

WATER/MOL

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Audit & Enforcement Branch**

**RESOLUTION NO. W-4142
April 1, 1999**

RESOLUTION

**(RES. W-4142) LITTLE BEAR WATER COMPANY, INC. (LITTLE BEAR).
REQUEST TO TERMINATE EXISTING SURCHARGE AND REPAY LOAN,
UNDER THE SAFE DRINKING WATER BOND ACT.**

SUMMARY

By Draft Advice Letter dated January 18, 1999, this Resolution authorizes Little Bear Water Company, Inc. (Little Bear) to terminate its existing surcharge to customers, under the Safe Drinking Water Bond Act (SDWBA) and to repay the SDWBA loan balance to the state Department of Water Resources (DWR).

In addition, this Resolution authorizes Little Bear to apply any remaining balance in the SDWBA loan reserve account to reduce the balance of the flood damage account.

BACKGROUND

Decision (D.) 87-04-013, dated April 8, 1987, authorized Little Bear to borrow up to \$171,600 under the SDWBA and to use the proceeds for the construction of water storage facilities and other plant improvements. Little Bear was authorized to place into effect monthly SDWBA surcharges on customer bills in order to repay the principal and interest on the loan.

Per Ordering Paragraph No. 4 of D. 87-04-013:

As a condition of the rate increase granted herein Little Bear shall be responsible for refunding or applying on behalf of its customers any surplus accrued in the balancing account when ordered by the Commission.

On May 24, 1995, the Commission issued Resolution (Res.) F-639 which authorized Little Bear to borrow up to \$25,000 from the Bank of Salinas and to use the proceeds to pay for emergency flood repair expenses. In order to repay this loan, Little Bear was authorized to add a surcharge to sewer and water rates.

On January 18, 1999, Little Bear sent a letter to the Audit & Enforcement Branch (Branch) indicating the accumulation of funds in its SDWBA reserve account and the company's intention of paying off its SDWBA loan and discontinuing the SDWBA surcharge billing. Little Bear has proposed a method for refunding any remaining balances to customers by using the SDWBA surcharge over-collection to reduce the balance of its flood damage account.

The Branch concurs with Little Bear's plans to repay the DWR loan and reimburse the customers for the SDWBA surcharge over-collection by applying any remaining balance in the SDWBA loan reserve account to the flood damage account, thereby shortening the surcharge payments authorized by Res. F-639.

This is an uncontested matter in which the Resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

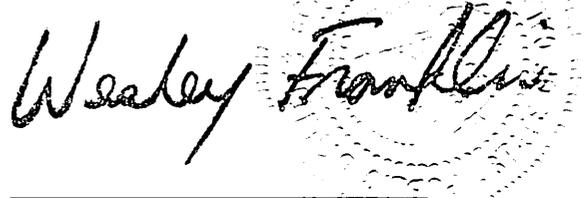
1. D. 87-04-013 authorized Little Bear to borrow up to \$171,600 under the SDWBA and to use loan proceeds for the construction of water storage facilities and other plant improvements. Little Bear was authorized to add a SDWBA surcharge to water rates in order to make principal and interest payments on the loan.
2. Res. F-639 authorized Little Bear to borrow up to \$25,000 from the Bank of Salinas and to use the proceeds to pay for emergency flood repair expenses. Little Bear was authorized to add a surcharge to sewer and water rates in order to repay the loan.
3. Based on the accumulation of funds in its SDWBA reserve account, Little Bear is now in a position to repay the DWR loan in full and to apply any over-collection to its flood damage account.
4. There is no known opposition to granting the authority requested.

THEREFORE, IT IS ORDERED that:

1. On or after the effective date of this Resolution, Little Bear Water Company, Inc. is authorized to repay its loan, under the Safe Drinking Water Bond Act, to the state Department of Water Resources. Little Bear Water Company, Inc. shall contact the Department of Water Resources in order to determine the outstanding balance, including principal and interest as of the payment date.
2. Little Bear Water Company, Inc. shall file in accordance with General Order No. 96-A, and make effective on five day's notice, an advice letter terminating the Safe Drinking Water Bond Act surcharge rates.
3. Little Bear Water Company, Inc. shall be responsible for refunding on behalf of its customers any surplus accrued in the Safe Drinking Water Bond Act loan reserve account by applying this surplus to reduce the balance of its flood damage account.
4. Little Bear Water Company, Inc. shall provide the Audit & Enforcement Branch with the accounting entries for the above transactions, as an attachment to the advice letter.

This Resolution is effective today.

I hereby certify that this Resolution was introduced, passed, and adopted by the Commission at its regular meeting on April 1, 1999. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President

HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners