



system was an outgrowth of Yucca Water Co., Ltd., from which latter company the Anderson system was separated as a result of Decision No. 52021.

Yucca Water Co., Ltd., in its Application No. 39717, filed January 3, 1958, sought authority to extend its service area into Al Anderson's Section 36, but the Commission, by Decision No. 57986, dated February 9, 1959, in Case No. 6187 and said Application No. 39717, dismissed Yucca's application. However, Al Anderson was ordered to make certain filings with the Commission, particularly with respect to water main extension contracts and maps of his water system. These filings were made in part, only. Parts remain to be made.

On November 13, 1959, the original articles of the applicant corporation were filed with the Secretary of State. They provide for the issue of only one class of shares of stock, of no par value. The total number of said shares authorized to be issued is 1,000. The first directors of the corporation are stated to be Al Anderson and Elinor Anderson of 600 E. Bay Avenue, Balboa Beach, California, and Robert Schoenleber, Alta Loma, Yucca Valley, California. Robert Schoenleber has been managing and operating the Anderson water system in Yucca Valley. He is also one of the subdividers of Alta Loma subdivisions in Section 11. He is also one of the parties of the second part to the Agreement, Exhibit No. 1, hereinafter discussed.

On or about November 17, 1959, Al Anderson and Elinor Anderson, his wife, doing business as Joshua Forest Water Company, entered into an Escrow Agreement and Conditions of Loan with certain subdividers of Yucca Valley, in unincorporated territory of San Bernardino County. Part of the terms of the escrow were, on the

one hand, that the corporation should be formed by the Andersons, and on the other, that the subdividers should lend to the Andersons and the corporation, the sum of \$39,000 with which to make certain improvements in Anderson's existing water system.

On December 31, 1959, the corporation Joshua Forest Water Co., filed the instant application.

On January 12, 1960, the Commission instituted its investigation into the operations, service and practices of Al Anderson, an individual, doing business as Joshua Forest Water Company.

On March 2, 1960, by its first amendment to the application, Al Anderson, as president of the applicant corporation, repeated the corporation's request that the certificate granted to Al Anderson by Decision No. 52021 be transferred to the applicant corporation herein.

On June 16, 1960, a public hearing on the application as originally filed, as first amended, and on the Commission's investigation, was held before Examiner Stewart C. Warner, at Yucca Valley.

At such hearing it became evident that neither Al Anderson nor Joshua Forest Water Co., was prepared to make a complete showing, especially in view of the results of the Commission's investigation made of record at the hearing.

The Commission staff submitted reports, as Exhibits Nos. 12 and 13, of the results of its investigations of the operations and finances of Al Anderson, which disclosed lack of management, and accounting and bookkeeping deficiencies.

The staff engineering report showed that Anderson had extended his water system to subdivisions outside his certificated

areas, both contiguously and noncontiguously, sometimes with and sometimes without effective main extension contracts with subdividers, and that, despite questionable water supplies and unsatisfactory operating practices, Anderson had illegally expanded his water system into areas of low customer density.

At the June, 1960, hearing, the matter was continued to a date to be set for the purpose of providing the applicant corporation with an opportunity to make an adequate showing with respect to its application.

Al Anderson had substantial nonutility interests, and because of his inability to satisfy a judgment rendered against him resulting from a suit relating to one of his nonutility properties, he became bankrupt. His bankruptcy proceedings are being supervised by a Referee in Case No. 107233 H-M under Chapter XI, Plan of Arrangement proceedings.<sup>1/</sup>

In an attempt to secure additional revenues to meet what appeared to be financial losses from his public utility water system operations, allegedly creating a financial emergency, Anderson filed his Application No. 43015 on December 28, 1960, seeking an emergency order authorizing an increase in rates for

<sup>1/</sup> In said proceeding the United States District Court, Southern District of California, Central Division, on September 22, 1961, issued its "Order Approving Application of Debtor to Transfer Public Utility Assets of Debtor to Joshua Forest Water Co., a California Corporation; to Approve Agreement of Debtor, dba Joshua Forest Water Company, a Public Utility and of Elinor Anderson, His Wife, with Various Third Parties; to Approve Option Agreement; to Approve and Adopt Debtor's Amended Applications Pending Before Public Utility Commission; to Issue Stock; to Transfer Certificate to New Corporation and Approval of Other Matters as Set Forth in the Debtor's Application Filed Herein".

water service charged by him. Said application was denied by Decision No. 62274 dated July 13, 1961. In said decision, the Commission found, based on financial information available to it covering the financial results of operation for the first five months of 1961, that no financial emergency existed. In this connection, it should be noted that the record shows that, prior to December 31, 1960, Anderson's accounting and bookkeeping practices did not permit a determination to be made of the financial condition or the results of operations of the water system. Late in 1960, Anderson employed a qualified bookkeeper, who has since improved Anderson's accounting practices to the point where relatively accurate financial results of operations may be ascertained.

On March 27, 1961, a pre-hearing conference was held by Commissioner Frederick B. Holoboff, and Examiner Warner, in Los Angeles, and the applicants, subdividers, and all interested parties were given an opportunity to air their views of the issues and problems involved in water service by Anderson; the proposed water service and capitalization and management of the corporation; and to review possible solutions thereto.

On April 3, 1961, the applicant corporation filed its second amendment to the application, and therein more carefully and in greater detail set forth its proposed solutions to the water service problems in Yucca Valley of the Joshua Forest Water Company interests.

Attached to the second amendment as Exhibit No. 1 is an Agreement, dated March 28, 1961, entered into by the Andersons,

parties of the first part, and Alta Loma Subdivision, Art Miller, Robert Potter, Sky Harbor Ranchos and Estates, and Yucca Valley Properties, Inc., subdividers, parties of the second part. Said Agreement represents an attempt by certain of the subdividers to provide responsible financial and management backing for the future operations of the applicant corporation.

On April 6 and 7, 1961, adjourned hearings were held before Commissioner Holoboff and Examiner Warner at Yucca Valley. No one protested the granting of the application.

At the adjourned hearings, a Commission staff financial witness testified, and a staff engineering witness testified and submitted an up-to-date report on the results of his investigation of the application, as amended, as Exhibit No. 14; and the applicant corporation adduced testimony and other evidence through its consulting engineering witness and other witnesses. The matters were submitted for decision on the last-named date, subject to the receipt of late-filed exhibits on or before April 24, 1961. These exhibits have been received, and the matters are now ready for decision.

#### Water System Operations

AS OF April 1, 1961, Anderson was furnishing water service to approximately 280 consumers.

The Commission takes official notice of the popularity and growth of both the upper and lower Mojave desert regions of California and is aware of the interests of subdividers in the desert areas. The subdivision and development of the Yucca Valley area, which is north of Joshua Tree National Monument along the 29 Palms highway is an example. Purchasers of lots have evidently

been motivated by their desire to own small plots of land for health purposes, to avoid the problems of metropolitan living, and to pioneer new areas.

Water service has been extended by Anderson into areas comprising in excess of 2,600 acres of land subdivided into about 2,700 lots. The extensions have been made in and into Sections 1 and 11, T1S, R5E; and into Sections 36 and 25, T1N, R5E; into Section 31, T1N, R6E; and into Sections 6, 7 and 17, T1S, R6E, as shown on the map Exhibit No. 20 filed at the hearing.

Exhibit No. 39 submitted by a staff engineer is a summary of water system material installed, showing those facilities that are sub-standard in relation to General Order No. 103, and related information. The exhibit relates each water system installation by tract number to the referenced paragraph of the second amendment to the application, and shows section number, number of lots, acres, and customers in each tract; the length, size, gauge, and dipping and wrapping of pipeline installations; and the date, cost and subdivider.

Exhibit No. 39 shows that several of the large subdivisions have no water customers, and that others have less than 10. In fact, all of the 27 subdivisions except those in Section 1, have less than 20 customers.

The applicant's sources of water supply are two wells with a tested combined pumping plant production capacity of 553 gallons per minute. Total installed reservoir storage capacity is about 650,000 gallons, and a 100,000-gallon reservoir is proposed to be installed in Section 25. The range in elevation

of the applicant's present and proposed service areas is between 3,200 and 4,000 feet above sea level, and this range necessitates several pressure zones within the system, and will require the installation of valves and pressure regulators in order to maintain operating pressures below the maximum pressures permitted by General Order No. 103.

Late-filed Exhibit No. 35 shows that the present sources of water supply, together with the reservoir storage capacity presently installed and proposed to be installed, and the present and proposed distribution and transmission mains are adequate to serve approximately 925 customers on a flat rate basis. The potential number of customers which might be served from the presently installed pumping plant, storage, and distribution facilities would probably be doubled if all customer services were metered. However, the record shows that the static water level of the basin in which Anderson's wells are located declined 15 feet in the eleven-year period from 1946 to 1957, and dropped an additional 15 feet between 1957 and 1960, thus indicating an overdraft of the basin at an accelerated rate. ✓

Rates

All water service is furnished on a flat rate basis, although Anderson was authorized by Decision No. 52021 to, and did, file schedules of rates for both flat rate and general metered service. Anderson's present rates for both types of service became effective February 12, 1956, and have been in effect since that date. The present flat rate is \$3 per service connection per month. ✓



Anderson's presently filed rates for general metered service are as follows:

GENERAL METERED SERVICE RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 500 cu.ft. or less .....	\$2.00
Next 500 cu.ft., per 100 cu.ft. ....	.25
Next 4,000 cu.ft., per 100 cu.ft. ....	.20
Over 5,000 cu.ft., per 100 cu.ft. ....	.15
 Minimum Charge:	
For 5/8 x 3/4-inch meter .....	2.00
For 2/4-inch meter* .....	2.50 ✓
For 1-inch meter .....	3.00
For 1½-inch meter .....	5.00
For 2-inch meter .....	7.50

The Minimum Charge entitles the customer to the quantity of water which that minimum charge will purchase at the quantity rates.

\* This should read 3/4-inch meter. ✓

Proposed Financing of the Applicant Corporation

Those certain subdividers, parties of the second part to the Agreement, Exhibit No. 1, propose to finance the applicant corporation by the purchase of a total of 1,058 shares of stock of the applicant corporation on the basis of one-third of the value in shares of stock of amounts expended by the second parties for the installation of water pipe lines, reservoirs, pumps and other water facilities in their respective tracts, and in installations provided for under the aforementioned Escrow Agreement, and to contribute \$7,500 of cash to be used by the corporation as operating capital. Each subdivider will purchase the number of shares in the proportion that the cost of the water system installation in his subdivision bears to the total water system installations

proposed to be acquired by the corporation through the issuance of stock.

The escrow Agreement and Conditions of Loan heretofore referred to, have not been fully carried out by those subdividers who were parties to the escrow, and the amount of \$12,000 is due and payable to the escrow thereby. The Agreement, Exhibit No. 1, provides for this payment to the escrow. Such payment, plus the cash contributions heretofore referred to, will provide the applicant corporation with \$19,500 of working cash capital.

The Agreement, Exhibit No. 1, further provides that the applicant corporation shall cause its articles to be amended to provide for a capitalization of \$200,000, to be divided into 2,000 shares of a par value of \$100 each, and to increase the number of directors from 3 to 5.

It is evident that the subdividers Art Miller and Sky Harbor Ranchos and Estates, with ownership, respectively, of 290 shares and 438 shares of capital stock of the applicant corporation, presently proposed to be issued, will control it. ✓

On the assumption that the intent of the parties in taking stock at one-third of the water system installation costs was that the remaining two-thirds (or \$261,703.05) would be treated as contributions in aid of construction, the total plant and working capital would amount to \$460,049.38 and would be offset by the following items:

Advances for Construction	\$ 60,046.33
Contributions in Aid of Construction	261,703.05
Common Stock - Stated Value	130,800.00
Contributed Surplus	<u>7,500.00</u>
Total	<u>\$460,049.38</u>

A staff financial witness, in commenting on the classification of the \$261,703.05 as contributions, testified that, in his opinion, such a procedure would be in the best interest of both the company and its consumers in that there would be a reduction in rate base and in depreciation expenses, the difference in such depreciation expenses being estimated at approximately \$5,200.00 a year.

This witness further testified that the total of \$60,046.33 for Advances for Construction included contracts with the subdividers Bendall, Alta Loma, and Art Miller; that the latter's contract is apparently signed by Art Miller only, and therefore may not be a completely executed contract; and that, as he understood it, Art Miller had asked that stock be issued to him rather than continuing or completing the contract. The remaining total of \$22,059.95 represents the only two executed main extension contracts.

This witness further testified that the second amendment suggests that refund contracts be entered into with six additional subdividers, to wit: Lawson, \$10,091.86; Watkins and Stanley, \$4,968.81; Yucca Valley Investment Co., \$2,694.44; Martell, \$4,511.71; Leonard, \$11,004.29; Peters, agent (Yucca Nolina), \$4,715.27; for a total of \$37,986.38. The record shows that Martell has a lease contract with Al Anderson in which he has retained title to his facilities. The record shows that Leonard or Lawson might be willing to contribute their plant to the water company without any refund contract. This staff witness recommended that refund contracts not be issued covering the extensions as to the six aforementioned subdividers.

It appears that the last-mentioned recommendation of the staff has merit and is reasonable in view of the fact that main extension contracts containing refund provisions would unduly and adversely affect the applicant corporation's cash operating position in the foreseeable future.

Staff Engineering Recommendations

The Commission engineering staff, in Exhibits Nos. 12 and 14, made the following recommendations:

- (a) Compute depreciation accruals as required by Decision No. 52021.
- (b) File four copies of comprehensive maps.
- (c) Determine ownership of plant and secure title to all utility plant.
- (d) Completely meter the system.
- (e) Construct a new eight-inch diameter main from Well No. 1 to Reservoir No. 1.
- (f) Provide an engineering study of the water supply, storage, transmission, and distribution system for the purpose of developing a master plan to provide for the establishment of different pressure zones for the various elevations, a design for an adequate grid system with adequate valving to guarantee reasonable continuity of service, adequate storage to provide sufficient water to meet peak flow requirements, and provide reasonable storage in case of interruption of water supply. Estimates of the cost to carry out the master plan should be made and a timetable for its completion should be developed. The master plan, along with related cost, timetable, and a statement of the sources of the funds necessary to carry out the plan, should be submitted to the Commission within six months after the decision is rendered in this matter.
- (g) An inventory, appraisal, and reserve requirement study should be made of the facilities within the

certificated area and the area contiguous to the system. This study should show the utility plant classified by accounts. In addition, the study should show those facilities that were contributed to the utility, those facilities that were transferred to the utility in exchange for main extension contracts, those facilities owned by Al Anderson, and those facilities that would not fall under any of the above categories.

(h) The applicant corporation should negotiate and complete main extension contracts for all distribution facilities not owned by it. These contracts should be submitted to the Commission. If any of the utility plant is not owned by Al Anderson and cannot be obtained by issuing a standard main extension contract, the utility should obtain title to the facilities and request Commission authorization for such procedure.

(i) The applicant corporation should comply with previous Commission decisions and inform the Commission in writing of such compliance.

(j) A bacteriological testing program, carried out in accordance with the requirements of the State Health Department should be instituted.

(k) The applicant corporation should file a new Water Supply Permit covering its expanded service area (and the identity as a corporation, if this portion of Application No. 41816 is approved).

(l) Adequate overflow facilities should be installed at storage tanks and reservoirs to safely convey

any overflow to a natural drainage course or storm drain facility.

(m) Joshua Forest Water Co., a corporation should be restricted to serving in and to Al Anderson's presently certificated area and in and to the areas contiguous thereto until the utility has complied with the foregoing suggestions (d) through (l).

(n) The utility should file a schedule of rates providing for fire hydrant charges.

In view of the proposed transfer of Al Anderson's water system to Joshua Forest Water Co. there is no need at this time to dispose of the issues raised in Case No. 6406, relative to the adequacy of Al Anderson's finances, water supply and facilities. In the event, however, the transfer is not effected, Al Anderson is hereby placed on notice that, unless authority is first obtained from the Commission:

1. He must not extend his water system to any territory in which water service was not being furnished by him as of April 7, 1961.

2. He must not make any main extensions outside the provisions of his filed main extension rule.

3. He must not install or acquire materials and facilities which do not meet at least the minimum requirements of this Commission's General Order No. 103.

#### Findings and Conclusions

After a careful review of the record, the following findings and conclusions are made:

1. That the proposed acquisition of Al Anderson's water system properties and the transfer of the certificate of public convenience and necessity granted to him as an individual by Decision No. 52021 is not adverse to the public interest and should be granted, subject to those certain conditions set forth in the order which follows.

2. That the application of Joshua Forest Water Co., a corporation, seeking authority to execute and carry out the Agreement with Al Anderson dated March 28, 1961, attached to the second amendment to the application as Exhibit No. 1, should be granted, and that applicant be authorized to execute and carry out said Agreement.

3. That public convenience and necessity require that a certificate of public convenience and necessity be granted to Joshua Forest Water Co., a corporation, to extend its water system into Section 25, T1N, R5E; Section 31, T1N, R6E; Section 11, T1S, R5E; and Sections 6, 7 and 17, T1S, R6E, S.B.E.&M., in unincorporated territory of San Bernardino County, except that such certificate should apply only to those subdivisions and areas set forth in Paragraph VII of the second amendment to the application, and as listed on Exhibit No. 39, except Tract No. 6222 in which no facilities have been installed and which should be specifically excluded from the certificate granted hereinafter.

4. That in view of the limited water supply available to the utility and the as yet undemonstrated successful operations of the applicant corporation, from a financial and management standpoint, the public interest requires that the certificate of public convenience and necessity hereinafter granted should be limited to those subdivisions and areas set forth in Paragraph VII, hereinbefore referred to, and in which water service was being furnished as of April 7, 1961, and that the applicant corporation should be restricted from extending its water systems without further order of the Commission.

5. That the applicant corporation should be authorized and directed to apply Al Anderson's presently filed tariffs to the areas certificated to it.

6. That, in order to effect conservation of water supplies and usage, and in order to place the applicant corporation's

operations on a firm financial basis, the public interest requires that said corporation be directed to meter all customers' water service connections by April 1, 1962, and to report to the Commission, within 10 days after such metering program has been completed, its compliance therewith, and on or before April 1, 1962, to cancel its Schedule No. 2, Residential Flat Rate Service.

- 7.(a) That the staff financial and accounting recommendations heretofore outlined are reasonable, and that the applicant corporation should be directed to carry them out.
- (b) That, to the extent mutually agreeable arrangements can be made by the applicant corporation and the appropriate developers as to the amount of contribution and the amounts of stock to be issued, (1) all existing main extensions not heretofore covered by main extension contracts should be financed through the issuance of stock; (2) the applicant corporation should effect such financing within 90 days after the effective date of the order which follows; and (3) said corporation should, within 10 days thereafter, notify the Commission in writing of such financing.
- (c) That the staff engineering recommendations, except Item (h) regarding main extension contracts, and Item (m) regarding restriction of service in and to the originally certificated area and in and to areas contiguous thereto, are reasonable, and that the applicant corporation should carry them out within the time limits hereinafter prescribed. To whatever extent it is not possible for the applicant corporation to follow the recommendations in 7.(b) above, the staff engineer's recommendation Item (h) is reasonable.

The certificate of public convenience and necessity granted herein shall be subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.



The approval and authority to execute the terms of the Agreement, dated March 28, 1961, Exhibit No. 1 attached to the second amendment, hereinafter granted, shall not be construed to be a finding of the value of the properties proposed to be acquired by the applicant corporation through the issuance of stock, the payment of cash, or by any other means, and shall not, necessarily, be utilized as a basis for the fixing of rates for water service.

O R D E R

Application as above entitled having been filed and having been amended, public hearings having been held, the matter having ~~been submitted~~ and now being ready for decision,

IT IS HEREBY ORDERED, as follows:

1. (a) That Joshua Forest Water Co., a corporation, be and it is, permitted to acquire, and Al Anderson, be, and he is, permitted to transfer to said corporation, Al Anderson's water system, assets and rights together with the certificate of public convenience and necessity granted to him by Decision No. 52021.

(b) That on or before the date of actual transfer, Al Anderson shall refund all customer's deposits, if any, which are subject to refund as of the date of transfer. Any unrefunded deposits shall be transferred and become the obligation for refund of the applicant corporation.

(c) That Al Anderson shall, within thirty days after the authority herein granted is exercised, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of his compliance with the conditions hereof.

(d) That on or before the date of actual transfer of the physical properties herein authorized, Al Anderson shall transfer and deliver to the applicant corporation, and the latter shall

receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

2. That the application of Joshua Forest Water Co., a corporation, and Al Anderson seeking approval of the Agreement dated March 28, 1961, attached to the second amendment to the application as Exhibit No. 1, be and it is granted, and that the parties be and they are hereby authorized to carry out said agreement.

3. That the applicant, Joshua Forest Water Co., the corporation, be, and it is, authorized to issue 1,308 shares of its capital stock of a par value of \$100 each, and an aggregate par value of \$130,800, to the parties named in the Agreement Exhibit 1, hereinbefore referred to, in the amount and for the purposes therein set forth, except that the authority herein granted shall not be effective until Joshua Forest Water Co., a corporation, shall have filed with the Commission a certified copy of the amendment to its Articles of Incorporation, to provide for a capitalization of \$200,000 to be divided into 2,000 shares of a par value of \$100 each, and to increase the number of directors from three to five, and, further, shall have notified the Commission in writing of the names and addresses of such directors, and the officers of the corporation, elected by such directors.

4.(a) That, in addition to the transfer of Al Anderson's certificate of public convenience and necessity authorized by

paragraph 1.(a) herein, Joshua Forest Water Co., a corporation, be, and it is, granted a certificate of public convenience and necessity to acquire, extend, construct and operate a water system to serve the following territory:

- (1) A portion of Section 25, T1N, R5E, SBB&M, consisting of Tracts Nos. 5512, 5997 and 6180.
- (2) The SE 1/4 of Section 31, T1N, R6E, SBB&M, consisting of Tract No. 6124.
- (3) A portion of Section 11, T1S, R5E, SBB&M, consisting of Tracts Nos. 5726 and 5964.
- (4) The N 1/2 of Section 6, T1S, R6E, SBB&M, except for the SE 1/4 of the NE 1/4 of that section, and consisting of Tracts Nos. 5802, 6107, 6200 and 6238 and adjacent unsubdivided areas within the NW 1/4 and the N 1/2 of the NE 1/4 of Section 6.
- (5) A portion of Section 7, T1S, R6E, SBB&M, consisting of Tracts Nos. 5936 and 6169.
- (6) A portion of Section 17, T1S, R6E, SBB&M, consisting of Tracts Nos. 5891 and 6066.

(b) That Joshua Forest Water Co., a corporation, shall not extend its water system outside the boundaries of the areas certificated to it by Paragraph 4(a) herein, without further order of the Commission.

(c) That when the number of customers reaches 500 or on or before January 1, 1964, whichever is earlier, the applicant corporation shall report to the Commission in writing the number of customers served and shall within thirty days thereafter submit to the Commission in writing a program for the development of additional sources of water supply of an adequate capacity to meet foreseeable future demands upon its water system; such plan to be effected within ninety days after its submission to the Commission.

5. That the applicant corporation be, and it is, authorized to apply the presently filed tariffs of Al Anderson to the areas certificated herein, and shall, within thirty days after the effective date hereof, refile Al Anderson's presently filed tariffs to so provide and to provide for the change in title and status of ownership of the public utility water system properties herein authorized to be acquired by Joshua Forest Water Co., a corporation, and authorized to be transferred by Anderson to said corporation.

6.(a) That the applicant corporation shall immediately commence to install meters on all customer service connections and shall have completely metered its water system on or before April 1, 1962, and shall report to the Commission, within ten days after such metering program has been completed, its compliance herewith.

(b) That the applicant corporation shall continue metering its water system and shall, on or before April 1, 1962, cancel its Schedule No. 2, Residential Flat Rate Service.

7.(a) That the applicant corporation be, and it is, directed to carry out the staff financial and accounting recommendations outlined in the preceding opinion.

(b) That the applicant corporation, be, and it is, directed to, (1) negotiate with the appropriate developers in an attempt to finance all existing main extensions not heretofore covered by main extension contracts or by issuance of stock as authorized by Ordering Paragraph No. 3 herein through contributions and the issuance of stock; (2) effect whatever such financing is possible within ninety days after the effective date hereof; and (3) within ten days thereafter, notify the Commission in writing of such financing. For whatever extensions such financing cannot be negotiated, the filed main extension rule shall apply.

8. That the applicant corporation be, and it is, directed to carry out the staff engineering recommendations outlined in the

preceding opinion, except Items (n) and (m) thereof, and shall report to the Commission in writing within thirty days after the effective date of this order its progress in its compliance herewith, and every ninety days thereafter until completed. Item (h) shall apply, to the extent it does not conflict with Ordering Paragraph 7. (b) above.

9. That in all other respects the application and the application as amended be, and they are, denied.

10. That Case No. 6406 be, and it is, discontinued.

11. That upon due compliance with all the conditions of this order, Al Anderson shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

The certificate of public convenience and necessity herein granted and the authority to issue stock herein approved shall expire if not exercised before June 30, 1962.

The effective date of this order shall be the date upon which Joshua Forest Water Co., the corporation, shall have complied with the provisions of Paragraph 3 of the order herein.

Dated at San Francisco, California, this 3rd  
day of OCTOBER, 1961.

[Signature] President

[Signature]

[Signature]

Commissioners

Everett C. McKeage  
Commissioners: Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.