

ORIGINALDecision No. 49939

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of W. A. HANSEN and)
 NELLIE B. HANSEN to sell and of)
 HENRY La ZARE and JEANNE La ZARE)
 to buy that certain water system)
 located at Jacumba, San Diego County,) Application No. 35168
 California used in supplying water)
 to residents of the Jacumba Sub-)
 division, under Sections 851-853)
 Public Utilities Code.)

O P I N I O N

W. A. and Nellie B. Hansen, husband and wife, by application filed February 18, 1954, seek authority to sell to Henry and Jeanne La Zare, husband and wife, a water system at Jacumba Hot Springs Resort, in San Diego County. The system supplies water for domestic purposes to residents of Jacumba Subdivision, a 40-acre tract adjoining the unincorporated town of Jacumba, described as follows:

"The Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 8, Township 18 South, Range 8 East, S.B.M., as shown on subdivision Map No. 1707, filed in the office of (1) the County Recorder of San Diego County, May 28, 1919."

The system was found to be a public utility in 1948 and its then owner, Thomas Lee, was directed to file rates. (Decision No. 41447, Case No. 4882.) The properties, formerly owned by the Hansens, passed through a succession of owners and finally reverted to the Hansens at the close of 1953, at which time the Hansens were (2) ordered to improve them. They have now agreed, subject to the

(1) Amendment to Escrow Instructions, dated March 19, 1954, attached to application.

(2) Decision No. 49407, dated December 8, 1953, Case No. 5454. The improvements and the manner of making them are specified in paragraphs 2, 3 and 4 of the order.

Commission's authorization and in accordance with terms of escrow instructions attached to the application, ⁽³⁾ to sell the waterworks properties to the La Zares.

The agreed purchase price of \$260,000 covers the entire Jacumba Hot Springs Resort, comprising some 300 acres of land, a hotel, cottages and a business district and includes the water system. The transaction involves a cash payment of \$30,000, with sellers taking in exchange \$140,000 worth of property from buyers. The remainder of the purchase price is to be secured by a trust deed on a portion only of the Jacumba property, with certain exceptions, and is payable in monthly installments on and before April 1, 1970. The escrow instructions, as amended March 19, 1954, provide that the water system will not revert to the Hansens if buyers should default in their purchase agreement and that the water system shall be excluded from the deed of trust provided for in the original escrow instructions.

The buyers have agreed to accept the water system subject to the requirements of Decision No. 49407 relating to making improvements. They have recently advised the Commission, in writing, that, anticipating Commission authorization for the proposed transfer but mindful of the onset of the summer season and the need for good public relations, they have completed certain improvements including: installation of new transmission lines for delivery of chlorinated water to the subdivision, at a cost of \$2,140; removal of two bottle-necks in head feed lines across the western boundary line of the subdivision, resulting in increased pressure, and the purchase of 500 feet of 4-inch main to be installed along Hober Avenue as a new

(3) Union Title Insurance and Trust Co., Order No. J-540403-4, dated February 2, 1954 as supplemented March 19, 1954.

main feed line for the subdivision, at a cost of \$1,000 for pipe and fittings; removal and replacement of a defective 6-inch line 100 feet in length formerly used as an emergency supply line, at a cost of \$750; calling for bids for a new well and pumping system and for reroofing the domestic reservoir, at a total cost of about \$10,000.

Buyers state that they have funds available with which to make necessary repairs and improvements as required by the Commission and that they have budgeted approximately \$15,000 to be spent on the waterworks during the coming year.

The water system, serving approximately 110 consumers at a flat rate of \$1.50 per month, has long been in need of rehabilitation. The present proposal appears to offer a solution to the problem which has vexed the owners of the system, its consumers and the Commission for a number of years. We therefore find, upon consideration of this application, that the transfer of the water system proposed therein will not be adverse to the public interest. The application, accordingly, will be granted. The buyers will be directed, in accordance with their previous undertaking, to complete the improvement program set forth in Decision No. 49407 and to report developments periodically to the Commission.

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

A public hearing is not deemed necessary.

O R D E R

An application therefor having been filed and considered, the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED that W. A. Hansen and Nellie B. Hansen, husband and wife, may, on or after the effective date hereof and on or before October 1, 1954, sell to Henry La Zare and Joanne La Zare, husband and wife, in accordance with the terms and conditions set forth in the escrow instructions dated February 2, 1954, attached to the application herein as supplemented by additional escrow instructions, dated March 19, 1954, filed herein, the water-works system and appurtenances used in supplying water for domestic purposes to residents of that certain 40-acre tract adjoining the unincorporated town of Jacumba, San Diego County, California, which said tract is more particularly described as follows:

"The Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 8, Township 18 South, Range 8 East, S.B.M., as shown on subdivision Map No. 1707, filed in the office of the County Recorder of San Diego County May 28, 1919."

IT IS HEREBY FURTHER ORDERED that:

(1) The rates and rules of W. A. Hansen, now legally on file with this Commission, shall be refiled within thirty days from the date of transfer under the name of Henry La Zare and Jeanne La Zare, his wife, in accordance with procedure prescribed by General Order No. 96, or in lieu of such refiling, purchasers may file a notice of adoption of said presently filed rates. No increases in the present lawfully filed rates and rules shall be made unless otherwise properly authorized by this Commission.

(2) On or before the date of actual transfer, W. A. Hansen shall refund all deposits which customers are entitled to have refunded; and any unrefunded deposits shall be transferred to and become the obligation for refund of Henry La Zare and Jeanne La Zare, his wife.

(3) The proposed accounting entries by which the properties will be distributed to accounts on the books of the purchasers shall be submitted to the Commission.

(4) If the authority herein granted is exercised, W. A. Hansen shall, within thirty days thereafter, notify this Commission, in writing, of the date of such completion of the property transfer herein authorized and of his compliance with the provisions hereof.

(5) On or before the date of actual transfer of the physical properties herein authorized, W. A. Hansen shall transfer and deliver to Henry La Zare and Jeanne La Zare, his wife, and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the waterworks system hereinabove authorized to be transferred.

(6) Henry La Zare and Jeanne La Zare, his wife, shall, within 180 days from and after the date of actual transfer of said properties, complete the improvements, additions and betterments to said water system described in paragraph 2 of the order in said Decision No. 49407, in Case No. 5454, and beginning on the sixtieth day after the date of actual transfer and monthly thereafter shall file the written progress reports required by paragraph 3 of the order in said Decision No. 49407, and within thirty days after the date of actual transfer may file with this Commission an alternative proposal for improvements to said water system, as provided by paragraph 4 of the order in said Decision No. 49407 and in accordance with the terms and conditions set forth in said paragraph 4. The provisions of paragraphs 2, 3 and 4 of said order in said Decision No. 49407, relating to the making of improvements, the filing of monthly reports and an alternative proposal for improvements, are hereby incorporated in this order by reference and said

Henry La Zare and Jeanne La Zare, his wife, are hereby directed to comply therewith in the manner and at the times herein specified.

Finding that the public interest requires that this order become effective without undue delay,

IT IS FURTHER ORDERED that the effective date of this order shall be five days after the date hereof.

Dated at San Francisco California, this 20th day of April, 1954.

R. J. [Signature]
President
Justin J. Calver
Bennett Potter
John L. [Signature]
Gene Higgins
Commissioners