

Decision 83 07 004 JUL 20 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Hillcrest Water Company, Inc., 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.

Application 82-09-02
(Filed September 3, 1982)

Art Coupe and Robert F. Young, for applicant.
Jack G. McLeskey, for Customer Group and Group I; Wayne Hinsdale, Attorney at Law, for himself and residents of New Helvetia Subdivision; Robert M. Gengler, Attorney at Law, for himself and property owners of Region IV; interested parties.
Mary McKenzie, Attorney at Law, and C. Frank Filice, for the Commission staff.

O P I N I O N

Hillcrest Water Company, Inc. (Hillcrest) seeks authority to borrow \$1,545,000 at an interest of 8.5% per annum, under the California Safe Drinking Water Bond Act of 1976 (SDWBA) (Water Code §§ 13850 et seq.). The proposed length of the loan is 35 years. Hillcrest also seeks authority to increase present rates by a surcharge, the proceeds of which would be used to repay the principal and interest on the loan.

A duly noticed public hearing was held before Administrative Law Judge O'Leary on March 8, 1983, at Yuba City. The matter was submitted, with the filing of Exhibit 5 by the Commission staff (staff), on March 18, 1983.

Hillcrest's service area is situated in the Yuba City area. It serves a total of 1,654 customers and is composed of four separate noncontiguous water systems/regions as follows:

<u>Region</u>	<u>Area</u>	<u>Approx. No. of Custmrs</u>
I	East Hillcrest	830
II	Westgate	461
III	West Hillcrest	281
IV	New Helvetia	82

All service is on a flat rate basis.

The planned improvements and reasons necessitating them are as follows:

Region I - East Hillcrest Area

High iron, manganese, and hydrogen sulfide concentrations will be eliminated by installing a 1.6 MGD treatment plant. Additionally, the existing water distribution system has areas of old and deteriorated pipes that require constant repairs and create many water outages. The following improvements are proposed for the service area:

1,400 lineal feet of 8-inch diameter distribution pipe on South Barrett Road, 1,600 lineal feet of 8-inch diameter distribution pipe on Phillips Road, 550 lineal feet of 8-inch diameter distribution pipe on Creswell Drive, 2,000 lineal feet of 8-inch diameter distribution pipe on Meadow Avenue, and 300 lineal feet of 8-inch diameter distribution pipe on Lincoln Road. There is also 2,350 lineal feet of 8-inch diameter transmission pipe from Well #2 to Well #3 on Phillips Road and Creswell Drive. Six-inch distribution pipe required in Region I is 200 lineal feet on Ronald Way, 200 lineal feet on Barbara Way, 350 lineal feet on Carlotta Way, 750 lineal feet on Meadow Avenue, and 300 lineal feet on Kathleen Way.

In addition to installing the new mains noted above, new fire hydrants, blow offs, and pressure relief valves will be installed where required to improve the system.

The estimated cost of the above improvements is \$621,000 plus the Department of Water Resources' (DWR) fee (3%), \$18,630, a total of \$639,630.

Region II - Westgate Area

High iron, manganese, and hydrogen sulfide concentrations will be eliminated by installing a 1.0 MGD treatment facility. Additionally, a storage tank will be provided to equalize flow plus supply fire demands.

The estimated cost is \$261,000 plus the DWR fee (3%), \$7,830, a total of \$268,830.

Region III - West Hillcrest Area

High iron, manganese, and hydrogen sulfide concentrations will be eliminated by a 0.6 MGD treatment plant. A storage tank will be provided to equalize the flow and provide fire demands.

Additionally, the existing water distribution system has areas of old and deteriorated pipes that require constant repairs and create many water outages. The following improvements are proposed for the service area:

250 lineal feet of 10-inch diameter pipe to connect the proposed treatment plant with the mains on Crest Drive. 1,250 lineal feet of 8-inch diameter pipe on Buchanan Road, 1,100 lineal feet of 8-inch diameter pipe on Rushing Street, 1,000 lineal feet of 8-inch diameter pipe on Crest Drive, 2,000 lineal feet of 8-inch diameter pipe on Joseph Street, and 1,500 lineal feet of 8-inch diameter pipe at Walton Avenue. Six-inch diameter mains required in Region III are:

400 lineal feet on Ranch Way, 250
lineal feet on Glenn Way, and 250
lineal feet on Richards Way. A blind
flange tee will be installed at the
corner of Joseph Way and Walton
Avenue for a future connection to the
west.

In addition to installing the new mains noted above, new
fire hydrants, blow offs, and pressure relief valves will be
installed where required to improve the system.

The estimated cost is \$478,000 plus the DWR fee (3%),
\$14,340, a total of \$492,340.

Region IV - New Helvetia Area

High iron, manganese, and hydrogen sulfide concentrations
will be eliminated by installing a 0.14 MGD treatment facility.
Additionally, a 60,000-gallon storage tank will be provided to
equalize flow plus supply fire demands.

The estimated cost is \$140,000 plus the DWR fee (3%),
\$4,200, a total of \$144,200.

All of the above costs include an engineering fee factor of
10% and a contingency factor of 19% (Regions III and IV) or 20%
(Regions I and II).

The SDWBA states, among other things, that water utilities
failing to meet California Health and Safety Code standards and which
cannot otherwise finance necessary plant improvements may apply to
the DWR for low-interest loans. The California Department of Health
Service (DES) is required by SDWBA to analyze the public health
issues and determine plant improvements needed to meet water quality
standards. DWR assesses financial need and acts as the lending
agency and fiscal administrator. Before a loan is granted, the
applicant must demonstrate to DWR its ability to repay the loan and
show that it has taken steps to maximize water conservation. Under

the provisions of Public Utilities (PU) Code §§ 816 through 851, public utility water companies must obtain authorization from the Commission to enter into any long-term loan. PU Code § 454 requires a public utility water company to obtain Commission approval for rate increases.

The residents of Region IV submitted petitions (Exhibits 1 and 2) requesting that the water distribution lines be replaced in lieu of the installation of the proposed treatment facility. The cost of which is estimated to be \$135,482 (including 10% engineering fee and a 19% contingency factor) plus the DWR fee (3%), \$4,064, a total of \$139,546.

A representative from DES testified that Hillcrest's water contains excessive amounts of iron and manganese and that the proposed improvements would correct the situation. He further testified the replacement of the water distribution lines in lieu of the proposed treatment plant was a feasible alternative and acceptable to DES.

A representative from DWR explained the SDWBA loan program and the mechanics of how the loan is to be repaid. Payments on the loan are to be made semiannually with payments due in January and July of each year. DWR requires that a reserve in an amount equal to two semiannual payments be accumulated by the end of the initial 10-year period.

Table 1, following, sets forth the recommended increases by Hillcrest and the staff:

Table 1

<u>Service</u>	<u>Hillcrest</u>				<u>Staff</u>			
	<u>Region</u>				<u>Region</u>			
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
For a single-family res. unit, incl. premises	\$6.35	\$4.80	\$14.44	\$14.49	\$ *	\$ *	\$14.45	\$14.50
For each add. unit on the same premises	3.07	2.32	6.98	7.00	3.05	2.30	6.94	6.96
For each 100 sq.ft. of premises in excess of 13,000 sq.ft.	0.03	0.02	0.07	0.07	*	*	*	*
For each swimming pool	1.02	0.77	2.33	2.33	*	*	2.31	2.32

*Staff recommendation is the same as Hillcrest.

With respect to Region IV, Table 1 sets forth the recommended surcharge for construction of the treatment plant. Late-filed Exhibit 5 contains the staff's recommendation based upon the cost of replacing the water distribution pipes rather than the installation of the treatment plant for Region IV. The staff recommended increases as follows:

<u>Service</u>	<u>Monthly Surcharge</u>
For a single-family residential unit, including premises (1)	\$14.05
For each additional unit on the same premises	6.74
For each 100 sq.ft. of premises in excess of 13,000 sq.ft.	.07
For each swimming pool	2.25

The recommendations of both Hillcrest and the staff are designed to produce sufficient revenues to repay the loan over a 35-year period. The recommendations are designed to have each region be responsible for repayment of its share of the loan proceeds. Since there is practically no difference between the two recommendations and since the staff's recommendation is the only one set forth for the replacement of the distribution pipes, we will adopt the staff recommendation.

The staff also recommended that a service fee be levied on future water service connections. The fee to be an amount equal to the surcharge accumulated from the effective date of tariff schedules to the date of connection not to exceed \$1,000.

Hillcrest's present rates were authorized by Commission Resolution W-2998 effective July 12, 1982, pursuant to Advice Letter No. 48. The present rate structure is as follows and applies to all customers regardless of region.

<u>Service</u>	<u>Per Service Connection Per Month</u>
For a single-family residential unit, including premises, not to exceed 13,000 sq.ft.	\$11.80
Each additional unit on the same premises	5.70
For each swimming pool	1.90
For each 100 sq.ft. of premises in excess of 13,000 sq.ft.	.06

Although the systemwide increase requested averages approximately 61%, the increase by region averages approximately:

Region I	54%
Region II	41%
Region III	122%
Region IV	118%

As an alternative we could authorize a uniform surcharge that would apply systemwide. Such a surcharge would increase the surcharge to customers in Regions I and II and decrease the surcharge to customers in Regions III and IV; however, under such an arrangement, Regions I and II would be subsidizing the improvements in Regions III and IV. We will authorize the surcharges recommended by the staff; however, we will also require that Hillcrest establish separate balancing accounts for each region which are to be credited with revenue collected through the surcharges, and with interest earned on funds deposited with the fiscal agent. Surcharge revenues should be deposited with the fiscal agent within five working days after collection. Each balancing account should be charged with its appropriate percentage of the payments of principal and interest on the loan, and for the services of the fiscal agent. The surcharges should be adjusted periodically to reflect changes in the number of connections and resulting overages or shortages in the balancing accounts. Such changes in future rates should be accomplished by normal advice letter procedure.

The surcharges authorized will cover only the cost of the loan incurred to finance the added plant and will not preclude the likelihood of future rate increase requests to cover rising costs of repair materials, wages, property taxes, power bills, or other operating expenses that may be incurred in the future.

In order for the surcharges to produce enough revenue to meet the initial payment of interest on the SDWBA loan due in July 1984, it is necessary for Hillcrest to place the surcharge into effect beginning December 1983. This will enable the utility to meet the initial payment and make the regular semiannual payments thereafter.

Findings of Fact

1. The proposed water system improvements are needed to produce a healthful, reliable water supply.
2. The residents of Region IV request that the distribution lines be replaced in lieu of the installation of the proposed treatment plant.
3. The SDWBA loan provides low-cost capital for the needed water system improvements and is a prudent means of acquiring an estimated \$1,540,346, including a 3% administrative charge by DWR.
4. The proposed borrowing is for proper purposes and the money, property, or labor to be procured or paid by for the issue of the loan authorized by this decision is reasonably required for the purposes specified, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
5. The proposed surcharge will generate approximately \$152,000 per year which will be used to meet the loan payment and accumulate, over a 10-year period, a reserve equal to two semiannual loan payments, which reserve is required by DWR.
6. The surcharges authorized here to repay the SDWBA loan should be in effect only as long as the loan is outstanding.

7. The surcharges are to be used only to amortize the SDWBA loan. The surcharges should be separately identified on customers' bills and the monies collected should be deposited in an interest bearing account with the fiscal agent approved by DWR. Such deposits should be made within five working days after collection. The interest earned on the deposits shall be used exclusively for the purpose of repayment of the SDWBA loan.

8. The utility plant financed through this SDWBA loan should be permanently excluded from rate base for ratemaking purposes.

9. Special accounting requirements are necessary to ensure that there are no unintended windfalls to the utility's owners. Hillcrest should establish separate balancing accounts for each district to be credited with revenue collected through the surcharges, and with interest earned on funds deposited with the fiscal agent. The balancing accounts should be reduced by payments of principal and interest on the loan and with any charges for the services of the fiscal agent.

10. The increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision are, for the future, unjust and unreasonable.

Conclusions of Law

1. The proposed loan is for a proper purpose.
2. The increased rates and charges are just and reasonable.
3. The application should be granted to the extent set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Hillcrest Water Company, Inc. (Hillcrest) is authorized to borrow from the State of California, to execute the proposed loan contract, \$1,540,346 and to use the proceeds for the purposes specified in this decision.

2. On or after the effective date of this order, Hillcrest is authorized to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall be 30 days after the date of filing.

3. Hillcrest shall establish and maintain separate balancing accounts for each of the four regions in which shall be recorded all billed surcharge revenue and interest earned on deposits made with the fiscal agent. The balancing accounts shall be reduced by payments of principal and interest to the California Department of Water Resources (DWR) and by any charges for the services of the fiscal agent. A separate statement pertaining to the surcharges shall appear on each customer's water bill issued by Hillcrest.

4. Plant financed through the California Safe Drinking Water Bond Act of 1976 (SDWBA) loan shall be permanently excluded from rate base for ratemaking purposes.

5. To assure repayment of the loan, Hillcrest shall deposit all rate surcharge revenue collected, in an interest-bearing account, with the fiscal agent approved by DWR. Such deposits shall be made within five working days after the surcharge monies are collected from customers.

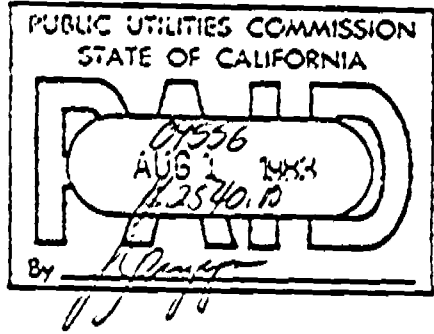
6. Hillcrest shall file with the Commission a copy of the loan contract with DWR and a copy of the agreement with the fiscal agent within 30 days after these documents have been executed.

7. Hillcrest shall establish and maintain a separate bank account to ensure adequate accountability for deposits and disbursements of SDWBA loan construction funds advanced by DWR to the utility.

The authority granted by this order becomes effective when the issuer pays \$2,540 set by PU Code § 1904(b).

Dated JUL 20 1983, at San Francisco, California.

LEONARD N. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners



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

Joseph E. Bodovitz
Joseph E. Bodovitz, Executive Director

APPENDIX A
Page 1

Schedule No. 1
Region I (East Hillcrest Area)
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Region I known as the East Hillcrest area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

RATES

	<u>Per Meter Per Month Charge</u>	<u>Per Meter Per Month Surcharge</u>	(N)
Service Charge:			
For 5/8 x 3/4-inch meter	\$3.05	\$6.35	
For 3/4-inch meter	3.85	6.35	
For 1-inch meter	5.25	6.35	
For 1-1/2-inch meter	7.00	6.35	
For 2-inch meter	9.45	6.35	(N)

Quantity Rates:

First 500 cu.ft., per 100 cu.ft. ...	\$0.30
Next 500 cu.ft., per 100 cu.ft.40
Over 1,000 cu.ft., per 100 cu.ft.55

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

METERED SERVICE SURCHARGE

NOTE: This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision _____ a _____.

(a) Insert Decision Number in Application 82-09-02 before filing tariff.

(N)

(N)

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Schedule No. 1
Region II (Westgate Area)
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Region II known as the Westgate area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

RATES

	<u>Per Meter Per Month Charge</u>	<u>Per Meter Per Month Surcharge</u>	(N)
Service Charge:			
For 5/8 x 3/4-inch meter	\$3.50	\$4.80	 (N)
For 3/4-inch meter	3.85	4.80	
For 1-inch meter	5.25	4.80	
For 1-1/2-inch meter	7.00	4.80	
For 2-inch meter	9.45	4.80	

Quantity Rates:

First 500 cu.ft., per 100 cu.ft. ...	\$0.30
Next 500 cu.ft., per 100 cu.ft.40
Over 1,000 cu.ft., per 100 cu.ft.55

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

METERED SERVICE SURCHARGE

NOTE: This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision _____ a .

(a) Insert Decision Number in Application 82-09-02 before filing tariff.

(N)
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|
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(N)

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Schedule No. 1
Region III (West Hillcrest Area)
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Region III known as the West Hillcrest area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

<u>RATES</u>	<u>Per Meter Per Month Charge</u>	<u>Per Meter Per Month Surcharge</u>	(N)
Service Charge:			
For 5/8 x 3/4-inch meter	\$3.50	\$14.45	
For 3/4-inch meter	3.85	14.45	
For 1-inch meter	5.25	14.45	
For 1-1/2-inch meter	7.00	14.45	
For 2-inch meter	9.45	14.45	(N)

Quantity Rates:

First 500 cu.ft., per 100 cu.ft. ...	\$0.30
Next 500 cu.ft., per 100 cu.ft.40
Over 1,000 cu.ft., per 100 cu.ft.55

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

METERED SERVICE SURCHARGE

NOTE: This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision a . (N)

(a) Insert Decision Number in Application 82-09-02 before filing tariff. (N)

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Schedule No. 1
Region IV (New Helvetia Area)
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Region IV known as the New Helvetia area, and vicinity, located approximately two miles northwest of Yuba City, Sutter County.

RATES

	<u>Per Meter Per Month Charge</u>	<u>Per Meter Per Month Surcharge</u>	(N)
Service Charge:			
For 5/8 x 3/4-inch meter	\$3.50	\$14.05	
For 3/4-inch meter	3.85	14.05	
For 1-inch meter	5.25	14.05	
For 1-1/2-inch meter	7.00	14.05	
For 2-inch meter	9.45	14.05	(N)

Quantity Rates:

First 500 cu.ft., per 100 cu.ft. ...	\$0.30
Next 500 cu.ft., per 100 cu.ft.40
Over 1,000 cu.ft., per 100 cu.ft.55

The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

METERED SERVICE SURCHARGE

NOTE: This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision a . (N)

(a) Insert Decision Number in Application 82-09-02 before filing tariff. (N)

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Schedule No. 2R
Region I (East Hillcrest Area)
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Region I known as the East Hillcrest area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month Charge</u>	<u>Per Service Connection Per Month Surcharge</u>	(N)
For a single-family residential unit including premises, not to exceed 13,000 square feet	\$11.80	\$ 6.35	
Each additional unit on the same premises	5.70	3.05	
For each swimming pool	1.90	1.02	
For each 100 sq. ft. of premises in excess of 13,000 square feet	.06	.03	(N)

SPECIAL CONDITIONS

The above flat rate applies to service connections not larger than one inch in diameter.

FLAT RATE SURCHARGE

NOTE: This surcharge is in addition to the regular charge of \$11.80 per service connection, per month. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision a .

(a) Insert Decision Number in Application 82-09-02 before filing tariff.

(N)

(N)

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Schedule No. 2R
Region II (Westgate Area)
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Region II known as the Westgate area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month Charge</u>	<u>Per Service Connection Per Month Surcharge</u>	(N)
For a single-family residential unit including premises, not to exceed 13,000 square feet	\$11.80	\$ 4.80	
Each additional unit on the same premises	5.70	2.30	
For each swimming pool	1.90	.77	
For each 100 sq. ft. of premises in excess of 13,000 square feet	.06	.02	(N)

SPECIAL CONDITIONS

The above flat rate applies to service connections not larger than one inch in diameter.

FLAT RATE SURCHARGE

NOTE: This surcharge is in addition to the regular charge of \$11.80 per service connection, per month. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision _____ a .

(a) Insert Decision Number in Application 82-09-02 before filing tariff.

(N)
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(N)

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Schedule No. 2R
Region III (West Hillcrest Area)
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Region III known as the West Hillcrest area, and vicinity, located approximately two miles southwest of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month Charge</u>	<u>Per Service (N) Connection Per Month Surcharge</u>	
For a single-family residential unit including premises, not to exceed 13,000 square feet	\$11.80	\$14.45	
Each additional unit on the same premises	5.70	6.94	
For each swimming pool	1.90	2.31	
For each 100 sq. ft. of premises in excess of 13,000 square feet	.06	.07	(N)

SPECIAL CONDITIONS

The above flat rate applies to service connections not larger than one inch in diameter.

FLAT RATE SURCHARGE

NOTE: This surcharge is in addition to the regular charge of \$11.80 per service connection, per month. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision _____ a .

(a) Insert Decision Number in Application 82-09-02 before filing tariff.

(N)
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(N)

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Schedule No. 2R
Region IV (New Helvetia Area)
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Region IV known as the New Helvetia area, and vicinity, located approximately two miles northwest of Yuba City, Sutter County.

RATES

	<u>Per Service Connection Per Month Charge</u>	<u>Per Service Connection Per Month Surcharge</u>	(N)
For a single-family residential unit including premises, not to exceed 13,000 square feet	\$11.80	\$14.05	
Each additional unit on the same premises	5.70	6.74	
For each swimming pool	1.90	2.25	
For each 100 sq. ft. of premises in excess of 13,000 square feet	.06	.07	(N)

SPECIAL CONDITIONS

The above flat rate applies to service connections not larger than one inch in diameter.

FLAT RATE SURCHARGE

NOTE: This surcharge is in addition to the regular charge of \$11.80 per service connection, per month. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision a . (N)

(a) Insert Decision Number in Application 82-09-02 before filing tariff. (N)

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Schedule No. 3
Hillcrest Water Company, Inc.
STATE BOND ACT LOAN FEE FOR UNDEVELOPED LOTS

APPLICABILITY

Applicable to undeveloped lots within all the service areas of Hillcrest Water Company, Inc., as of the effective date of Decision a . (N)

TERRITORY

The areas of Hillcrest Water Company, Inc., known as East hillcrest, Westgate and West Hillcrest and vicinity, located approximately two miles southwest of Yuba City, Sutter County. Also, the area of Hillcrest Water Company, Inc., known as New Helvetia and vicinity, located approximately two miles northwest of Yuba City, Sutter County.

RATES

A service fee to provide for reduction of the SDWBA loan surcharge is chargeable to customers requesting future service to undeveloped lots.

The service fee shall be the accumulated total of the monthly surcharge provided for in Schedules 1 and 2R, as applied to the property being furnished water service from effective date of Decision a to the date of the connection. The maximum service fee shall be \$1,000. The service fee shall be due and payable upon connection of water service to the lot. The surcharge authorized by the Commission, as contained in the Utility's filed tariffs, will apply thereafter.

The monthly surcharge established by the Public Utilities Commission in Decision a is subject to periodic adjustment. The calculation of the accumulated surcharges shall take into account such periodic adjustments.

- (a) Insert Decision Number in Application 82-09-02 before filing tariff. (N)

(END OF APPENDIX A)