

DWA/RSK/JB5/SRW/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS

Water and Sewer Advisory Branch

RESOLUTION NO. W-4884

July 14, 2011

R E S O L U T I O N

(RES. W-4884) GOLDEN STATE WATER COMPANY (GOLDEN STATE). ORDER APPROVING REQUEST TO TERMINATE TWO MAIN EXTENSION CONTRACTS PURSUANT TO MAIN EXTENSION RULE 15.

By Advice Letter (AL) 1447-W, filed on May 20, 2011.

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**SUMMARY**

This Resolution grants Golden State Water Company (Golden State) the authority requested in AL 1447-W to terminate two main extension contracts in accordance with Golden State's Main Extension Tariff Rule 15 (Rule 15).

Golden State submitted AL 1447-W with a Tier 2 designation to terminate two main extension contracts that have been in effect less than 10 years. The Division of Water and Audits (DWA) informed Golden State that this advice letter should be designated Tier 3 in accordance with General Order 96-B (G.O. 96-B), Water Industry Rule 7.3.3 (12) and Rule 15.C.3.a.

**BACKGROUND**

Golden State stated that two developers – Carson-91, LLC and Marriott International Design and Construction Services (Marriott Services) - requested early termination of their main extension contracts. G.O. 96-B, Water Industry Rule 7.3.3 (12) provides for a Tier 3 treatment of advice letters for a "matter appropriate to advice letter but not subject to approval or rejection under [Water] Industry Rules 7.3.1 or 7.3.2". Rule 15, Section C.3.a -Termination of Main Extension Contracts - states "[n]o contract that has been in effect for less than 10 years shall be terminated without prior Commission approval." DWA determined that AL 1447-W should be designated Tier 3 based on G.O. 96-B, Water Industry Rule 7.3.3 (12) and Rule 15, Section C.3.a. DWA suspended this advice letter, informed Golden State of the suspension of AL 1447-W, and prepared this resolution for Commission approval.

## **SERVICE, PROTESTS AND RESPONSES**

Pursuant to General Rule 4.3 of General Order 96-B, Golden State served Advice Letter 1447-W on May 20, 2011, to the service list attached to Advice Letter 1447-W. This service listed included the persons set forth in Water Industry Rule 4.1 of General Order 96-B. Advice Letter 1447-W was served in accordance with General Rule 7.2 of General Order 96-B. No protests were received to AL 1447-W.

## **DISCUSSION**

Carson-91, LLC and Marriott Services requested early termination of their main extension contracts with Golden State pursuant to Rule 15, Section C.3.a -Termination of Main Extension Contracts.

The main extension contract for Carson-91, LLC was originally \$72,112. Refunds paid to date are \$14,422.40 with a remaining amount of \$57,689.60 as of May 2011. There are 32 years remaining for this main extension contract and Rule 15 provides a termination factor of 0.2535 for a payout to Carson-91, LLC of \$14,624.31.

The main extension contract for Marriott Services was originally \$19,329.94. Refunds paid to date are \$4,349.25 with a remaining amount of \$14,980.69 as of May 2011. There are 31 years remaining for this main extension contract and Rule 15 provides a termination factor of 0.2608 for a payout to Marriott Services of \$ 3,906.96.

Golden State is prepared to honor the requests of Carson-91, LLC and Marriott Services to terminate their main extension contracts and issue early termination refunds. Golden State proposes to issue the refund checks within 30 days after approval of this advice letter.

The Main Extension Rule 15 provides in Section C.3.a. -Termination of Main Extension Contracts-that 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.

Section C.3.c. requires the utility to provide the Commission the following information: 1) a copy of the main extension contract together with data adequately describing the development for which the advance was 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 defined in Main Extension Rule 15) as of the date of the termination and the terms under which the obligation was terminated; and 3) the name of the holder of the contract when terminated.

Section C.3.d. states that discounts obtained by the utility from contract terminated under provisions of this section shall be accounted for by credits to Account 265, Contribution-in-Aid-of-Construction.

Golden State and the two developers have mutually agreed on the terms and conditions to terminate the main extension contracts. Golden State has met the requirements of Rule 15 Section C.3.a and Section C.3.c.

Golden State has stated in Advice Letter 1447-W that Golden State will meet the requirements of Section C.3.d.

Golden State's Advice Letter 1447-W conforms to the provisions in its Main Extension Tariff Rule 15 and should be approved.

### **COMMENTS**

This is an uncontested matter that grants the relief requested. Pursuant to Public Utilities Code § 311(g) (2), this Resolution was not circulated for public comment.

### **FINDINGS AND CONCLUSIONS**

1. Golden State Water Company requests authority to terminate two main extension contracts requested from two developers.
2. Golden State Water Company filed Advice Letter 1447-W on May 20, 2011, as a Tier 2 filing pursuant to Main Extension Rule 15.
3. Pursuant to General Rule 4.3 of General Order 96-B, Golden State Water Company served Advice Letter 1447-W on May 20, 2011, to the service list attached to Advice Letter 1447-W. This service list included the persons set forth in Water Industry Rule 4.1 of General Order 96-B. Advice Letter 1447-W was served in accordance with General Rule 7.2 of General Order 96-B.
4. The Division of Water and Audits determined that Advice Letter No. 1447-W should be designated Tier 3 based on General Order 96-B, Water Industry Rule 7.3.3 (12) and Main Extension Rule 15, Section C.3.a.
5. The Division of Water and Audits informed Golden State Water Company that Advice Letter 1447-W was designated Tier 3 and was suspended.
6. The Carson-91, LLC main extension contract was originally \$72,112.

7. Carson-91, LLC has been paid refunds of \$14,422.40 with a remaining amount of \$57,689.60 as of May 2011.
8. Carson-91, LLC has 32 years remaining for its main extension contract, and Rule 15 provides a termination factor of 0.2535 for a payout to Carson-91, LLC of \$14,624.31.
9. The Marriott International Design and Construction Services main extension contract was originally \$19,329.94.
10. Marriott International Design and Construction Services has been paid refunds of \$4,349.25 with a remaining amount of \$14,980.69 as of May 2011.
11. Marriott International Design and Construction Services has 31 years remaining for its main extension contract, and Rule 15 provides a termination factor of 0.2608 for a payout to Marriott International Design and Construction Services of \$3,906.96.
12. Golden State Water Company proposes to issue the refund checks to Carson-91, LLC and Marriott International Design and Construction Services within 30 days after approval of this advice letter.
13. Golden State Water Company proposes that the discounts obtained from contracts terminated under the provisions Section C.3.d. will be accounted for by credits to Account 265, Contribution in Aid of Construction.
14. Golden State Water Company, Carson-91, LLC and Marriott International Design and Construction Services have met the requirements of the Main Extension Rule 15 Section C.3.a and Section C.3.c.
15. Golden State Water Company will meet the requirements of Rule 15 Section C.3.d. on approval of Advice Letter 1447-W by the Commission.
16. This is an uncontested matter that grants the relief requested. The public comment period has been waived pursuant to Public Utilities Code § 311(g) (2).
17. Golden State Water Company's Advice Letter 1447-W is in conformance to its Main Extension Tariff Rule 15 and should be approved.

July 14, 2011

**THEREFORE, IT IS ORDERED THAT:**

1. Golden State Water Company's Advice Letter 1447-W is approved.
2. Golden State Water Company is authorized to terminate the Main Extension Contracts with Carson-91, LLC and Marriott International Design and Construction Services.
3. Golden State Water Company is authorized to refund \$14,624.13 to Carson-91, LLC.
4. Golden State Water Company is authorized to refund \$3,906.96 to Marriott International Design and Construction Services.
5. Golden State Water Company is authorized to account for the discounts obtained from the contracts terminated with Carson-91, LLC and Marriott International Design and Construction Services by credits to Account 265, Contribution in Aid of Construction.
6. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 14, 2011; the following Commissions voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners