

Decision 92-03-077 March 31, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
QUAIL LAKE WATER COMPANY, a)
California corporation, to borrow)
funds under the Safe Drinking Water)
Bond Act and to add a surcharge to)
water rates to repay the principal)
and interest on such loan.)
(U 93-W))

ORIGINAL

Application 85-06-014
(Petition for Modification
filed January 27, 1992)

SUPPLEMENTAL OPINION

Quail Lake Water Company (QLWC), a California corporation, requests modification of Decision (D.) 90-05-003, issued May 4, 1990, which authorized QLWC to borrow \$731,887 from the State of California, Department of Water Resources (DWR), and to use the proceeds for improvements to its water system.

Applicant, with the encouragement of the Department of Health Services, has developed a well site which it proposes to use in lieu of a treatment plant approved in D.90-05-003. DWR has reserved additional loan principal of \$55,385, for a total estimated loan principal of \$787,272, to enable this domestic water system to meet minimum safe drinking water standards.

Modifications

DWR has approved additional funds for the following changes:

For Step I Improvements Reduction in cost of new gravity transmission line	\$ (6,851)
For Step II Improvements Increase size of storage tank from 300,000 to 400,000 gallons	43,875
For Step III Improvements Delete proposed water treatment plant and substitute well with capacity of 135 gpm	16,748
DWR 3% loan administration fee	1,613
Loan approved in D.90-05-003	<u>731,887</u>
Loan as modified	\$787,272

Surcharge Rates

To accommodate the proposed modifications, DWR has extended the completion date of the QLWC project to September 30, 1993, this extension obviates the necessity for any increase in the surcharge rates established in D.90-05-003.

Notice

QLWC's petition was served upon all parties of record in D.90-05-003, according to the certificate of service attached to the petition. No protests have been received.

Findings of Fact

1. D.90-05-003 authorized QLWC to borrow \$731,887 from DWR and to use the proceeds to improve its water system so as to meet minimum safe drinking water standards.
2. QLWC, with the encouragement of DWR, has modified its proposed improvements by deleting a water treatment plant and substituting a well with a capacity of 135 gpm.
3. Modifications will increase the project's cost by \$55,385 to a total of \$787,272.

4. The modifications are needed to produce a healthy and reliable water supply.

5. Approval of the modifications is recommended by the Commission Advisory and Compliance Division.

6. There is no known opposition to the Petition for Modification of D.90-05-003 and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The utility plant furnished through this Safe Drinking Water Bond Act loan should be permanently excluded from rate base for ratemaking purposes.

3. The Petition for Modification should be granted.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Quail Lake Water Company (QLWC) is authorized to borrow an additional \$55,385 from the State of California, Department of Water Resources (DWR) by executing an amendment to the loan contract approved in Decision (D.) 90-05-003 and to use the proceeds for the purposes specified in the Petition for Modification.

2. Plant financed through the Safe Drinking Water Bond Act loan shall be permanently excluded from rate base for ratemaking purposes.

3. QLWC shall file with the Commission Advisory and Compliance Division a copy of the amendment to the loan contract with DWR within 30 days after the effective date of this decision.

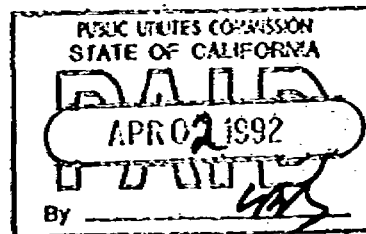
4. QLWC's Petition for Modification is granted as set forth above.

5. In all other respects, D.90-05-003 remains in full force and effect.

The authority granted by this order to issue an evidence of indebtedness and to execute a loan contract will become effective when the issuer pays \$111 set by Public Utilities Code § 1904(b). In all other respects, this order becomes effective 30 days from today.

Dated March 31, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners



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I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY

Neal J. Shulman
NEAL J. SHULMAN, Executive Director