

Rule No. 15 (Continued)
MAIN EXTENSIONS

Sheet 2

A. 3. Definitions

- a. A "bona-fide customer," for the purposes of this rule, shall be a customer (excluding any customer formerly served at the same location) who has given satisfactory evidence that service will be reasonably permanent to the property which has been improved with a building of a permanent nature, and to which service has commenced. The provision of service to a real estate developer or builder, during the construction or development period, shall not establish him as a bona-fide customer.
- b. A "real estate developer" or "builder," for the purposes of this rule, shall include any individual, association of individuals, partnership, or corporation that divides a parcel of land into two or more portions, or that engages in the construction and resale of individual structures on a continuing basis.
- c. The "adjusted construction cost," for the purposes of this rule, shall be reasonable and shall not exceed the costs recorded in conformity with generally accepted water utility accounting practices, and as specifically defined in the Uniform System of Accounts for Water Utilities prescribed by the Commission for installing facilities of adequate capacity for the service requested. If the utility, at its option, should install facilities with a larger capacity or resulting in a greater footage of extension than required for the service requested, the "adjusted construction cost," for the purpose of this rule, shall be determined by the application of an adjustment factor to actual construction cost of facilities installed. This factor shall be the ratio of estimated cost of required facilities to estimated cost of actual facilities installed.

4. Ownership, Design, and Construction of Facilities

- a. Any facilities installed hereunder shall be the sole property of the utility. In those instances in which title to certain portions of the installation, such as fire hydrants, will be held by a political subdivision, such facilities shall not be included as a part of the main extension under this rule, and will neither be owned by the utility nor subject to refund under the provisions of Section C.2. of this rule.
- b. The size, type, quality of materials, and their location shall be specified by the utility; and the actual construction shall be done by the utility or by a constructing agency acceptable to it.
- c. Where the property of an applicant is located adjacent to a right-of-way, exceeding 70 feet in width, for a street, highway, or other public purpose, regardless of the width of the traveled way or pavement; or on a freeway, waterway, or railroad right of way, the utility may elect to install a main extension on the same side thereof as the property of the applicant, and the estimated, and the adjusted construction costs in such case shall be based upon such an extension.

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1230-B

J. T. LINAM

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Decision D.18-12-021

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Rule No. 15 (Continued)
MAIN EXTENSIONS

A. 5. Estimates, Plans, and Specifications (Continued)

- d. When detailed plans, specifications, and cost estimates are requested, the applicant for a main extension shall furnish a map to a suitable scale showing the street and lot layouts and, when requested by the utility, contours or other indication of the relative elevation of the various parts of the area to be developed. If changes are made subsequent to the presentation of this map by the applicant, and these changes require additional expense is revising plans, specifications, and cost estimates, this additional expenses shall be borne by the applicant.

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6. Timing and Adjustment of Advances

- a. Unless the applicant for the main extension elects to arrange for the installation of the extension himself, as permitted by Section C.1.c., the full amount of the required advance or an acceptable surely bond must be provided to the utility at the time of the main extension agreement.
b. If the applicant for a min extension posts a surely bond in lieu of cash, such surely bond must be replaced with cash not less than ten calendar days before construction is to commence; provided, however, that if special facilities are required primarily for the service requested, the applicant for the extension may be required to deposit sufficient cash to cover the cost of such special facilities before they are ordered by the utility.
c. An applicant for a min extension who advances funds shall be provided with a statement of actual construction cost and adjusted construction cost showing in reasonable detail the costs incurred for material, labor, any other direct and indirect costs, overheads, and total costs; or unit costs; or contract costs, whichever are appropriate.
d. Said statement shall be submitted within sixty days after the actual construction costs of the installation have been ascertained by the utility. In the event that the actual construction costs the entire installation shall not have been determined within 120 days after completion of construction work, a preliminary determination of actual and adjusted construction costs shall be submitted, based upon the best available information at that time.
e. Any differences between the adjusted construction costs and the amount advanced shall be shown as revision of the amount of advance and shall be payable within thirty days of date of submission of statement.

(Continued)

Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Rows include Advice (1230-B), Decision (D.18-12-021), Issued By (J. T. LINAM), Director (DIRECTOR - Rates & Regulatory), Date Filed (05/08/2019), Effective (05/11/2019), and Resolution.

Rule No. 15 (Continued)
MAIN EXTENSIONS

A. 7. Assignment of Main Extension Contracts

Any contract entered into under Section B and C of this rule, or under similar provisions of former rules, may be assigned, after settlement of adjusted construction costs, after written notice to the utility by the holder of said contract as shown by the utility's records. Such assignment shall apply only to those refunds which become due more than thirty days after the date of receipt by the utility of the notice of assignment. The utility shall not be required to make any one refund payment under such contract to more than a single assignee.

8. Interpretations and Deviations

In case of disagreement or dispute regarding the application of any provision of this rule, or in circumstances where the application of this rule appears reasonable to either party, the utility, applicant or applicants may refer the matter to the Commission for the determination.

B. Extension of Serve Individuals

1. Payment

Extensions of water main to serve new individual customers shall be paid for and contributed to the utility by the individual customer requesting the main extension. Calculation of payment shall be on the basis of a main from the nearest utility facility at least equal in size or capacity to the main required to serve both the new customers and a reasonable estimate of the potential customers who might be served directly from the main extension, but no more than one nominal pipe size beyond that extension. The utility shall be responsible for installing and paying for service pipes, meter boxes, and meters to serve a new individual customer; provided, however, a Class C or Class D utility, or a Class A or class B utility district or subsidiary serving 2,000 or fewer connections, may accept from individual customers amounts in contribution as a connection fee calculated pursuant to the Commission's Connection Fee Data Form contained in the utility's tariffs.

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2. Reimbursements

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If subsequent applicants for water service are connected directly to the main extension contributed by the original individual customer, such subsequent applicants shall pay to the utility an amount equal to the cost of 100 feet of the original extension or 50% of the cost of the original extension if the length of the original extension is less than 200 feet including material cost for oversizing beyond estimated need by one nominal pipe size. Such amounts shall be immediately refunded by the utility to the initial customer who originally paid for and contributed the main extension to the utility. Total payments to the initial customer by subsequent applicants for water service who are connected directly to the extension shall not exceed the original cost of the extension. No reimbursements shall be made after a period of ten years from completion of the main extension.

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Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Includes fields for Advice, Decision, Date Filed, Effective, and Resolution with corresponding values like 1230-B, D.18-12-021, J. T. LINAM, DIRECTOR - Rates & Regulatory, 05/08/2019, and 05/11/2019.

Rule No. 15 (Continued)
MAIN EXTENSIONS

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

1. Advances

- a. Unless the procedure outlined in Section C.1.c., is followed, an applicant for a main extension to serve a new subdivision, tract, housing project, industrial development, commercial building, or shopping center shall be required to advance to the utility, before construction is commenced, the estimated reasonable cost of the extension to be actually installed, from the nearest utility facility at least equal in size or capacity to the main required to serve both the new customers and a reasonable estimate of the potential customers who might be served directly from the main extension, but not more than one nominal pipe size beyond that estimate. The costs of the extension shall include necessary service stubs or service pipes, fittings, gates and housing there for, and meter boxes, but shall not include meters. To this shall be added the cost of fire hydrants when requested by the applicant for the main extension or required by public authority, whenever such hydrants are to become the property of the utility.
b. If special facilities consisting of items not covered by Section C.1.a. are required for the service requested and, when such facilities to be installed will supply both the main extension and other parts of the utility's system, at least 50 percent of the design capacity (in gallons, gpm, or other appropriate units) is required to supply the main extension, the cost of such special facilities may be included in the advance, subject to refund, as hereinafter provided, along with refunds of the advance of the cost of the extension facilities described in Section C.1.a. above, except as specified in Section C.1.e.
c. In lieu of providing the advances in accordance with Sections C.1.a. and C.1.b., the applicant for a main extension shall be permitted, if qualified in the judgment of the utility, to construct and install the facilities himself, or arrange for their installation pursuant to competitive bidding procedures initiated by him and limited to the qualified bidders. The cost, including the cost of inspection and supervision by the utility, shall be paid directly by applicant. The applicant shall provide the utility with a statement of actual construction cost in reasonable detail. The amount to be treated as an advance subject to refund shall be the lesser of (1) the actual cost, or (2) the price quoted in the utility's detailed cost estimate. The installation shall be in accordance with the plans and specifications submitted by the utility pursuant to Section A.5.b.
d. If, in the opinion of the utility it appears that a proposed main extension will not, within a reasonable period, develop sufficient revenue to make the extension self-supporting, or if for some other reason it appears to the utility that a main extension contract would place an excessive burden on customers, the utility may require nonrefundable contributions of plant facilities from developers in lieu of a main extension contract.

If an applicant for a main extension contract who is asked to contribute the facilities believes such request to be unreasonable, such applicant may refer the matter to the Commission for determination, as provide for in Section A. 8. of this rule.

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Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Rows include Advice (1230-B), Decision (D.18-12-021), J. T. LINAM, DIRECTOR - Rates & Regulatory, Date Filed (05/08/2019), Effective (05/11/2019), and Resolution.

Rule No. 15 (Continued)
MAIN EXTENSIONS

Sheet 7

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

1. Advances

e. A special facilities fee for water supply will be contributed in lieu of any domestic water supply requirement covered under Section C. 1.b in some areas of the West Placer County service area. The special facilities area and fees applicable are shown below.

West Placer Service Area:

Year	Fee per EDU	Year	Fee per EDU
2014	\$5,354	2021	\$7,534
2015	\$5,622	2022	\$7,910
2016	\$5,903	2023	\$8,306
2017	\$6,198	2024	\$8,721
2018	\$6,508	2025	\$9,157
2019	\$6,833	2026	\$9,615
2020	\$7,175	2027	\$10,096

The West Placer facilities fee area is that portion of land in general to the area bordered by Baseline Road to the north, the Placer County line (just south of PFE Road) to the south, Walerga Road to the west, and Foothills Boulevard/Brady Road to the east. Also included is the initial planned development of Riolo Vineyards (107 EDU's) which immediately "fronts" the west side of Walerga Road, generally between the entrance to Dry Creek Park (to the north) and PFE Road (to the south). This service area excludes almost all parcels generally located west of Walerga Road (namely Placer Vineyards, located within Parcel E1) and the majority of Riolo Vineyards. The service area is more specifically identified on the West Placer Service Area Tariff Map.

Residential Fire Sprinkler System (RFSS) metered service:

Any customer located within the West Placer service area of the Sacramento District that is required or is requesting a Residential Fire Sprinkler System (RFSS) to be installed in accordance with either local fire or building codes shall have their meter factor modified. The facility fee to be paid by the customer is based on their RFSS that will be verified by the company that the proper Meter Equivalency Factor is applied.

Meter Equivalency Factor per EDU	
For 5/8 x 3/4-inch residential to 1-inch residential metered fire sprinkler	1
For 5/8 x 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler	1
For 5/8 x 3/4-inch residential to 2-inch residential metered fire sprinkler	1
For 3/4-inch residential to 1-inch residential metered fire sprinkler	1.5
For 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler	1.5
For 3/4-inch residential to 2-inch residential metered fire sprinkler	1.5
For 1-inch residential to 1 1/2-inch residential metered fire sprinkler	2.5
For 1-inch residential to 2-inch residential metered fire sprinkler	2.5
For 1 1/2-inch residential to 2-inch residential metered fire sprinkler	5

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Rule No. 15 (Continued)
MAIN EXTENSIONS

Sheet 8

C. Extensions to Serve Subdivisions, Tracts, Housing Projects, Industrial Developments, Commercial Buildings, or shopping Centers. (Continued)

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1. Advances (Continued)

e. (Continued)

Residential Fire Sprinkler System (RFSS) metered service:

Any customer in the Dry Creek Facilities Fee area located within the West Placer service area of the Sacramento District that is required or is requesting a Residential Fire Sprinkler System (RFSS) to be installed in accordance with either local fire or building codes shall have their meter factor modified. The facility fee to be paid by the customer is based on their RFSS that will be verified by the company that the proper Meter Equivalency Factor is applied.

Meter Equivalency Factor

Table with 2 columns: Description of residential fire sprinkler types and their corresponding Meter Equivalency Factor values (1, 1.5, 2.5, 5).

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Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY (J. T. LINAM, DIRECTOR - Rates & Regulatory), and (TO BE INSERTED BY C.P.U.C.) (Date Filed: 05/08/2019, Effective: 05/11/2019, Resolution).

Rule No. 15 (Continued)
MAIN EXTENSIONS

Sheet 9

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

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1. Advances (continued)

- f. A special facilities fee for water supply will be contributed in lieu of any domestic water supply requirement covered under Section C. 1.b in the Rosemont service area. The special facilities area and fees applicable are shown below.

Area: Jackson Well

Facilities Fee: Based on Meter Size

This fee is determined by Meter Size and is applicable to all subdivisions, tracts, housing projects, industrial developments, commercial buildings, or shopping centers requiring a main extension within the area described below. The following Table lists the Special Facility Fee per Meter Size.:

<u>Meter Size:</u>	<u>Special Facility Fee:</u>	<u>Meter Size:</u>	<u>Special Facility Fee:</u>
5/8 x 3/4 - inch	\$ 1,795.27	6 – inch	\$ 89,763.26
3/4 - inch	2,692.90	8 – inch	143,621.22
1 – inch	4,488.16	10 – inch	206,455.50
1 1/2 – inch	8,976.33	12 – inch	296,218.76
2 – inch	14,362.12		
3 – inch	26,928.98		
4 – inch	44,881.63		

The Suburban water system and the Rosemont water system are contiguous systems located south of the American River, east of the City of Sacramento, west of Mather Air Force Base, and north of Jackson Highway. A portion of the City of Rancho Cordova comprises most of the Suburban system to the east of Bradshaw Road. The location of the Suburban and Rosemont systems are more specifically identified on the Suburban/Rosemont Service Area Tariff Map

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Rule No. 15 (Continued) MAIN EXTENSIONS

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

1. Advances (continued)

f. (Continued)

Residential Fire Sprinkler System (RFSS) metered service:

Any customer in the Jackson Well Facilities Fee area located within the Rosemont service area of the Sacramento District that is required or is requesting a Residential Fire Sprinkler System (RFSS) to be installed in accordance with either local fire or building codes shall have their Special Facility Fee based on meter size modified. The special facility fee to be paid by the customer is based on their RFSS that will be verified by the company that the proper Special Facility Fee based on Meter Rate Equivalency is applied.

Meter Rate Equivalency

Table with 2 columns: Description of fire sprinkler service and Price. Includes rows for various residential fire sprinkler sizes and their corresponding costs.

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Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, and (TO BE INSERTED BY C.P.U.C.). Contains fields for Advice, Decision, Issued By (J. T. LINAM), Date Filed (05/08/2019), Effective (05/11/2019), and Resolution.

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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

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

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(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1382

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DIRECTOR - Rates & Regulatory

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Rule No. 15
MAIN EXTENSIONS

Sheet 12

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

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.

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.

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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

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Rule No. 15
MAIN EXTENSIONS

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

- 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.

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Rule No. 15
MAIN EXTENSIONS

Sheet 15

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.

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%
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 - b. For AIC:

Service Connection Component:	20.93%
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3. The tax factors are established by using Method 5 as set forth in Decision No. 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%

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(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1382	J. T. LINAM	Date Filed <u>08/05/2022</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/04/2022</u>
		Resolution _____

Rule No. 15
MAIN EXTENSIONS

Sheet 16

E. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION (continued)

- 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.

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(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1382

J. T. LINAM

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