

ALJ/MAB/jva

Decision 99-02-031 February 4, 1999

Mailed 2/4/99

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of HILLVIEW
WATER COMPANY, INC., (U-194-w) for
Modification of Resolution F-643.

Application 98-10-017
(Filed October 12, 1998)

O P I N I O N

Background

On October 13, 1998, Hillview Water Company (Hillyview) filed a Petition to Modify Commission Resolution F-543. The Commission categorized the proceeding as ratesetting and preliminarily determined that no hearing was necessary pursuant to Article 2.5 of the Commission's Rules of Practice and Procedure in ALJ Resolution 176-3002. Notice of the filing appeared in the Commission's Daily Calendar on October 22, 1998. No protests were filed.

Hillview states that Resolution F-643 and F-632 direct Hillview to collect two payments from its customers (1) Service Fees and (2) Monthly Surcharge. The Service Fee revenue is to be used to reduce the principal balance on Hillview's outstanding variable loan from CoBank. The Monthly Surcharge revenue is to be used to amortize the principal and interest on the Cobank loan.

Hillview states that the Monthly Surcharge is a constant per customer amount and that as the number of Hillview customers have increased, the total revenue collected from the Monthly Surcharge exceeds the amount needed to make principal and interest payments. Hillview seeks Commission authorization to use the "excess" Monthly Surcharge revenue to reduce the principal of the CoBank loan.

Discussion

Resolution F-632 authorizes Hillview to enter into two loan contracts with CoBank and provides for a surcharge to amortize the principal and interest to be disbursed through a trust account. Ordering Paragraph 11 directs that: "the rate surcharge shall be adjusted annually to reflect changes in the number of customers and resulting overages and shortages in the trust account. The adjustment to future surcharge rates shall be accomplished by advice letter."

Because Hillview is collecting "excess" Monthly Surcharge revenue, it is apparent that Hillview is not in compliance with Ordering Paragraph 11. Hillview has not sought modification of this ordering paragraph, nor has it provided a sound analytical basis for doing so.

Hillview is directed to comply with Ordering Paragraph 11 of Resolution F-632. Should Hillview believe that it can demonstrate that its customers would be advantaged by a disposition of the excess Monthly Surcharge amounts in a manner other than as directed by Ordering Paragraph 11, Hillview may submit a Petition to Modify that resolution with sufficient supporting evidence. Such Petition will be evaluated on its merits.

Finding of Fact

Hillview has not adjusted its Monthly Surcharge to reflect changes in the number of customers.

Conclusions of Law

1. Hillview is not in compliance with Ordering Paragraph 11 of Resolution F-632.
2. Hillview's Petition to Modify Resolution F-643 should be denied.

O R D E R

IT IS ORDERED that:

1. Hillview's Petition to Modify Resolution F-643 is denied.
2. Hillview shall comply with Ordering Paragraph 11 of Resolution F-632.
3. This proceeding is closed.

This order is effective today.

Dated February 4, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners