

PSC NO: 3 STATEMENT TYPE: SURCH.
COMPANY: West Valley Crystal Water Company, Inc. STATEMENT No. 1
INITIAL EFFECTIVE DATE: January 1, 2013

(Issued in compliance with Commission Order issued and effective November 29, 2012)

STATE DRINKING WATER REVOLVING FUND CAPITAL
IMPROVEMENTS SURCHARGE

West Valley Crystal Water Company, Inc. is authorized to surcharge the bills of all its customers, based on a 253 equivalent dwelling units, quarterly, for a 30-year period, to repay an Environmental Facilities Corporation (EFC) loan of up to \$2.587 million to cover the cost to replace its aged water system.

The surcharge will be adjusted to reflect the actual costs of financing and all surcharges will be placed in a separate interest bearing account.

The Company is authorized to collect a levelized surcharge over the term of the EFC loan effective on January 1, 2013. If the Company experiences any under/over collections or changes in the levelized annual loan payments and associated charges required, it will file a new surcharge statement to become effective January 1 of the following year. The calculation of the surcharge for all succeeding periods is shown below:

Annual debt service funding required: \$86,246
Prior period under (over) recovery \$____
Total estimated funding required during the next year \$____
Quarterly surcharge: \$85.22

This surcharge will be adjusted or eliminated in the final years when there are sufficient funds in the EFC escrow account to pay off the balance of the loan.

Private water companies with EFC loans from the State Revolving Fund are placed in a pool and if any company defaults, EFC can increase the payments required by the other companies in the pool by up to 10%.

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