

WATER/RSK/KOK/DLW/RHG

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS
UTILITY AUDIT, FINANCE AND
COMPLIANCE BRANCH**

**RESOLUTION W-4810
DECEMBER 17, 2009**

R E S O L U T I O N

RESOLUTION W-4810. RESOLUTION AUTHORIZING GOLDEN STATE WATER COMPANY TO INSTITUTE A SURCHARGE ON WATER RATES OF EXISTING CUSTOMERS OF THE ARDEN-CORDOVA DISTRICT TO REPAY A \$4.5 MILLION LOAN UNDER THE SAFE DRINKING WATER STATE REVOLVING FUND LAW OF 1997 AND THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

By Advice Letter (AL) No. 1341-W filed on August 7, 2009.

SUMMARY

This Resolution grants the authority requested by Golden State Water Company (GSWC) in AL No. 1341-W. In that advice letter, GSWC requested authority to institute a surcharge on the existing water rates of its Arden-Cordova District customers to repay \$4.5 million of a \$9 million loan under the Safe Drinking Water State Revolving Fund Law of 1997 (SDWSRF) and the American Recovery and Reinvestment Act of 2009 (ARRA).¹ Of the \$9 million of funding, \$4.5 million of the principal will be forgiven under ARRA.

GSWC will use the proceeds of the loan for the installation of meters and connection retrofitting for 7,358 flat-rate customers in GSWC's Cordova system. The objective of

¹ GSWC has existing authority to enter into this loan, under Decision (D.) 07-02-014, dated February 15, 2007. In D.07-02-014, the Commission authorized GSWC to issue \$200 million of any combination of equity and debt securities, including notes and loans, for purposes permitted under § 817 of the Public Utilities Code, including construction, completion, extension or improvement of GWSC's facilities. Of the \$200 million debt authority, \$130 million remains outstanding. In D.07-02-014, the Commission also authorized GWSC to encumber utility property in connection with the issuance of Debt Securities. The fee of \$93,500, prescribed by Public Utilities Code §§ 1904(b) and 1904.1, was paid by GSWC on February 27, 2008.

the meter installation and connection retrofitting project is to comply with California Water Code § 527 (a) (1).²

In addition, we approve GSWC's proposal to establish and maintain a balancing account and open a separate bank account, which will be credited with revenues collected through the requested surcharge and any interest on the deposits and debited with payments on the loan and any fiscal agent or other loan-related fees or costs.³

According to GSWC, there will be approximately 3,600 customers in its Arden-Cordova district that will not receive meters through the SDWSRF/ARRA funding. However, if there are any remaining loan funds after the 7,358 customers have been provided meters, the remaining funds will be exhausted providing additional unmetered customers in the Arden-Cordova system the meter installation and connection retrofitting services. The remaining unmetered customers after that will be provided meters through GSWC's future construction programs.

BACKGROUND

GSWC is a Class A water utility subject to the jurisdiction of this Commission. GSWC provides water service in portions of Los Angeles, Orange, San Bernardino, Ventura, Lake, San Luis Obispo, Sacramento, Imperial, Contra Costa and Santa Barbara Counties, and electric service in the Big Bear Lake area of San Bernardino County.

GSWC's Arden-Cordova District consists of two systems: (i) the Arden Manor area located approximately six miles northeast of Sacramento and (ii) Rancho Cordova and vicinity, both in Sacramento County. The ratebase for the two systems has always been treated as one.⁴ As of December, 2008, GSWC provides water service to over 16,000 customers in its Arden-Cordova District.

GSWC's present Arden-Cordova District rate schedules for general metered service and flat-rate service were authorized in Advice Letter 1310-W, which granted a rate base offset increase of \$16,492 or 0.15%, effective December 23, 2008. The Arden-Cordova District's last general rate increase was authorized in D.08-01-043, in which the Commission authorized an increase of \$1,928,000, or 22.05%.

² The Water Code requires the installation of meters on certain types of connections before 2025. For additional details, see the Background Section of this Resolution.

³ Section 13 of GSWC's Draft Funding Agreement with the California Department of Public Health (CDPH) provides that the Supplier (borrower) shall enter into a Fiscal Services Agreement with a Fiscal Agent and shall open a special account with the Fiscal Agent to hold funds, including reserve fund sufficient to service the loan. Funds from the account shall be used only for the payment of principal and/or interest on the loan, or any delinquencies thereon, and any fees or costs related to the loan, until the loan is repaid in full.

⁴ See Attachment F, page 1, to Decision 08-01-043, dated January 31, 2008.

The ARRA funding program was signed into law by President Obama on February 17, 2009. Among its provisions, ARRA is providing approximately \$160 million to the SDWSRF for infrastructure development of California's drinking water systems. From February 1 to 27, 2009, CDPH held an open pre-application period for the ARRA funding. GSWC was thereafter invited by CDPH to submit an application to receive \$9 million in funding. Approximately \$4.5 million of the funding will be a long-term, low-interest loan and the remainder will be provided under the ARRA loan principal forgiveness process.

According to the filing, CDPH has committed to provide GSWC an \$4.5 million SDWSRF loan that will carry an interest rate of 2.5017%, with a term of 20 years and semi-annual surcharge recovery requirements of \$181,262.62 for the first 10 years and \$164,784.20, thereafter.⁵ GSWC intends to enter into a funding agreement with CDPH for the SDWSRF loan using its existing equity and debt authority granted in D.07-02-014. As of March 31, 2009, GSWC has issued \$70 million in stocks and notes under this authority and has existing unused authority of \$130 million.

Over the years, GSWC has been installing meters in its Arden-Cordova District. Through 2008, GSWC has installed approximately 5,500 meters in its Cordova system. When GSWC undertakes meter installation and connection retrofitting, the utility furnishes and also installs the service pipe, curb stop, meter and meter box for the purpose of connecting its distribution system to the customer's piping. The meter and retrofitting costs have been included in GSWC's capital accounts, a factor in calculating GSWC's return in its rate case proceedings.

For the current project, GSWC will install approximately 7,358 meters, and associated connection retrofitting, on residential service lines in its Cordova system. The project will include meter installation and associated site work. In certain cases, where the existing service line is found to have been constructed with substandard materials such as polyethylene tubing, the service line will be upgraded to copper pipe. Complete details of the project and costs have been submitted to CDPH in GSWC's ARRA application.

GSWC estimates that there will be approximately 3,600 customers that will not receive meters during this project, that will need to have meters installed in the future. GSWC indicates that if any loan proceeds remain after installing meters for the 7,358 customers contemplated in the current project, it will use the remaining funds to install meters and conduct associated connection retrofitting services for additional unmetered Arden-

⁵ For the first 10 years, the semi-annual surcharge recovery requirement includes \$16,478.42 or a 10% reserve to be deposited with a fiscal agent. The 10% reserve fund is built up by collecting an additional 10% of the amount otherwise necessary to make payments on the loan during the first 10 years of the loan repayment period. This creates a reserve sufficient to make the final two payments on the loan.

Cordova customers. At this time, GSWC estimates it will provide any remaining unmetered customers meters and the retrofitting services through its future construction programs.

GSWC states that the project is in accordance with the mandate and provisions of California Water Code § 527 (a) (1), which requires an urban water supplier to install meters on all municipal and industrial service connections located within its service area on or before January 1, 2025.⁶ California Water Code § 527 (b) provides that a water purveyor, including an urban water supplier, may recover the cost of providing services related to the purchase, installation, and operation of a water meter from rates, fees, or charges.

NOTICE AND PROTESTS

Notice of AL No. 1341-W appeared on the Commission's Daily Calendar of August 12, 2009. On August 13, 2009, a public notice of the SDWSRF loan, the proposed surcharge and the rate change, expressed in both dollar and percentage terms, were published in The Sacramento Bee.⁷ By bill insert, dated August 20, 2009, GSWC notified its customers of the proposed SDWSRF/ARRA funding and the surcharge to repay the loan.

GSWC and the Commission's Division of Water and Audits (DWA) received three protests on GSWC's advice letter request. One was from a metered customer who suggested that only the unmetered customers should bear the burden of paying the surcharge. One was from a flat-rate customer who indicated that there is a discrepancy between the amount of his current bill and the estimated monthly bill appearing in the notice and that the due date for protests should be extended. The third was from a homeowners' association, comprised of 227 condominiums, stating that the loan should have been disclosed before the notice issued, that the interest on the loan should be paid by the utility, and that GSWC did not upgrade substandard waterlines when meters were installed by GSWC on the association's property.

GSWC acknowledged receipt of and responded to the protests. DWA likewise notified these customers that in processing AL 1341-W, the Commission will consider the proposed project, the low-interest funding, the surcharge and the public good, among

⁶ "Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers. (California Water Code Section 10617.)

⁷ A local newspaper circulated within the Arden-Cordova District, and covering approximately 12,000 square miles south to Stockton, north to the Oregon Border, east to Reno and west to the San Francisco Bay Area.

other things. The major points raised by the protestants are addressed in the discussion below, however, the issue raised by the homeowner's association that substandard waterlines were not upgraded when meters were previously installed is not relevant to GSWC's current request.

DISCUSSION

GSWC's proposed meter retrofit project is a proper use of loan proceeds, pursuant to § 817(b). In addition, the project will assist in bringing GSWC's service connections into compliance with Water Code § 527(a) (1) via a low-cost loan and principal forgiveness program, at a much lower total cost than it otherwise could obtain. Therefore, it is reasonable to permit GSWC to use the loan and principal forgiveness funds for its proposed metering project. However, we do not make a finding on the reasonableness of the costs of the project, which is normally addressed during a general rate case.

Pursuant to CDPH's funding agreement, no funds will be disbursed until GSWC has provided satisfactory documentation showing that the Commission has approved a dedicated source of revenue for repayment of the principal amount of the loan and interest, and the creation of a 10% reserve fund.⁸ Because the requirement for surcharge recovery is a condition of the SDWSRF loan, it is our responsibility to provide the regulated utility the means to comply with this condition, in order to avail itself of this low-cost borrowing and the ARRA loan forgiveness feature.

The surcharge serves only to repay the loan and will not generate any profit to the utility owners. Capital improvements financed through the surcharge and the loan forgiveness process are excluded from rate base. Under cost-based ratemaking, water utilities are entitled to recover from their customers the reasonable costs of installing necessary plant, including reasonable interest costs.

We do not find anything in the customers' concerns that would require the Commission to reject GSWC's surcharge request. Public interest dictates that GSWC should have the ability to comply with the surcharge requirement in order to avail itself of the SDWSRF low-interest loan and the ARRA principal forgiveness, and abide by the metering mandate of the California Water Code.

In order to ensure GSWC can avail itself of the low-cost SDWSRF funding in the amount of \$4.5 million and receive an additional \$4.5 million under the ARRA principal forgiveness program, it is reasonable to allow GSWC to implement a surcharge to

⁸ The 10% required reserve fund is built up by collecting an additional 10% of the amount otherwise necessary to make payments on the loan during the first 10 years of the loan repayment period. This creates a reserve sufficient to make the semiannual payments when due or make the final two payments on the loan. The reserve fund will be maintained and administered by the fiscal agent.

recover the costs associated with the SDWSRF loan. However, we are not making a finding on the reasonableness of the loan costs, which is normally addressed in a general rate case.

GSWC's request to impose the proposed surcharge on all of its Arden-Cordova customers is similar to the ratemaking treatment used in the past for GSWC's meter and connection retrofits, whereby the costs were spread across all of GSWC's customers, since the costs of the meters and the retrofitting were included in ratebase.⁹

In this case, meter retrofitting is mandated by law and it benefits the utility and all its customers, both the currently metered and flat-rate, because it promotes water conservation, spare capacity, and cost savings.¹⁰ It is fair and reasonable to spread the costs to all of the customers since the meter-induced conservation effects, the reduction in some variable expenses, and lower water demand will benefit the entire water system and is similar to how meter retrofitting was handled in the past.

GSWC currently estimates that the annual surcharge revenues required to service the proposed debt will be approximately \$362,525.24 for the first ten years, and then \$329,568.40 until the loan is paid.¹¹ To provide for the principal, interest, reserve requirement, and loan-related fees or costs, DWA estimates the following surcharges that will be in direct proportion to the capacity of each customer's meter.

⁹ See D.08-01-043, Appendix B, pages 2 and 3, of Attachment A.

¹⁰ Less use of water creates capacity in a utility's existing system and allows it to defer costs for additional construction of mains, wells, as well as providing the utility the means to add new customers without new supply.

¹¹ By e-mail dated October 19, 2009, CDPH updated the amortization schedule and the surcharges were re-calculated accordingly. The surcharge rates are estimates and are based on the latest information provided by GSWC and CDPH.

TABLE 1
Monthly Surcharge to Pay for the Loan

<u>General Metered Service</u>		
<u>Meter Size</u>	<u>First 10 years¹²</u>	<u>Thereafter until end of loan repayment</u>
5/8 x 3/4-inch meter	\$ 0.94	\$ 0.86
3/4-inch meter	\$ 1.41	\$ 1.28
1-inch meter	\$ 2.35	\$ 2.14
1-1/2-inch meter	\$ 4.71	\$ 4.28
2-inch meter	\$ 7.53	\$ 6.84
3-inch meter	\$ 14.12	\$ 12.83
4-inch meter	\$ 23.53	\$ 21.39
6-inch meter	\$ 47.06	\$ 42.78
8-inch meter	\$ 75.29	\$ 68.45
10-inch meter	\$108.23	\$ 98.39
<u>Flat-rate Size</u>	<u>First 10 years¹³</u>	<u>Thereafter until end of loan repayment</u>
Single Unit	\$1.41	\$1.28
Duplex	\$1.41	\$1.28
Additional Detached Unit	\$0.00	\$0.00
Swimming Pool	\$0.00	\$0.00

With the surcharge, the estimated monthly bill for a typical 3/4-inch metered customer using approximately 1,700 cubic feet of water per month (at a quantity rate of \$0.65 per 100 cubic feet) would increase from \$21.80 (\$0.65 times 17, plus the service charge of \$10.75) to \$23.21 (\$21.80 plus \$1.41) or 6.5% for the first 10 years.

With the surcharge, the estimated monthly bill for a single-family residential unit with flat-rate service would initially increase from \$40.35 to \$41.76 (\$40.35 plus \$1.41) or 3.5%, until GSWC implements the metered rates for these customers.¹⁴ GSWC indicated to DWA that it plans to read the meter and show the usage on the customer's bill for a period of at least one year after the installation of the meter, but will still charge the customer on a flat-rate service. GSWC states that this will allow the customer to see the

¹² Includes 10% reserve required by CDPH.

¹³ Includes 10% reserve required by CDPH.

¹⁴ The amount shown above is based on GSWC's current Schedule No. AC-2 for flat-rate service and does not include any additional charges that may appear on a customer's bill.

usage for each billing period over all seasons and will allow the customer to monitor and/or adjust its usage.¹⁵

After the installation of the meters and the implementation of metered rates the current flat-rate customers will be able to control the amount of their monthly bill by adjusting their water consumption. Once GSWC implements metered-rates for these flat-rate customers, DWA estimates that a monthly bill for a typical customer with a ¾" meter using approximately 1,700 cubic feet of water per month will decrease by approximately \$18.55 or 44%.¹⁶

Considering that GSWC has not determined the exact time when the surcharge will be implemented, we will require GSWC to file at a reasonable time, but not later than nine months prior to the first semi-annual payment, an advice letter, which establishes a monthly surcharge on customer bills. The advice letter should be filed as a Tier 2 Advice Letter. It needs to be filed in time to allow for staff review and approval and billing lag.¹⁷ We put GSWC on notice to properly estimate the date when the surcharge will be implemented in order to accumulate the proper amount of surcharge collections in time for the first semi-annual loan payment.

In light of GSWC's stated intention not to switch its newly metered customers from flat-rate service to metered service when their meters are operational, it should also make a separate and timely Tier 3 filing to establish a special condition in its Schedule No. AC-1, General Metered Service, describing when a flat-rate customer provided a meter and connection retrofitting under the SDWSRF/ARRA funding would be billed the metered rate. This filing should be made within 60 days of today.

¹⁵Section 527 (a) (2) (A) states that an urban water supplier shall charge each customer that has a service connection for which a water meter has been installed based on the actual volume of deliveries as measured by the water meter, beginning on or before January 1, 2010. However, Section 527 (a) (2) (B) provides that "notwithstanding subparagraph (A), in order to provide customers with experience in volume-based water service charges, an urban water supplier that is subject to this subdivision may delay, for one annual seasonal cycle of water use, the use of meter-based charges for service connections that are being converted from nonvolume-based billing to volume-based billing."

¹⁶ Flat-rate service for single-family residential unit of \$40.35 less \$21.80 (\$0.65 quantity rate per 100 cubic feet times 17 (1,700 divided by 100 cubic feet) plus service charge for ¾-inch meter of \$10.75).

¹⁷ We note herein that according to CDPH, the first semi-annual payment will be due September 1, 2013. Accordingly, we expect GSWC to file an advice letter to implement the surcharge nine months prior to that date or at an earlier date GSWC deems adequate to accumulate the payment amount.

In order to ensure proper treatment of the surcharge and plant under the SDWSRF/ARRA funding, the following conditions shall apply:

1. The loan repayment surcharge for the SDWSRF/ARRA funding shall be separately identified on customer bills.
2. The surcharge rates to repay the loan shall continue until the loan is fully paid.
3. Any surplus accrued or in the bank account into which the surcharge fees are deposited shall be refunded or applied on behalf of the customers when ordered by the Commission.
4. The cost of the capital improvements paid for by the surcharge and by the loan forgiveness shall be excluded from ratebase for ratemaking purposes.
5. No less frequently than once per year, the utility shall review the balance in the balancing account immediately following a payment to CDPH, and if the balance is less than the CDPH required reserve or exceeds the CDPH required reserve by more than thirty five percent of the next semi-annual payment, GSWC shall file an advice letter to adjust the surcharge. Changes in future surcharge rates shall be accomplished by normal advice letter procedure subject to review and approval.
6. Golden State Water Company shall retain all invoices and maintain adequate records related to the Cordova system Water Meter Retrofit project financed by the SDWSRF/ARRA loan so that Commission staff may confirm that the loan was properly used for the stated purpose. GSWC shall also maintain adequate records to enable the Commission to audit the surcharge, revenues collected through the surcharge, and payments of principal and interest on the loan, and fiscal agent and any other loan-related fees or costs and to audit and/or determine the reasonableness of the meter and retrofitting costs.

GSWC requests (i) to establish and maintain a balancing account to be credited with revenues collected through the surcharge and any interest earned thereon, and to be charged with payments of principal and interest on the loan and any fiscal agent or other loan-related fees or costs and (ii) to open a separate bank account, which will be credited with revenues collected through the surcharge and any interest on the deposits and debited with payments on the loan and any fiscal agent or other loan-related fees or

costs. These requests are reasonable to properly account for the surcharge revenues and associated expenses and we will grant them.

GSWC shall deposit all surcharge revenues with a fiscal agent approved by CDPH. Such deposits shall be made within 30 days after the surcharges are collected from customers.

COMMENTS

Public Utilities Code § 311(g) (1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, on November 13, 2009, the draft resolution was mailed to parties based on the service list attached to AL No. 1341-W, and to the customers who protested the filing, with comments due on December 3, 2009.

No comments were received.

FINDINGS

1. GSWC, a California corporation, is a Class A water utility subject to the jurisdiction of this Commission.
2. GSWC's Arden-Cordova District is made up of the Arden system and the Cordova system. The ratebase for the two systems has always been treated as one.
3. The installation of meters is mandated by law and promotes water conservation, spare capacity, and cost savings.
4. Past meter and associated connection retrofitting costs are currently included in GSWC's capital accounts, which is a factor in calculating GSWC's return in its rate case proceedings.
5. Charging the proposed surcharge to all of GSWC's Arden-Cordova customers is similar to how meter retrofitting costs are currently spread across all of GSWC's customers when such costs, incurred through GSWC's construction program, are included in ratebase.
6. The SDWSRF/ARRA funding provides GSWC \$9.0 million in funds; \$4.5 million under a long-term, low-interest loan and the remainder under the ARRA loan principal forgiveness process.
7. The CDPH funding agreement requires a surcharge for repayment of principal and interest, and a 10% reserve requirement for the first ten years of the term of the loan.

8. CDPH requires a fiscal agent to administer surcharge revenues, interest earned, loan amortization payments and any loan-related fees and costs.
9. With surcharge recovery, the utility or its owners do not personally benefit from the loan.
10. The surcharge will generate approximately \$362,525.24 annually for the first ten years, and \$329,568.40 thereafter.
11. The reasonableness of the capital expenditures and loan costs will be subject to review in general rate case or other formal proceedings.
12. GSWC and DWA received three protests regarding the loan and the surcharge notice.

CONCLUSIONS OF LAW

1. California Water Code 527 (a) (1) requires an urban water supplier to install meters on all municipal and industrial service connections located within its service area on or before January 1, 2025.
2. California Water Code § 527 (b) provides that a water purveyor, including an urban water supplier, may recover the cost of providing services related to the purchase, installation, and operation of a water meter from rates, fees, or charges.
3. CDPH's funding agreement requires GSWC to submit satisfactory documentation showing that the Commission has approved a dedicated source of revenue for repayment of the principal amount of the loan and interest, and the creation of a 10% reserve fund.
4. It is reasonable to authorize GSWC to implement a surcharge on all customers to fund the loan principal and interest payments, the 10% reserve requirement and any fiscal agent or other loan-related fees or costs.
5. GSWC should file at a reasonable time, but not later than nine months prior to the first semi-annual payment, an advice letter to establish a monthly surcharge on customer bills.
6. GSWC should file, within 60 days, a separate Tier 3 advice letter, requesting to add a special condition in its Schedule No. AC-1, General Metered Service, describing when a newly metered customer under the SDWSRF/ARRA funding would be billed the metered rate.

7. The plant paid for by the surcharge and the loan forgiveness should not be included in ratebase.
8. Surcharge revenues should not be commingled with other utility revenue.
9. GSWC should retain invoices for the work completed and maintain adequate records of the surcharges, and payments of principal and interest on the loan and any fees or costs related to the loan.

THEREFORE, IT IS ORDERED that:

1. Golden State Water Company's Advice Letter No. 1341-W is approved, subject to the following conditions, which were not included in its advice letter:
 - a. The loan repayment surcharge for the Safe Drinking Water State Revolving Fund Law of 1997 and the American Recovery and Reinvestment Act of 2009 funding shall be separately identified on customer bills in the Arden-Cordova District.
 - b. The surcharge rates to repay the loan shall continue until the loan is fully paid.
 - c. Any surplus accrued or in the bank account provided for in Ordering Paragraph No. 4 shall be refunded or applied on behalf of the customers when ordered by the Commission.
 - d. The cost of the capital improvements financed through the surcharge and the loan forgiveness shall be excluded from ratebase for ratemaking purposes.
 - e. No less frequently than once per year, the utility shall review the balance in the balancing account immediately following a payment to the California Department of Public Health, and if the balance is less than the California Department of Public Health required reserve or exceeds the required reserve by more than thirty five percent of the next semi-annual payment, Golden State Water Company shall file an advice letter to adjust the surcharge. Changes in future surcharge rates shall be accomplished by Tier 2 advice letter procedure, subject to review and approval.
 - f. Golden State Water Company shall retain all invoices and maintain adequate records related to the Cordova system Water Meter Retrofit project financed by the Safe Drinking Water State Revolving Fund Law

- of 1997 and the American Recovery and Reinvestment Act of 2009 loan so that Commission staff may confirm the loan was properly used for the stated purpose. GSWC shall also maintain adequate records to enable the Commission to audit the surcharge, revenues collected through the surcharge, payments of principal and interest on the loan, and fiscal agent and any other loan-related fees or costs and to audit and/or determine the reasonableness of the meter installation and retrofitting costs.
2. Golden State Water Company shall file, in accordance with General Order No. 96-B, no later than nine months prior to the first semi-annual payment of the loan, an advice letter, which establishes the monthly surcharges shown in Table 1 in the Discussion Section of this Resolution, updated as necessary, to reflect any changes in the California Department of Public Health's amortization schedule. The advice letter shall be filed as a Tier 2 Advice Letter.
 3. Golden State Water Company shall file, in accordance with General Order No. 96-B, no later than sixty days after the effective date of this Resolution, an advice letter, requesting to add a special condition in its Schedule No. AC-1, General Metered Service, describing when a flat-rate customer provided a meter and connection retrofitting under the Safe Drinking Water State Revolving Fund Law of 1997 and the American Recovery and Reinvestment Act of 2009 funding would be billed the metered rate. The advice letter shall be filed as a Tier 3 Advice Letter.
 4. Golden State Water Company shall establish a separate bank account, approved by the California Department of Public Health, to hold all surcharge revenues, interest on deposits and handle payments on the loan including interest and any fiscal agent or other loan-related fees or costs. Deposits into the account shall be made within 30 days after the surcharges are collected from customers.
 5. Golden State Water Company shall establish a balancing account wherein it shall credit revenues collected through the surcharge and interest on deposits, and charge payments of principal and interest, and any fiscal agent or other loan-related fees or costs.

