

Decision No. 41461

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
New Lebec Hotel Corporation to sell)
and Burk Enterprises, Inc. to pur-)
chase the business and assets of the)
Lebec Water Works, a public utility,)
selling and delivering water at Lebec,)
Kern County, California)
-----)

Application
No. 28993

In the Matter of the Application of)
Burk Enterprises, Inc. to mortgage)
and hypothecate the lands and faci-)
lities of Lebec Water Works to New)
Lebec Hotel Corporation)
-----)

O P I N I O N

In this application, New Lebec Hotel Corporation asks permission to sell its public utility water system to Burk Enterprises, Inc. The latter asks permission to mortgage the properties to secure the unpaid balance of the purchase price of properties acquired by it from New Lebec Hotel Corporation.

The application shows that New Lebec Hotel Corporation, a California corporation, is engaged in the business of operating a hotel, coffee shop, garage, service station, water works and other businesses at Lebec, Kern County, California. It further shows that it has recently made arrangements to sell all of its properties to Burk Enterprises, Inc., a California corporation, for \$225,000, payable as follows:

(a) Cash payment	\$121,834.81
(b) Assumption of payment of outstanding note	30,000.00
(c) Issue of note	73,165.19

The \$30,000 note is payable in monthly installments of \$450. It bears interest at the rate of 5% per annum.

The note of \$73,165.19 is to be dated September 30, 1947. \$58,441.39 bears interest from August 1, 1947, at the rate of 5% per annum payable quarterly, beginning March 15, 1948. The principal of the note is payable in installments of \$3,000 on or before the 15th day of each third month beginning on the 15th day of September, 1948, and continuing until paid. In addition to said installments, there shall be due on the principal of the note \$7,500 on or before January 1, 1948, \$7,500 on or before February 1, 1948, and \$12,000 on or before June 15, 1948. The payment of the note will be secured by a deed of trust, a copy of which is on file in this application.

Included in the properties which the New Lebec Hotel Corporation has agreed to sell to Burk Enterprises, Inc. is a small public utility water system. The operation of the water system has been incidental and subordinate to the operation of the hotel and other properties owned by New Lebec Hotel Corporation. For 1947, Applicants report the revenues from the sale of water in the amount of \$1,288.58. In addition to supplying water to the hotel, cafe, store and garage of Lebec, the water system supplies water to about fifty consumers. The system consists of a well, pump, tanks and distribution mains. The value of the

system is reported at \$10,500. The lien of the deed of trust which Burk Enterprises, Inc. asks permission to execute attaches to the water properties.

O R D E R

The Commission having considered Applicants' requests and it being 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 the note herein authorized is reasonably required by Burk Enterprises, Inc. for the purposes herein stated, which purposes are 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. New Lebec Hotel Corporation may, after the effective date hereof and on or before May 31, 1948, sell to Burk Enterprises, Inc. all of its public utility properties, equipment and facilities operated under the name of Lebec Water Works.

2. Burk Enterprises, Inc. may, after the effective date hereof and on or before May 31, 1948, assume the payment of said \$30,000 note and issue to New Lebec Hotel Corporation, in part payment for the properties which it has agreed to sell to Burk Enterprises, Inc., its note for the sum of \$73,165.19 and execute a deed of trust to secure the payment of such 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.

3. Within thirty (30) days after the date hereof, Burk Enterprises, Inc. shall file with the Commission a notice showing that it adopts the rates, rules and regulations which New Lebec Hotel Corporation now has on file with the Commission.

4. The authority herein granted will become effective when Burk Enterprises, Inc. has paid the fee proscribed by Section 57 of the Public Utilities Act, which fee is seventy-four (\$74.00) dollars.

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

Dated at San Francisco, California, this 30 day of March, 1948.

R. Z. [Signature]
Justice J. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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Virginia Fleming