

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: California American Water	Date Mailed to Service List: August 5, 2022
District: All Districts	
CPUC Utility #: U210W	Protest Deadline (20th Day): August 25, 2022
Advice Letter #: 1382	Review Deadline (30th Day): September 4, 2022
Tier <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Compliance	Requested Effective Date: March 4, 2022
Authorization Advice Letter 1279	
Description: Update to Rule 15 – Special Facilities Fees	Rate Impact: \$See AL See AL%

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Chase Grady
Phone:
Email: Chase.Grady@amwater.com

Utility Contact: Jonathan Morse
Phone: 916-568-4237
Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

APPROVED

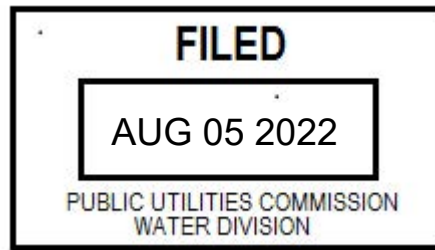
WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



520 Capitol Mall Ste 630
Sacramento, CA 95814
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P (916) 568-4237

F (916) 568-4260

August 5, 2022

ADVICE LETTER NO. 1382

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California American Water Company (California American Water) (U210W) submits for review this advice letter including the following attached tariff sheets applicable to the Northern Division.

Purpose:

California American Water requests authority to reinstate the special facilities fee for its Fruitridge service area. California American Water inadvertently eliminated the special facilities fee as part of the implementation of D.21-11-018, its 2019 General Rate Case decision.

The above changes do not impact authorized rates and all customers were billed correctly with respect to the modifications addressed above.

Background:

In an effort to maintain accurate tariffs, California American Water continuously reviews its tariffs to identify tariffs that need to be added, deleted and modified.

In D.19-12-038, the Commission approved California American Water's purchase Fruitridge's assets. The Commission subsequently approved Advice Letter ("AL") 1279 seeking authority to implement tariffs consistent with D.19-12-038. One of the tariff provisions approved as part of AL 1279 was an "Initial Fee for each Service Connection" authorized by D.06-04-073. As explained in D.06-04-038, this fee is not a connection fee, but a special facilities fee to be applied to physical infrastructure costs and water development costs. California American Water added this special facilities fee via Advice Letter 1279, as part of the implementation of California American Water's acquisition of Fruitridge Vista.

California American Water inadvertently eliminated this special facilities fee when it eliminated Connection Fees or Facilities Fees from its CA-FEES tariff in compliance with D.21-11-018. California American Water respectfully requests authorization to modify its tariff Rule 15 to reinstate the special facilities fee for its Fruitridge serviced area.

Request:

California American Water is requesting authorization to update its Rule 15 Tariff as set forth above and consistent with D.19-12-038.

Tier Designation:

These tariffs are submitted pursuant to General Order No.96-B and this advice letter is designated as a Tier 1 filing.

Effective Date:

California American Water requests an effective date of March 4, 2022 consistent with the effective date of Advice Letter 1353.

Service List

Service Lists – In accordance with the General Rules 4.3 and 7.2, and Water Industry Rule 4.1, of General Order (GO) 96-B, California American Water served copies of this advice letter to adjacent utilities and other parties requesting such notification. Please note that, consistent with the Commission's guidelines for service during the COVID-19 pandemic, this advice letter is only being distributed electronically.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.
7. A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (**or** postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

Email Address:
Water.Division@cpuc.ca.gov

Mailing Address:
CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

Email Address:

Chase.Grady@amwater.com

sarah.leeper@amwater.com

Jonathan.Morse@amwater.com

Mailing Address:

520 Capitol Mall Ste 630
Sacramento, CA 95814

555 Montgomery Street, Ste. 816
San Francisco, CA 94111

520 Capitol Mall Ste 630
Sacramento, CA 95814

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Chase Grady

Chase Grady
Associate Rates & Regulatory Analyst

³ G.O. 96-B, General Rule 7.4.3

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 11	9071-W
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 12	9072-W
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 13	9073-W
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 14	9074-W
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 15	10446-W
XXXXX - W	Rule No. 15 MAIN EXTENSIONS Sheet 16	

Rule No. 15
MAIN EXTENSIONS

Sheet 11

C. Extensions to Serve Subdivisions, Tracts, Housing Projects, Industrial Developments,
Commercial Buildings, or Shopping Centers

1. Advances (continued)

g. Upon expiration of Special Condition General Item #6 for General Metered Service, a special facility fee for water supply will be contributed in lieu of any domestic water supply requirement covered under Section C. 1.b in the Monterey District in all areas that are to be served water produced by the proposed Monterey Peninsula Water Supply Project ("MPWSP"). This includes all areas in the Monterey County District except those in the Toro, Garrapata, Ambler Park, Ralph Lane and Chualar; new connections in Sand City, new customers in the Pebble Beach area who have purchased water rights through the Pebble Beach Company, customers whose new connections or increased uses are based on or related to subscriptions associated with State Water Resources Control board water right License 13868A, MPWMD Public Allocation water, and properties with existing MPWMD documented on-site water credits.

h. The special facility fee shall be based on the cost of the additional facilities at the MPWSP necessary to serve new customers divided by the AF of additional capacity yield of the new facilities. The fee is agreed to be established at \$24,000 per acre foot of annual water use. The fee can be charged in increments of less than an acre foot depending on the projected annual needs.

i. The special facility fee shall be recorded as a contribution-in-aid- of- construction and as such will offset the cost of the new facilities necessary to serve these new customers.

j. Fruitridge Facility Fee

(N)

All customers applying for service in the Fruitridge Vista Water service area for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connections to existing premises due to change in use shall pay a facility fee. The facility fee area and fees applicable are shown below.

Area: The unincorporated area known as Fruitridge Vista Units, Sandra Heights, Pacific Terrace Units, Bowling Green Units, and all immediately adjoining territory in Sacramento County including all territory contiguous to the southerly limits of the City of Sacramento.

Fee:

Initial Fee for each Service Connection

For each dwelling unit \$7,000

For each commercial project.....6,809*(net) acres + Meter Connection Fee

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1382	J. T. LINAM	Date Filed	August 5, 2022
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Rule No. 15
MAIN EXTENSIONS

C. Extensions to Serve Subdivisions, Tracts, Housing Projects, Industrial Developments, Commercial Buildings, or Shopping Centers

(N)

1. Advances (continued)

j. (Continued)

Water Meter Size Connection Fee

1"	\$8,128.00
1.5"	\$18,694.00
2"	\$32,512.00
3"	\$73,152.00
4"	\$130,048.00
6"	\$292,608.00
8"	\$520,192.00

This fee is payable in addition to and does not limit any charges for extensions of mains that may be applicable under Rule 15. The facility fees are payable by the customer applying for service upon receipt of a building permit from the relevant local jurisdiction, unless such fee has already been paid pursuant to the settlement approved in D.06-04-073. These fees shall be deposited in a separate trustee account and shall be used only for the infrastructure and new supply costs associated with the comprehensive solution adopted by the Commission in D.06-04-073.

(N)

2. Refunds

(L)

- a. The amount advanced under Sections C.1.a., C.1.b., and C.1.c. shall be subject to refund by the utility, in cash, without interest, to the party or parties entitled thereto as set forth in the following two paragraphs. The total amount so refunded shall not exceed the total of the amount advanced and for a period not to exceed 40 years after the date of the contract.
- b. Payment of refunds shall be made not later than June 30 of each year, beginning the year following execution of contract, or not later than 6 months after the contract anniversary date if on an anniversary date basis.
- c. Whenever costs of main extensions and/or special facilities have been advanced pursuant to Section C.1.a., C.1.b., or C.1.c., the utility shall annually refund to the contract holders an amount equal to 2-1/2 percent of the advances until the principal amounts of the contracts have been fully repaid.

Whenever costs of special facilities have been advanced pursuant to Sections C.1.b., or C.1.c., the amount so advanced shall be divided by the number of lots (or living units, whichever is greater) which the special facilities are designed to serve, to obtain an average advance per lot (or living unit) for special facilities.

(L)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1382	J. T. LINAM	Date Filed	August 5, 2022
Decision		DIRECTOR - Rates & Regulatory	Effective	
			Resolution	

Rule No. 15
MAIN EXTENSIONS

2. Refunds (continued)

When another builder applies for a main extension to serve any lots for which the special facilities are to be used, the new applicant shall, in addition to the costs of his proposed main extension, also advance an amount for special facilities. This amount shall be the average advance per lot for special facilities for each lot to be used less 2-1/2 percent of the average advance for each year in which refunds have been due and payable on the original contract anniversary date on a monthly basis.

The amount advanced to the utility by the new applicant shall be immediately refunded to the holder of the original contract, which included the cost of the special facilities, and the original contract advance will be reduced accordingly. The utility will thenceforth refund 2-1/2 percent annually on each of the contract amounts, as determined above, to the holders of the contracts.

Advances and refunds based on additional builder participation will be determined in a similar manner.

In no case shall the refund on any contract exceed the amount advanced.

3. Termination of Main Extension Contracts

- a. Any contract whose refunds are based on a percentage of the amount advanced may be purchased by the utility and terminated provided that the terms are mutually agreed to by the parties or their assignees and Section C.3.c. and Section C.3.d. are complied with. The maximum price that may be paid by the utility to terminate a contract shall be calculated by multiplying the remaining unrefunded contract balance times the appropriate termination factor set out below. No contract that has been in effect for less than 10 years shall be terminated without prior Commission approval.

TERMINATION FACTORS

Years Remaining	Factor	Years Remaining	Factor	Years Remaining	Factor	Years Remaining	Factor
1	0.8929	11	0.5398	21	0.3601	31	0.2608
2	0.8450	12	0.5162	22	0.3475	32	0.2535
3	0.8006	13	0.4941	23	0.3356	33	0.2465
4	0.7593	14	0.4734	24	0.3243	34	0.2399
5	0.7210	15	0.4541	25	0.3137	35	0.2336
6	0.6852	16	0.4359	26	0.3037	36	0.2276
7	0.6520	17	0.4188	27	0.2942	37	0.2218
8	0.6210	18	0.4028	28	0.2851	38	0.2136
9	0.5920	19	0.3877	29	0.2766	39	0.2111
10	0.5650	20	0.3729	30	0.2685	40	0.2061

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1382
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

(TO BE INSERTED BY C.P.U.C.)

Date Filed August 5, 2022
Effective
Resolution

(L)

(L)

Rule No. 15
MAIN EXTENSIONS

Sheet 14

C. 3. Termination of Main Extension Contracts (continued)

(L)

- b. Any contract with refunds based upon percentage of revenues and entered into under Section C. of the former rule, may be purchased by the utility and terminated, provided the payment is not in excess of the estimated revenue refund multiplied by the termination factor in the following table, the terms are otherwise mutually agreed to by the parties or their assignees and Section C.3.c. and Section C.3.d. herein are complied with. The estimated revenue refund is the amount that would otherwise be refunded, at the current level of refunds, over the remainder of the twenty-year contract period, or shorter period that would be required to extinguish the total refund obligation. It shall be determined by multiplying 22 percent of the average annual revenue per service for the immediately preceding calendar year by the number of bona fide customers at the proposed termination date, times the number of years or fractions thereof to the end of the twenty-year contract period or shorter period that would be required to refund the remaining contract balance.

TERMINATION FACTORS

Years Remaining	Factor	Years Remaining	Factor
1	0.8929	11	0.5398
2	0.8450	12	0.5162
3	0.8006	13	0.4941
4	0.7593	14	0.4734
5	0.7210	15	0.4541
6	0.6852	16	0.4359
7	0.6520	17	0.4188
8	0.6210	18	0.4028
9	0.5920	19	0.3877
10	0.5650		

- c. The utility shall furnish promptly to the Commission the following information in writing and shall obtain prior authorization by a formal application under Sections 816-830 of the Public Utilities Code if payment is to be made other than in cash:
 - (1) A copy of the main extension contract, together with data adequately describing the development for which the advance as made and the total adjusted construction cost of the extension.
 - (2) The balance unpaid on the contract and the calculation of the maximum termination price, as above defined, as of the date of termination and the terms under which the obligation was terminated.
 - (3) The name of the holder of the contract when terminated.
- d. Discounts obtained by the utility from contracts terminated under the provisions of this section shall be accounted for by credits to Ac. 265, Contributions in Aid of Construction.

(L)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1382	J. T. LINAM	Date Filed	August 5, 2022
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Rule No. 15
MAIN EXTENSIONS

Sheet 16

- E. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (continued) (L)
5. The Income Tax Component factor has been derived from the federal and state corporate income tax rates and will remain in effect until changes to those rates would increase or decrease the gross-up rate by five percentage points or more as reflected in Ordering Paragraph No. 7 of I. 86-11-019/D. 87-09-026. When and if that occurs, the utility will file and advice letter showing the new rates and cancel out this sheet.
 6. In the event that the Utility collects a gross-up using an incremental tax rate that is more than its incremental tax rate as determined on a taxable year basis, without consideration of a tax credit or tax loss carry forward, the difference between what was and what should have been collected will be refunded to the Applicant. (L)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1382	J. T. LINAM	Date Filed	<u>August 5, 2022</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

NORTHERN DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

BY MAIL:

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Citrus Heights, CA 95621

Walt Shannon
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Sacramento, CA 95828

Sacramento County WMD
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Sacramento, CA 95814

Steven J. Thompson
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Sacramento, CA 95841

Fruitridge Vista Water Company
P.O. Box 959
Sacramento, CA 95812

Anthony La Bouff, County Counsel
Placer County
175 Fulweiler Avenue
Auburn, CA 95603

Rio Linda Water District
730 L Street
Rio Linda, CA 95673

State of California, Dept. of Health Services
Safe Drinking Water State Rev Fund Program
Attn: Chief, Safe Drinking Water
1616 Capitol Mall, MS 7418
Post Office Box 997413
Sacramento, CA 95899-7413

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Santa Rosa, CA 95403

Maria D. Duddy
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Penngrove/Kenwood Water Co
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Santa Rosa, CA 95409

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Sacramento, CA 95814
Mark Norris
County Clerk-Recorder
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Sacramento, CA 95814

Robert C. Baptiste
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Sacramento, CA 95827-1045

State of California
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Safe Drinking Water Office, Room 804
Attn: Program Manager
Post Office Box 942836
Sacramento, CA 94236-0001

California Water Service Co
Redwood Valley District
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Guerneville, CA 95446

Henry Nanjo
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Office of Legal Services, MS-102
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West Sacramento, CA 95798-9052

Sacramento Suburban Water District
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skasza@placer.ca.gov

NORTHERN DIVISION SERVICE LIST
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Heather Hernandez
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CALIFORNIA-AMERICAN WATER COMPANY
SUPPORTING DOCUMENTATION FOR STAFF

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Cancelled Tariffs	2-1

655 W. Broadway, Suite 1410
San Diego, CA 92101

Schedule No. CA-FEES (Continued)
California American Water
Fruitridge Vista Service Area

Sheet 2

APPLICABILITY

(N)

Applicable to all customers applying for service in the Fruitridge Vista Water service territory for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connections to existing premises due to change in use.

TERRITORY

In the unincorporated area known as Fruitridge Vista Units, Sandra Heights, Pacific Terrace Units, Bowling Green Units, and all immediately adjoining territory in Sacramento County including all territory contiguous to the southerly limits of the City of Sacramento.

RATES

Initial Fee for each Service Connection

For each dwelling unit\$7,000
For each commercial project.....6,809*(net) acres + Meter Connection Fee

Water Meter Size	Connection Fee
1"	\$8,128.00
1.5"	\$18,694.00
2"	\$32,512.00
3"	\$73,152.00
4"	\$130,048.00
6"	\$292,608.00
8"	\$520,192.00

SPECIAL CONDITIONS

1. Facility fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions
2. Facility fees are payable by the customer applying for service upon receipt of a building permit from the relevant local jurisdiction, unless such fee has already been paid pursuant to the settlement approved in D.06-04-073
3. These fees are not subject to the Public Utility Commission Reimbursement Fee surcharge in schedule UF.
4. These fees shall be deposited in a separate trustee account and shall be used only for the infrastructure and new supply costs associated with the comprehensive solution adopted by the Commission in D.06-04-073

(N)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1279	J. T. LINAM	Date Filed
Decision	DIRECTOR - Rates & Regulatory	Effective <u>February 4, 2020</u>
		Resolution

Rule No. 15 (Continued)
MAIN EXTENSIONS

C. 2. Refunds

- a. The amount advanced under Sections C.1.a., C.1.b., and C.1.c. shall be subject to refund by the utility, in cash, without interest, to the party or parties entitled thereto as set forth in the following two paragraphs. The total amount so refunded shall not exceed the total of the amount advanced and for a period not to exceed 40 years after the date of the contract.
- b. Payment of refunds shall be made not later than June 30 of each year, beginning the year following execution of contract, or not later than 6 months after the contract anniversary date if on an anniversary date basis.
- c. Whenever costs of main extensions and/or special facilities have been advanced pursuant to Section C.1.a., C.1.b., or C.1.c., the utility shall annually refund to the contract holders an amount equal to 2-1/2 percent of the advances until the principal amounts of the contracts have been fully repaid.

Whenever costs of special facilities have been advanced pursuant to Sections C.1.b., or C.1.c., the amount so advanced shall be divided by the number of lots (or living units, whichever is greater) which the special facilities are designed to serve, to obtain an average advance per lot (or living unit) for special facilities. When another builder applies for a main extension to serve any lots for which the special facilities are to be used, the new applicant shall, in addition to the costs of his proposed main extension, also advance an amount for special facilities. This amount shall be the average advance per lot for special facilities for each lot to be used less 2-1/2 percent of the average advance for each year in which refunds have been due and payable on the original contract anniversary date on a monthly basis.

The amount advanced to the utility by the new applicant shall be immediately refunded to the holder of the original contract, which included the cost of the special facilities, and the original contract advance will be reduced accordingly. The utility will thenceforth refund 2-1/2 percent annually on each of the contract amounts, as determined above, to the holders of the contracts.

Advances and refunds based on additional builder participation will be determined in a similar manner.

In no case shall the refund on any contract exceed the amount advanced.

(L)

(L)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1230-B	J. T. LINAM	Date Filed	<u>05/08/2019</u>
Decision	D.18-12-021	DIRECTOR - Rates & Regulatory	Effective	<u>05/11/2019</u>
			Resolution	<u>Canceled</u>

Rule No. 15 (Continued)
MAIN EXTENSIONS

C. 3. Termination of Main Extension Contracts

- a. Any contract whose refunds are based on a percentage of the amount advanced may be purchased by the utility and terminated provided that the terms are mutually agreed to by the parties or their assignees and Section C.3.c. and Section C.3.d. are complied with. The maximum price that may be paid by the utility to terminate a contract shall be calculated by multiplying the remaining unrefunded contract balance times the appropriate termination factor set out below. No contract that has been in effect for less than 10 years shall be terminated without prior Commission approval.

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8	0.6210	18	0.4028	28	0.2851	38	0.2136
9	0.5920	19	0.3877	29	0.2766	39	0.2111
10	0.5650	20	0.3729	30	0.2685	40	0.2061

- b. Any contract with refunds based upon percentage of revenues and entered into under Section C. of the former rule, may be purchased by the utility and terminated, provided the payment is not in excess of the estimated revenue refund multiplied by the termination factor in the following table, the terms are otherwise mutually agreed to by the parties or their assignees and Section C.3.c. and Section C.3.d. herein are complied with. The estimated revenue refund is the amount that would otherwise be refunded, at the current level of refunds, over the remainder of the twenty-year contract period, or shorter period that would be required to extinguish the total refund obligation. It shall be determined by multiplying 22 percent of the average annual revenue per service for the immediately preceding calendar year by the number of bona fide customers at the proposed termination date, times the number of years or fractions thereof to the end of the twenty-year contract period or shorter period that would be required to refund the remaining contract balance.

(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1230-B
Decision D.18-12-021

ISSUED BY
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DIRECTOR - Rates & Regulatory

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(L)

(L)

Rule No. 15 (Continued)
MAIN EXTENSIONS

Sheet 14

C. 3. b. (continued)

(L)

TERMINATION FACTORS

Years Remaining		Years Remaining	
Years Remaining	Factor	Years Remaining	Factor
1	0.8929	11	0.5398
2	0.8450	12	0.5162
3	0.8006	13	0.4941
4	0.7593	14	0.4734
5	0.7210	15	0.4541
6	0.6852	16	0.4359
7	0.6520	17	0.4188
8	0.6210	18	0.4028
9	0.5920	19	0.3877
10	0.5650		

c. The utility shall furnish promptly to the Commission the following information in writing and shall obtain prior authorization by a formal application under Sections 816-830 of the Public Utilities Code if payment is to be made other than in cash:

- (1) A copy of the main extension contract, together with data adequately describing the development for which the advance as made and the total adjusted construction cost of the extension.
- (2) The balance unpaid on the contract and the calculation of the maximum termination price, as above defined, as of the date of termination and the terms under which the obligation was terminated.
- (3) The name of the holder of the contract when terminated.

d. Discounts obtained by the utility from contracts terminated under the provisions of this section shall be accounted for by credits to Ac. 265, Contributions in Aid of Construction.

D. Extension Designed to Include Fire Protection

- 1. The cost of distribution mains designed to meet the fire flow requirements set forth in Section VIII.1(a) of General Order No. 103 is to be advanced by the applicant. The utility shall refund this advance as provided in Sections B.2. and C.2. of this rule.
- 2. Should distribution mains be designed to meet fire flow requirements in excess of those set forth in Section VIII.1(a) of General Order No. 103, the increase in cost of the distribution mains necessary to meet such higher fire flow requirements shall be paid to the utility as a contribution in aid of construction.
- 3. The cost of facilities other than hydrants and distribution mains required to provide supply, pressure, or storage primarily for fire protection purposes, or portions of such facilities allocated in proportion to the capacity designed for fire protection purposes, shall be paid to the utility as a contribution in aid of construction.

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(Continued)

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Rule No. 15
MAIN EXTENSIONS

Sheet 15

E. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION

1. Contributions is Aid of Construction (CIAC) and Advances for Construction (AIC) shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the utility. The value of all contributions and advances shall be based on the utility's estimates. Contributions and advances shall consist of two components for the purpose of recording transactions as follows:
 - a. Income Tax Component, and
 - b. The balance of the contribution or advance.

2. The Income Tax Component shall be calculated by multiplying the following tax factors times the appropriate portion of the contribution or advance:
 - a. For CIAC:

Service Connection Component:	19.80%	(C)
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 - b. For AIC:

Service Connection Component:	20.93%	(C)
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3. The tax factors are established by using Method 5 as set forth in Decision 87-09-026 in I. 86-11-019.

4. The formula to compute Method 5 includes the following factors:
 - a. Corporate tax rate of: 21%
 - b. Franchise tax rate of: 8.84%
 - c. A discount rate of: 7.61%
 - d. A pre-tax rate of return of: 9.59%

5. The Income Tax Component factor has been derived from the federal and state corporate income tax rates and will remain in effect until changes to those rates would increase or decrease the gross-up rate by five percentage points or more as reflected in Ordering Paragraph No. 7 of I. 86-11-019/D. 87-09-026. When and if that occurs, the utility will file and advice letter showing the new rates and cancel out this sheet.

6. In the event that the Utility collects a gross-up using an incremental tax rate that is more than its incremental tax rate as determined on a taxable year basis, without consideration of a tax credit or tax loss carry forward, the difference between what was and what should have been collected will be refunded to the Applicant.

(Continued)

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Decision

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