. 4683, the Commission found that the Don Lugo Corporation was operating a public utility water system and directed it to file rates, rules, regulations and maps of its system. Such rates, rules, regulations and maps have been filed with the Commission. Reference is here made to said decision and the record in Case No. 4683 for a description of the public utility properties:

Q R D E R

The Commission has considered applicants' request and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of a note for \$64,150 is reasonably required by purchasers for the purpose herein stated; that such

purpose, except for interest included in said note, is not, in whole or in part, reasonably chargeable to operating expenses or to income; and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Don Lugo Corporation may, after the effective date hereof and on or before September 1, 1946, sell to John W. Dawson and Velma Dawson, husband and wife; Gray Phelps and Marjorie Phelps, husband and wife; Homer Barnes and Mary F. Barnes, husband and wife, and/or to their successors and assigns; Gordon Bell and Fern J. Bell, husband and wife; Kersey Kinsey and Glenn Daugherty, the public utility water properties to which reference is made in this application.

2. John W. Dawson and Velma Dawson, husband and wife; Gray Phelps and Marjorie Phelps, husband and wife; Homer Barnes and Mary F. Barnes, husband and wife, and/or their successors and assigns; Gordon Bell and Fern J. Bell, husband and wife; Kersey Kinsey and Glenn Daugherty, may, after the effective date hereof and on or before September 1, 1946, issue for the purpose of paying in part for said properties, a note in the principal sum of not exceeding \$64,150 and execute a deed of trust to secure the payment of said note, said note and said deed of trust to be in, or substantially in, the same form as the note and deed of trust on file in this application as Exhibit "B".

3. Gordon Bell shall file with the Commission within ten (10) days after the transfer of said public utility water properties a statement certified to by a notary public in which he adopts on behalf of the purchasers the rates, rules, regulations

and maps filed with the Railroad Commission by Don Lugo Corpora-
tion.

4. The authority herein granted will become effective when applicants have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Sixty-five (\$65.00) Dollars.

5. The action taken herein shall not be construed to be a finding of value for the properties herein authorized to be transferred.

6. Within thirty (30) days after the execution of said deed of trust and note, Gordon Bell shall file with the Railroad Commission a true and correct copy of said deed of trust and note.

Dated at San Francisco, California, this 21st day of May, 1946.

Harold Anderson
Justin F. Cooney
Samuel W. Davis
Joseph H. Loyell
Harold A. Kule
 Commissioners

