



4701 Beloit Drive
Sacramento, CA 95838
www.amwater.com

P (916)-568-4251
F (916) 568-4260

September 10, 2019

California Public Utilities Commission
Water Division
Room 3102, State Building
505 Van Ness Ave.
San Francisco, CA 94102-3298

Dear Division of Water and Audits:

Enclosed please find an original and three copies of Advice Letter No. 1220-A. Along with the Advice Letter, two copies of the workpapers have been enclosed as well.

Regards,

/s/ Lakhjit Thind

Lakhjit Thind
Financial Analyst

CC: Richard Rauschmeier, California Public Utilities Commission, Public Advocates
Office, 505 Van Ness Ave., San Francisco, CA 94102-3298



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September 10, 2019

ADVICE LETTER NO. 1220-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) submits this advice letter, including the following tariff sheets applicable to all Monterey Main including Bishop, Hidden Hills and Ryan Ranch water customers.

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Purpose:

This supplemental advice letter is being filed to incorporate changes to the financing and ratemaking framework for Phase 1 of the Monterey Peninsula Water Supply Project (“MPWSP”) based on recent information from the State Water Resources Control Board (“SWRCB”) and Department of Water Resources (“DWR”).

This supplemental advice letter is filed in compliance with Decision (D.) 18-09-017 and requests authorization from the California Public Utilities Commission (“Commission”) to:

- Adjust the financing and ratemaking framework set out in the proposed Comprehensive Settlement Agreement (“Comprehensive Settlement”) and account for recent updates by the SWRCB and DWR;
- Implement the proposed modified financing and ratemaking framework;
- Replace the construction funding surcharge with additional low cost State Revolving Fund (“SRF”);
- File a Tier 2 advice letter upon receipt of the \$10 million grant from the DWR to establish a regulatory asset and associated revenue requirement for the recovery in rates of the income taxes associated with the receipt of the grant proceeds;
- Establish the MPWSP Phase 1 Project Cost Memorandum Account; and
- Establish the MPWSP Operations and Maintenance Memorandum Account

Background & Discussion:

In compliance with Ordering Paragraph 25 of D.18-09-017, Cal-Am filed advice letter 1220 on December 31, 2018 to provide specific adjustments to the financing and ratemaking framework and details to implement the provisions consistent with the decision. Since the filing of advice letter 1220 there have been important actions by the SWRCB and DWR that may necessitate changes to the financing and ratemaking plan in order to provide the benefit of lower cost financing to Cal-Am’s Monterey District customers. In addition, recent tax law changes approved by Congress as part of the Tax Cuts and Jobs Act (“TCJA”) would necessitate the gross up of income taxes on contributions that were not originally contemplated in the Comprehensive Settlement. Cal-Am proposes changes be made to the adjusted framework originally included in advice letter 1220 to allow greater flexibility should access to additional low cost SRF loans and grants be available. Cal-Am believes that the additional flexibility requested in this supplemental advice letter will directly benefit its customers in the Monterey District resulting in lower financing costs.

In Application (A.) 12-04-019, Cal-Am sought Commission authorization to construct and operate the MPWSP and to recover all present and future costs for the MPWSP in rates. In D.18-09-017, the Commission found that “[c]onstruction and operation of the MPWSP will allow Cal-Am to meet reasonable demand... provide a reliable and secure supply, include a reasonable “buffer” against uncertainties, and satisfy all other reasonable needs.”¹

The proceeding for A.12-04-019 moved forward in two phases. Phase 1 addressed Cal-Am’s request for a Certificate of Public Convenience and Necessity (“CPCN”) for the MPWSP. Phase 2 concerned matters related to the Groundwater Replenishment Project (“GWR”) (later termed the “Pure Water Monterey Ground Water Replenishment Project”).

The Commission addressed Phase 2 issues in D.16-09-021, adopted on September 15, 2016. That decision authorized Cal-Am to move forward with the construction and recovery in rates of the Monterey Pipeline and Pump Station and the purchase of GWR water by Cal-Am under a Water Purchase Agreement.

On September 20, 2018, the Commission issued D.18-09-018, granting Cal-Am a CPCN to construct a 6.4 million gallons per day (“mgd”) desalination plant and certified the Final Environmental Impact Report/Environmental Impact Statement. In addition, the Commission

¹ D.18-09-017, p.169, Finding of Fact 25.

made numerous findings regarding the financing and ratemaking issues associated with the MPWSP.

In D.18-09-017, the Commission recognized the benefits of the flexibility of the financing provisions of the Comprehensive Settlement Agreement and noted that the “final costs, size, grants, or other financial elements” utilized for the MPWSP could evolve.² The Commission authorized (but did not require) Cal-Am to use the following financing options: (1) the construction funding surcharge, (2) SRF debt, (3) public agency contribution or securitized debt, and (4) equity.³ The Commission concluded, “Cal-Am should utilize grant funds, public bonds, SRF and strive for the least cost financing for the MPWSP.”⁴ This is what Cal-Am is seeking to do through the expanded use of SRF discussed below.

In D.18-09-017, the Commission found that the “proposed financing framework set out in the Comprehensive Settlement should be adopted” with conditions.⁵ Sixteen parties filed a motion to approve the Comprehensive Settlement Agreement (Comprehensive Settlement on July 31, 2013. It addresses O&M expenses, cost caps, financing and ratemaking for the MPWSP. Ordering Paragraph 25 of D.18-09-017 directs Cal-Am to take certain actions with respect to the Comprehensive Settlement:

California-American Water Company shall submit a Tier 3 advice letter to the Commission that provides for specific adjustments to the framework set out in sections 7, 8 and 10-15 of the proposed Comprehensive Settlement Agreement, after consultation with Commission Water Division Staff and parties to the proceeding. The Tier 3 advice letters shall also provide specific detail to implement the provisions consistent with this decision. The Tier 3 advice letter shall be submitted no later than January 1, 2019.

In compliance with Ordering Paragraph 25, Cal-Am consulted with the parties to the proceeding on December 10, 2018 via an all-party conference call, and with Water Division staff on December 18, 2018 via a meeting at Commission offices. Cal-Am has met with key parties about the updated financing and ratemaking proposal, including meetings with the Monterey Peninsula Water Management District (“MPWMD”) about the securitization.

SWRCB Drinking Water State Revolving Fund (“DWSRF”) Loans:

Cal-Am submitted its application with the State Water Resources Control Board (“SWRCB”) on December 31, 2018 for low cost financing related to the construction of Phase 1 of the

² D.18-09-017, p. 143.

³ D.18-09-017, p. 143.

⁴ D.18-09-017, p. 206, Conclusion of Law 89.

⁵ D.18-09-017, p. 195, Conclusions of Law 19.

MPWSP. The application was made under the State's Clean Water State Revolving Fund ("CWSRF"), but was later moved to the Drinking Water State Revolving Fund ("DWSRF") program by recommendation of the SWRCB. The State Water Board provides funding for the planning, design, and construction of eligible drinking water improvements to publicly and privately-owned community water systems and non-profit, non-community systems.

On June 18, 2019, the SWRCB issued its CWSRF Intended Use Plan ("IUP") and notified Cal-Am of its acceptance of the MPWSP under its 2019-2020 CWSRF and DWSRF fundable lists.⁶ The Fundable List was developed from applications in process by the SWRCB as of February 2019 and includes those projects that the SWRCB's Division of Financial Assistance ("DFA") believes will achieve the most favorable clean water and drinking water results in California during 2019-2020 fiscal year with the financial and programmatic resources available to the DWSRF and its complementary financing programs. The IUP presents different funding scenarios, ranging from partial funding of the MPWSP through the CWSRF program to full funding through the DWSRF program. Subsequently, the SWRCB recommended that Cal-Am's project be funded under the DWSRF program as the project better matches the eligibility requirements of this program and more funding is available. Appendix C to the CWSRF IUP includes the MPWSP as SRF Project No. 7844-110 and is included as Attachment D to this supplemental advice letter.

On August 26, 2019, Cal-Am received the environmental summary clearance for the MPWSP from the SWRCB. The environmental summary clearance is a significant step for the project and makes it likely that funding will be available. It also provides any requisites on project construction and allows for Cal-Am to recover construction costs accrued prior to the execution of a funding agreement. The next step is for the SWRCB to proceed with review of the financial and technical portions of the application. Cal-Am's next step is to proceed with detailed financial applications with the SWRCB. Concurrent with this work and approval, Cal-Am intends to submit its financing application with the CPUC for approval to enter into a funding agreement with the SWRCB for the DWSRF loans.

Based on discussions with SWRCB staff, Cal-Am intends to proceed under the DWSRF program with the following assumptions.

- Cal-Am intends to request repayable financing of 30 years under the program guidelines.
- Repayment on the loans will be done on an annual basis
- The first principal and interest payment will be due 12 months after project completion
- Based on recent discussions with the SWRCB staff, Cal-Am determined that it would be eligible for significantly more low-cost loans than originally anticipated. It expects to request a total of \$285 million in DWSRF loans. This is significantly more than the approximately \$70 million assumed in A.12-04-019 and D.18-09-017 and the \$191,977,920 included in the June 18, 2019 IUP. One funding option being considered is match financing, where Cal-Am receives 5/6 of the total costs and pays back 6/6 over the term of the loan. The stated interest rate is 0% but the implied interest rate is

⁶ Attachment D

approximately 1.25%. Details on the requested DWSRF financing and terms will be presented by Cal-Am in its financing application with the CPUC.

Department of Water Resources (“DWR”) Water Desalination Grant Program Award:

In March of 2018, Cal-Am submitted its grant application for the MPWSP to DWR under the Water Desalination Grant Program. On June 18, 2019, DWR announced the award of \$10 million in grant funding to Cal-Am for the MPWSP, to support construction of the desalination plant to improve the reliability of the regional water supply portfolio.⁷ This was DWR’s second round of Water Desalination Grant Program awards, as part of the Continuous Application Process (CAP). Funding by DWR was made possible by Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act, that was passed by California voters in November 2014. Proposition 1 provides grants to local agencies for the planning, design, and construction of potable water desalination facilities for both brackish and ocean water.

DWR provides grants to local agencies for the planning, design, and construction of potable water desalination facilities for both brackish and ocean water. It also provides grants for pilot, demonstration, and research projects. DWR conducted three rounds of funding since 2005 using Proposition 50 funds. The rules and procedures for funding vary depending on funding source, availability of funds, and DWR priorities at the time of funding.

Applicants of awarded projects must enter into a grant agreement (contract). Grant disbursements generally occur after costs are incurred and are provided after review of expense documentation provided by the grantee with invoices. After project completion, there may be annual reporting for up to five years to describe briefly the results of the project.

Surcharge During Construction:

The Comprehensive Settlement included an option for a surcharge during construction as a way to both reduce the amount of construction costs to be financed and to smooth out the rate impact over time. The Comprehensive Settlement described the surcharge collections as contributions that would be accounted for like other contributions in aid of construction. Based on two recent developments; however, the construction surcharge may no longer be as necessary or beneficial.

First, the revenue requirement associated with both phases of the MPWSP will now be spread out over five years. The revenue requirement for Cal-Am’s Monterey District customers was increased in June 2019 for recovery of the Phase 2 Monterey Pipeline and Pump Station. The costs associated with receipt of 3,500 acre feet per year of purchased water from Monterey One Water will be recovered in rates in 2020, when Cal-Am’s Monterey District customers begin receiving purchased water from Monterey One Water as part of the groundwater replenishment project. The revenue requirement associated with the Phase 1 project are projected to go into rates in 2022. Finally, because the DWSRF loans do not begin repayment until 12 months after

⁷ California Department of Water Resources Grant Funding
<https://water.ca.gov/News/Blog/2019/June-2019/14-Million-Awarded-in-Grant-Funding-for-Water-Desalination-Projects>

project completion, the SRF surcharge will likely not go into rates until 2023. Spreading out the rate recovery over five years reduces the rate impact to customers and smooths it out over time, accomplishing one of the goals of the construction surcharge.⁸

Second, recent tax law changes could result in higher costs to customers if the construction surcharge is implemented, contrary to its purpose. The TCJA subjects all utility contributions to income taxes. If Cal-Am were to implement the surcharge during construction, the surcharge collections would need to be grossed up for income taxes at an effective rate of 27.98%. Thus to collect and offset \$25.0 million in costs as requested in advice letter 1220, Cal-Am would have to collect approximately \$30.0 million. The tax gross up would then be returned to customers over the tax life of the assets. Therefore, in the wake of the TCJA, implementing the construction surcharge would actually increase the cost to customers.

Since the construction surcharge goal of smoothing out rate impacts will already happen under the current schedule, and since the surcharge would actually increase costs to customers under the current tax laws, the construction surcharge option approved by the Commission in D.18-09-017 would no longer be beneficial customers.

Requested Revisions to the Financing Framework:

A. Flexibility to Replace Securitized Debt with DWSRF Loans

The Comprehensive Settlement and the financing framework approved in D.18-09-017 assumed that Phase 1 of the MPWSP would be funded with 1) a surcharge during construction, 2) SRF loans, 3) equity and 4) a public agency securitization. Upon completion of the project, the equity component would be limited to 27% of the total construction cost inclusive of AFUDC. The SRF component was designed to fund an amount such that the SRF debt and the equity would be balanced to Cal-Am's authorized debt to equity structure, which is currently 44.61% debt and 55.39% equity. The surcharge during construction was to be set to reduce the amount financed by \$25.0 million and the difference was to be funded by a public agency securitization.

As addressed in A.12-04-019 and D.18-09-017, the securitization was to be a 30 year, mortgage-style loan at an interest rate assumed in the MPWSP model of between 3.6% and 4.5%. The DWSRF program is also based on a 30 year, mortgage-style loan, at an interest rate of approximately 1.25%. Once the IUP was issued, Cal-Am and MPWMD discussed the benefits of the DWSRF program. Cal-Am believes it is in the interests of our Monterey District customers to build into the financing framework the flexibility to utilize additional DWSRF loans if the customers benefit as a result of lower financing costs. However, Cal-Am would like to keep the option of securitized debt open until the DWSRF is finalized.

B. Application of Grant Proceeds

Cal-Am will apply the \$10 million grant against the construction costs reducing the amount to be financed. Cal-Am also requests the establishment of a regulatory asset to recover the income

⁸ Attachment C-1 provides a comparative bill impact for the average residential customers and demonstrates the lower bill impacts over the 5-year period, 2019 through 2023.

taxes in rates over the tax life of the assets. Attachment C provides an example of the revenue requirement calculation.

C. Replace Surcharge During Construction With DWSRF

Cal-Am requests that it modify the financing and ratemaking framework to eliminate the requirement of implementing the surcharge during construction and fund the portion of the construction that would have been covered by the surcharge collections with SRF loans. Cal-Am believes that the intent of the surcharge, to smooth out the rate impacts, has been accomplished and collecting the surcharge over a short period of time and with the gross up of income taxes is not in the best interests of our customers in the Monterey District. Cal-Am believes that utilizing the expanded access to low cost financing through the DWSRF program would be more beneficial.⁹ Attachment C provides the net present value analysis to customers.

Requested Revisions to Adjusted Framework in Supplemental Advice Letter 1220-A:

Attachment A reflects the adjustments to the Comprehensive Settlement Agreement as directed by the Commission in D.18-09-017.¹⁰ For example, it reflects the updated cost cap and provides that costs exceeding the cost cap require a petition to modify. In addition, it reflects changes to the financing plan to address the expanded use of the DWSRF loans to cover the portions of the construction costs previously funded with a surcharge during the construction and public agency securitization and the application of grant proceeds. Attachment A and B reflects these changes as well as other items listed below.

- 1) The first proposal is to modify the language in the financing and ratemaking framework set forth in the Comprehensive Settlement Agreement to allow for additional flexibility to increase the funding of the Phase 1 construction costs with DWSRF loans. The amount and terms of the DWSRF loans will be provided in the soon to be filed financing application with the Commission and through a final funding agreement with the SWRCB. The requested flexibility would allow for portions of the project previously proposed to be funded with a public agency securitization and surcharge during construction to be funded with DWSRF. This request is being made because of the availability of low cost financing and the benefits derived to Cal-Am's customers in its Monterey District.
- 2) The second proposal is to modify the language in the financing and ratemaking framework set forth in the Comprehensive Settlement Agreement to not pursue the option to implement the construction funding surcharge given expanded access to DWSRF loans, tax implications associated with contributions under the TCJA and the corresponding rate impact.
- 3) The third proposal is to authorize Cal-Am to file a Tier 2 advice letter upon receipt of the grant from DWR to establish a regulatory asset and associated revenue requirement recovery for the income tax recovery associated with the \$10 million grant receipt.

⁹ Attachment C also provides a comparison of property tax, which would be avoided with the surcharge during construction, is one incremental cost with this portion of assets funded through DWSRF loans.

¹⁰ Attachment A is a marked-up version of Sections 6, 7, 8, 11, 12, 13, 14 and 15 of the Comprehensive Settlement. Attachment B is a clean version of the same document.

- 4) The fourth proposal is to update the financing and ratemaking to account for recently approved Commission decisions that update certain ratemaking components. This includes Cal-Am's recent cost of capital decision (D.18-03-035), as well as Cal-Am's General Rate Case decision (D.18-12-021). The Comprehensive Settlement assumed that the financing, ratemaking and Allowance for Funds Used During Construction ("AFUDC") would be based on the current and effective cost of capital. D.18-03-035 became effective January 1, 2018. Thus, for calculations prior to January 1, 2018, the cost of capital from D.12-07-009 applies; for assumptions and calculations on or after January 1, 2018, the current and effective cost of capital set in D.18-03-035 applies.

Similarly, the depreciation rates in Section 14.3 of the Comprehensive Settlement should be based on the rates approved in D.18-12-021. If depreciation rates change prior to the desalination plant and Remaining Cal-Am Only Facilities going into service, the current and effective rates should be used for revenue requirement purposes.

Lastly, income tax rates and tax provisions need to be updated in the financial model based on rates approved in D.18-12-021 that reflect changes associated with the 2017 Tax Cut and Jobs Act.

Attachment C references the MPWSP financial model that was provided as part of the testimony in the proceeding. The financial model provides an approximation of the capital and O&M costs and the revenue requirement for the project, including the various components to the financing plan. The financial model and the long range residential rate forecast are provided to show how the adjustments to the construction funding charge are designed to smooth out the overall rate impacts to customers. The model and long-term forecast are included as Attachment C.

Memorandum Accounts

D.18-09-017 authorized Cal-Am to establish three memorandum accounts:

Ordering Paragraph 20. Rate recovery for any Operations and Maintenance expenditures will be authorized consistent with the framework set forth in Section 8 of the Comprehensive Settlement.

Ordering Paragraph 27. California-American Water Company shall record and track separately all collections and expenditures of the Construction Funding Charge in a memorandum account. If the Monterey Peninsula Water Supply Project does not go online or become used or useful to ratepayers the funds collected shall be returned to ratepayers.

Ordering Paragraph 28. California-American Water Company shall record and track all capital costs for the MPWSP in a memorandum account. All financing, expenditures, schedule, and progress with construction for the Monterey Peninsula Water Supply Project shall be included in Cal-Am's quarterly reports, along with any information that the Commission Water Division staff reasonably requires, and any other information reasonably necessary for a full and complete reporting to the Commission.

However, Cal-Am now proposes to *not* implement the surcharge during construction and therefore the establishment of the construction funding memorandum account would no longer be necessary. In compliance with D.18-09-017 and Ordering Paragraphs 20 and 28, Cal-Am seeks to establish the following two memorandum accounts through AL 1220-A.

- 5) MPWSP Phase 1 Project Cost Memorandum Account (“Project Cost Memorandum Account” or “PCMA”). This memo account will record and track the capital cost for the desalination plant and the Remaining Cal-Am Only Facilities (Phase 1 project). The PCMA will also track capital costs and the allocated portion of the CFMA in order to calculate AFUDC. Separate subaccounts will track capital costs associated with the desalination plant and the Remaining Cal-Am Only Facilities and the Construction Funding Charge allocated to the desalination plant and the Remaining Cal-Am Only Facilities, respectively. It would also track for recovery of any capital and financing costs between the date facilities are placed in service and prior to the Commission approving the costs to be included in plant in service and recovered in base rates. The tier 2 advice letter process would place the revenue requirement associated with the Phase 1 project into rates to coincide with the in-service date of the facilities. Should there be a gap in approval, the revenue requirement would be recorded to the PCMA and interest based on the 90-day commercial paper rate would apply.
- 6) MPWSP Operations and Maintenance Memorandum Account (“O&M Memorandum Account” or “MOMMA”). This account is established in compliance with Ordering Paragraph 20 and will track the differences between estimated costs adopted through the Tier 2 advice letter process and the actual incurred costs during the period of time from the beginning operation of the plant until the time an estimate of future costs is filed as part of a future general rate case application. It is assumed that O&M costs during plant startup will be capitalized as part of the project costs. However, if for accounting reasons certain O&M costs are required to be expensed, those costs will also be tracked in the MOMMA.

Request:

As stated above, and in compliance with D.18-09-017, Cal-Am requests, through this advice letter, authorization from the California Public Utilities Commission (“Commission”) to:

- Adjust the financing and ratemaking framework set out in the proposed Comprehensive Settlement Agreement (“Comprehensive Settlement”) and account for recent updates by the SWRCB and DWR;
- Implement the proposed modified financing and ratemaking framework;
- Replace the construction funding surcharge with additional low cost SRF;
- File a Tier 2 advice letter upon receipt of the \$10 million grant from the DWR to establish a regulatory asset and associated revenue requirement for the recovery in rates of the income taxes associated with the receipt of the grant proceeds for
- Establish the MPWSP Phase 1 Project Cost Memorandum Account; and

- Establish the MPWSP Operations and Maintenance Memorandum Account¹¹

Tier Designation:

This advice letter is submitted pursuant to D.18-09-017 and General Order No. 96-B, and is designated as a Tier 3 filing.

Effective Date:

California American requests an effective date of October 10, 2019, the date of filing.

RESPONSE OR PROTEST¹²

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 grounds¹³ 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.

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.

Water Division 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:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue

¹¹ Cal-Am is including three re-labeled and re-numbered preliminary statements for formatting purposes.

¹² G.O. 96-B, General Rule 7.4.1

¹³ G.O. 96-B, General Rule 7.4.2

San Francisco, CA 94102

On the same day the response or protest is submitted to Water Division, the respondent or protestant shall send a copy of the protest to Cal-Am at:

Email Address:

lakhjit.thind@amwater.com

sarah.leeper@amwater.com

jeffrey.linam@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

555 Montgomery Street, Suite 816
San Francisco, CA 94111

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

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform Water Division, 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.

REPLIES¹⁴

The utility shall reply to each protest and may reply to any response. Any reply must be received by Water Division 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.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

If you have not received a reply to your protest within 10 business days, please contact Nancy Mohr at (916) 568-4256.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

¹⁴ G.O. 96-B, General Rule 7.4.3

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff	
AC	Water Cost of Capital Adjustment Mechanism	9036-W	
AD	Water Contamination Litigation Expense Memorandum Account	9037-W	
AE	West Placer Memorandum Account	9038-W	
AF	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Account (MCBA)	9039-W, 9040-W, 9041-W, 9042-W	
AG	Leak Adjustments Memorandum Account (LAMA)	9043-W	
AH	Low Income Customer Data Sharing Memorandum Account	9044-W	
AI	Operational Energy Efficiency Program Memorandum Account (OEEPMA)	9045-W, 9046-W	
AJ	Purchased Water, Purchased Power, & Pump Tax Balancing Account	9047-W	
AK	Temporary Interest Rate Balancing Account (TIRBA)	9048-W	
AL	School Lead Testing Memorandum Account	9049-W	
AM	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9154-W	
AN	Dunnigan Consulting Memorandum Account	9051-W	
AO	Water-Energy Nexus Program Memorandum Account	9052-W	
AP	PCWA SFF Memorandum Account	9053-W	
AQ	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9054-W	
AR	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9055-W	
AS	Tax Cuts and Jobs Act Memorandum Account	9056-W	
AT	General Rate Case Interim Rate True-up Memorandum Account	9057-W	
AU	Cost of Capital Memorandum Account	9058-W	
AV	Monterey County District Leak Adjustment Balancing Account	9059-W	
AW	Tax Accounting Memorandum Account (TMA)	9060-W	
AX	MPWSP Phase 1 Project Cost Memorandum Account (PCMA)	XXXX-W	(N)
AY	MPWSP Operations and Maintenance Memorandum Account (MOMMA)	XXXX-W	(N)
AZ	Credit Card Memorandum Account	9125-W	(C)
BA	Groundwater Management Memorandum Account	9155-W	(C)
BB	Rio Plaza Transaction Memorandum Account	9162-W	(C)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1220-A	J. T. LINAM	Date Filed <u>September 10, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

PRELIMINARY STATEMENT
(Continued)

AX. MPWSP Phase 1 Project Cost Memorandum Account

(N)

California-American Water Company requests to establish a MPWSP Phase 1 Project Cost Memorandum Account (PCMA).

1. **PURPOSE:** The purpose of the PCMA is to record and track the capital cost associated with the desalination plant and the Remaining Cal-Am Only Facilities (Phase 1 project) as approved in D.18-09-017. The PCMA will track capital costs and the allocated portion of the Construction Funding Charge in separate subaccounts for the desalination plant and remaining Cal-Am-Only facilities, in order to calculate the Allowance for Funds Used During Construction (AFUDC). AFUDC will be calculated monthly based on the capital costs net of the construction funding charge collections. The PCMA will also track and record the revenue requirement and related financing costs for any portion of Phase 1 Costs placed in service prior to the Commission approving the costs to be included in plant in service and recovered in base rates.
2. **APPLICABILITY:** The Monterey County District Main Service Area, which includes Bishop, Hidden Hills and Ryan Ranch.
3. **ACCOUNTING PROCEDURE:** California-American Water Company shall maintain the PCMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the PCMA at the end of each month to record the incremental project/capital cost. Separate subaccounts will record costs for the desalination plant and remaining Cal-Am-Only facilities.
 - b. A credit entry shall be made to the PCMA at the end of each month to record collections of the Construction Funding Charge allocated by subaccount to the desalination plant and remaining Cal-Am-Only facilities.
 - c. A credit/debit entry shall be made to the PCMA for AFUDC based on the net balance.
 - d. A debit entry shall be made to the PCMA at the end of each month to record any revenue requirement including financing costs that may occur in between the time the cost are placed In-Service and prior to the Commission approval of base rates.
 - e. Interest shall accrue monthly to the PCMA on any recorded revenue requirement from item 3.d. above on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.
4. **EFFECTIVE DATE:** The PCMA shall go into effect on December 31, 2018, per D.18-09-17.
5. **RATEMAKING PROCEDURE:** In accordance with D.18-09-017 a tier 2 Advice Letter will be filed that will reflect Revenue Requirement to put into rates associated with the PCMA.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
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PRELIMINARY STATEMENT
(Continued)

Sheet 59

AY. MPWSP Operations and Maintenance Memorandum Account

(N)

California-American Water Company requests to establish a MPWSP Operations and Maintenance Memorandum Account (MOMMA).

1. PURPOSE: The MOMMA is established in compliance with Ordering Paragraph 20 of D.18-09-017 and will track the differences between estimated costs adopted through the Tier 2 advice letter process and actual O&M costs incurred during the period of time from the beginning of operation of the plant until the time an estimate of future costs is determined as part of a future general rate case application. It is assumed that O&M costs during plant startup will be capitalized as part of the project costs. However, if for accounting reasons certain O&M costs are required to be expensed, those costs will also be tracked in the MOMMA.
2. APPLICABILITY: The Monterey County District Main Service Area, which includes Bishop, Hidden Hills and Ryan Ranch.
3. ACCOUNTING PROCEDURE: California-American Water Company shall maintain the MOMMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MOMMA at the end of each month to record the actual O&M cost.
 - b. A credit entry shall be made to the MOMMA at the end of each month to record the estimated O&M cost.
 - c. A debit entry shall be made to the MOMMA at the end of the month for any O&M cost that are not capitalized as part of the project costs.
 - d. Interest shall accrue to the MOMMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.
4. EFFECTIVE DATE: The MOMMA shall go into effect on December 31, 2018, per D.18-09-17, to reflect all above-mentioned O&M Cost.
5. RATEMAKING PROCEDURE: In accordance with D.18-09-017 a Tier 2 Advice Letter will be filed to place into rates the estimated O&M costs associated with the Phase 1 project. Any balances recorded to the MOMMA as well as future O&M costs will be addressed in the following general rate case proceeding.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1220-A	J. T. LINAM	Date Filed	September 10, 2019
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PRELIMINARY STATEMENT (Continued)

Sheet 60

AZ. Credit Card Fee Memorandum Account

(C)

- 1. PURPOSE: The purpose of the Credit Card Fee Memorandum Account (CCFMA) is to track the fees that have been waived as well as the cost savings that result from the use of a credit card compared to the costs associated with bank fees and lock box fees that will go into effect because of the Decision 18.12.021. This Memorandum Account is established in accordance with the Final GRC Decision 18-12-021, dated December 20, 2018, and effective tracking February 15, 2019.
2. APPLICABILITY: Applicable to all service areas served by California American Water.
3. ACCOUNTING PROCEDURE:
a. The following entries will be recorded monthly in the CCFMA:
1. Debit the CCFMA for costs associated with implementing the pilot program, using the appropriate WBS element
2. Debit the CCFMA for the costs of the waived transaction fees for utilizing bill payment options, including but not limited to credit card, debit card, and prepaid card bill payment options, using the appropriate WBS elements
3. The decision states that cost savings from this program will also be included in and reduce this account balance. Under the pilot program the Company will track types of billing and payment used, volume of customer shut-off notices and shut-offs, and lockbox payments at a minimum. The Company will work through quantifying these cost savings.
4. The CCFMA will accrue interest at the 90 day commercial paper rate
5. The CCFMA will be recorded by district
6. The duration of the pilot program is limited to the Company's current rate case cycle, which ends on 12/31/2020.
7. The estimated amount of the deferral through 12/31/2020 is less than \$100,000
8. The program is anticipated to begin in 2019
4. AB 1180 provides that the costs of the pilot program may not be recovered from specified low-income customers and this should be specified in the preliminary statement for the memorandum account.
5. EFFECTIVE DATE: The Credit Card Fee Memorandum Account shall go into effect April 26, 2019.
6. RATEMAKING PROCEDURE: In accordance with D.18-12-021, there is currently no ratemaking component to the memorandum account.

(Continued)

Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Row 1: Advice 1220-A, J. T. LINAM, Date Filed September 10, 2019. Row 2: Decision, DIRECTOR - Rates & Regulatory, Effective, Resolution.

PRELIMINARY STATEMENT
(Continued)

Sheet 61

BA. Groundwater Management Memorandum Account

(C)

1. PURPOSE: The purpose of this memorandum account is to recover the cost associated with Fox Canyon Groundwater Management Agency (GMA) Ordinance Code restricting the quantities pumped and surcharging production in excess of those amounts or the purchase of in lieu water to avoid the payment of the surcharges. The authority to establish this account was granted by Commission Decision No 94-06-033, June 22, 1994.

2. APPLICABILITY: Applicable to Rio Plaza, California American Water (Cal-Am).

3. ACCOUNTING PROCEDURE:

Cal-Am may maintain a memorandum account for its expenses and other recovery/reimbursements in connection with the GMA Ordinance Code. These expenses must be additional or incremental to those allowed in Cal-Am last general rate case proceeding. Cal-Am shall make entries to this account at the end of each month as follows:

- a. Debit entries equal to the incremental or additional amounts recorded in Cal-Am administrative and general expense accounts that were incurred as a result of the exceeding their production under the terms of the GMA Ordinance Code.
- b. Credit or Debit entries equal to the average balances in the memorandum account in accordance with the 90-day commercial paper rate.
- c. Credit entries equal to the proceeds received by Cal-Am from customer billings authorized by the Commission.

In addition, the water utility shall file an advice letter to the Commission detailing the charges to this account for cost recovery from the customers. Recovery of a memorandum account requires full justification of all expenses and a recorded earnings test for the calendar period during which the expense was incurred. Recovery of memorandum accounts should be spread across all utility service that have benefitted from the actions that resulted from the money spent and booked to the memorandum account.

(Continued)

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PRELIMINARY STATEMENT
(Continued)

Sheet 62

BB. Rio Plaza Transaction Memorandum Account (C)

California-American Water Company (Cal-Am) request to establish a Rio Plaza Transaction Memorandum Account.

1. PURPOSE: The purpose of this advice letter filing is to request the Rio Plaza Transaction Memorandum Account to track all costs resulting from the purchase of Rio Plaza Water Company. Inc. Examples of such costs include, but are not limited to, outside legal expenses, engineering, surveying, the appraisal, and other professional activities necessary to complete the transaction, including costs associated with the noticing of customers.
2. APPLICABILITY: California American Water’s Los Angeles District – Rio Plaza Service Area.
3. ACCOUNTING PROCEDUE: California-American Water Company shall maintain the Rio Plaza Transaction Memo Account by making entries at the end of each month as follows:
 - a. A debit entry will be created to capture costs associated with the account.
 - b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
 - c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account (CEBA) upon Commission approval.
4. RATEMAKING PROCEDURE: There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for recovery/refund

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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Advice 1220-A

J. T. LINAM

Date Filed September 10, 2019

Decision

DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

MONTEREY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1220-A

(See Attached)

ANNA SHIMKO
BURKE, WILLIAMS & SORENSEN
101 HOWARD ST., STE. 400
SAN FRANCISCO, CA 94105
AShimko@bwsllaw.com

JENA SHOAF
BHFS
1020 STATE STREET
SANTA BARBARA, CA 93101
jshoaf@bhfs.com

LON W. HOUSE, PH.D
WATER & ENERGY CONSULTING
10645 N. ORACLE RD., STE 121-216
ORO VALLEY, AZ 85737
lwhouse@innercite.com

JONAS MINTON
PLANNING AND CONSERVATION
LEAGUE
1107 - 9TH STREET, SUITE 901
SACRAMENTO, CA 0
jminton@pcl.org

SARA STECK MYERS
City of Marina
122 28TH AVENUE
SAN FRANCISCO, CA 94121
SSMyers@att.net

PATRICIA NELSON
PUBLIC TRUST ALLIANCE, RESOURCE
RENEWAL
130 EDWARD AVENUE
SAN RAFAEL, CA 94903
nelsonp34@hotmail.com

PUBLIC TRUST ALLIANCE -
REGULATORY
PUBLIC TRUST ALLIANCE -
REGULATORY
187 E. BLITHEDALE AVENUE
MILL VALLEY, CA 94941
ptaregulatory@gmail.com
PAUL P. (SKIP) SPAULDING, III
FARELLA BRAUN + MARTEL, LLP
235 MONTGOMERY STREET
SAN FRANCISCO, CA 94104
SSpaulding@fbm.com

MELODIE CHRISLOCK
PUBLIC WATER NOW
26235 ATHERTON PLACE
CARMEL, CA 93923
MWChrislock@redshift.com

JAMES BREZACK
BREZACK & ASSOCIATES PLANNING
3000 CITRUS CIRCLE, SUITE 210
WALNUT CREEK, CA 94598
jbrezack@brezack.com

SIGRID WAGGENER
BURKE, WILLIAMS & SORENSEN
101 HOWARD STREET, STE. 400
SAN FRANCISCO, CA 94105
SWaggener@bwsllaw.com

RUSSELL M. MCGLOTHLIN
BROWNSTEIN HYATT FARBER
SCHRECK, LLP
1021 ANACAPA STREET
SANTA BARBARA, CA 93101
rmcglathlin@bhfs.com

JAN SHRINER
MARINA COAST WATAER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933
directorshriner@gmail.com

LAURA GODFREY ZAGAR
PERKINS & COIE LLP
11988 E CAMINO REAL, STE. 350
SAN DIEGO, CA 92130
lzagar@perkinscoie.com

WINSTON STROMBERG
LATHAM & WATKINS LLP
12670 HIGH BLUFF DR.
SAN DIEGO, CA 92130
Winston.Stromberg@LW.com

CHARLES J. MCKEE
COUNTY OF MONTEREY
168 WEST ALISAL ST., 3RD FLR
SALINAS, CA 93901
mckeeccj@co.monterey.ca.us

MICHAEL WARBURTON
THE PUBLIC TRUST ALLIANCE
187 EAST BLITHEDALE AVE.
MILL VALLEY, CA 94941
Michael@RRI.org

LINDA SOBCZYNSKI
FARELLA BRAUN + MARTEL, LLP
235 MONTGOMERY STREET, 17TH FL.
SAN FRANCISCO, CA 94104
lsobczynski@fbm.com

Darcie Houck
CALIF PUBLIC UTILITIES COMMISSION
300 Capitol Mall
Sacramento, CA 95814
dh7@cpuc.ca.gov

ANTHONY J. TERSOL
SURFRIDER FOUNDATION - MONTEREY
CHAPTER
319 FOREST AVE.
PACIFIC GROVE, CA 93950
atersol@gmail.com

CAITLIN K. MALONE
BROWNSTEIN HYATT FARBER
SCHRECK, LLP
1020 STATE STREET
SANTA BARBARA, CA 93101
CKMalone@bhfs.com

CARLOS RAMOS
1048 BROADWAY AVENUE
SEASIDE, CA 93955
rcsg.carlos@gmail.com

MEGAN M. MYERS
LAW OFFICES OF MEGAN M. MYERS
110 OXFORD STREET
SAN FRANCISCO, CA 94134
MeganMMyers@yahoo.com

ANNE B. BEAUMONT
PERKINS COIE LLP
11988 EL CAMINO REAL, SUITE 350
SAN DIEGO, CA 92130
ABeaumont@PerkinsCoie.com

JENNIFER K. ROY
LATHAM & WATKINS LLP
12670 HIGH BLUFF DRIVE
SAN DIEGO, CA 92130
jennifer.roy@lw.com

John Forsythe
CALIF PUBLIC UTILITIES COMMISSION
180 Promenade Circle, Suite 115
Sacramento, CA 95834
jf8@cpuc.ca.gov

LAYNE P. LONG
CITY OF MARINA
211 HILLCREST AVENUE
MARINA, CA 93933
LLong@CityofMarina.org

ROBERT E. DONLAN
ELLISON, SCHNEIDER & HARRIS, L.L.P.
2600 CAPITOL AVENUE, SUITE 400
SACRAMENTO, CA 0
red@eslawfirm.com

BEN HARVEY
CITY OF PACIFIC GROVE
300 FOREST AVENUE
PACIFIC GROVE, CA 93950
citymanager@cityofpacificgrove.org

LISA BERKLEY
CITIZENS FOR JUST WATER
3201 MARTIN CIR
MARINA, CA 93933
LABerkley@gmail.com

NANCY ISAKSON
SALINAS VALLEY WATER COALITION
3203 PLAYA COURT
MARINA, CA 93933
nisakson@mbay.net

NATHANIEL KU
FRIEDMAN & SPRINGWATER LLP
350 SANSOME STREET, SUITE 210
SAN FRANCISCO, CA 94104
NKu@friedmanspring.com

WINSTON STROMBERG
LATHAM & WATKINS LLP
355 SOUTH GRAND AVENUE, SUITE 100
LOS ANGELES, CA 90071
Winston.Stromberg@LW.com

GABRIEL M.B. ROSS
SHUTE, MIHALY & WEINBERGER LLP
396 HAYES STREET
SAN FRANCISCO, CA 94102
ross@smwlaw.com

JAMES KELLY
CALIFORNIA AMERICAN WATER
4701 BELOIT DRIVE
SACRAMENTO, CA 95838
james.kelly01@amwater.com

LORI ANNE DOLQUEIST, ESQ
NOSSAMAN LLP
50 CALIFORNIA STREET, 34TH FLR
SAN FRANCISCO, CA 94111
ldolqueist@nossaman.com

VIDHYA PRABHAKARAN
DAVIS WRIGHT TREMAINE LLP
505 MONTGOMERY STREET, SUITE 800
SAN FRANCISCO, CA 94111
VidhyaPrabhakaran@dw.com

Burton Mattson
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 0
bwm@cpuc.ca.gov

Justin Menda
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4208
SAN FRANCISCO, CA 0
jmi@cpuc.ca.gov

Marcelo Poirier
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5029
SAN FRANCISCO, CA 0
mpo@cpuc.ca.gov

DARREN M. FRANKLIN
SHEPPARD, MULLIN, RICHTER &
HAMPTON LLP
333 SOUTH HOPE ST., 43RD FL.
LOS ANGELES, CA 0
DFranklin@SheppardMullin.com

RUTH STONER MUZZIN
FRIEDMAN & SPRINGWATER LLP
350 SANSOME STREET, SUITE 210
SAN FRANCISCO, CA 94104
rmuzzin@friedmanspring.com

ROGER B. MOORE
ROSSMANN AND MOORE, LLP
380 HAYES STREET
SAN FRANCISCO, CA 94102
rbm@landwater.com

ERIC ROBINSON
KRONICK MOSKOVITZ TIEDERMANN &
GIRARD
400 CAPITOL MALL, 27TH FLOOR
SACRAMENTO, CA 95814
erobinson@kmtg.com

PAUL SCIUTO
MONTEREY REGN'L. WTR. POLLUTION
CONTROL
5 HARRIS CT., BLDG D
MONTEREY, CA 93940
paul@mrwpca.com

JAMES W. MCTARNAGHAN
PERKINS COIE LLP
505 HOWARD STREET, STE. 1000
SAN FRANCISCO, CA 94105
servicelist.cpuc@perkinscoie.com

Vanessa Young
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4107
SAN FRANCISCO, CA 0
vy2@cpuc.ca.gov

Jamie Ormond
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 0
jo2@cpuc.ca.gov

Lester Wong
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5220
SAN FRANCISCO, CA 0
llj@cpuc.ca.gov

Merideth Sterkel
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4008
SAN FRANCISCO, CA 0
mts@cpuc.ca.gov

MARK FOGELMAN, ESQ.
FRIEDMAN & SPRINGWATER LLP
350 SANSOME STREET, SUITE 210
SAN FRANCISCO, CA 94104
MFogelman@FriedmanSpring.com

DUNCAN JOSEPH MOORE
LATHAM & WATKINS LLP
355 SOUTH GRAND AVENUE, SUITE 100
LOS ANGELES, CA 90071

EDWARD T. SCHEXNAYDER
SHUTE MIHALY & WEINBERGER, LLP
396 HAYES STREET
SAN FRANCISCO, CA 94102
Schexnayder@SMWlaw.com

CATHERINE STEDMAN
CALIFORNIA AMERICAN WATER
4701 BELOIT DRIVE
SACRAMENTO, CA 95838
Catherine.Stedman@amWater.com

WILLIS HON
NOSSAMAN LLP
50 CALIFORNIA STREET, 34TH FL.
SAN FRANCISCO, CA 94111
WHon@Nossaman.com

CATHERINE BERTE
PERKINS COIE LLP
505 HOWARD STREET, SUITE 1000
SAN FRANCISCO, CA 94105
cberte@perkinscoie.com

Bruce DeBerry
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 3106
SAN FRANCISCO, CA 0
bmd@cpuc.ca.gov

Jonathan J. Reiger
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4107
SAN FRANCISCO, CA 0
jzr@cpuc.ca.gov

Leuwam Tesfai
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5137
SAN FRANCISCO, CA 0
lt3@cpuc.ca.gov

Peter V. Allen
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5017
SAN FRANCISCO, CA 0
pva@cpuc.ca.gov

Ravi Kumra
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Area 3-C
SAN FRANCISCO, CA 0
rkk@cpuc.ca.gov

Stephen St. Marie
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5119
SAN FRANCISCO, CA 0
sst@cpuc.ca.gov

Travis Foss
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5026
SAN FRANCISCO, CA 0
tff@cpuc.ca.gov

SARAH E. LEEPER
CALIFORNIA AMERICAN WATER
COMPANY
555 MONTGOMERY ST., STE. 816
SAN FRANCISCO, CA 94111
Sarah.Leeper@amwater.com

DEMETRIO MARQUEZ
CALIFORNIA - AMERICAN WATER
COMPANY
555 MONTGOMERY STREET, SUITE 816
SAN FRANCISCO, CA 94111
Demetrio.Marquez@amwater.com

SHEILA M. SANNADAN
ADAMS BROADWELL JOSEPH &
CARDOZO
601 GATEWAY BLVD., STE 1000
SO. SAN FRANCISCO, CA 94080
SSannadan@AdamsBroadwell.com

FRANCES M. FARINA
DE LAY & LAREDO
606 FOREST AVENUE
PACIFIC GROVE, CA 93950
fran@laredolaw.net

RICHARD SVINDLAND
CALIFORNIA-AMERICAN WATER
COMPANY
655 W BROADWAY, STE. 1410
SAN DIEGO, CA 92101
Richard.Svindland@amwater.com

KATHRYN HORNING
CALIFORNIA-AMERICAN WATER
COMPANY
655 W. BROADWAY, STE. 1410
SAN DIEGO, CA 92101
kathryn.horning@amwater.com

ROBERT WELLINGTON
WELLINGTON LAW OFFICES
857 CASS STREET, STE. D
MONTEREY, CA 93940
attys@wellingtonlaw.com

Robert Haga
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 5006
SAN FRANCISCO, CA 0
rwh@cpuc.ca.gov

Suzie Rose
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4208
SAN FRANCISCO, CA 0
sr4@cpuc.ca.gov

IAN CROOKS
CALIFORNIA-AMERICAN WATER
511 FOREST LODGE ROAD, NO. 100
PACIFIC GROVE, CA 93950
ian.crooks@amwater.com

NICHOLAS A. SUBIAS, ESQ.
CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY ST., STE. 816
SAN FRANCISCO, CA 94111
Nicholas.Subias@AMwater.com

CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY STREET, SUITE 816
SAN FRANCISCO, CA 94111
ca.reg1204019@amwater.com

CHRISTINA CARO
ADAMS BROADWELL JOSEPH &
CARDOZO
601 GATEWAY BLVD., STE. 1000
SOUTH SAN FRANCISCO, CA 94080
ccaro@adamsbroadwell.com

HEIDI A.. QUINN
DE LAY & LAREDO
606 FOREST AVENUE
PACIFIC GROVE, CA 93950
heidi@laredolaw.net

ANTHONY J. CERASUOLO
CALIFORNIA AMERICAN WATER
COMPANY
655 W. BROADWAY, STE. 1410
SAN DIEGO, CA 92101
ACerasuolo@amwater.com

KEVIN TILDEN
CALIFORNIA-AMERICAN WATER
COMPANY
655 W. BROADWAY, STE. 1410
SAN DIEGO, CA 92101
kevin.tilden@amwater.com

BRIDGET HOOVER
MONTEREY BAY NATIONAL MARINE
SANCTUARY
99 PACIFIC STREET, BLDG. 455
MONTEREY, CA 93940
Bridget.Hoover@noaa.gov

Selina Shek
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE, Rm 4107
SAN FRANCISCO, CA 0
sel@cpuc.ca.gov

Terence Shia
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 0
ts2@cpuc.ca.gov

ERIC ZIGAS
ENVIRONMENTAL SCIENCE
ASSOCIATES/WATER
550 KEARNY ST., STE. 800
SAN FRANCISCO, CA 0
EZigas@esassoc.com

CATHY HONGOLA-BAPTISTA
CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY STREET, SUITE 816
SAN FRANCISCO, CA 94111
Cathy.Hongola-Baptista@amWater.com

JOHN H. FARROW
M.R. WOLFE & ASSOCIATES, P.C.
555 SUTTER STREET, SUITE 405
SAN FRANCISCO, CA 94102
jfarrow@mrwolfeassociates.com

DAVID C. LAREDO
DE LAY & LAREDO
606 FOREST AVENUE
PACIFIC GROVE, CA 0
dave@laredolaw.net

DAN L. CARROLL
DOWNEY BRAND, LLP
621 CAPITOL MALL, 18TH FLOOR
SACRAMENTO, CA 95814
dcarroll@downeybrand.com

JEFFREY LINAM
CALIFORNIA-AMERICAN WATER
COMPANY
655 W. BROADWAY, STE. 1410
SAN DIEGO, CA 92101
Jeffrey.Linam@amwater.com

DON EVANS
MCWO
8550 WEST CHARLESTON, STE. 102-394
LAS VEGAS, NV 89117
don.evans8@gmail.com

NORMAN C. GROOT
MONTEREY COUNTY FARM BUREAU
PO BOX 1449 / 931 BLANCO CIRCLE
SALINAS, CA 0
norm@montereycfb.com

RON WEITZMAN
WATER PLUS
PO BOX 146
CARMEL, CA 93921
ronweitzman@redshift.com

JANET BRENNAN
LANDWATCH MONTEREY COUNTY
PO BOX 1876
SALINAS, CA 93902
janetb@montereybay.com

JULIE ENGELL
LANDWATCH MONTEREY COUNTY
PO BOX 1876
SALINAS, CA 93902
engellj@comcast.net

MICHAEL BOWHAY
MONTEREY PENINSULA COUNTRY
CLUB
PO BOX 2090
PEBBLE BEACH, CA 0
GeneralManager@mpccpb.org

DENNIS E. WILLIAMS
GEOSCIENCE SUPPORT SERVICES, INC.
PO BOX 220
CLAREMONT, CA 91711
email@Geoscience-water.com

MICHAEL BAER
PUBLIC WATER NOW
PO BOX 223388
CARMEL, CA 93922
MGBisme@yahoo.com

BOB MCKENZIE
COALITION OF PENINSULA BUSINESSES
PO BOX 223542
CARMEL, CA 93922
JRBobMcK@gmail.com

LLOYD W. LOWREY, JR.
NOLAND, HAMERLY, ETIENNE & HOSS
PO BOX 2510
SALINAS, CA 0
lloyrey@nheh.com

ANGELA HOWE
SURFRIDER FOUNDATION
PO BOX 6010
SAN CLEMENTE, CA 92674
ahowe@surfrider.org

LAURENS H. SILVER
CALIFORNIA ENVIRONMENT LAW
PROJECT
PO BOX 667
MILL VALLEY, CA 94942
LarrySilver@earthlink.net

JASON K. BURNETT
MONTEREY PENINSULA REGIONAL
WATER AUTH
PO BOX 7202
CARMEL, CA 93921
jason@burnettforcarmel.com

STALEY PROM
SURFRIDER FOUNDATION
PO BOX 73550
SAN CLEMENTE, CA 92673
SProm@Surfrider.org

DAVID STOLDT
MONTEREY PENINSULA WATER
MNGMNT. DIST.
PO BOX 85
MONTEREY, CA 0
DStoldt@mpwmd.net

DAVID E. CHARDAVOYNE
MONTEREY COUNTY WATER
RESOURCES AGENCY
PO BOX 930
SALINAS, CA 93902
ChardavoyneDE@co.monterey.ca.us

SALINAS VALLEY WATER COALITION
PO DRAWER 2670
GREENFIELD, CA 93927
iga@att.net

Email Only

JOE GEEVER
SURFRIDER FOUNDATION
EMAIL ONLY
jgeever@surfrider.org

KAREN GRIMMER
MONTEREY BAY NATIONAL MARINE
SANCTUARY
EMAIL ONLY
Karen.Grimmer@noaa.gov

KEITH VAN DER MAATEN
MARINA COAST WATER DISTRICT
EMAIL ONLY
kvandermaaten@mcwd.org

LEGAL DIVISION
CPUC
EMAIL ONLY
EMAIL ONLY, CA 0
AppRhg@cpuc.ca.gov

SARAH DAMRON
SURFRIDER FOUNDATION
EMAIL ONLY
EMAIL ONLY, CA 0
sdamron@surfrider.org

CHRIS UNGSON
CPUC - PUBLIC ADVOCATES OFFICE
EMAIL ONLY
chris.ungson@cpuc.ca.gov

JONATHAN KOLTZ
CALIFORNIA PUBLIC UTILITIES
COMMISSION
EMAIL ONLY
jonathan.koltz@cpuc.ca.gov

LEUWAM TESFAI
CALIFORNIA PUBLIC UTILITIES
COMMISSION
EMAIL ONLY
Leuwam.Tesfai@cpuc.ca.gov

RICHARD RAUSCHMEIER
CALIFORNIA PUBLIC UTILITIES
COMMISSION
EMAIL ONLY
richard.rauschmeier@cpuc.ca.gov

VIET TROUNG
CALIFORNIA PUBLIC UTILITIES
COMMISSION
EMAIL ONLY
vt4@cpuc.ca.gov

CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1220-A
SUPPORTING DOCUMENTATION FOR STAFF

MPWSP Modifications and Memo Accounts

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LARGE SETTLEMENT AGREEMENT MODIFICATIONS

6. DESALINATION PLANT AND REMAINING CAW-ONLY FACILITIES (PHASE 1 PROJECT COSTS)

6.7 Cost Cap

(a) The cost cap for the MPWSP and remaining California-American Water Company (Cal-Am) Only Facilities (“Phase 1 project costs”) is \$279.1 million, excluding the \$50.3 million authorized in D.16-09-021 (“Phase 2 project costs”), with authority for Cal-Am to file a petition for modification if costs exceed the cost cap.¹ The cost cap excludes allowance for funds used during construction (“AFUDC”) and any debt service coverage required to obtain financing for the project.²

(b) The cost caps are not absolute. If California American Water’s Phase 1 project costs exceed the estimated cost caps of \$279.1 million for the 6.4 mgd option, it will file a petition for modification with the Commission for recovery.³

(c) Cost overruns which cause California American Water to exceed the cost cap for the desalination facilities and remaining CAW-Only facilities (Phase 1 project costs) shall be counted against the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) set forth in Section 7.2, so long as California American Water has not exceeded the aggregate of the cost cap amounts for the Phase 1 and Phase 2 project costs of \$329.4 million. Conversely, cost savings which California American Water achieves relative to the cost cap for the Phase 1 project costs shall be counted towards the cost cap for the Phase 2 project costs, so long as California American Water has not exceeded the aggregate of the cost cap amounts of \$329.4 million for the desalination facilities and the remaining CAW-Only Facilities (Phase 1 and 2 project costs).

6.8 Ratemaking Process

(a) California American Water will establish a memorandum account to track the Phase 1 project costs for the desalination facilities and remaining CAW-Only

¹ Reference from Ordering Paragraph 21, Conclusion of Law 20, Finding of Fact 135

² Finding of Fact 151

³ Finding of Fact 20, 77 and 78. Ordering Paragraph 21.

Facilities, as well as to accumulate the Construction Funding Charge of \$25.0 million with \$12.5 million that will first be credited against spending on the remaining CAW-Only Facilities as noted later in Section 7.3. The cost of the Phase 1 project costs and the Construction Funding Charge collections will be tracked separately in the memorandum account. The Construction Funding Charge will also be tracked in a separate memorandum account per D.18-09-017.⁴

(b) The net of the Phase 1 project costs and Construction Funding Charge collections will accrue Allowance for Funds Used During Construction (“AFUDC”) at a rate of the actual cost of funds used to fund the desalination project costs. The rate shall be adjusted quarterly to reflect the latest funding costs and will be added into the desalination facility and remaining CAW-Only facilities portion of the memorandum account if the total accumulations in the expenditure portion of the memorandum account exceeds the Construction Funding Charge collection portion of the memorandum account, or the AFUDC will be added to the Construction Funding Charge collection part of the memorandum account if the Construction Funding Charge collection portion of the memorandum account exceeds the accumulation in the expenditure portion of the memorandum account.

(c) Once the desalination and remaining CAW-Only facilities go into service, California American Water will file a Tier 2 advice letter to put into rates the actual costs, along with the net AFUDC accumulated in the expenditure portion of the memorandum account and increase Contributions In Aid of Construction by the balance of the Construction Funding Charge portion of the memorandum account.

7. MONTEREY PIPELINE & PUMP STATION (PHASE 2 PROJECT COSTS)

7.1 Cost Estimate

(a) The cost cap for the Monterey pipeline and pump station is \$50.3 million with authority for Cal-Am to file a Tier 3 advice letter if costs exceed the cost cap.⁵

7.2 Cost Cap

(a) Based on the cost estimate above, the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) is \$50.3 million.

(b) The cost cap is not absolute. If the costs for the Monterey Pipeline & Pump Station (Phase 2 project costs) exceed \$50.3 million California American Water may seek recovery for reasonable and prudent costs above the cap by filing a Tier 3 advice letter.⁶

(c) Cost overruns which cause California American Water to exceed the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) shall be counted against the cost cap for the desalination and remaining CAW-Only facilities (Phase 1 project costs) set forth in Section 6.7, so long as California American Water has not exceeded the

⁴ ~~Ordering Paragraph 27 and 28.~~

⁵ D.16-09-021 -- Finding of Fact 41 and 42, Conclusion of Law 7 and Ordering Paragraph 6

⁶ D.16-09-021, Ordering Paragraph 6.

aggregate of the cost cap amounts for the desalination facilities and the remaining CAW-Only Facilities (Phase 1 project costs). Conversely, cost savings which California American Water achieves relative to the cost cap for the Phase 2 project costs shall be counted towards the cost cap for the Phase 1 project costs, so long as California American Water has not exceeded the aggregate of the cost cap amounts of \$329.4 million for the desalination facilities and the CAW-Only Facilities (Phase 1 and 2 project costs).

7.3 Ratemaking Process

(a) California American Water will track the costs for the Monterey Pipeline & Pump Station (Phase 2 project costs) and request recovery in rates through a Tier 2 advice letter as established in D.16-09-021. The memorandum account will accrue AFUDC at a rate of the actual cost of funds used to fund the Phase 2 project in accordance with D.16-09-021.

(b) The Monterey Pipeline & Pump Station (Phase 2 project costs) will accrue AFUDC at a rate of the actual cost of funds used to fund the project costs. The rate shall be adjusted quarterly to reflect the latest funding costs.

(c) Once the CAW-Only Facilities are used and useful, California American Water will file a Tier 2 advice letter to place into rates the project costs and AFUDC in accordance with D.16-09-021.

8. OPERATIONS & MAINTENANCE COSTS

8.1 Estimates

(a) The estimated net operations and maintenance costs⁷ of \$11.16 million for the 6.4 mgd plant are reasonable for developing an estimate of total costs of the MPWSP.⁸ These costs include power costs, labor costs, chemical costs, membrane and media replacement costs, and repair and replacement costs.

(b) D.18-09-017 affirms that estimates for use in setting the actual estimated operations and maintenance costs for development of the revenue requirement to be paid by the customers for the period up until the first test year from the first case filed after at least one full year of operation of the plant will be determined as described below in Section 8.3 (a) below. Estimates of costs beyond this initial period will be determined as described in Section 8.3 (d) below.

8.2 Power Costs

(a) In an effort to achieve lower electricity rates for the desalination plant, alternative means of obtaining energy shall be considered as a means to identify the most optimum combination of power from multiple sources. Such consideration involves the

⁷ Net operations and maintenance costs includes all costs to operate the plant less the costs that are anticipated to be saved as a result of reducing the same such costs of operating facilities that prior to the plant have been necessary to provide water service to customers.

⁸ Costs are consistent with provided in testimony of Christopher Cook and reflected in MPWSP model submission.

potential use of power from landfill gas in combination with power from the Pacific Gas & Electric Company (“PG&E”) grid. California American Water agrees to retain an outside consultant to study the various PG&E tariffs for possible transmission main installation(s) and how these tariffs would change with the introduction of power from the land fill gas, all in an effort to seek the lowest cost power to the Plant. Additionally, the outside consultant will review the power quality to insure a safe and reliable power supply to the Plant. California American Water shall provide a copy of the study to the Governance Committee and Cal-PA.

8.3 Ratemaking Process

(a) California American Water will provide updated operations and maintenance costs to the Commission at least 60 days prior to the time the plant becomes operational and delivers water into the distribution system for provision to customers. The notification will be made by a Tier 2 advice letter. This filing will determine the level of costs to be used in setting the initial revenue requirement for the MPWSP.

(b) D.18-09-017 authorizes California American Water to establish a MPWSP Operations and Maintenance memorandum account to track the differences between estimated costs adopted through the Tier 2 advice letter process and the actual incurred costs during the period of time from the beginning operation of the plant until the time an estimate of such future costs is filed as part of a future general rate case application, as described in Section 8.3 (d) below.

(c) In the first general rate case application after at least one full year of operation of the facilities, California American Water will “true up” the difference between the estimated and actual operations and maintenance costs tracked in a memorandum account and seek recovery of all reasonable and prudent differences.

(d) Estimates of operations and maintenance costs, after at least one full year of operation of the plant, will be included in the next to be filed general rate case application, and thereon forward, as part of each succeeding general rate case process.⁷

(e) The O&M memorandum account will also track for future recovery in rates any O&M costs that for accounting purposes cannot be capitalized as part of the project costs.

11. SECURITIZATION

11.1 Amount

California American Water agrees to **hold open the option to** finance a portion of the MPWSP with a tax exempt securitization **until lower cost financing under the State Water Resources Control Board’s (“SWRCB”) Drinking Water State Revolving Fund (“DWSRF”) is certain. The securitization would be** set at an amount that will allow California American Water to maintain a fixed equity investment equal to approximately 27.0% of the value of the total project costs for the desalination plant and the remaining CAW-Only Facilities ~~and which allows for collections from Construction Funding Charge as defined below.~~ Examples of calculations using this financing for the 6.4 mgd plant size is provided in Appendix 2.

11.2 California American Water shall have the opportunity to invest equity in the

MPWSP such that it has the opportunity to earn its authorized rate of return. D.18-09-017 agrees that California American Water will be taking on significant risk with the MPWSP and some equity investment serves the public interest. The securitization must allow California American Water to maintain a fixed equity investment equal to approximately 27% of the total cost of the MPWSP desalination plant and remaining CAW-Only facilities upon completion of the financing. The proceeds from the securitization need to be received by California American Water in a manner such that State Revolving Funds (SRF) (or other long-term debt in the event SRF is not available and equity) can be used to balance the fixed equity investment to approximate as close as possible to the equity amount of 27% of the total costs for the desalination plant and remaining CAW-Only Facilities. Further, SRF (or other long-term debt in the event SRF is not available and equity) used to pay off any short-term debt provided by California American Water during construction would also be available to balance the fixed equity investment target. Examples of the sources and uses of each component of financing is referenced in Section 15 and included as Appendix 3.

11.3 Criteria

D.18-09-017 agrees that using securitization as a component of financing for the MPWSP costs is only reasonable if the following conditions are met:

(a) The securitization lowers the cost to customers. D.18-09-017 agrees that as a reasonable benchmark to ensure that sufficient benefits accrue to customers, the estimated annual customer benefits must, at a minimum, exceed 1.0% of the total annual revenue requirement for the MPWSP facilities. The securitization does not adversely affect other California American Water customers within California American Water's other service areas outside of the Monterey County District. Securitization shall only be used to finance the costs of the desalination plant and remaining CAW-Only Facilities so long as it will not negatively impact the credit ratings of American Water or its affiliate American Water Capital Corporation, or in the event that California American Water is a stand-alone entity, then so long as the securitization will not negatively impact the credit ratings of California American Water, computed as a stand-alone entity. This will be determined by the letters from the ratings agencies provided for below.

(b) The securitization does not require a separate California American Water-specific credit rating.

(c) The securitization does not change California American Water's debt-to-equity ratio for the portion of the MPWSP costs not financed with securitized funds. Excluding the securitization amount and any equity related to California American Water's investment in the Special Purpose Entity ("SPE"), California American Water will balance the remaining MPWSP costs with debt and equity at its authorized ratio. California American Water's currently authorized debt-to-equity ratio is 44.61% to 55.39% per D.18-03-035.

(d) The securitization does not change California American Water's authorized rate of return on equity. California American Water's currently authorized rate of return on equity is 9.20% per D.18-03-035.

(e) The securitization does not materially delay the MPWSP. The securitization amount must be available in a manner to allow for SRF (or other long-term debt in the event SRF is not available and equity) to be used to balance the equity target as discussed in

Section 11.2.

(f) The securitization does not create a taxable event for California American Water. The tax impacts of securitization must be considered as part of the customer benefit analysis determination and must be recoverable in rates. D.18-09-017 agrees that there shall be no adverse tax implications that might accrue to the Monterey County District or other California American Water customers.

11.4 Implementation

(a) To implement the securitization, California American Water will establish a SPE, which will issue debt that will be purchased by the public agency, which in turn will issue financing. The public agency will issue the financing through “Water Rate Relief Bonds” and lend the proceeds to the SPE. California American Water will sell to the SPE a property right consisting of the right to impose, collect, and adjust from time to time a non-bypassable charge to California American Water customers. The sale of the property right by California American Water will be a true sale for bankruptcy purposes. The payment of principal and interest on the Water Rate Relief Bonds are provided for through the non-bypassable charge received by the SPE and remitted to the public agency for payment of principal and interest on the Water Rate Relief Bonds.

(b) The securitization will be non-recourse to California American Water and a default of the bonds will not be a default of California American Water.

(c) The securitization will be of a long-term nature (20-30 years), with a preference for 30 years.

(d) Under Rev. Proc. 2005-62, California American Water will be required to capitalize the SPE. California American Water will capitalize the SPE at the minimum amount that is required to have it accounted for as a legally distinct entity and to provide reserves as needed. The amount of capitalization is expected to be approximately 1% of the Water Rate Relief Bonds. California American Water will place this amount in rate base and will earn interest on the amount at California American Water’s then-authorized rate of return.

(e) Securitization will require authorization from the California legislature and a financing order from the Commission. The legislation will authorize the creation of the property right to impose, collect, and adjust from time to time the non-bypassable charge to California American Water customers sufficient to pay off the securitization. The legislation will authorize the Commission to issue a financing order to enable the financing.

(f) There shall be automatic true-up adjustments of the securitization surcharge, as necessary, to ensure sufficient funds for the timely payment of securitization principal, interest, and related costs. D.18-09-017 agrees that such adjustments shall be done through a Tier 1 advice letter.

(g) The public agency will secure the legislation from the California legislature for the securitization. The public agency will structure the financing and obtain the necessary documentation. The public agency will obtain the rating for the financing and arrange for sale of the debt.

(h) The public agency will endeavor to structure the securitization in a

manner that will permit California American Water to avoid significant cash management costs. The Parties shall pursue a system of cost management approach that satisfies the requirement of securitization without resulting in excessive costs.

(i) California American Water will file an application with the Commission for a financing order pursuant to the legislation. To the extent necessary, California American Water will establish any internal financial separation systems required for the securitization. Any costs that are necessary will be added to working cash and recovered as set forth below.

(j) In the course of having the bonds rated by Standard & Poors and Moody's ratings agencies, the public agency will request a letter from each of the rating agencies that will affirm that the securitization will not negatively impact the credit of California American Water, as a stand-alone entity, or American Water.

(k) The public agency agrees to provide a legal opinion that the proposed securitization does not create a taxable event for California American Water.

11.5 Use of Proceeds and Recovery of Costs

(a) The proceeds of the securitization will be used for the following:

(i) Financing the MPWSP at the agreed-upon level.

(ii) Reimbursement of public agency fees and expenses associated with securitization.

(iii) California American Water will be reimbursed for all fees and expenses it incurs as a result of the securitization effort, including carrying cost on such fees and expenses at the actual cost incurred to fund such efforts (as referenced in Section 14.3). The reimbursement will occur at the time the securitization is funded.

(b) If the securitization is not successful, California American Water may recover all of its reasonably and prudently incurred costs related to the securitization from customers in the Monterey County District. California American Water will track its securitization costs as debit entries in a new subset of the ~~Surcharge~~ **Coastal Water Project** memorandum account ~~until such time as the Commission approves the Construction Funding Charge memorandum account, at which time the expenditures will be offset against the Construction Funding Charge collection portion of the project construction cost memorandum account.~~

(c) If California American Water is shown to have been negatively impacted by the securitization at any time over the amortization period of the bonds, California American Water may seek a determination of the impact in the Cost of Capital or other applicable Commission proceeding and may recover the cost of the negative impact from the customers in the Monterey County District. If California American Water is shown to have been negatively impacted by the securitization at any time after the issuance of the bonds but over the life of the bonds, California American Water may seek a determination of the impact in the Cost of Capital or other applicable Commission proceeding and may recover the cost of the negative impact from the customers in the Monterey County District.

11.6 Contingency

(a) If the public agency is unsuccessful in obtaining a tax-exempt securitization, the public agency may pursue an alternative form of public agency contribution (Proposition 218 process) if such contribution is feasible, will result in lower costs to customers, and will be accomplished to meet all of the requirements of Section 11.1 through 11.5.

(b) However, understanding the urgency to finance, construct and bring the desalination project on line, California American Water stands ready to provide long-term debt financing (either through American Water Capital Corporation or the California Pollution Control Financing Authority, whichever is lowest cost to customers) and equity financing.

~~12. CONSTRUCTION FUNDING CHARGE~~

~~12.1 Collection~~

~~(a) The total to be collected under the Construction Funding Charge will be reduced to an estimated \$25.0 million in order to provide for a smooth transition in rates from the final period under the Construction Funding Charge to the year 1 revenue requirement of the desalination plant. The Construction Funding Charge will be determined as a percentage of base revenues and adjusted semi-annually to target \$25.0 million in revenue. If the Construction Funding Charge collections fall short of the \$25.0 million target, any remaining undercollection will be funded with SRF debt (or company debt if SRF is not available) and equity.~~

~~(b) California American Water agrees to treat the Construction Funding Charge collections as contributions, and that in the case of condemnation or sale of the assets to which it applies, that California American Water would subtract the amount contributed to the MPWSP via the Construction Funding Charge from any valuation used in the sale or condemnation of these assets.~~

~~(c) Surcharge 1 ceased in October 2015.~~

~~(d) California American Water will track in a memorandum account the difference between the estimated total of \$25.0 million of total collections and actual revenues collected under the Construction Funding Charge. California American Water will file a Tier 1 advice letter quarterly to “true up” these total amounts and propose a new surcharge rate for collection that is estimated to allow for collection of the entire \$25.0 million. As stated above any excess funds collected as a difference between total spend on either the CAW Only Facilities memorandum account and the MPWSP costs memorandum account will accrue interest at the same rate established for AFUDC in Paragraph 7.3(b) above.~~

~~(e) California American Water will track in the Construction Funding Charge memorandum account the difference between the estimated revenue needed to accumulate \$25.0 million in total collections and actual revenues collected under Construction Funding Charge. California American Water will file a Tier 1 advice letter quarterly to “true up” these amounts. Any surplus Construction Funding Charge funds (Construction Funding Charge funds in excess of desalination project costs) would earn AFUDC as stated in Paragraph 7.3(b) above.~~

~~(f) The construction funding charge should be established at a rate of 10.0% of the Monterey Main revenue requirement as of July 1, 2019, 15.0% on January 1, 2020~~

and 26.0% on January 1, 2021.

12.2 ~~Use of the Construction Funding Charge~~

~~(a) California American Water agrees to apply the initial \$12.5 million of funds collected under Construction Funding Charge to the remaining CAW-Only Facilities. The remaining \$12.5 million collected under the Construction Funding Charge would be applied to the desalination plant costs after permits required to commence construction have been obtained, and provided that if litigation has been filed concerning the MPWSP, no court has issued a temporary injunction or stay of the MPWSP pending the outcome of the litigation.~~

~~(b) California American Water agrees that if the MPWSP is stalled (e.g., judicial injunction or declaration by California American that development of the MPWSP has been suspended) for an estimated 3-month period or longer, it will cease collecting the Construction Funding Charge and collection will not again be initiated until California American Water has filed a Tier 1 advice letter showing that the MPWSP can again move forward. If the MPWSP terminates, California American Water will file an application with the Commission within 120 days proposing a method to return to customers any Construction Funding Charge collections that are over and above the prudently incurred costs.~~

13. SRF FINANCING

13.1

(a) SRF financing remains the preferred option for debt financing for both the desalination plant and the remaining CAW-Only Facilities. SRF will be utilized in proportion to the amount of equity financing necessary to maintain a balanced capital structure. The capital structure will exclude the amount of securitization bonds, assuming the securitized bonds meet the criteria discussed above.

(b) Based on the availability of low cost financing under the SWRCB's DWSRF program and tax gross up associated with contributions under the Tax Cuts and Jobs Act ("TCJA"), California American Water agrees to finance the portion of the total construction costs previously assumed to be financed with the construction funding surcharge.

(c) Based on the availability of low cost financing under the SWRCB's DWSRF program, California American Water agrees to finance the portion of the total construction costs previously assumed to be financed with a public agency securitization. The options for securitization will remain open in accordance with Section 11.1.

(d) California American Water will maintain a fixed equity investment equal to approximately 27.0% of the value of the total project costs for the desalination plant and the remaining CAW-Only Facilities, inclusive of AFUDC and net of grants, at the time project is placed in-service.

13.2 If California American Water is not successful in its attempt to obtain SRF funds on its own accord, it agrees to work with a public agency to secure these funds. California American Water will, at its sole discretion, select as a partner for pursuing SRF financing from among capable and willing public entities. If for some reason, SRF funds are not available under any circumstance, then **securitization under Section 11 will be pursued and** California American Water, through American Water Capital Corporation, stands ready to provide long-term debt

financing.

13.3 SRF loans shall be treated for ratemaking purposes just as the Commission has previously determined in D.05-01-048. SRF loans will be treated as debt on California American Water's financial statements for financial reporting purposes.

13.4 California American Water will file a separate application for a financing order from the Commission approving SRF funding. It will file a Tier 1 advice letter to put the changes approved in that order into rates.

13.5 The Parties recognize the value in California American Water providing to the Parties documentation as soon as possible from the SWRCB demonstrating California American Water's ability to secure SRF financing. California American Water shall actively pursue such documentation and shall provide it to the Parties when available. The Parties also recognize that documentation will not likely be forthcoming until the Commission has certified its EIR. California American Water shall alert the Parties should it obtain any information suggesting SRF financing may not be available or may require a public agency partner.

14. RATEMAKING

14.1 The revenue requirement for the rate base portion of the desalination plant and the remaining CAW-Only Facilities will be based on the current and effective cost of capital decision approved by the Commission, and subject to future adjustment as the cost of capital changes. However, the interest rate on the securitization and SRF or long-term debt will be set at the time of funding and will be recovered in accordance with procedures set forth in Section 11 and Section 12.

14.2 Property taxes shall be included in the revenue requirement of the MPWSP in compliance with the findings of the tax assessor.

14.3 Depreciation rates on all facilities will be determined based on the latest rates filed with the Commission in either a general rate case or via the annual depreciation adjustment filing made in conjunction with Section 11.21 of the settlement agreement approved by the Commission in D.12-06-016. The latest depreciation rates were approved in Decision D.18-12-021.

14.4 AFUDC shall be allowed on all construction work in progress related to the desalination plant and remaining CAW-Only facilities at the actual rate of the instruments used to finance the construction.

14.5 Income Taxes will be calculated as part of the revenue requirements based on the same procedures and at the same rates as established in the latest authorized general rate case decision. The most recent tax rates were approved in Decision D.18-12-021.

14.6 First Year Revenue Requirement Determination for the Desalination Facilities including the remaining CAW-Only Facilities.

(a) Upon completion of the desalination plant and remaining CAW-Only facilities, California American Water shall determine the first year revenue requirement for the desalination facilities including the CAW-Only Facilities. At the time California American Water implements the first year revenue requirement for both such facilities, the authorization

will supersede any previously established revenue requirement for the CAW-Only Facilities as authorized by Section 7.3 (c).

(b) The first year revenue requirement will be determined based on the above assumptions and those established in Section 8.3.

(c) The revenue requirement will be placed into base rates via the tier 2 advice letter process, and will increase the authorized revenue requirement for the Monterey County District, the same as any other authorized plant offset advice letter request, except that the increase will only be applicable to customers as determined by the Commission.

14.7 Revenue Requirements Beyond Year One

(a) The new revenue requirement as determined in Section 14.6 will remain in place until such time as the revenue requirement of the desalination plant and remaining CAW-Only Facilities are considered in a subsequent GRC.

(b) Operation and maintenance estimates will be determined based on the procedures as set in Section 8.3.

15. PROJECT CASH FLOW

15.1 California American Water agrees to provide \$20 million in short term debt to be used during construction as a means of reducing AFUDC. D.16-09-021 approved use of \$7.4 million of short term debt funding until approved and included in rates. The desalination plant and remaining CAW-Only facilities are allocated \$12.6 million of short term debt until the \$7.4 million allocated to the Phase 2 project is completed and included in rates at which time the funds become available to help financing the construction of the Phase 1 project.

15.2 A proposed cash flow statement is provided as Appendix 3 that takes into account all sources of financing per D.18-09-017.

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LARGE SETTLEMENT AGREEMENT MODIFICATIONS

6. DESALINATION PLANT AND REMAINING CAW-ONLY FACILITIES (PHASE 1 PROJECT COSTS)

6.7 Cost Cap

(a) The cost cap for the MPWSP and remaining California-American Water Company (Cal-Am) Only Facilities (“Phase 1 project costs”) is \$279.1 million, excluding the \$50.3 million authorized in D.16-09-021 (“Phase 2 project costs”), with authority for Cal-Am to file a petition for modification if costs exceed the cost cap.¹ The cost cap excludes allowance for funds used during construction (“AFUDC”) and any debt service coverage required to obtain financing for the project.²

(b) The cost caps are not absolute. If California American Water’s Phase 1 project costs exceed the estimated cost caps of \$279.1 million for the 6.4 mgd option, it will file a petition for modification with the Commission for recovery.³

(c) Cost overruns which cause California American Water to exceed the cost cap for the desalination facilities and remaining CAW-Only facilities (Phase 1 project costs) shall be counted against the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) set forth in Section 7.2, so long as California American Water has not exceeded the aggregate of the cost cap amounts for the Phase 1 and Phase 2 project costs of \$329.4 million. Conversely, cost savings which California American Water achieves relative to the cost cap for the Phase 1 project costs shall be counted towards the cost cap for the Phase 2 project costs, so long as California American Water has not exceeded the aggregate of the cost cap amounts of \$329.4 million for the desalination facilities and the remaining CAW-Only Facilities (Phase 1 and 2 project costs).

6.8 Ratemaking Process

(a) California American Water will establish a memorandum account to track the Phase 1 project costs for the desalination facilities and remaining CAW-Only

¹ Reference from Ordering Paragraph 21, Conclusion of Law 20, Finding of Fact 135

² Finding of Fact 151

³ Finding of Fact 20, 77 and 78. Ordering Paragraph 21.

Facilities.

(b) The Phase 1 project costs will accrue Allowance for Funds Used During Construction (“AFUDC”) at a rate of the actual cost of funds used to fund the desalination project costs. The rate shall be adjusted quarterly to reflect the latest funding costs and will be added into the desalination facility and remaining CAW-Only facilities portion of the memorandum account.

(c) Once the desalination and remaining CAW-Only facilities go into service, California American Water will file a Tier 2 advice letter to put into rates the actual costs, along with the AFUDC accumulated in the expenditure portion of the memorandum account.

7. MONTEREY PIPELINE & PUMP STATION (PHASE 2 PROJECT COSTS)

7.1 Cost Estimate

(a) The cost cap for the Monterey pipeline and pump station is \$50.3 million with authority for Cal-Am to file a Tier 3 advice letter if costs exceed the cost cap.⁴

7.2 Cost Cap

(a) Based on the cost estimate above, the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) is \$50.3 million.

(b) The cost cap is not absolute. If the costs for the Monterey Pipeline & Pump Station (Phase 2 project costs) exceed \$50.3 million California American Water may seek recovery for reasonable and prudent costs above the cap by filing a Tier 3 advice letter.⁵

(c) Cost overruns which cause California American Water to exceed the cost cap for the Monterey Pipeline & Pump Station (Phase 2 project costs) shall be counted against the cost cap for the desalination and remaining CAW-Only facilities (Phase 1 project costs) set forth in Section 6.7, so long as California American Water has not exceeded the aggregate of the cost cap amounts for the desalination facilities and the remaining CAW-Only Facilities (Phase 1 project costs). Conversely, cost savings which California American Water achieves relative to the cost cap for the Phase 2 project costs shall be counted towards the cost cap for the Phase 1 project costs, so long as California American Water has not exceeded the aggregate of the cost cap amounts of \$329.4 million for the desalination facilities and the CAW-Only Facilities (Phase 1 and 2 project costs).

7.3 Ratemaking Process

(a) California American Water will track the costs for the Monterey Pipeline & Pump Station (Phase 2 project costs) and request recovery in rates through a Tier 2 advice letter as established in D.16-09-021. The memorandum account will accrue AFUDC at a rate of the actual cost of funds used to fund the Phase 2 project in accordance

⁴ D.16-09-021 -- Finding of Fact 41 and 42, Conclusion of Law 7 and Ordering Paragraph 6

⁵ D.16-09-021, Ordering Paragraph 6.

with D.16-09-021.

(b) The Monterey Pipeline & Pump Station (Phase 2 project costs) will accrue AFUDC at a rate of the actual cost of funds used to fund the project costs. The rate shall be adjusted quarterly to reflect the latest funding costs.

(c) Once the CAW-Only Facilities are used and useful, California American Water will file a Tier 2 advice letter to place into rates the project costs and AFUDC in accordance with D.16-09-021.

8. OPERATIONS & MAINTENANCE COSTS

8.1 Estimates

(a) The estimated net operations and maintenance costs⁶ of \$11.16 million for the 6.4 mgd plant are reasonable for developing an estimate of total costs of the MPWSP.⁷ These costs include power costs, labor costs, chemical costs, membrane and media replacement costs, and repair and replacement costs.

(b) D.18-09-017 affirms that estimates for use in setting the actual estimated operations and maintenance costs for development of the revenue requirement to be paid by the customers for the period up until the first test year from the first case filed after at least one full year of operation of the plant will be determined as described below in Section 8.3 (a) below. Estimates of costs beyond this initial period will be determined as described in Section 8.3 (d) below.

8.2 Power Costs

(a) In an effort to achieve lower electricity rates for the desalination plant, alternative means of obtaining energy shall be considered as a means to identify the most optimum combination of power from multiple sources. Such consideration involves the potential use of power from landfill gas in combination with power from the Pacific Gas & Electric Company (“PG&E”) grid. California American Water agrees to retain an outside consultant to study the various PG&E tariffs for possible transmission main installation(s) and how these tariffs would change with the introduction of power from the land fill gas, all in an effort to seek the lowest cost power to the Plant. Additionally, the outside consultant will review the power quality to insure a safe and reliable power supply to the Plant. California American Water shall provide a copy of the study to the Governance Committee and Cal-PA.

8.3 Ratemaking Process

(a) California American Water will provide updated operations and maintenance costs to the Commission at least 60 days prior to the time the plant becomes operational and delivers water into the distribution system for provision to customers. The

⁶ Net operations and maintenance costs includes all costs to operate the plant less the costs that are anticipated to be saved as a result of reducing the same such costs of operating facilities that prior to the plant have been necessary to provide water service to customers.

⁷ Costs are consistent with provided in testimony of Christopher Cook and reflected in MPWSP model submission.

notification will be made by a Tier 2 advice letter. This filing will determine the level of costs to be used in setting the initial revenue requirement for the MPWSP.

(b) D.18-09-017 authorizes California American Water to establish a MPWSP Operations and Maintenance memorandum account to track the differences between estimated costs adopted through the Tier 2 advice letter process and the actual incurred costs during the period of time from the beginning operation of the plant until the time an estimate of such future costs is filed as part of a future general rate case application, as described in Section 8.3 (d) below.

(c) In the first general rate case application after at least one full year of operation of the facilities, California American Water will “true up” the difference between the estimated and actual operations and maintenance costs tracked in a memorandum account and seek recovery of all reasonable and prudent differences.

(d) Estimates of operations and maintenance costs, after at least one full year of operation of the plant, will be included in the next to be filed general rate case application, and thereon forward, as part of each succeeding general rate case process.⁷

(e) The O&M memorandum account will also track for future recovery in rates any O&M costs that for accounting purposes cannot be capitalized as part of the project costs.

11. SECURITIZATION

11.1 Amount

California American Water agrees to hold open the option to finance a portion of the MPWSP with a tax exempt securitization until lower cost financing under the State Water Resources Control Board’s (“SWRCB”) Drinking Water State Revolving Fund (“DWSRF”) is certain. The securitization would be set at an amount that will allow California American Water to maintain a fixed equity investment equal to approximately 27.0% of the value of the total project costs for the desalination plant and the remaining CAW-Only Facilities. Examples of calculations using this financing for the 6.4 mgd plant size is provided in [Appendix 2](#).

11.2 California American Water shall have the opportunity to invest equity in the MPWSP such that it has the opportunity to earn its authorized rate of return. D.18-09-017 agrees that California American Water will be taking on significant risk with the MPWSP and some equity investment serves the public interest. The securitization must allow California American Water to maintain a fixed equity investment equal to approximately 27% of the total cost of the MPWSP desalination plant and remaining CAW-Only facilities upon completion of the financing. The proceeds from the securitization need to be received by California American Water in a manner such that State Revolving Funds (SRF) (or other long-term debt in the event SRF is not available and equity) can be used to balance the fixed equity investment to approximate as close as possible to the equity amount of 27% of the total costs for the desalination plant and remaining CAW-Only Facilities. Further, SRF (or other long-term debt in the event SRF is not available and equity) used to pay off any short-term debt provided by California American Water during construction would also be available to balance the fixed equity investment target. Examples of the sources and uses of each component of financing is referenced in Section 15 and included as [Appendix 3](#).

11.3 Criteria

D.18-09-017 agrees that using securitization as a component of financing for the MPWSP costs is only reasonable if the following conditions are met:

(a) The securitization lowers the cost to customers. D.18-09-017 agrees that as a reasonable benchmark to ensure that sufficient benefits accrue to customers, the estimated annual customer benefits must, at a minimum, exceed 1.0% of the total annual revenue requirement for the MPWSP facilities. The securitization does not adversely affect other California American Water customers within California American Water's other service areas outside of the Monterey County District. Securitization shall only be used to finance the costs of the desalination plant and remaining CAW-Only Facilities so long as it will not negatively impact the credit ratings of American Water or its affiliate American Water Capital Corporation, or in the event that California American Water is a stand-alone entity, then so long as the securitization will not negatively impact the credit ratings of California American Water, computed as a stand-alone entity. This will be determined by the letters from the ratings agencies provided for below.

(b) The securitization does not require a separate California American Water-specific credit rating.

(c) The securitization does not change California American Water's debt-to-equity ratio for the portion of the MPWSP costs not financed with securitized funds. Excluding the securitization amount and any equity related to California American Water's investment in the Special Purpose Entity ("SPE"), California American Water will balance the remaining MPWSP costs with debt and equity at its authorized ratio. California American Water's currently authorized debt-to-equity ratio is 44.61% to 55.39% per D.18-03-035.

(d) The securitization does not change California American Water's authorized rate of return on equity. California American Water's currently authorized rate of return on equity is 9.20% per D.18-03-035.

(e) The securitization does not materially delay the MPWSP. The securitization amount must be available in a manner to allow for SRF (or other long-term debt in the event SRF is not available and equity) to be used to balance the equity target as discussed in Section 11.2.

(f) The securitization does not create a taxable event for California American Water. The tax impacts of securitization must be considered as part of the customer benefit analysis determination and must be recoverable in rates. D.18-09-017 agrees that there shall be no adverse tax implications that might accrue to the Monterey County District or other California American Water customers.

11.4 Implementation

(a) To implement the securitization, California American Water will establish a SPE, which will issue debt that will be purchased by the public agency, which in turn will issue financing. The public agency will issue the financing through "Water Rate Relief Bonds" and lend the proceeds to the SPE. California American Water will sell to the SPE a property right consisting of the right to impose, collect, and adjust from time to time a non-bypassable

charge to California American Water customers. The sale of the property right by California American Water will be a true sale for bankruptcy purposes. The payment of principal and interest on the Water Rate Relief Bonds are provided for through the non-bypassable charge received by the SPE and remitted to the public agency for payment of principal and interest on the Water Rate Relief Bonds.

(b) The securitization will be non-recourse to California American Water and a default of the bonds will not be a default of California American Water.

(c) The securitization will be of a long-term nature (20-30 years), with a preference for 30 years.

(d) Under Rev. Proc. 2005-62, California American Water will be required to capitalize the SPE. California American Water will capitalize the SPE at the minimum amount that is required to have it accounted for as a legally distinct entity and to provide reserves as needed. The amount of capitalization is expected to be approximately 1% of the Water Rate Relief Bonds. California American Water will place this amount in rate base and will earn interest on the amount at California American Water's then-authorized rate of return.

(e) Securitization will require authorization from the California legislature and a financing order from the Commission. The legislation will authorize the creation of the property right to impose, collect, and adjust from time to time the non-bypassable charge to California American Water customers sufficient to pay off the securitization. The legislation will authorize the Commission to issue a financing order to enable the financing.

(f) There shall be automatic true-up adjustments of the securitization surcharge, as necessary, to ensure sufficient funds for the timely payment of securitization principal, interest, and related costs. D.18-09-017 agrees that such adjustments shall be done through a Tier 1 advice letter.

(g) The public agency will secure the legislation from the California legislature for the securitization. The public agency will structure the financing and obtain the necessary documentation. The public agency will obtain the rating for the financing and arrange for sale of the debt.

(h) The public agency will endeavor to structure the securitization in a manner that will permit California American Water to avoid significant cash management costs. The Parties shall pursue a system of cost management approach that satisfies the requirement of securitization without resulting in excessive costs.

(i) California American Water will file an application with the Commission for a financing order pursuant to the legislation. To the extent necessary, California American Water will establish any internal financial separation systems required for the securitization. Any costs that are necessary will be added to working cash and recovered as set forth below.

(j) In the course of having the bonds rated by Standard & Poors and Moody's ratings agencies, the public agency will request a letter from each of the rating agencies that will affirm that the securitization will not negatively impact the credit of California American Water, as a stand-alone entity, or American Water.

(k) The public agency agrees to provide a legal opinion that the proposed securitization does not create a taxable event for California American Water.

11.5 Use of Proceeds and Recovery of Costs

(a) The proceeds of the securitization will be used for the following:

(i) Financing the MPWSP at the agreed-upon level.

(ii) Reimbursement of public agency fees and expenses associated with securitization.

(iii) California American Water will be reimbursed for all fees and expenses it incurs as a result of the securitization effort, including carrying cost on such fees and expenses at the actual cost incurred to fund such efforts (as referenced in Section 14.3). The reimbursement will occur at the time the securitization is funded.

(b) If the securitization is not successful, California American Water may recover all of its reasonably and prudently incurred costs related to the securitization from customers in the Monterey County District. California American Water will track its securitization costs as debit entries in a new subset of the Coastal Water Project memorandum account.

(c) If California American Water is shown to have been negatively impacted by the securitization at any time over the amortization period of the bonds, California American Water may seek a determination of the impact in the Cost of Capital or other applicable Commission proceeding and may recover the cost of the negative impact from the customers in the Monterey County District. If California American Water is shown to have been negatively impacted by the securitization at any time after the issuance of the bonds but over the life of the bonds, California American Water may seek a determination of the impact in the Cost of Capital or other applicable Commission proceeding and may recover the cost of the negative impact from the customers in the Monterey County District.

11.6 Contingency

(a) If the public agency is unsuccessful in obtaining a tax-exempt securitization, the public agency may pursue an alternative form of public agency contribution (Proposition 218 process) if such contribution is feasible, will result in lower costs to customers, and will be accomplished to meet all of the requirements of Section 11.1 through 11.5.

(b) However, understanding the urgency to finance, construct and bring the desalination project on line, California American Water stands ready to provide long-term debt financing (either through American Water Capital Corporation or the California Pollution Control Financing Authority, whichever is lowest cost to customers) and equity financing.

13. SRF FINANCING

13.1

(a) SRF financing remains the preferred option for debt financing for both the desalination plant and the remaining CAW-Only Facilities. SRF will be utilized in

proportion to the amount of equity financing necessary to maintain a balanced capital structure. The capital structure will exclude the amount of securitization bonds, assuming the securitized bonds meet the criteria discussed above.

(b) Based on the availability of low cost financing under the SWRCB's DWSRF program and tax gross up associated with contributions under the Tax Cuts and Jobs Act ("TCJA"), California American Water agrees to finance the portion of the total construction costs previously assumed to be financed with the construction funding surcharge.

(c) Based on the availability of low cost financing under the SWRCB's DWSRF program, California American Water agrees to finance the portion of the total construction costs previously assumed to be financed with a public agency securitization. The options for securitization will remain open in accordance with Section 11.1.

(d) California American Water will maintain a fixed equity investment equal to approximately 27.0% of the value of the total project costs for the desalination plant and the remaining CAW-Only Facilities, inclusive of AFUDC and net of grants, at the time project is placed in-service.

13.2 If California American Water is not successful in its attempt to obtain SRF funds on its own accord, it agrees to work with a public agency to secure these funds. California American Water will, at its sole discretion, select as a partner for pursuing SRF financing from among capable and willing public entities. If for some reason, SRF funds are not available under any circumstance, then securitization under Section 11 will be pursued and California American Water, through American Water Capital Corporation, stands ready to provide long-term debt financing.

13.3 SRF loans shall be treated for ratemaking purposes just as the Commission has previously determined in D.05-01-048. SRF loans will be treated as debt on California American Water's financial statements for financial reporting purposes.

13.4 California American Water will file a separate application for a financing order from the Commission approving SRF funding. It will file a Tier 1 advice letter to put the changes approved in that order into rates.

13.5 The Parties recognize the value in California American Water providing to the Parties documentation as soon as possible from the SWRCB demonstrating California American Water's ability to secure SRF financing. California American Water shall actively pursue such documentation and shall provide it to the Parties when available. The Parties also recognize that documentation will not likely be forthcoming until the Commission has certified its EIR. California American Water shall alert the Parties should it obtain any information suggesting SRF financing may not be available or may require a public agency partner.

14. RATEMAKING

14.1 The revenue requirement for the rate base portion of the desalination plant and the remaining CAW-Only Facilities will be based on the current and effective cost of capital decision approved by the Commission, and subject to future adjustment as the cost of capital changes. However, the interest rate on the securitization and SRF or long-term debt will be set at the time of funding and will be recovered in accordance with procedures set forth in Section 11 and Section

12.

14.2 Property taxes shall be included in the revenue requirement of the MPWSP in compliance with the findings of the tax assessor.

14.3 Depreciation rates on all facilities will be determined based on the latest rates filed with the Commission in either a general rate case or via the annual depreciation adjustment filing made in conjunction with Section 11.21 of the settlement agreement approved by the Commission in D.12-06-016. The latest depreciation rates were approved in Decision D.18-12-021.

14.4 AFUDC shall be allowed on all construction work in progress related to the desalination plant and remaining CAW-Only facilities at the actual rate of the instruments used to finance the construction.

14.5 Income Taxes will be calculated as part of the revenue requirements based on the same procedures and at the same rates as established in the latest authorized general rate case decision. The most recent tax rates were approved in Decision D.18-12-021.

14.6 First Year Revenue Requirement Determination for the Desalination Facilities including the remaining CAW-Only Facilities.

(a) Upon completion of the desalination plant and remaining CAW-Only facilities, California American Water shall determine the first year revenue requirement for the desalination facilities including the CAW-Only Facilities. At the time California American Water implements the first year revenue requirement for both such facilities, the authorization will supersede any previously established revenue requirement for the CAW-Only Facilities as authorized by Section 7.3 (c).

(b) The first year revenue requirement will be determined based on the above assumptions and those established in Section 8.3.

(c) The revenue requirement will be placed into base rates via the tier 2 advice letter process, and will increase the authorized revenue requirement for the Monterey County District, the same as any other authorized plant offset advice letter request, except that the increase will only be applicable to customers as determined by the Commission.

14.7 Revenue Requirements Beyond Year One

(a) The new revenue requirement as determined in Section 14.6 will remain in place until such time as the revenue requirement of the desalination plant and remaining CAW-Only Facilities are considered in a subsequent GRC.

(b) Operation and maintenance estimates will be determined based on the procedures as set in Section 8.3.

15. PROJECT CASH FLOW

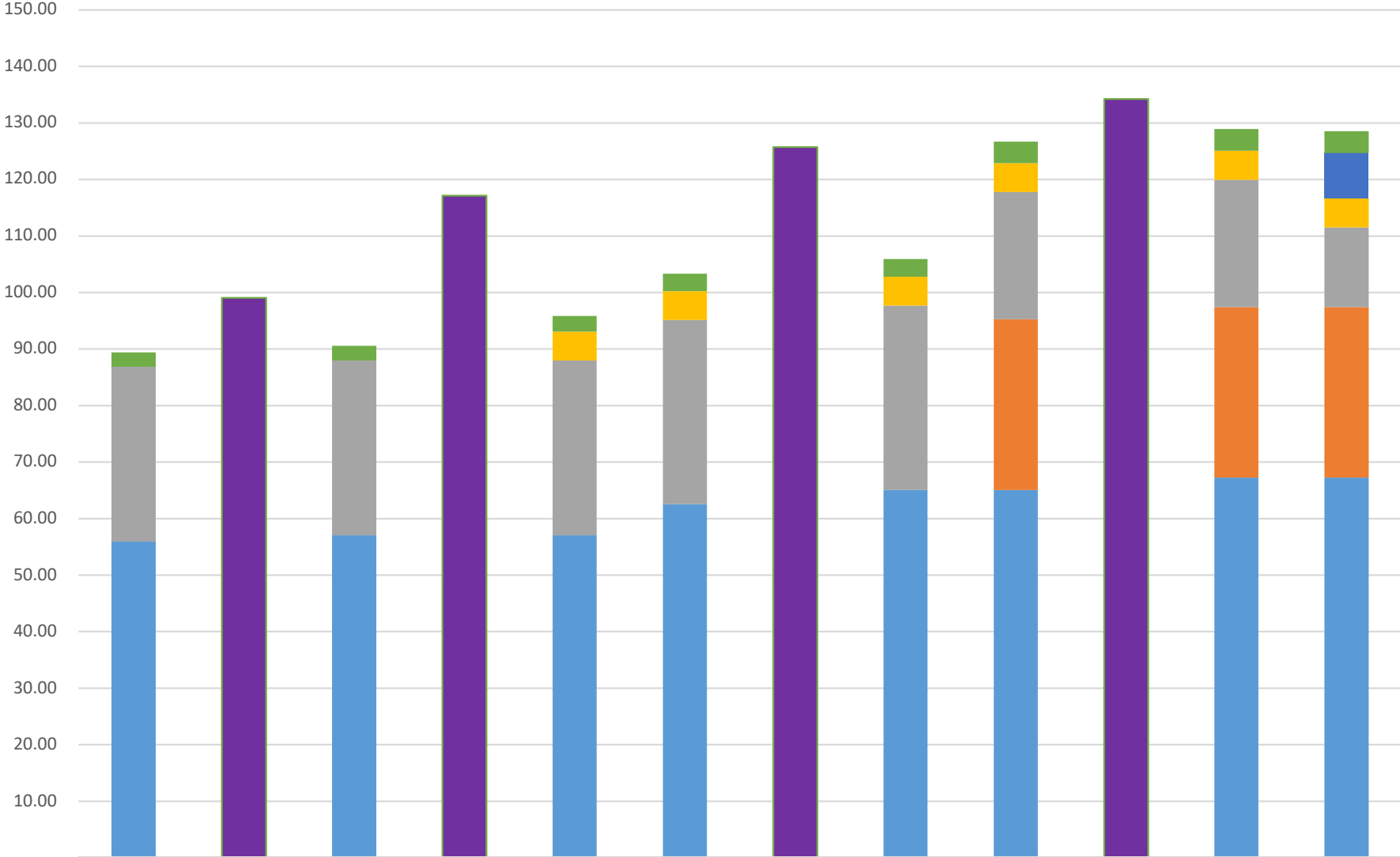
15.1 California American Water agrees to provide \$20 million in short term debt to be used during construction as a means of reducing AFUDC. D.16-09-021 approved use of \$7.4 million of short term debt funding until approved and included in rates. The desalination plant

and remaining CAW-Only facilities are allocated \$12.6 million of short term debt until the \$7.4 million allocated to the Phase 2 project is completed and included in rates at which time the funds become available to help financing the construction of the Phase 1 project.

15.2 A proposed cash flow statement is provided as Appendix 3 that takes into account all sources of financing per D.18-09-017.

Monterey Main Average Customer's Forecasted Bills

Attachment C-1



■ Base Bill
 ■ WSP Base Bill
 ■ All Other Surcharges
 ■ Purchased Water
 ■ SRF Surcharge
 ■ Taxes
 ■ AL 1220

Key Assumptions

Plant Assumptions - Tier 2			
Plant Size (MGD)		6.4	
Capital Scenario	<i>This is the 'Soft Cap' =></i>	Most Probable	
vs. Most Probable Capital Scenario		+0%	<i>:No longer used</i>
Include CAW-Only Facilities?		Yes	
Include AFUDC? (1=Yes, 0=No)		1	
Accelerate Monterey Pipeline?		No	
Ground Water Recharge			
Annual AF		3,500	
Cost per AF (\$)		\$0	
Financing Assumptions			
Cost of Capital			
Cost of Equity		9.20%	
CAW Cost of Debt		5.63%	
Equity %		55.39%	
Debt %		44.61%	
Cost of Capital		7.61%	
CAW Target Equity % of Total Project Costs	Check AWK Equity Balance	27.00%	
Rebalance Capital Structure?		Yes	
Other Debt Rates			
Short Term Debt Rate		2.50%	
STD for Phase 2 / STD Cap (\$MM)	\$7.4	\$20.0	
SRF Debt Rate		1.25%	
SRF Term (yrs)		30	
SRF Assets Exempt from Prop Tax?		Yes	
CAW Financing Scenario		3 - CAW Equity & Debt / SRF	
% of SRF Debt in CAW Cap Structure? (Max = 44.6%)		44.60%	
SRF Borrowings (\$MM)		\$237.1	
Discount Rate for NPV (2013 Settlement Discussions)		9.59%	
Grant	Taxable	\$10	
Surcharge & Contribution Assumptions			
Utilize a Surcharge?		No	
Method 5 calculation applies to surcharge?		Yes	19.80%
Period	Months	% of Mont Revenue Req	Start Date End Date
Period 1	6	20.3%	01/01/20 06/30/20
Period 2	6	20.3%	07/01/20 12/31/20
Period 3	6	26.1%	01/01/21 06/30/21
Period 4	6	26.1%	07/01/21 12/31/21
Period 5	3	34.5%	01/01/22 03/31/22
Period 6			
Period 7			
Non CAW Debt via Public Agencies (ie. Public Agency Contribution, SRF Funding off CAW Debt Balance Sheet)			
		Tranche 1	Tranche 2 Tranche 3
Contribution Date (End of Month)		Dec-20	Oct-16 Jan-17
Contribution Amount (\$MM)	157.1	\$0.0	\$0.0 \$0.0
Reserve (\$MM)		\$0.0	\$0.0 \$0.0
Issuance Costs (\$MM)		\$0.0	\$0.0 \$0.0
Total Borrowing (\$MM)		\$0.0	\$0.0 \$0.0
Financing Rate		3.6%	4.5% 5.0%
Financing Term		30	25 10

- MPWSP Model based on assumptions and model submitted in testimony in A. 12-04-019
- Comprehensive Settlement assumed that model assumptions and results would change:
 - Per section 6.8.c of the Settlement, once phase 1 facilities go into service, Cal-Am will file a Tier 2 AL to put into rates the actual costs.
 - Per Section 6.8.a of the Settlement, a memo account will track the project costs.
 - Per Section 8.3.a of the Settlement, Cal-Am will file a Tier 2 AL at least 60 days prior to the in-service date to update O&M costs to be placed into rates.
 - Per Section 8.3.b of the Settlement, a memo account will track differences between estimated costs through Tier 2 AL and actual costs to be addressed in subsequent rate case.

New Base Case

Project Summary (\$MM) - Without Construction surcharge	
Capital Investment	
Desal Plant	\$228.5
CAW-Only Facilities	\$39.2
Capitalized AFUDC, Net of Tax	\$39.0
Total Project Cost	306.6
CAW Rate Base - Mar 2022	
Utility Plant *	\$318.4
SRF Funded Costs *	(\$236.9)
Surcharge Funded Costs *	0.0
Pub Agency Funded Costs	0.0
Deferred Taxes	2.5
Total CAW Rate Base	\$84.1
<i>* Net of depreciation & amortization</i>	
Total Cost to Customer	
CAW Pre-Tax Equity Cost	\$10.5
CAW Pre-Tax Debt Cost	\$0.0
Depreciation & Amortization	\$1.4
General Taxes	\$3.3
Fixed O&M	\$3.3
Variable O&M	\$7.8
Year 1 CAW Rev Req (\$MM)	\$26.5
Customer SRF Surcharge*	\$0.0
Public Agency Costs	\$0.0
Total Yr 1 Cost to Customer	\$26.5
Fixed Cost per AF	\$1,743
Variable Cost per AF	\$734
Total Cost per AF	\$2,477
NPV at 9.6% of cash flows through 2056	\$166.6
<i>Notes: - Pre-tax cash flows should be discounted at a pre-tax rate</i>	
<i>- NPV is as of 2013</i>	

From Jeff Linam's testimony updated for COC and TCJA

Project Summary (\$MM) - 6.4MGD - Tier 2	
Capital Investment	
Desal Plant	\$239.1
CAW-Only Facilities	\$39.9
Capitalized AFUDC, Net of Tax	\$18.6
Total Project Cost	297.5
CAW Rate Base - Mar 2021	
Utility Plant *	\$304.9
SRF Funded Costs *	(\$66.8)
Surcharge Funded Costs *	(39.8)
Pub Agency Funded Costs	(112.7)
Deferred Taxes	(0.2)
Total CAW Rate Base	\$85.4
<i>* Net of depreciation & amortization</i>	
Total Cost to Customer	
CAW Pre-Tax Equity Cost	\$11.3
CAW Pre-Tax Debt Cost	(\$0.2)
Depreciation & Amortization	\$1.6
General Taxes*	\$2.8
Fixed O&M	\$3.2
Variable O&M	\$7.6
Year 1 CAW Rev Req (\$MM)	\$26.3
Customer SRF Surcharge	\$4.3
Public Agency Costs	\$6.2
Total Yr 1 Cost to Customer	\$36.8
Fixed Cost per AF	\$2,558
Variable Cost per AF	\$715
Total Cost per AF	\$3,273
NPV at 9.6% of cash flows through 2056	\$213.1
<i>Notes: - Pre-tax cash flows should be discounted at a pre-tax rate</i>	
<i>- NPV is as of 2013</i>	

Surcharge/No Securitization/No Grant Scenario

Project Summary (\$MM) - With Construction surcharge	
Capital Investment	
Desal Plant	\$233.5
CAW-Only Facilities	\$39.2
Capitalized AFUDC, Net of Tax	\$38.2
Total Project Cost	310.9
CAW Rate Base - Mar 2022	
Utility Plant *	\$322.4
SRF Funded Costs *	(\$218.3)
Surcharge Funded Costs *	(30.0)
Pub Agency Funded Costs	0.0
Deferred Taxes	2.5
Total CAW Rate Base	\$76.7
<i>* Net of depreciation & amortization</i>	
Total Cost to Customer	
CAW Pre-Tax Equity Cost	\$9.6
CAW Pre-Tax Debt Cost	\$0.0
Depreciation & Amortization	\$1.3
General Taxes	\$3.4
Fixed O&M	\$3.3
Variable O&M	\$7.8
Year 1 CAW Rev Req (\$MM)	\$25.5
Customer SRF Surcharge*	\$0.0
Public Agency Costs	\$0.0
Total Yr 1 Cost to Customer	\$25.5
Fixed Cost per AF	\$1,644
Variable Cost per AF	\$734
Total Cost per AF	\$2,377
NPV at 9.6% of cash flows through 2056	\$173.9
<i>Notes: - Pre-tax cash flows should be discounted at a pre-tax rate</i>	
<i>- NPV is as of 2013</i>	

* Customers SRF Surcharge would start 12 months after completion of the project. Refer to Attachment C-5 for the SRF amortization

* General taxes was updated to reflect property taxes associated with SRF and securitized debt portion.

* Customers SRF Surcharge would start 12 months after completion of the project.

- MPWSP Model based on assumptions and model submitted in testimony in A. 12-04-019
- Comprehensive Settlement assumed that model assumptions and results would change:
 - Per section 6.8.c of the Settlement, once phase 1 facilities go into service, Cal-Am will file a Tier 2 AL to put into rates the actual costs.
 - Per Section 6.8.a of the Settlement, a memo account will track the project costs.
 - Per Section 8.3.a of the Settlement, Cal-Am will file a Tier 2 AL at least 60 days prior to the in-service date to update O&M costs to be placed into rates.
 - Per Section 8.3.b of the Settlement, a memo account will track differences between estimated costs through Tier 2 AL and actual costs to be addressed in subsequent rate case.

Attachment C-4

Grant 10,000,000

CA Combined Tax Rate

Federal 21.0000%
 State 8.8400%
 FBOS -1.8564%
 Total 27.9836%

Weighted Cost of Debt 2.51%
 Weighted Cost of Equity 5.10%
 Allowed Rate of Return 7.61%

Allowed Rate of Return - Pretax 9.59%

Method 1 - DTA

Year	1	2	3	4	5	6	7	8	9	10	11	12
Tax Payed	2,798,360											
Tax Saved	(55,967)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)
Total DTA for Year	2,742,393	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)
Cumulative DTA / Rate Base	2,742,393	2,630,458	2,518,524	2,406,590	2,294,655	2,182,721	2,070,786	1,958,852	1,846,918	1,734,983	1,623,049	1,511,114
Allowed Rate of Return Pretax	263,043	252,306	241,570	230,833	220,097	209,360	198,624	187,888	177,151	166,415	155,678	144,942

Attachment C-4

Grant 10,000,000

CA Combined Tax Rate

Federal 21.0000%
 State 8.8400%
 FBOS -1.8564%
 Total 27.9836%

Weighted Cost of Debt 2.51%
 Weighted Cost of Equity 5.10%
 Allowed Rate of Return 7.61%

Allowed Rate of Return - Pretax 9.59%

Method 1 - DTA

Year	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Tax Payed														
Tax Saved	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(55,967)
Total DTA for Year	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(111,934)	(55,967)
Cumulative DTA / Rate Base	1,399,180	1,287,246	1,175,311	1,063,377	951,442	839,508	727,574	615,639	503,705	391,770	279,836	167,902	55,967	0
Allowed Rate of Return Pretax	134,205	123,469	112,733	101,996	91,260	80,523	69,787	59,050	48,314	37,578	26,841	16,105	5,368	0

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

1.2517% 0.10%

Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
1	236,854,848.80	247,066.94	789,516.16	542,449.22	236,312,399.58
2	236,312,399.58	246,501.10	789,516.16	543,015.06	235,769,384.52
3	235,769,384.52	245,934.68	789,516.16	543,581.49	235,225,803.03
4	235,225,803.03	245,367.66	789,516.16	544,148.50	234,681,654.53
5	234,681,654.53	244,800.05	789,516.16	544,716.11	234,136,938.41
6	234,136,938.41	244,231.85	789,516.16	545,284.32	233,591,654.10
7	233,591,654.10	243,663.05	789,516.16	545,853.11	233,045,800.99
8	233,045,800.99	243,093.66	789,516.16	546,422.50	232,499,378.49
9	232,499,378.49	242,523.68	789,516.16	546,992.48	231,952,386.01
10	231,952,386.01	241,953.11	789,516.16	547,563.06	231,404,822.95
11	231,404,822.95	241,381.93	789,516.16	548,134.23	230,856,688.72
12	230,856,688.72	240,810.17	789,516.16	548,706.00	230,307,982.73
13	230,307,982.73	240,237.80	789,516.16	549,278.36	229,758,704.37
14	229,758,704.37	239,664.84	789,516.16	549,851.32	229,208,853.05
15	229,208,853.05	239,091.28	789,516.16	550,424.88	228,658,428.17
16	228,658,428.17	238,517.13	789,516.16	550,999.03	228,107,429.14
17	228,107,429.14	237,942.37	789,516.16	551,573.79	227,555,855.35
18	227,555,855.35	237,367.02	789,516.16	552,149.15	227,003,706.20
19	227,003,706.20	236,791.06	789,516.16	552,725.10	226,450,981.10
20	226,450,981.10	236,214.51	789,516.16	553,301.66	225,897,679.44
21	225,897,679.44	235,637.35	789,516.16	553,878.81	225,343,800.63
22	225,343,800.63	235,059.59	789,516.16	554,456.57	224,789,344.05
23	224,789,344.05	234,481.23	789,516.16	555,034.94	224,234,309.12
24	224,234,309.12	233,902.26	789,516.16	555,613.90	223,678,695.22
25	223,678,695.22	233,322.69	789,516.16	556,193.47	223,122,501.75
26	223,122,501.75	232,742.52	789,516.16	556,773.64	222,565,728.10
27	222,565,728.10	232,161.74	789,516.16	557,354.42	222,008,373.68
28	222,008,373.68	231,580.35	789,516.16	557,935.81	221,450,437.87
29	221,450,437.87	230,998.36	789,516.16	558,517.80	220,891,920.07
30	220,891,920.07	230,415.76	789,516.16	559,100.40	220,332,819.67
31	220,332,819.67	229,832.56	789,516.16	559,683.61	219,773,136.06
32	219,773,136.06	229,248.74	789,516.16	560,267.42	219,212,868.64
33	219,212,868.64	228,664.32	789,516.16	560,851.84	218,652,016.80
34	218,652,016.80	228,079.29	789,516.16	561,436.88	218,090,579.92
35	218,090,579.92	227,493.64	789,516.16	562,022.52	217,528,557.40
36	217,528,557.40	226,907.39	789,516.16	562,608.77	216,965,948.63
37	216,965,948.63	226,320.52	789,516.16	563,195.64	216,402,752.99

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
38	216,402,752.99	225,733.04	789,516.16	563,783.12	215,838,969.87
39	215,838,969.87	225,144.95	789,516.16	564,371.21	215,274,598.66
40	215,274,598.66	224,556.25	789,516.16	564,959.91	214,709,638.75
41	214,709,638.75	223,966.93	789,516.16	565,549.23	214,144,089.52
42	214,144,089.52	223,377.00	789,516.16	566,139.16	213,577,950.35
43	213,577,950.35	222,786.45	789,516.16	566,729.71	213,011,220.64
44	213,011,220.64	222,195.28	789,516.16	567,320.88	212,443,899.76
45	212,443,899.76	221,603.50	789,516.16	567,912.66	211,875,987.10
46	211,875,987.10	221,011.11	789,516.16	568,505.06	211,307,482.04
47	211,307,482.04	220,418.09	789,516.16	569,098.07	210,738,383.97
48	210,738,383.97	219,824.45	789,516.16	569,691.71	210,168,692.26
49	210,168,692.26	219,230.20	789,516.16	570,285.96	209,598,406.30
50	209,598,406.30	218,635.33	789,516.16	570,880.84	209,027,525.46
51	209,027,525.46	218,039.83	789,516.16	571,476.33	208,456,049.13
52	208,456,049.13	217,443.72	789,516.16	572,072.45	207,883,976.68
53	207,883,976.68	216,846.98	789,516.16	572,669.19	207,311,307.50
54	207,311,307.50	216,249.62	789,516.16	573,266.55	206,738,040.95
55	206,738,040.95	215,651.63	789,516.16	573,864.53	206,164,176.42
56	206,164,176.42	215,053.03	789,516.16	574,463.14	205,589,713.29
57	205,589,713.29	214,453.80	789,516.16	575,062.37	205,014,650.92
58	205,014,650.92	213,853.94	789,516.16	575,662.22	204,438,988.70
59	204,438,988.70	213,253.46	789,516.16	576,262.71	203,862,725.99
60	203,862,725.99	212,652.35	789,516.16	576,863.81	203,285,862.18
61	203,285,862.18	212,050.61	789,516.16	577,465.55	202,708,396.63
62	202,708,396.63	211,448.25	789,516.16	578,067.91	202,130,328.72
63	202,130,328.72	210,845.26	789,516.16	578,670.90	201,551,657.81
64	201,551,657.81	210,241.64	789,516.16	579,274.52	200,972,383.29
65	200,972,383.29	209,637.39	789,516.16	579,878.77	200,392,504.52
66	200,392,504.52	209,032.51	789,516.16	580,483.66	199,812,020.86
67	199,812,020.86	208,427.00	789,516.16	581,089.17	199,230,931.69
68	199,230,931.69	207,820.85	789,516.16	581,695.31	198,649,236.38
69	198,649,236.38	207,214.08	789,516.16	582,302.08	198,066,934.30
70	198,066,934.30	206,606.67	789,516.16	582,909.49	197,484,024.81
71	197,484,024.81	205,998.63	789,516.16	583,517.54	196,900,507.27
72	196,900,507.27	205,389.95	789,516.16	584,126.21	196,316,381.06
73	196,316,381.06	204,780.64	789,516.16	584,735.52	195,731,645.54
74	195,731,645.54	204,170.69	789,516.16	585,345.47	195,146,300.07

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
75	195,146,300.07	203,560.11	789,516.16	585,956.05	194,560,344.02
76	194,560,344.02	202,948.89	789,516.16	586,567.27	193,973,776.75
77	193,973,776.75	202,337.03	789,516.16	587,179.13	193,386,597.62
78	193,386,597.62	201,724.54	789,516.16	587,791.62	192,798,805.99
79	192,798,805.99	201,111.40	789,516.16	588,404.76	192,210,401.23
80	192,210,401.23	200,497.63	789,516.16	589,018.53	191,621,382.70
81	191,621,382.70	199,883.22	789,516.16	589,632.95	191,031,749.75
82	191,031,749.75	199,268.16	789,516.16	590,248.00	190,441,501.75
83	190,441,501.75	198,652.46	789,516.16	590,863.70	189,850,638.05
84	189,850,638.05	198,036.12	789,516.16	591,480.04	189,259,158.01
85	189,259,158.01	197,419.14	789,516.16	592,097.02	188,667,060.99
86	188,667,060.99	196,801.52	789,516.16	592,714.65	188,074,346.35
87	188,074,346.35	196,183.25	789,516.16	593,332.92	187,481,013.43
88	187,481,013.43	195,564.33	789,516.16	593,951.83	186,887,061.60
89	186,887,061.60	194,944.77	789,516.16	594,571.39	186,292,490.21
90	186,292,490.21	194,324.57	789,516.16	595,191.60	185,697,298.61
91	185,697,298.61	193,703.71	789,516.16	595,812.45	185,101,486.16
92	185,101,486.16	193,082.21	789,516.16	596,433.95	184,505,052.21
93	184,505,052.21	192,460.06	789,516.16	597,056.10	183,907,996.11
94	183,907,996.11	191,837.26	789,516.16	597,678.90	183,310,317.21
95	183,310,317.21	191,213.81	789,516.16	598,302.35	182,712,014.86
96	182,712,014.86	190,589.72	789,516.16	598,926.45	182,113,088.42
97	182,113,088.42	189,964.97	789,516.16	599,551.20	181,513,537.22
98	181,513,537.22	189,339.57	789,516.16	600,176.60	180,913,360.63
99	180,913,360.63	188,713.51	789,516.16	600,802.65	180,312,557.98
100	180,312,557.98	188,086.81	789,516.16	601,429.36	179,711,128.62
101	179,711,128.62	187,459.45	789,516.16	602,056.72	179,109,071.90
102	179,109,071.90	186,831.43	789,516.16	602,684.73	178,506,387.17
103	178,506,387.17	186,202.76	789,516.16	603,313.40	177,903,073.77
104	177,903,073.77	185,573.44	789,516.16	603,942.73	177,299,131.04
105	177,299,131.04	184,943.45	789,516.16	604,572.71	176,694,558.33
106	176,694,558.33	184,312.82	789,516.16	605,203.35	176,089,354.99
107	176,089,354.99	183,681.52	789,516.16	605,834.64	175,483,520.34
108	175,483,520.34	183,049.56	789,516.16	606,466.60	174,877,053.74
109	174,877,053.74	182,416.95	789,516.16	607,099.21	174,269,954.53
110	174,269,954.53	181,783.67	789,516.16	607,732.49	173,662,222.04
111	173,662,222.04	181,149.74	789,516.16	608,366.42	173,053,855.61

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
112	173,053,855.61	180,515.14	789,516.16	609,001.02	172,444,854.59
113	172,444,854.59	179,879.88	789,516.16	609,636.28	171,835,218.31
114	171,835,218.31	179,243.96	789,516.16	610,272.20	171,224,946.11
115	171,224,946.11	178,607.38	789,516.16	610,908.78	170,614,037.33
116	170,614,037.33	177,970.13	789,516.16	611,546.03	170,002,491.30
117	170,002,491.30	177,332.22	789,516.16	612,183.95	169,390,307.35
118	169,390,307.35	176,693.64	789,516.16	612,822.52	168,777,484.83
119	168,777,484.83	176,054.39	789,516.16	613,461.77	168,164,023.06
120	168,164,023.06	175,414.48	789,516.16	614,101.68	167,549,921.38
121	167,549,921.38	174,773.90	789,516.16	614,742.26	166,935,179.12
122	166,935,179.12	174,132.66	789,516.16	615,383.51	166,319,795.61
123	166,319,795.61	173,490.74	789,516.16	616,025.42	165,703,770.19
124	165,703,770.19	172,848.15	789,516.16	616,668.01	165,087,102.18
125	165,087,102.18	172,204.90	789,516.16	617,311.26	164,469,790.92
126	164,469,790.92	171,560.97	789,516.16	617,955.19	163,851,835.73
127	163,851,835.73	170,916.37	789,516.16	618,599.79	163,233,235.94
128	163,233,235.94	170,271.10	789,516.16	619,245.06	162,613,990.88
129	162,613,990.88	169,625.16	789,516.16	619,891.00	161,994,099.87
130	161,994,099.87	168,978.54	789,516.16	620,537.62	161,373,562.25
131	161,373,562.25	168,331.25	789,516.16	621,184.91	160,752,377.33
132	160,752,377.33	167,683.28	789,516.16	621,832.88	160,130,544.45
133	160,130,544.45	167,034.64	789,516.16	622,481.53	159,508,062.93
134	159,508,062.93	166,385.32	789,516.16	623,130.85	158,884,932.08
135	158,884,932.08	165,735.32	789,516.16	623,780.84	158,261,151.24
136	158,261,151.24	165,084.64	789,516.16	624,431.52	157,636,719.72
137	157,636,719.72	164,433.29	789,516.16	625,082.87	157,011,636.85
138	157,011,636.85	163,781.26	789,516.16	625,734.91	156,385,901.94
139	156,385,901.94	163,128.54	789,516.16	626,387.62	155,759,514.32
140	155,759,514.32	162,475.15	789,516.16	627,041.01	155,132,473.31
141	155,132,473.31	161,821.07	789,516.16	627,695.09	154,504,778.22
142	154,504,778.22	161,166.31	789,516.16	628,349.85	153,876,428.37
143	153,876,428.37	160,510.87	789,516.16	629,005.29	153,247,423.08
144	153,247,423.08	159,854.75	789,516.16	629,661.42	152,617,761.66
145	152,617,761.66	159,197.94	789,516.16	630,318.23	151,987,443.44
146	151,987,443.44	158,540.44	789,516.16	630,975.72	151,356,467.72
147	151,356,467.72	157,882.26	789,516.16	631,633.90	150,724,833.82
148	150,724,833.82	157,223.40	789,516.16	632,292.77	150,092,541.05

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

1.2517% 0.10%

Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
149	150,092,541.05	156,563.84	789,516.16	632,952.32	149,459,588.73
150	149,459,588.73	155,903.60	789,516.16	633,612.56	148,825,976.16
151	148,825,976.16	155,242.67	789,516.16	634,273.49	148,191,702.67
152	148,191,702.67	154,581.05	789,516.16	634,935.12	147,556,767.55
153	147,556,767.55	153,918.74	789,516.16	635,597.43	146,921,170.13
154	146,921,170.13	153,255.74	789,516.16	636,260.43	146,284,909.70
155	146,284,909.70	152,592.04	789,516.16	636,924.12	145,647,985.58
156	145,647,985.58	151,927.66	789,516.16	637,588.51	145,010,397.07
157	145,010,397.07	151,262.58	789,516.16	638,253.58	144,372,143.49
158	144,372,143.49	150,596.81	789,516.16	638,919.36	143,733,224.13
159	143,733,224.13	149,930.34	789,516.16	639,585.82	143,093,638.31
160	143,093,638.31	149,263.18	789,516.16	640,252.98	142,453,385.32
161	142,453,385.32	148,595.32	789,516.16	640,920.84	141,812,464.48
162	141,812,464.48	147,926.77	789,516.16	641,589.40	141,170,875.08
163	141,170,875.08	147,257.51	789,516.16	642,258.65	140,528,616.44
164	140,528,616.44	146,587.56	789,516.16	642,928.60	139,885,687.84
165	139,885,687.84	145,916.92	789,516.16	643,599.25	139,242,088.59
166	139,242,088.59	145,245.57	789,516.16	644,270.60	138,597,817.99
167	138,597,817.99	144,573.52	789,516.16	644,942.64	137,952,875.35
168	137,952,875.35	143,900.77	789,516.16	645,615.39	137,307,259.96
169	137,307,259.96	143,227.32	789,516.16	646,288.85	136,660,971.11
170	136,660,971.11	142,553.16	789,516.16	646,963.00	136,014,008.11
171	136,014,008.11	141,878.31	789,516.16	647,637.86	135,366,370.26
172	135,366,370.26	141,202.75	789,516.16	648,313.42	134,718,056.84
173	134,718,056.84	140,526.48	789,516.16	648,989.68	134,069,067.16
174	134,069,067.16	139,849.51	789,516.16	649,666.65	133,419,400.50
175	133,419,400.50	139,171.83	789,516.16	650,344.33	132,769,056.17
176	132,769,056.17	138,493.45	789,516.16	651,022.72	132,118,033.46
177	132,118,033.46	137,814.36	789,516.16	651,701.81	131,466,331.65
178	131,466,331.65	137,134.56	789,516.16	652,381.61	130,813,950.04
179	130,813,950.04	136,454.05	789,516.16	653,062.12	130,160,887.92
180	130,160,887.92	135,772.83	789,516.16	653,743.34	129,507,144.59
181	129,507,144.59	135,090.90	789,516.16	654,425.27	128,852,719.32
182	128,852,719.32	134,408.26	789,516.16	655,107.91	128,197,611.42
183	128,197,611.42	133,724.90	789,516.16	655,791.26	127,541,820.16
184	127,541,820.16	133,040.84	789,516.16	656,475.33	126,885,344.83
185	126,885,344.83	132,356.06	789,516.16	657,160.11	126,228,184.72

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
186	126,228,184.72	131,670.56	789,516.16	657,845.60	125,570,339.13
187	125,570,339.13	130,984.35	789,516.16	658,531.81	124,911,807.32
188	124,911,807.32	130,297.43	789,516.16	659,218.73	124,252,588.58
189	124,252,588.58	129,609.79	789,516.16	659,906.37	123,592,682.21
190	123,592,682.21	128,921.43	789,516.16	660,594.73	122,932,087.48
191	122,932,087.48	128,232.35	789,516.16	661,283.81	122,270,803.67
192	122,270,803.67	127,542.56	789,516.16	661,973.60	121,608,830.06
193	121,608,830.06	126,852.04	789,516.16	662,664.12	120,946,165.95
194	120,946,165.95	126,160.81	789,516.16	663,355.35	120,282,810.59
195	120,282,810.59	125,468.85	789,516.16	664,047.31	119,618,763.28
196	119,618,763.28	124,776.17	789,516.16	664,739.99	118,954,023.29
197	118,954,023.29	124,082.77	789,516.16	665,433.39	118,288,589.90
198	118,288,589.90	123,388.65	789,516.16	666,127.51	117,622,462.39
199	117,622,462.39	122,693.80	789,516.16	666,822.36	116,955,640.03
200	116,955,640.03	121,998.23	789,516.16	667,517.93	116,288,122.10
201	116,288,122.10	121,301.93	789,516.16	668,214.23	115,619,907.86
202	115,619,907.86	120,604.91	789,516.16	668,911.26	114,950,996.61
203	114,950,996.61	119,907.15	789,516.16	669,609.01	114,281,387.60
204	114,281,387.60	119,208.68	789,516.16	670,307.49	113,611,080.11
205	113,611,080.11	118,509.47	789,516.16	671,006.70	112,940,073.42
206	112,940,073.42	117,809.53	789,516.16	671,706.63	112,268,366.79
207	112,268,366.79	117,108.86	789,516.16	672,407.30	111,595,959.49
208	111,595,959.49	116,407.46	789,516.16	673,108.70	110,922,850.79
209	110,922,850.79	115,705.33	789,516.16	673,810.83	110,249,039.96
210	110,249,039.96	115,002.47	789,516.16	674,513.69	109,574,526.27
211	109,574,526.27	114,298.88	789,516.16	675,217.29	108,899,308.98
212	108,899,308.98	113,594.55	789,516.16	675,921.62	108,223,387.36
213	108,223,387.36	112,889.48	789,516.16	676,626.68	107,546,760.68
214	107,546,760.68	112,183.68	789,516.16	677,332.48	106,869,428.20
215	106,869,428.20	111,477.15	789,516.16	678,039.02	106,191,389.19
216	106,191,389.19	110,769.87	789,516.16	678,746.29	105,512,642.90
217	105,512,642.90	110,061.86	789,516.16	679,454.30	104,833,188.60
218	104,833,188.60	109,353.11	789,516.16	680,163.05	104,153,025.55
219	104,153,025.55	108,643.62	789,516.16	680,872.54	103,472,153.01
220	103,472,153.01	107,933.40	789,516.16	681,582.77	102,790,570.24
221	102,790,570.24	107,222.43	789,516.16	682,293.74	102,108,276.51
222	102,108,276.51	106,510.72	789,516.16	683,005.45	101,425,271.06

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

1.2517% 0.10%

Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
223	101,425,271.06	105,798.26	789,516.16	683,717.90	100,741,553.16
224	100,741,553.16	105,085.07	789,516.16	684,431.10	100,057,122.06
225	100,057,122.06	104,371.12	789,516.16	685,145.04	99,371,977.03
226	99,371,977.03	103,656.44	789,516.16	685,859.72	98,686,117.30
227	98,686,117.30	102,941.01	789,516.16	686,575.15	97,999,542.15
228	97,999,542.15	102,224.83	789,516.16	687,291.33	97,312,250.82
229	97,312,250.82	101,507.91	789,516.16	688,008.26	96,624,242.56
230	96,624,242.56	100,790.24	789,516.16	688,725.93	95,935,516.64
231	95,935,516.64	100,071.81	789,516.16	689,444.35	95,246,072.29
232	95,246,072.29	99,352.64	789,516.16	690,163.52	94,555,908.77
233	94,555,908.77	98,632.72	789,516.16	690,883.44	93,865,025.33
234	93,865,025.33	97,912.05	789,516.16	691,604.11	93,173,421.22
235	93,173,421.22	97,190.63	789,516.16	692,325.53	92,481,095.69
236	92,481,095.69	96,468.46	789,516.16	693,047.71	91,788,047.98
237	91,788,047.98	95,745.53	789,516.16	693,770.64	91,094,277.35
238	91,094,277.35	95,021.84	789,516.16	694,494.32	90,399,783.03
239	90,399,783.03	94,297.41	789,516.16	695,218.76	89,704,564.27
240	89,704,564.27	93,572.21	789,516.16	695,943.95	89,008,620.32
241	89,008,620.32	92,846.26	789,516.16	696,669.90	88,311,950.42
242	88,311,950.42	92,119.56	789,516.16	697,396.61	87,614,553.81
243	87,614,553.81	91,392.09	789,516.16	698,124.07	86,916,429.74
244	86,916,429.74	90,663.87	789,516.16	698,852.30	86,217,577.45
245	86,217,577.45	89,934.88	789,516.16	699,581.28	85,517,996.17
246	85,517,996.17	89,205.14	789,516.16	700,311.02	84,817,685.14
247	84,817,685.14	88,474.63	789,516.16	701,041.53	84,116,643.61
248	84,116,643.61	87,743.37	789,516.16	701,772.80	83,414,870.82
249	83,414,870.82	87,011.34	789,516.16	702,504.83	82,712,365.99
250	82,712,365.99	86,278.54	789,516.16	703,237.62	82,009,128.37
251	82,009,128.37	85,544.98	789,516.16	703,971.18	81,305,157.19
252	81,305,157.19	84,810.66	789,516.16	704,705.50	80,600,451.69
253	80,600,451.69	84,075.57	789,516.16	705,440.59	79,895,011.10
254	79,895,011.10	83,339.72	789,516.16	706,176.45	79,188,834.66
255	79,188,834.66	82,603.09	789,516.16	706,913.07	78,481,921.59
256	78,481,921.59	81,865.70	789,516.16	707,650.46	77,774,271.12
257	77,774,271.12	81,127.54	789,516.16	708,388.62	77,065,882.50
258	77,065,882.50	80,388.61	789,516.16	709,127.55	76,356,754.95
259	76,356,754.95	79,648.91	789,516.16	709,867.26	75,646,887.69

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
260	75,646,887.69	78,908.43	789,516.16	710,607.73	74,936,279.96
261	74,936,279.96	78,167.19	789,516.16	711,348.97	74,224,930.99
262	74,224,930.99	77,425.17	789,516.16	712,090.99	73,512,839.99
263	73,512,839.99	76,682.38	789,516.16	712,833.79	72,800,006.21
264	72,800,006.21	75,938.81	789,516.16	713,577.36	72,086,428.85
265	72,086,428.85	75,194.46	789,516.16	714,321.70	71,372,107.15
266	71,372,107.15	74,449.34	789,516.16	715,066.82	70,657,040.33
267	70,657,040.33	73,703.45	789,516.16	715,812.72	69,941,227.62
268	69,941,227.62	72,956.77	789,516.16	716,559.39	69,224,668.23
269	69,224,668.23	72,209.32	789,516.16	717,306.85	68,507,361.38
270	68,507,361.38	71,461.08	789,516.16	718,055.08	67,789,306.30
271	67,789,306.30	70,712.07	789,516.16	718,804.09	67,070,502.21
272	67,070,502.21	69,962.27	789,516.16	719,553.89	66,350,948.32
273	66,350,948.32	69,211.70	789,516.16	720,304.47	65,630,643.85
274	65,630,643.85	68,460.34	789,516.16	721,055.83	64,909,588.03
275	64,909,588.03	67,708.19	789,516.16	721,807.97	64,187,780.06
276	64,187,780.06	66,955.26	789,516.16	722,560.90	63,465,219.15
277	63,465,219.15	66,201.55	789,516.16	723,314.62	62,741,904.54
278	62,741,904.54	65,447.05	789,516.16	724,069.12	62,017,835.42
279	62,017,835.42	64,691.76	789,516.16	724,824.40	61,293,011.02
280	61,293,011.02	63,935.68	789,516.16	725,580.48	60,567,430.54
281	60,567,430.54	63,178.82	789,516.16	726,337.34	59,841,093.20
282	59,841,093.20	62,421.17	789,516.16	727,095.00	59,113,998.20
283	59,113,998.20	61,662.72	789,516.16	727,853.44	58,386,144.76
284	58,386,144.76	60,903.49	789,516.16	728,612.68	57,657,532.09
285	57,657,532.09	60,143.46	789,516.16	729,372.70	56,928,159.38
286	56,928,159.38	59,382.64	789,516.16	730,133.52	56,198,025.86
287	56,198,025.86	58,621.03	789,516.16	730,895.14	55,467,130.72
288	55,467,130.72	57,858.62	789,516.16	731,657.54	54,735,473.18
289	54,735,473.18	57,095.42	789,516.16	732,420.75	54,003,052.43
290	54,003,052.43	56,331.42	789,516.16	733,184.75	53,269,867.68
291	53,269,867.68	55,566.62	789,516.16	733,949.54	52,535,918.14
292	52,535,918.14	54,801.03	789,516.16	734,715.14	51,801,203.00
293	51,801,203.00	54,034.63	789,516.16	735,481.53	51,065,721.47
294	51,065,721.47	53,267.44	789,516.16	736,248.72	50,329,472.75
295	50,329,472.75	52,499.45	789,516.16	737,016.71	49,592,456.04
296	49,592,456.04	51,730.65	789,516.16	737,785.51	48,854,670.53

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
297	48,854,670.53	50,961.06	789,516.16	738,555.10	48,116,115.42
298	48,116,115.42	50,190.66	789,516.16	739,325.50	47,376,789.92
299	47,376,789.92	49,419.46	789,516.16	740,096.70	46,636,693.22
300	46,636,693.22	48,647.45	789,516.16	740,868.71	45,895,824.51
301	45,895,824.51	47,874.64	789,516.16	741,641.52	45,154,182.99
302	45,154,182.99	47,101.02	789,516.16	742,415.14	44,411,767.85
303	44,411,767.85	46,326.60	789,516.16	743,189.56	43,668,578.29
304	43,668,578.29	45,551.37	789,516.16	743,964.80	42,924,613.49
305	42,924,613.49	44,775.33	789,516.16	744,740.84	42,179,872.65
306	42,179,872.65	43,998.47	789,516.16	745,517.69	41,434,354.96
307	41,434,354.96	43,220.81	789,516.16	746,295.35	40,688,059.62
308	40,688,059.62	42,442.34	789,516.16	747,073.82	39,940,985.79
309	39,940,985.79	41,663.06	789,516.16	747,853.11	39,193,132.69
310	39,193,132.69	40,882.96	789,516.16	748,633.20	38,444,499.49
311	38,444,499.49	40,102.05	789,516.16	749,414.11	37,695,085.37
312	37,695,085.37	39,320.32	789,516.16	750,195.84	36,944,889.54
313	36,944,889.54	38,537.78	789,516.16	750,978.38	36,193,911.16
314	36,193,911.16	37,754.43	789,516.16	751,761.74	35,442,149.42
315	35,442,149.42	36,970.25	789,516.16	752,545.91	34,689,603.51
316	34,689,603.51	36,185.26	789,516.16	753,330.90	33,936,272.61
317	33,936,272.61	35,399.45	789,516.16	754,116.71	33,182,155.89
318	33,182,155.89	34,612.82	789,516.16	754,903.34	32,427,252.55
319	32,427,252.55	33,825.37	789,516.16	755,690.80	31,671,561.75
320	31,671,561.75	33,037.09	789,516.16	756,479.07	30,915,082.68
321	30,915,082.68	32,248.00	789,516.16	757,268.16	30,157,814.52
322	30,157,814.52	31,458.08	789,516.16	758,058.08	29,399,756.44
323	29,399,756.44	30,667.34	789,516.16	758,848.82	28,640,907.61
324	28,640,907.61	29,875.77	789,516.16	759,640.39	27,881,267.22
325	27,881,267.22	29,083.38	789,516.16	760,432.78	27,120,834.44
326	27,120,834.44	28,290.16	789,516.16	761,226.00	26,359,608.44
327	26,359,608.44	27,496.11	789,516.16	762,020.05	25,597,588.39
328	25,597,588.39	26,701.24	789,516.16	762,814.92	24,834,773.46
329	24,834,773.46	25,905.53	789,516.16	763,610.63	24,071,162.83
330	24,071,162.83	25,109.00	789,516.16	764,407.16	23,306,755.67
331	23,306,755.67	24,311.64	789,516.16	765,204.53	22,541,551.15
332	22,541,551.15	23,513.44	789,516.16	766,002.72	21,775,548.42
333	21,775,548.42	22,714.41	789,516.16	766,801.75	21,008,746.67

Attachment C-5

47,370,969.76
 47,370,969.76
 284,225,819 360 0.833333333

		1.2517%	0.10%		
Month	Beginning Principal Balance	Interest Payment	Total payment	Principal Payment	Ending Principal Balance
334	21,008,746.67	21,914.55	789,516.16	767,601.62	20,241,145.05
335	20,241,145.05	21,113.85	789,516.16	768,402.31	19,472,742.74
336	19,472,742.74	20,312.32	789,516.16	769,203.84	18,703,538.90
337	18,703,538.90	19,509.95	789,516.16	770,006.21	17,933,532.68
338	17,933,532.68	18,706.74	789,516.16	770,809.42	17,162,723.26
339	17,162,723.26	17,902.70	789,516.16	771,613.46	16,391,109.80
340	16,391,109.80	17,097.82	789,516.16	772,418.34	15,618,691.46
341	15,618,691.46	16,292.10	789,516.16	773,224.07	14,845,467.39
342	14,845,467.39	15,485.54	789,516.16	774,030.63	14,071,436.77
343	14,071,436.77	14,678.13	789,516.16	774,838.03	13,296,598.74
344	13,296,598.74	13,869.89	789,516.16	775,646.28	12,520,952.46
345	12,520,952.46	13,060.80	789,516.16	776,455.36	11,744,497.10
346	11,744,497.10	12,250.87	789,516.16	777,265.30	10,967,231.80
347	10,967,231.80	11,440.09	789,516.16	778,076.07	10,189,155.73
348	10,189,155.73	10,628.47	789,516.16	778,887.70	9,410,268.03
349	9,410,268.03	9,816.00	789,516.16	779,700.17	8,630,567.86
350	8,630,567.86	9,002.68	789,516.16	780,513.48	7,850,054.38
351	7,850,054.38	8,188.51	789,516.16	781,327.65	7,068,726.73
352	7,068,726.73	7,373.50	789,516.16	782,142.66	6,286,584.06
353	6,286,584.06	6,557.63	789,516.16	782,958.53	5,503,625.53
354	5,503,625.53	5,740.92	789,516.16	783,775.25	4,719,850.29
355	4,719,850.29	4,923.35	789,516.16	784,592.81	3,935,257.47
356	3,935,257.47	4,104.93	789,516.16	785,411.23	3,149,846.24
357	3,149,846.24	3,285.65	789,516.16	786,230.51	2,363,615.73
358	2,363,615.73	2,465.52	789,516.16	787,050.64	1,576,565.09
359	1,576,565.09	1,644.54	789,516.16	787,871.62	788,693.46
360	788,693.46	822.70	789,516.16	788,693.46	0.00

State of California

CLEAN WATER STATE REVOLVING FUND

and

The Water Quality, Supply, and Infrastructure
Improvement Act of 2014

(Prop 1)

and

The California Drought, Water, Parks, Climate, Coastal
Protection, and Outdoor Access for All Act of 2018 (Prop 68)

INTENDED USE PLAN

**STATE FISCAL YEAR 2019-20
(FEDERAL FISCAL YEAR 2019 CAPITALIZATION GRANT)**

Division of Financial Assistance • 1001 I Street • Sacramento, CA 95814

*Approved by: State Water Resources Control Board
June 18, 2019 - Resolution No. 2019-0031*

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I. INTRODUCTION

Water is one of the most essential natural resources in California. The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively the Water Boards, protect and improve water quality in California through several regulatory and financial assistance programs.

The federal [Clean Water Act](http://www.waterboards.ca.gov/laws_regulations/docs/fedwaterpollutioncontrolact.pdf) (CWA http://www.waterboards.ca.gov/laws_regulations/docs/fedwaterpollutioncontrolact.pdf) established the Clean Water State Revolving Fund (CWSRF) program to finance the protection and improvement of water quality. The CWSRF program has protected and promoted the health, safety, and welfare of Californians since 1989. Many of the projects funded by the CWSRF program address wastewater discharge violations or enforcement orders issued by the Regional Water Boards. Every project is directly related to protecting or improving public health, water quality, or both.

The State of California also periodically allocates funding to the State Water Board for financing programs that help protect and improve water quality. Many of these programs can be used in conjunction with the CWSRF program.

This Intended Use Plan (IUP) describes the State Water Board's plan for implementing the CWSRF and its complementary financing programs for State Fiscal Year (SFY) 2019-20.

A. Highlights for SFY 2019-20 IUP

California's CWSRF program continues to evolve, primarily due to the ongoing high demand created by the program's attractive terms. In addition, the level of CWSRF and complementary financing has been below average in SFY 2018-19 due to the implementation of California's new, statewide accounting and budgeting system, the Financial Information System for California or "FI\$Cal." The Division of Financial Assistance (DFA) expects that the slower pace of financing will continue into SFY 2019-20, but that the overall pace of financing will return to a level similar to previous levels after FI\$Cal is fully implemented. Stakeholders should note that the SFY 2019-20 IUP reflects several changes from the amended [CWSRF Policy](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml) approved by the State Water Board on November 28, 2018, highlighted briefly below, to better manage the program.

- Establishing a "funding target" based on a sustainable financing level to maintain the CWSRF on a sound financial basis.

- Scoring applications and the selection of a “Cut-Off” score to select new applications for addition to the “Fundable List,” and limiting eligibility during the fiscal year to new applications with a score equal to the Cut-Off or higher with the exception of small Severely Disadvantaged Communities (SDAC)s, small Disadvantaged Communities (DAC)s, and projects rolling over from the SFY 2018-19 Fundable List.
- Partial funding of selected projects to make the Fundable List consistent with the Funding Target.
- Reimbursing construction costs incurred prior to approval of financing under limited conditions.
- Use of the newly developed “Credit/Financial Guidelines,” [Appendix N \(https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/credit_financial_guidelines.pdf\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/credit_financial_guidelines.pdf), to the CWSRF Policy.

Given the ongoing high demand on the CWSRF, the State Water Board will not be able to fund all the projects currently requesting funding in SFY 2019-20. Applicants whose projects are not on the Fundable List are encouraged to evaluate the CWSRF’s finances and competing demands on the program as described in this IUP and any updates during the year, and evaluate all viable, alternative financing options for their projects considering any deadlines they must meet.

B. Authority and Past Achievements

In 1987, the United States Congress and the President amended the CWA to replace the long-standing, federal Construction Grants Program (Title II) with the more flexible CWSRF program (Title VI). In 2014, Congress and the President approved the [Water Resources Reform and Development Act of 2014](https://www.govtrack.us/congress/bills/113/hr3080/text) (WRRDA <https://www.govtrack.us/congress/bills/113/hr3080/text>), changing the requirements and eligibilities in Title VI of the CWA. California’s CWSRF program is authorized under California [Water Code Sections 13475-13485](http://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&divison=7.&title&part&chapter=6.5.&article) (http://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&divison=7.&title&part&chapter=6.5.&article), and operates pursuant to an [Operating Agreement](#) between the State Water Board and the United States Environmental Protection Agency (U.S. EPA) Region 9.

The CWSRF functions as an environmental infrastructure bank capitalized by federal and state funds – providing a sustainable source of funds for water quality protection and improvement. The CWSRF’s capital and its earnings are used to provide financial assistance to a wide variety of water quality projects. States can target specific water quality problems, offer a variety of financing options, and customize terms to meet their water quality needs. Financing options include loans, refinancing debt, purchasing or guaranteeing local debt, and purchasing bond insurance¹.

¹ Throughout this document, the word “loan” is used expansively and may include bonds, installment sale agreements, and other types of repayable financing.

Interest rates must be below the market rate. Repayment periods are generally the lesser of 30 years or the expected useful life of the financed asset. Since 2009, federal CWSRF appropriations and California law have also authorized grants, negative interest rates, and principal forgiveness (PF) on a limited basis.

All 50 states and Puerto Rico are currently operating successful CWSRF programs. The [total CWSRF financing nationwide](https://www.epa.gov/cwsrf) (<https://www.epa.gov/cwsrf>) exceeds \$133 billion. California's CWSRF has grown since financing its first project in 1989 and has executed more than \$11.0 billion in financial assistance agreements with over 350 unique recipients. The program has funded a broad range of projects. Approximately 96 percent (96%) of funds have been used for publicly owned wastewater infrastructure, and about four percent (4%) of funds have been used for nonpoint source or estuary projects.

C. Connections to Other Plans, Goals, and Programs

The CWSRF program supports the following goals from the State Water Board's most recent [Strategic Plan Update](https://www.waterboards.ca.gov/water_issues/hot_topics/strategic_plan/docs/2010/final_strategic_plan_update_report_062310.pdf) (https://www.waterboards.ca.gov/water_issues/hot_topics/strategic_plan/docs/2010/final_strategic_plan_update_report_062310.pdf).

- Goal 1: Implement strategies to fully support the beneficial uses for all 303(d) listed water bodies by 2030.
- Goal 2: Improve and protect groundwater quality in high-use basins by 2030.
- Goal 3: Increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, by 2015, and ensure adequate flows for fish and wildlife habitat.
- Goal 4: Comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.
- Goal 5: Improve transparency and accountability by ensuring that State Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

- Goal 6: Enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.
- Goal 7: Ensure that the Water Boards have access to information and expertise, including employees with appropriate knowledge and skills, needed to effectively and efficiently carry out the Water Boards' mission.

The CWSRF program supports the three goals of the [California Water Action Plan](http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf) ([http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water Action Plan.pdf](http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf)) (Updated 2016): more reliable water supplies; the restoration of important species and habitat; and a more resilient, sustainably managed water resources system (water supply, water quality, flood protection, and environment) that can better withstand inevitable and unforeseen pressures in the coming decades.

The State Water Board administers several programs authorized by the [Water Quality, Supply, and Infrastructure Improvement Act of 2014 \(Prop 1\)](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1471) (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1471) and the [California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 \(Prop 68\)](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB5) (https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB5) and may have funding available from other bond measures and funding sources. Projects eligible for four Prop 1 programs administered by the State Water Board, (i) Small Community Wastewater, (ii) Water Recycling, (iii) Stormwater, and (iv) Groundwater Sustainability, are also potentially eligible for CWSRF funds. Projects eligible for other state sources of funds may also be eligible for CWSRF funds. The State Water Board manages its funding programs to maximize its ability to fund projects that support the State Water Boards' water quality goals and by coordinating CWSRF financing with the State Water Board's other funding sources.

In establishing the terms of this CWSRF IUP, the State Water Board considered [Resolution No. 2016-0010, Adopting the Human Right to Water as a Core Value and Directing its Implementation in Water Board Programs and Activities](https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2016/rs2016_0010.pdf) (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2016/rs2016_0010.pdf) and statewide policy set forth in section 106.3 of the Water Code. Specifically, Subdivision (a) declares it is the established policy of the State that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." Subdivision (b) requires the State Water Board to consider this state policy when "revising, adopting, or establishing policies, regulations, and grant criteria when those policies, regulations, and criteria are pertinent to the uses of water."

Finally, the State Water Board also considered the objectives and requirements of the [Comprehensive Response to Climate Change Resolution²](https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0012.pdf) (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0012.pdf) during development of this IUP. The Climate Change Resolution describes near-term actions and policy changes to support the state's key climate priorities as identified in the AB 32 Scoping Plan, Safeguarding California Plan, and Water Action Plan.

D. IUP and Federal Guidance

This IUP contains elements required under federal law. The State Water Board will submit this IUP as part of its application package for the federal fiscal year (FFY) 2019 Capitalization Grant for the CWSRF program.

This IUP also establishes the State Water Board's business plan for California's CWSRF program for State Fiscal Year (SFY) 2019-20. It discusses DFA's approach and ability to successfully carry out that business plan with the available financial and programmatic resources. It also discusses how DFA will operate the CWSRF program in conjunction with other financing programs, including, but not limited to, Prop 1, Prop 68, or sources of funding outside the State Water Board that may be used to jointly finance projects.

This IUP includes a forecast of the CWSRF cash flow and other funds available to the State Water Board (Appendix A, page 50) for the next several years and identifies projects (Appendix B – the Fundable List, page 51) the State Water Board anticipates financing in SFY 2019-20. This IUP also analyzes the effect these projects would have on the CWSRF's cash flow and other sources of funds if financed and includes performance measures to track the effectiveness of the CWSRF program.

The State Water Board will continue to implement the CWSRF and complementary financing programs consistent with applicable state and federal statutes, regulations, policies, and guidelines. These include, but are not limited to:

- The [Policy for Implementing the Clean Water State Revolving Fund](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/finalpolicy0513.shtml) (http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/finalpolicy0513.shtml CWSRF Policy) and funding guidelines related to any complementary financing sources;
- The [Operating Agreement](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf) between the State Water Board and U.S. EPA;
- [The Clean Water and Drinking Water State Revolving Funds Debt Management Policy](#)

² State Water Board Resolution No. 2017-0012

https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/srf_debt_mgmt_policy.pdf)

(SRF Debt Management Policy) and agreements related to outstanding CWSRF revenue bonds;

- [The State Water Board's Clean Water and Drinking Water Capacity Development Strategy](https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/cw_dw_capacity_devel_strategy.pdf) (https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/cw_dw_capacity_devel_strategy.pdf),
- [U.S. EPA Interpretive Guidance](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/initial_interpretive_guidance_wrrda.pdf) (http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/initial_interpretive_guidance_wrrda.pdf) regarding the WRRDA amendments;
- Any additional federal requirements in the 2019 budget appropriation, the 2019 Capitalization Grant agreement, and/or guidance from U.S. EPA

The State Water Board or the Executive Director may amend this IUP, but only after the public and interested parties are given an opportunity to comment on the proposed amendment. The Executive Director, or designee, may update stakeholders during SFY 2019-20 on DFA's progress implementing this IUP and the current capacity of the CWSRF and its complementary programs to provide financing to applicants.

II. WATER QUALITY FINANCING NEEDS

A. Clean Watersheds Needs Survey

California needs significant funding to achieve its clean water goals. The most recent Clean Watersheds Needs Survey in 2012 shows that California needs an estimated \$26.2 billion for wastewater treatment and collection, wastewater recycling, and stormwater pollution prevention over the next 20 years. This includes an estimated \$24.4 billion to update aging infrastructure.

B. State Water Board Guidance

1. Small and/or Disadvantaged Communities (DACs)

On July 1, 2008, the State Water Board adopted [Resolution No. 2008-0048](http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2008/rs2008_0048.pdf) (http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2008/rs2008_0048.pdf) to assist small and/or DACs with their wastewater needs. Resolution No. 2008-0048 referred to a Small Community Wastewater Strategy, which was subsequently updated and expanded in the Spring of 2016 to incorporate public water systems and was renamed the [Clean Water and Drinking Water Capacity Development Strategy](https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/cw_dw_capacity_devel_strategy.pdf) (https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/cw_dw_capacity_devel_strategy.pdf Capacity Development Strategy). The strategy provides an overview of the challenges facing these communities. Regarding wastewater, these include both failing septic systems and failing outdated and undersized wastewater treatment plants. Small and/or DACs generally have higher per capita costs. Disadvantaged (median household income [MHI] of less than 80 percent [80%] of the statewide MHI) and severely disadvantaged (MHI of less than 60 percent [60%] of the statewide MHI) small communities typically face the additional burden of lower household incomes. The result is higher, sometimes prohibitive, sewer and water rates. In 2017, the Drinking Water Capacity Development program, required by the Safe Drinking Water Act, was moved from DFA to the Division of Drinking Water (DDW). To preserve the distinction between the capacity development program implemented by DDW and the capacity development strategy implemented by DFA, the strategy implemented by DFA will be renamed the Small Community Capacity Development Strategy. This strategy is scheduled to be updated in SFY 2019-20. The updated strategy will focus on the priorities of the Office of Sustainable Water Solutions (Office), focusing on the financial and technical needs of small disadvantaged and small severely disadvantaged communities, over the next three fiscal years.

The Office was statutorily established on March 27, 2015 and is part of DFA. The Office was created to promote permanent and sustainable drinking water and wastewater treatment solutions to ensure effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services, focusing on addressing financial and technical assistance needs, particularly for small disadvantaged communities. The Office provides low interest loans and grants utilizing state and federal funding sources.

2. San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta)

Staff from the State Water Board and the Central Valley and San Francisco Bay Regional Water Boards coordinate the Water Boards' activities in the San Francisco Bay and Sacramento-San Joaquin River Delta (Bay-Delta). The Bay-Delta Team is charged with developing the Water Boards' short and long-term efforts for addressing impacts to the beneficial uses of water in the Bay-Delta. In December 2018, the State Water Board adopted a Bay-Delta Water Quality Control Plan for the lower San Joaquin River and Southern Delta. The State Water Board is in the process of developing and implementing updates to the Bay-Delta Water Quality Control Plan for the Sacramento River and tributaries, and the Central Valley and San Francisco Bay Regional Water Boards continue with their efforts to protect beneficial uses in the Bay-Delta watershed. The CWSRF program can help with these efforts by funding point and nonpoint source projects such as:

- Measures identified in Total Maximum Daily Loads;
- Stormwater and dry weather runoff reduction from Municipal Separate Storm Sewer Systems;
- Conservation measures to reduce sediment and non-point discharges;
- Ammonia discharge reduction from publicly-owned treatment works (POTWs);
- Urban and agricultural water use efficiency to reduce demands on the Delta and reduce runoff of pesticides to the Delta;
- Implementation of non-point source projects under the state's Section 319 program;
- Implementation of watershed projects;
- Implementation of measures under the San Francisco Estuary Blueprint; and
- Measures to promote water conservation, efficiency, or reuse that can decrease demands on the Delta.

3. Sustainability and Climate Change

The State Water Board adopted [Resolution No. 2008-0030](http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2008/rs2008_0030.pdf) (http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2008/rs2008_0030.pdf) on May 6, 2008, emphasizing sustainability as a core value for all the Water Boards' activities and programs. Resolution No. 2008-0030 directed the State Water Board staff to take actions that may affect the CWSRF program such as:

- Promote recycled water use, water conservation, and low-impact development (LID);
- Assign a higher priority to climate-related and LID projects; and
- Coordinate with government agencies, non-profit organizations, and private sector businesses to enhance and encourage sustainable activities.

The State Water Board adopted [Resolution No. 2017-0012](http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0012.pdf) (http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0012.pdf) on March 7, 2017, outlining a comprehensive response to climate change for all the Water Boards' activities and programs. Resolution No. 2017-0012 directed the State Water Board staff to take actions that affect the CWSRF program IUP. Specifically:

- Include climate change mitigation and adaptation objectives in the IUP.
- Ensure that applications and environmental reviews for potential projects account for impacts related to climate change, including potential effects of climate change on the viability of funded projects.

On May 16, 2017, the State Water Board adopted an emergency regulation to implement provisions of the Sustainable Groundwater Management Act (SGMA). SGMA created a framework for sustainable, local groundwater management for the first time in California history, and requires the formation of local groundwater sustainability agencies (GSAs) in California's high- or medium-priority groundwater basins or the submittal of an alternative that demonstrates a basin is already sustainable. The CWSRF can potentially fund projects that would assist GSA's with achieving groundwater sustainability.

C. Application Demand

As of February 2019, the State Water Board had in process 256 complete and partially complete applications, requesting approximately \$7.1 billion in financing in SFY 2019-20. All applications in process as of February 2019 are listed on the Comprehensive List in Appendix C (page 64). The applications on the Comprehensive List represent a wide variety of project types from communities of various sizes throughout California. The applications on the Comprehensive List and their statuses are summarized in Table 1 below.

The largest number of new applications comes from small communities – many of them eligible to receive grant or principal forgiveness funds due to their status as disadvantaged communities. The new applications also include 10 projects, each greater than \$100 million, collectively requesting approximately \$3.9 billion in financing.

Table 1: Status of Applications on Comprehensive List (\$ in Millions)

Application Status	# of Applications	Requested Amount³
Projects Currently on Fundable List (Rollovers from SFY 2018-19 IUP)	74	\$1,469
New Small SDAC and Small DAC Projects (Automatically Added to Fundable List)	67	\$1,65
Projects Subject to Scoring (Requesting Placement on the Fundable List)	98	\$5,342
Projects Not Subject to Scoring (Not Requesting Placement on the Fundable List)	12	\$219
Totals	251	\$7,195

³ Amount requested includes total project cost irrespective of funding source.

III. FUNDING CAPACITY AND DISTRIBUTION OF FUNDS

A. General Funding Approach

This IUP updates for SFY 2019-20 the Fundable List (Appendix B, page 51) of projects. The Fundable List was updated to reflect those projects DFA believes will achieve the most favorable water quality results in California during SFY 2019-20 with the financial and programmatic resources available to the CWSRF and its complementary financing programs. DFA's goal is to execute financing agreements for all projects on the Fundable List by June 30, 2020.

All new applications from small SDACs and small DACs received since November 2018, the most recent update of the Fundable List, were added to the Fundable List in this IUP. An SDAC or DAC⁴ application not shown on the Fundable List in this IUP will be added automatically to the Fundable List when the applicant starts an application. SDAC and DAC projects may be funded at any time provided they submit a complete application and meet all other eligibility requirements. Other projects were added to the Fundable List as discussed in Section III.D. of this IUP. Projects that are not small SDAC projects or not small DAC projects, but are identified on the Fundable List in this IUP may receive financing during SFYs 2018-19 and 2019-20. Projects that are not small SDAC or not small DAC projects that are not included on the Fundable List are ineligible for financing unless otherwise directed by the State Water Board but may be eligible for financing in a future year.

Funding will be consistent with the [CWSRF Policy⁵](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml), the [SRF Debt Management Policy](https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/srf_debt_mgmt_policy.pdf) (https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/srf_debt_mgmt_policy.pdf), the [Operating Agreement](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf), applicable federal and state statutes, regulations, and guidance, and any guidelines or requirements applicable to the complementary funding sources that may be used to fund a project separately or jointly with CWSRF funds. In addition, funding will be consistent with the requirements of the program's Master Trust Indenture and associated bond documents to ensure compliance with Securities and Exchange Commission, Internal Revenue Service, and Municipal Securities Rule Making Board (MSRB) rules and regulations and ensure that all CWSRF revenue bonds are secure and repaid in full and on time.

⁴ All references to "SDAC" and "DAC" in this IUP are understood to mean small, severely disadvantaged and small, disadvantaged communities with populations less than or equal to 20,000 and median household incomes less than or equal to 60% and less than or equal to 80% of the statewide median household income respectively.

⁵ Please refer to Section IV.L. of this IUP for an important precaution regarding reimbursement of eligible construction costs.

The funds available to the CWSRF program during SFY 2019-20 generally consist of:

- Repayments of CWSRF principal and interest on past loans and investment earnings;
- Capitalization Grants from U.S. EPA, potentially including PF;
- Proceeds from the Series 2018 Green Bonds, which closed in March 2018, and potential future bond sales.

A more detailed financial analysis is described in Section III.B.

The State Water Board's financial priorities for the CWSRF in order of importance during

SFY 2019-20 will be:

- Liquidating the Series 2018 Green Bond proceeds and any future revenue bond proceeds to meet applicable commitments;
- Liquidating Capitalization Grants once awarded; and
- Liquidating repayments and investment earnings.

The funding priorities in SFY 2019-20 will also be influenced by the complementary sources of funds available to the State Water Board. Specifically, these additional funding sources may include but not be limited to: (i) Prop 1, Prop 68, and the Costa-Machado Water Act of 2000 (Prop 13) funds for SDAC and DAC wastewater, water recycling, stormwater, groundwater, and other authorized projects; (ii) PF funds; and (iii) Small Community Grant (SCG) funds provided through fees in lieu of interest.

DFA may also sell revenue bonds to the extent authorized and approved by the State Water Board,⁶ regulate project commitment or cash disbursement levels, suspend project approvals, or do some combination of these actions to ensure prior commitments are fulfilled.

The State Water Board directs DFA to manage the CWSRF so that sufficient funds are available under all circumstances to meet the repayable financing needs of SDACs and DACs for wastewater projects.

Without restricting the approach described in this IUP, the Executive Director (or designee), should update the State Water Board members and the public at State Water Board meetings or by other appropriate communications regarding the finances of the CWSRF and complementary financing programs. They should also recommend appropriate adjustments to this IUP or other changes in policy or procedure necessary to achieve the maximum water quality results in California.

⁶ On October 3, 2017, the State Water Board approved [Resolution No. 2017-0057](https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0057.pdf) (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0057.pdf) increasing the leveraging ceiling for the CWSRF program from \$1.2 billion to \$2.2 billion bonds (par value). Currently, approximately \$1.24 billion of the total (par value) is outstanding.

General provisions applicable to financing projects in SFY 2019-20 may include, but are not limited to:

1. Best Use of Available Financing Sources and Terms

DFA will consider the requirements associated with all available sources of funds and match up available funds with projects to achieve the maximum water quality benefit. This includes the use of reduced interest rates, match financing, partial financing, PF, the SCG Fund, other state sources of funds appropriated to the State Water Board, and other state and federal funding sources managed by other agencies, to the extent they are available and compatible with the State Water Board's funding, to maximize the financing of water quality projects.

2. Green Project Reserve (GPR)⁷

Based on the information currently available to DFA, the FFY 2019 appropriation is expected to require a minimum of 10 percent (10%) of the 2019 Capitalization Grant (or an estimated GPR of approximately \$11 million) be provided to projects that meet the GPR criteria. To ensure that California meets or exceeds the minimum GPR requirement for SFY 2019-20, the State Water Board will prioritize the review and approval of GPR projects until the minimum is met. GPR projects must meet [U.S. EPA's FFY 2012 Guidance](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/fy1213/prdcr_implmnt.pdf) (http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/fy1213/prdcr_implmnt.pdf) or any subsequent guidance issued by U.S. EPA.

As shown in Appendix C (page 64) the CWSRF has significantly more GPR demand than the minimum GPR requirement anticipated in SFY 2019-20; therefore, the State Water Board does not plan to solicit additional GPR projects during SFY 2019-20.

3. Match Financing Option

California is required to contribute at least one dollar of matching funds for every five federal dollars contributed to the CWSRF program. California's CWSRF program has matched its federal capitalization grants in excess of the matching requirement for approximately two years' worth of capitalization grants from U.S. EPA at the currently expected levels. Section IV.H. provides a more detailed discussion of California's matching contribution to the CWSRF. Offering match financing in accordance with Section V of the [CWSRF Policy](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/cwsrf_policy.shtml) to CWSRF applicants, where the applicant provides the funds to match the federal grants, is one way California meets the match requirement. Other methods of providing match include state appropriations and match bonds. Currently there are no foreseeable state appropriations of matching funds and providing match loans is financially preferable to issuing match bonds.

⁷ GPR projects may also be eligible to receive PF as noted in Section III.C.2 and Appendix D (Page 77).

Given the lead time necessary to identify applicants willing and able to take the match financing option, execute the agreements, and disburse funds that can be counted as match, the State Water Board resumed offering the match financing option to CWSRF recipients whose agreements are executed after July 1, 2017, and will continue to offer the match option until further notice.

4. Interest Rates

a. Standard Rates

The State Water Board's standard interest rate for CWSRF (repayable) planning financing is 50 percent (50%) of the rate obtained by the State Treasurer for California's most recent general obligation bond sale. The standard term for repayable planning financing is five or ten years, at the applicant's option.

The State Water Board's standard interest rate for CWSRF (repayable) construction financing is 50 percent (50%) of the rate obtained by the State Treasurer for California's most recent general obligation bond sale. The standard term for repayable construction financing is a maximum of 30 years or the useful life of the financed facilities.

b. Short-Term Financing Incentive

Applicants for CWSRF repayable construction financing will receive a 0.25% reduction to the standard interest rate in exchange for selecting a 20-year financing term rather than a 30-year financing term, but the resulting interest rate will not be less than zero percent.

c. SDAC and DAC Reduction

If the total amount of CWSRF financing to be repaid by an SDAC or DAC qualifying for SCG funds (see Appendices F and G, pages 79 and 80) is less than \$10 million, and the community is unable to afford all or a portion of the interest payments, DFA may approve a reduced interest rate (not less than zero percent).

d. Non-Point, Stormwater, and Estuary Reduction

If the total amount of CWSRF financing to be repaid by a non-point source, stormwater, or estuary management applicant is less than \$10 million, DFA may approve a reduced interest rate (not less than zero percent) if the applicant is unable to afford all or a portion of the interest payments.

B. Recent Financing Activity⁸

From July 1, 2018 to March 1, 2019, the State Water Board has provided the following financing from the CWSRF and complementary financing programs.

Table 2: SFY 2018-19 CWSRF and Complementary Financing

	CWSRF	SCG	WRFP	SWGP	GWQF	Totals
Number of Agreements⁹	7	3	4	5	11	28
\$ of Agreements, millions	232.5	14.1	32.0	23.7	45.8	348.1

DFA estimates that cumulative, SFY 2018-19 financing by the CWSRF and complementary financing programs will be less than \$450 million.

CWSRF and complementary financing for the three previous years is shown in the table below.

Table 3: Recent CWSRF and Complementary Financing

SFY	Number of Agreements	\$ of Agreements, millions
2015-16	69	\$1,074
2016-17	110	\$1,693
2017-18	105	\$1,106

C. Financial Outlook

1. CWSRF Cash Flow¹⁰ and Funding Target

Appendix A (page 50) shows the forecasted cash flow (sources and uses) of the CWSRF program as of February 2019. Except for capitalization grants, the future cash flow of the CWSRF program can be predicted with reasonable certainty. The estimated cash flow includes:

⁸ Historical CWSRF financing activity can be seen at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/cwsrf/fncng_actvty.pdf. Prop 1 funding activity can be found at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1.shtml.

⁹ Two projects received funding from more than one source. Therefore, the number of unique financing agreements was 28.

¹⁰ The overall cash flow includes the available PF funds.

- The cash balance at the beginning of SFY 2018-19 (July 1, 2018)¹¹;
- U.S. EPA capitalization grants¹²;
- Principal and interest payments on outstanding receivables;
- Investment earnings;
- Matching funds;
- Disbursements to projects with executed financing agreements;
- Debt service payments;
- Estimated proceeds of probable bond sales in 2020 and 2021, and
- Program administrative costs

Including future forecasted revenue bond sales authorized by the State Water Board, the CWSRF estimated year-end cash balances through June 30, 2023 generally range from \$450 million to \$550 million as seen in Appendix A (page 50).

The CWSRF's Municipal Advisor, in cooperation with DFA staff, has estimated the CWSRF's lending capacity. Given current capitalization and debt levels, and assuming conservative future capitalization, loan terms and earnings levels, and bond and coverage terms, the CWSRF can operate at an estimated sustainable financing level of approximately \$1.0 billion per year. The capacity is the amount of new lending that could be done per year with the existing loan pool and new loans pledged to potential bonds. The annual capacity is a level amount that could be originated each year for the next 20 years. The Funding Target, therefore, for SFY 2019-20 will be \$1.0 billion in new financing.

2. CWSRF Principal Forgiveness¹³

Per the CWA, states have the option to select a PF level that ranges from zero percent to a maximum percentage established by the CWA. The maximum percentage is established by the total national appropriation for the CWSRF program each year¹⁴.

¹¹ The Beginning Balance includes the proceeds of the 2018 Green Bonds sale.

¹² Based on the recent adoption of the federal budget for FFY 2019 the estimate used for the FFY 2019 Capitalization Grant is \$117 million and is subject to change. Future capitalization grants are conservatively estimated at \$70 million per year.

¹³ Under federal law, principal forgiveness may be provided to "a municipality or intermunicipal, interstate, or State agency" if the recipient meets the State's affordability criteria, or if the project will address water or energy efficiency, mitigate stormwater runoff, or encourage sustainable project planning, design, and construction.

¹⁴ Per the CWA, if the national appropriation is equal to \$1.0 billion or less, no optional PF is allowed. If the national appropriation is \$1.3 billion or more, the maximum optional PF is 30%. If the national appropriation is between \$1.0 and \$1.3 billion, the maximum optional PF is equal to the percentage the national appropriation exceeds \$1.0 billion; for example, if the national appropriation is \$1.16 billion, the maximum optional PF is 16%.

Additionally, the FFY 2019 federal appropriation may require, as was done in the FFY 2016, 2017, and 2018 appropriations, that a mandatory percentage of the capitalization grant be provided as PF. This mandatory amount would be in addition to the optional allocation established by the CWA.

The State Water Board will provide the maximum amount allowed from the FFY 2019 Capitalization Grant as PF. Based on the information DFA currently has regarding the

FFY 2019 appropriation, the maximum amount of PF allowed from the FFY 2019 Capitalization Grant is estimated to be approximately \$47 million. As of April 19, 2019, approximately \$37 million in PF from the 2017 Capitalization Grant and approximately \$45 million in PF from the 2018 Capitalization Grant remains uncommitted. Therefore, with the addition of an estimated \$47 million in PF from the FFY 2019 Capitalization Grant, the State Water Board would have a maximum of approximately \$130 million in PF to commit during SFY 2019-20.¹⁵

As discussed below in Section III.C.3, all Prop 1 SCG funds are committed to SDAC and DAC projects and Prop 68 funds have been allocated for Drinking Water SDAC and DAC projects. The Deputy Director of DFA will make PF from the FFY 2018 and 2019 Capitalization Grants available to SDAC and DAC wastewater projects consistent with the conditions and limitations in Appendices F, G, and H (pages 79-82) during SFY 2019-20 to provide non-repayable financing to DAC and SDAC projects.

PF will continue to be available in SFY 2019-20 from the FFY 2017 Capitalization Grant for addressing water and energy efficiency, mitigation of stormwater runoff, and sustainable planning, design, and construction until the available PF is fully committed. Eligible applicants and project types must meet the GPR criteria and the conditions and limitations for PF in the CWA and in Appendix D (page 77). Projects listed on the Fundable List in the SFY 2018-19 IUP that are eligible for PF will be awarded the PF from the FFY 2017 Capitalization Grant until all available PF is committed. If any PF remains after all eligible and Fundable Projects from the SFY 2018-19 IUP are awarded PF, then eligible projects that are added to the Fundable List by the SFY 2019-20 IUP may receive PF for their GPR projects.

¹⁵ The PF available during SFY 2018-19 may include PF from previously approved projects that finish under budget.

3. Prop 1, Prop 68, and Other Appropriated State Funds

a. Small Community Grant Fund

Section 13477.6 of the Water Code authorizes the SCG Fund. The SCG Fund allows the State Water Board to help finance communities with the most need in California, helping those that cannot otherwise afford a loan or similar financing to move forward with water quality improvements. The SCG Fund receives revenue generated by a fee on CWSRF financing agreements deposited into the SCG Fund separate from the CWSRF.¹⁶ Other funds may also be appropriated to the SCG Fund, including general obligation bond funds available because of Prop 1 and any available residual general obligation bond funds (including those specifically identified in State Water Board [Resolution No. 2013-004](https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2013/rs2013_0004.pdf) (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2013/rs2013_0004.pdf) that become available. Approximately \$78 million will be available for wastewater projects during fiscal year 2019-2020.¹⁷

All money deposited into the SCG Fund is provided in the form of grants to small SDACs and small DACs for CWSRF-eligible wastewater projects. State law requires the State Water Board to give grant priority to projects that serve small SDACs, defined as communities with an MHI of less than 60 percent (60%) of the statewide MHI.

The procedures for providing grants from the SCG Fund to small SDACs and small DACs are largely the same procedures used for standard CWSRF financing, specified in the CWSRF Policy. Projects that receive only state general obligation bond funds may be exempted by the Deputy Director from having to comply with certain federal cross-cutting requirements.

This IUP specifies the grant amounts available for SCG projects, and how the Prop 1, Prop 68, SCG, and CWSRF requirements will be coordinated for projects receiving these funding sources.

¹⁶ Like the administrative service charge (see Section III.G.3. below), the SCG charge is also a fee “other than program income not included as principal in CWSRF financing” for federal purposes. The SCG charge is collected, as is the administrative service charge, in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement so that the annual payment stays the same.

¹⁷ This includes approximately \$23 million remaining under Prop 1, \$8 million in SCG Fee Funds, and \$47 million in principal forgiveness.

Chapter 5 of Prop 1 allocated \$260 million to the SCG Fund for wastewater projects¹⁸. Of the \$260 million allocated, the California Legislature has appropriated

\$241.2 million¹⁹ to the State Water Board for grants to eligible SCG wastewater projects. As of March 1, 2019, the State Water Board has executed approximately \$169.9 million in Prop 1 funding for wastewater projects. An additional \$47.6 million in Prop 1 funding has been approved and is awaiting execution of a funding agreement. Additional funds may be appropriated to the SCG Fund in future years. At least 10 percent (10%) of the SCG funds available from Prop 1 will be provided to SDACs. The projected revenue and SCG Fund balances through December 31, 2019 are shown in Appendix E (page 78).

All SCG funds authorized for SFY 2019-20, SCG funds that become available from prior SFYs (e.g., any funds de-obligated from previously approved projects that finish under budget), and any SCG funds appropriated in future years, will be used consistent with Appendices F, G, and H (pages 79-82) of this IUP until otherwise directed by the State Water Board.

In anticipation of the declining balance of SCG fee funds and Prop 1 SCG funds in the SCG Fund over the next few years, the State Water Board will begin applying an SCG fee-in-lieu of interest charge in SFY 19-20 to eligible CWSRF repayable financings at a rate that does not exceed the standard CWSRF interest rate. The SCG fee will be applied to generate sufficient revenue to meet the anticipated demand once Prop 1 SCG funds are fully encumbered. The SCG fee will be collected in an amount that does not jeopardize the long-term growth of the CWSRF, the State Water Board's ability to leverage the CWSRF, or the State Water Board's ability to collect sufficient fee revenue to administer the CWSRF.

In addition to capital projects, DFA is authorized to direct up to 15 percent (15%) of the funds available from Prop 1 to a multi-disciplinary technical assistance (TA) program. The State Water Board adopted the Prop 1 TA Funding Plan on November 4, 2015. The Plan outlines the general process to administer Prop 1 TA funds. The TA efforts are focused on helping small DACs develop, fund, and implement capital improvement projects. This is a multidisciplinary approach, intended to address small DACs drinking water, wastewater, groundwater quality, and stormwater needs under one program.

b. Water Recycling Funding Program (WRFP)

The State Water Board has authority to commit and spend all available Prop 1 WRFP loan and grant funds during SFY 2019-20²⁰.

¹⁸ Wat. Code, § 79723.

¹⁹ An additional \$19.6 million is available this fiscal year. The balance of the Prop 1 funds is for administration and bond sale expenses.

²⁰ This does not include Prop. 1 loan repayments that may be used for future grants. These must be appropriated by the Legislature.

As of March 1, 2019, the State Water Board had not yet committed approximately \$2.2 million in Prop 1 grant funds and approximately \$105.3 million in Prop 1 loan funds for WRFP construction projects. The State Water Board also has authority to commit approximately \$24.3 million in Prop 13 grant funds.

Chapter 11.6 of Prop 68 allocated \$80 million²¹ to the WRFP. These funds have not been appropriated but may be appropriated in the SFY 2019-20 budget. If appropriated, it is anticipated the funds will be allocated at 50 percent for grants (\$40 million) and 40 percent for loans (\$32 million) for water recycling construction projects, and \$2 million for water recycling planning grants, pursuant to Chapter 9 of Division 26.7 of the Water Code and the WRFP Guidelines.

Table 4: Anticipated WRFP Funds Available to Fundable List Projects

Funding Type	Prop 13	Prop 1	Prop 68 (contingent)	Total
Planning Grant	\$17.7 million	\$0	\$ 2.0 million	\$19.7 million
Construction Grant	\$6.6 million	\$2.2 million	\$40.0 million	\$48.8 million
Construction Loan	\$0	\$105.3 million	\$32.0 million	\$137.3 million
Total	\$24.3 million	\$107.5 million	\$74.0 million	\$205.8 million

This IUP specifies the grant limitations for WRFP projects. Although the Fundable List identifies projects that appear to be eligible for the available WRFP grant funds, additional projects on the Fundable List may also be eligible for a grant. WRFP grant funds will be awarded to projects as they are ready to proceed to a financing agreement until all WRFP grant funds are committed.

The WRFP guidelines specify project eligibility for loans and grants and how to coordinate with CWSRF requirements for projects receiving funding from both sources.

Any water recycling project also eligible for SCG grant funding or PF may receive a combination of grant or PF funding, but the cumulative grant and PF may not exceed the maximums listed in Appendices F, G, H (pages 79-82) in the case of small SDAC and small DAC, and Appendix I (page 83) for all others. These limitations are applicable for water recycling projects receiving an executed agreement after June 5, 2018.

²¹ The Prop 68 allocation includes administration (5%) and bond sale costs (2.5%).

All WRF funds available, including funds authorized for SFY 2019-20, funds that become available from prior SFYs (e.g., any funds de-obligated from previously approved projects that finish under budget), and any funds appropriated in future years, will be used consistent with Appendix I (page 83) of this IUP until otherwise directed by the State Water Board.

Projects that receive only general obligation bond funds or other non-federally sourced funding may be exempted by the Deputy Director from having to comply with certain federal cross-cutting requirements.

c. Stormwater Grant Program (SWGP)

Chapter 7 of Prop 1 allocated \$200 million for grants for multi-benefit stormwater management projects.²² Projects may include, but are not limited to, green infrastructure, rainwater and stormwater capture, and stormwater treatment facilities. During the first solicitation, grants were awarded to 27 planning projects and 29 implementation projects. A second solicitation for implementation projects will be conducted in 2019 to award the remaining funds (approximately \$95 million).

The SWGP guidelines specify the grant amounts available for stormwater projects. Stormwater projects may also be eligible for CWSRF financing, and DFA will coordinate with applicants to address the applicable requirements of both programs if applicants request funding from both sources. Applicants are advised to review the [Prop 1 SWGP Guidelines](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swgp/prop1/) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swgp/prop1/) for information on applying for the Prop 1 SWGP, including requirements for projects to be included in [Storm Water Resource Plans](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swrp/) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swrp/).

d. Groundwater Grant Program (GWGP)

Chapter 10 of Prop 1 provides \$800 million to the State Water Board for grants for projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water.²³ Applicants are advised to review the [Prop 1 GWGP Guidelines](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/groundwater_sustainability.html) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/groundwater_sustainability.html), which were updated in December 2017. Round 1 awards were completed in early 2018, for a total of approximately \$125 million awarded to approximately 25 projects. The round 2 project solicitation has closed and awards are anticipated in late 2019. The third and final solicitation is planned for 2020.

²² Note that this figure includes administration and bond sale costs.

²³ Note that this figure includes administration and bond sale costs.

Septic-to-sewer projects that prevent or reduce contamination of municipal or domestic wells are potentially eligible for GWGP grants in addition to grants or principal forgiveness awarded through the CWSRF/SCG. Regardless of the criteria listed in Appendix G (page 80), GWGP funds may be available for projects benefitting large SDACs, and large DACs with wastewater rates at least 1.5% of MHI. DFA staff will coordinate with applicants to determine if septic-to-sewer projects meet the applicable requirements for GWGP funds.

e. Other Programs

Other sources of funds may become available to the State Water Board that are similar in nature to the CWSRF and its complementary funding sources. These additional funding sources will be committed consistent with the CWSRF and its complementary funding sources and with any guidelines or requirements associated with their authorization.

D. Project Scoring and Evaluation of Potential Cut-Off Scores

New projects submitted by December 31, 2018, from applicants that are not small SDACs or small DACs, that were potentially eligible to be added to the Fundable List were scored in accordance with the criteria in the CWSRF Policy. DFA scored all projects subject to scoring for potential addition to the Fundable List; the Priority Scores for all projects subject to scoring are shown on the Comprehensive List (Appendix C, page 64).

1. Cut-Off Score Scenarios

DFA compiled the project scores and evaluated four Cut-Off Scoring scenarios, based on Section IV.B of the [CWSRF Policy](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/final_policy_1118.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/final_policy_1118.pdf), to help establish the Cut-Off Score and identify additions to the Fundable List for SFY 2019-20. The total CWSRF repayable financing associated with each scenario is summarized in Table 5 (page 26). (Note that Table 5 also includes estimates of Drinking Water State Revolving Fund (DWSRF) financing that would be needed for two scenarios.) The scenarios are described and evaluated in further detail below the table (pages 27-29).

Table 5: Cut-Off Scoring Scenarios (\$ in Millions)

Scenario	Cutoff Score	# of New Fundable Projects	Est'd Total CWSRF Repayable Financing, M ²⁴	Est'd Total DWSRF Repayable Financing, M	Comments
X	16	0	\$40	\$0	Highest Possible Priority Score. (Note: The Estimated Repayable CWSRF Financing represents the estimated total CWSRF repayable financing that may be needed for new small SDAC & small DAC projects being added to the Fundable List.)
A	15	1	\$319	\$0	Fully Fund California American Water Desalination project @ 100% of Total Project Costs with CWSRF repayable financing
B	14	10	\$1,250	\$0	Partially Fund 2 Projects receiving Water Infrastructure Financing and Innovation Act (WIFIA) financing (San Diego Pure Water, San Mateo-Foster City Plant Upgrade) plus fund California American Water project at 52.4% of Total Project Costs; Fully Fund 7 Others @ 100% of Total Project Costs with CWSRF repayable financing
C	13	29	\$1,250	\$442	Partially Fund 5 Projects, each > \$90 M, @ 31.2% of Total Project Costs (San Diego Pure Water, San Mateo-Foster City Plant Upgrade, California American Water, IEUA RP-5 Expansion, SFPUC Headworks) & 24 Others @ 100% of Total Project Costs with CWSRF repayable financing; provide remaining funding for 2 Projects (San Diego Pure Water, California American Water) from DWSRF repayable financing
D	12	40	\$1,677	\$925	Partially Fund 5 Projects receiving WIFIA @ 51% of Total Project Costs (San Mateo-Foster City Plant Upgrade, Morro Bay New Plant, IEUA RP-5 Expansion, SFPUC Headworks, LA Tillman Purification Plant) with CWSRF repayable financing and fully fund San Diego Pure Water (51% of Total Project Cost, \$646 M) and California American Water (100% of Total Project Cost, \$279 M) with DWSRF repayable financing

a. Scenario X – Cut-Off Score = 16

Scenario X is shown for reference purposes only. No project applications subject to scoring received 16 Priority Points, the highest possible score. DFA estimates that approximately \$40 million may be needed for the repayable financing needs of small SDAC and small DAC projects.²⁵ Therefore, this loan demand is included in the cumulative repayable financing needs of the four Scoring scenarios discussed below to estimate the total demand for CWSRF repayable financing.

b. Scenario A – Cut-Off Score = 15

One project received a Priority Score of 15 and is requesting approximately \$279 million in repayable CWSRF financing. Selecting a Cut-Off Score of 15 would result in a Fundable List equal to approximately \$319 million, well below the Funding Target. Therefore, a lower Cut-Off must be selected according to Section IV.B of the [CWSRF Policy](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/final_policy_1118.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/final_policy_1118.pdf).

c. Scenario B – Cut-Off Score = 14

There are nine projects with a Priority Score of 14. Therefore, if 14 is selected as the Cut-Off Score, 10 projects will be added to the Fundable List. These 10 projects are requesting approximately \$2,156 million in repayable CWSRF financing. Approximately 92% of this amount is requested by three applicants, City of San Diego (\$1,267 million), California American Water Company (\$279 million), and San Mateo-Foster City Public Financing Authority (\$440 million). Three applicants in this Scenario, San Diego, San Mateo-Foster City, and Morro Bay, have been invited to submit full applications to WIFIA.

As a Cut-Off Score of 14 would result in total financing greater than 125% of the Funding Target if the projects were financed at the amounts requested, DFA evaluated these nine projects separately for placement on the Fundable List based on their community economic status. All of the communities are greater than 20,000 population and none of them were severely disadvantaged (<60% of statewide median household income) or disadvantaged (<80% of statewide median household income). Therefore, partial funding for one or more projects would be necessary to develop a Fundable List consistent with the Funding Target if 14 is selected as the Cut-Off Score.

²⁴ Each Estimated Total CWSRF Repayable Financing amount includes an estimated \$40 million in repayable financing needed for new small SDAC and small DAC projects.

²⁵ Repayable financing would be offered to small SDACs and small DACs only to the extent that they can afford repayment.

Financing the three WIFIA-eligible projects at 51% of their total project costs²⁶ and the other seven projects at 100% of requested financing would require approximately \$1,420 million in CWSRF repayable financing.

As three of the projects (San Diego Pure Water, California American Water, and San Mateo-Foster City) are all considerably larger than any of the other financing requests with a score of 14 or greater²⁷, and the applicants have either secured the remaining financing or appear capable of securing the necessary financing, partial financing should be feasible for them. Financing these three projects at 52.4% of their total project costs, along with financing the other seven projects at 100% of requested financing, would require an estimated \$1,250 million in CWSRF repayable financing.

Selection of a Cut-Off Score of 14 is feasible and can be done if selected projects are limited to partial financing. A Score of 14, however, would result in adding 10 additional scored projects to the Fundable List. The number of new CWSRF loans per year has in recent years typically been in the range of 35 to 45. Although adding only 10 new projects to the Fundable List would help reduce the present backlog of new commitments more quickly, adding 10 new projects is well below the usual number of new CWSRF loans annually.

d. Scenario C – Cut-Off Score = 13

An additional 19 projects received a Priority Score of 13. Collectively, these 19 are requesting approximately \$890 million in financing. One of these projects has also been invited to submit a full WIFIA application – Inland Empire Utilities Agency, 8173-210.

To provide a broader distribution of subsidized CWSRF financing, the State Water Board could select a Cut-Off Score of 13. It would be necessary, however, to limit the financing to several projects. Five projects with a Cut-Off Score of 13 or higher are each requesting between \$279 million and \$1,267 million (San Diego, California American Water, San Mateo-Foster City, Inland Empire Utilities Agency and San Francisco Public Utilities Commission.) Each of the five is significantly larger than any other individual project²⁸ with a score of 13 or higher. If financing were limited to 31.2% of the requested amounts for these five large projects, the total requested financing for the 29 projects with a Cut-Off Score of 13 or higher would be an estimated \$1,250 million.

Two projects under this Scenario, San Diego Pure Water and California American Water, are also eligible as water supply projects for the Drinking Water State Revolving Fund. Approximately \$442 million in DWSRF funding would be needed to provide the remaining funding for San Diego and California American Water.

²⁶ WIFIA can provide 49% of total project costs.

²⁷ The next largest project has an estimated cost of \$66 million.

²⁸ The next largest project is requesting \$90 million.

Selection of a Cut-Off Score of 13 is feasible and can be done if selected projects are limited to partial financing. A Score of 13 would result in adding 29 additional scored projects to the Fundable List. This is closer to the typical number of CWSRF loans. financed annually.

e. Scenario D – Cut-Off Score = 12

Eleven projects received a Priority Score of 12, and they are requesting approximately \$909 million in repayable financing. One project with a Score of 12 has been invited to submit a full WIFIA application – City of Los Angeles, 8063-110.

San Diego's and California American Water Company's projects could be financed solely with the DWSRF. The estimated DWSRF repayable financing would be approximately \$925 million (San Diego Pure Water at 51% of total project cost and California American Water at 100% of total project costs). If the five WIFIA-eligible projects named in Table 5 above were financed at 51% of their total project costs, then the CWSRF repayable financing would be an estimated \$1,677 million. If the five WIFIA-eligible projects were financed at 36.2%, total CWSRF repayable financing would be an estimated \$1,250 million.

Selection of a Cut-Off Score of 12 is feasible and can be done if selected projects are limited to partial financing. A Score of 12 would result in adding 40 new projects to the Fundable List.

2. Recommended Cut-Off Score and the Fundable List²⁹

Given the significant carry over of Fundable List projects and new SDAC and DAC projects for SFY 2019-20, DFA recommends the selection of 13 as the Cut-Off Score. Although it would be possible financially to select a Cut-Off Score of 12, DFA may not be able to meet its objective to finance all Fundable List projects by June 30, 2020 with the addition of 40 new projects. In addition, funding the San Diego Pure Water and California American Water projects solely with DWSRF exceeds the DWSRF's Funding Target by a factor of two; it would represent an immediate and significant increase in demand for DWSRF funds on top of the demand from other projects eligible for DWSRF loan funds. A Cut-Off Score of 13 will result in a fairly wide distribution of funds to high scoring projects with a moderate demand on the DWSRF, and the recommended scenario appears achievable.

²⁹ The Priority Score for City of Stockton, Project No. 8447-110, Regional Wastewater Control Facilities Modifications, was changed and the project was added to the Fundable List as a result of Change Sheet No. 1 to Item 13 approved by the State Water Board at its June 18, 2019 meeting. Project No. 8447-110 is Fundable, and is listed on the Fundable List for a maximum of \$46,800,000 in CWSRF financing. All other conditions and limitations applicable to Fundable List projects apply to the City's projects.

Appendix B (page 51) is the Fundable List for SFY 2019-20. It includes the associated, estimated costs requested by the applicants by anticipated funding source³⁰ for applications under Scenario C. The applications on the Fundable List are organized into Groups based on the State Water Board's due diligence reviews. Projects within each Group are sorted by Region and then alphabetically by Applicant. The Fundable List includes a combination of planning, design, and construction projects³¹.

Consistent with Section III.A. above, all SDAC and DAC projects that have started an application have been included on the SFY 2019-20 Fundable List and will be fundable during SFYs 2018-19 and 2019-20 provided they submit a complete application, meet all other eligibility requirements, and sufficient funds are available to make the project affordable. All new SDAC or DAC applicants that start an application during SFY 2019-20 will be added automatically to the Fundable List and be fundable during SFYs 2018-19 and 2019-20, provided they submit a complete application, meet all other eligibility requirements, and sufficient funds are available to make the project affordable. All non-SDAC and non-DAC projects that were approved for the Fundable List in the SFY 2018-19 IUP that have not received an executed financing agreement as of February 2019 roll over and remain on the Fundable List. Projects subject to scoring in this IUP with a Priority Score of 13 or greater have also been placed on the Fundable List and will be fundable during SFYs 2018-19 and 2019-20 provided they meet all eligibility requirements³².

³⁰ CWSRF funds may include available principal forgiveness.

³¹ Water and energy conservation assessments, audits, or planning applications eligible for 100 percent (100%) PF up to \$35,000 are Fundable at any time provided they submit a complete application, meet all applicable eligibility requirements, and that sufficient PF is available.

³² The amounts on the Fundable List for projects or interrelated programs that are recommended for partial repayable funding are maximum CWSRF repayable amounts. The total for each project or interrelated program may be allocated or reallocated to multiple financing agreements at the request of the applicant as long as the total CWSRF funding does not exceed the total on the Fundable List for the project or interrelated program. The Deputy Director of DFA is authorized to coordinate or limit the cash draws for projects or interrelated programs identified for partial funding to limit the collective impact of these financing agreements on the CWSRF. The Deputy Director of DFA is also authorized to coordinate or limit the cash draws for projects or interrelated programs identified for funding with a combination of the CWSRF and DWSRF to control the impact of these financing agreements on those programs. The funding amounts are subject to potential increase in a future IUP. Each applicant recommended for partial funding appears capable of obtaining the remaining financing necessary to successfully complete the projects or interrelated programs.

All projects on the Fundable List are fundable at any time during SFYs 2018-19 and 2019-20 provided they meet all eligibility requirements. Projects may receive a financing agreement as soon as it is determined the application meets all eligibility requirements. DFA will review the applications on the Fundable List with the objective of executing agreements quickly and efficiently, giving priority to SDACs and DACs, so that all applications on the Fundable List have executed agreements by June 30, 2020. Projects on the Fundable List that are not financed by June 30, 2020, will be carried over to the SFY 2020-21 Fundable List unless directed otherwise by the State Water Board or an applicant withdraws its application.

Note: Placement on the Fundable List does not constitute a financing agreement, a guarantee of financing, a guarantee of the order of financing, a guarantee that sufficient funds from the anticipated sources of funds will be available for the project, or a determination of eligibility. Neither do position on the Fundable List, estimated agreement date, nor anticipated funding sources guarantee funding, order of funding, funding timing, funding amount, or eligibility.

The Fundable List only includes applications that are fundable during SFYs 2018-19 and 2019-20, and a financing agreement will be executed only if the application meets all applicable eligibility requirements.

SDAC and DAC projects will be added to the Fundable List automatically. Therefore, Appendix B (page 51) is not a limitation on financing SDAC and DAC projects. Any SDAC and DAC projects may receive funding during SFYs 2018-19 and 2019-20, provided they submit complete applications and meet all applicable eligibility requirements, and provided that sufficient funds are available.

The State Water Board expects DFA to expeditiously finance the projects on the Fundable List. The Deputy Director of DFA is authorized to remove non-SDAC or non-DAC projects from the Fundable List if the applicant is non-responsive to DFA's request for information or consultation after notifying the applicant and giving the applicant a reasonable opportunity to respond. Applicants removed from the Fundable List by the Deputy Director may be placed on the SFY 2020-21 Fundable List, provided that Policy requirements for placement have been satisfied.

E. Financing Forecast

The SDAC and DAC projects on the Fundable List are requesting approximately \$257 million in grant or PF funds and \$84 million in loan/repayable funds. As discussed in Section III.C.3.a above, there are approximately \$78 million in grant and PF funds available to reduce the financing costs for SDACs and DACs. The available grant and PF funds are insufficient to fulfill all the grant and PF requests from the SDAC and DAC projects on the Fundable List. There are sufficient CWSRF loan funds for all SDAC and DAC projects, and no additional leveraging would be needed to finance all SDAC and DAC projects. Therefore, DFA anticipates that all available grant and PF funds will be committed to small SDAC and small DAC projects by June 30, 2020.

Some of the non-SDAC and non-DAC applications on the Fundable List are eligible for WRFP grant and loan funds or PF. As noted earlier, if Prop 68 water recycling funds are appropriated to the State Water Board for SFY 2019-20, there will be approximately \$87.3 million in grant and PF funds for water recycling and other green projects, and there will be approximately \$137.3 million in WRFP loan funds. The projects on the Fundable List eligible for these funds are requesting \$235 million. Therefore, DFA anticipates that all available WRFP grant and loan funds and all PF can be committed by June 30, 2020 with a combination of eligible water recycling projects.

The remaining projects on the Fundable List, composed of rollovers and new scored projects, represent a combination of CWSRF repayable financing totaling approximately \$2.4 billion for 59 projects. Although the total commitment, assuming all the agreements are executed by June 30, 2020, appears higher than the sustainable financing level, the long-term average of new CWSRF repayable financing is still below the Funding Target.

The actual level of new financing discussed in this IUP may be higher or lower than the amount predicted by the Fundable List, and some projects on the Fundable List may remain unfinanced by the end of SFY 2019-20. Some projects may be financed in a future year or not at all for various reasons. Projects on the Fundable List that are not financed by June 30, 2020, will be carried over to the SFY 2020-21 Fundable List unless directed otherwise by the State Water Board or an applicant withdraws its application.

DFA plans to update applicants and stakeholders once during SFY 2019-20 on its progress implementing this IUP, its financial outlook, and its financing forecast, so that applicants can continue to evaluate the possibility of receiving CWSRF financing in the future.

F. Future Financing Trends

Demand for CWSRF financing remains high as indicated by the Comprehensive List, and DFA expects the demand to remain high for the foreseeable future given the CWSRF's attractive terms and the large water related infrastructure needs in California as noted in Section II.A. Although the level of CWSRF financing will be below average in SFY 2018-19 and 2019-20 due to the implementation of the state's new accounting system, FI\$Cal, DFA expects that the overall pace of financing will return to a level similar to previous levels after FI\$Cal is fully implemented.

Given the lower level of new commitments and slowed pace of disbursements, the current leveraging limit of \$2.2 billion is sufficient for future cash flow, and DFA will not request that the State Water Board increase the leveraging limit for the CWSRF at the present time. Although the current leveraging authority is sufficient, additional leveraging authority may be needed in the future to finance all the projects on the Fundable List. The exact amount and timing of any additional leveraging, over and above the current limit of \$2.2 billion, would continue to depend on the total costs of the projects financed and the timing of the approvals.

In addition, the costs identified in Appendix B (page 51) are estimated project costs that may be higher or lower than estimated. Additional debt may be necessary for projects in the future depending on DFA's success executing applications on the Fundable List by June 30, 2020. Future cash flow forecasts - considering actual lending and disbursements, future capitalization grants, and earning levels - will determine the need for additional leveraging and may affect future lending levels. Potential increases in future leveraging authority will be consistent with the [SRF Debt Management Policy \(https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/srf_debt_mgmt_policy.pdf\)](https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/srf_debt_mgmt_policy.pdf).

DFA is unaware of any significant impending federal or state CWSRF capitalization increases.

Consistent with this IUP, the CWSRF Policy, and available staff resources, DFA will continue to accept and review documents related to applications that are not on the Fundable List, as well as continue to accept and review new documents, time permitting, to develop applications that can be scored and funded in future years.

G. CWSRF Resources and Workload

1. Organization, Program Resources, and Skills

Approximately 45.8 Personnel Years (PYs) are budgeted for the CWSRF program³³ in SFY 2019-20 and the number of positions is not expected to change substantially. These positions are distributed between DFA and the Office of Chief Counsel (OCC) as follows:

- 4.0 PYs for Environmental Scientists to ensure compliance with state and federal environmental and cultural resources requirements (DFA);
- 16.3 PYs for Water Resources Control Engineers and Sanitary Engineers to manage project applications (DFA), with one unit of approximately five staff dedicated to processing applications from SDACs and DACs³⁴
- 10.6 PYs for administrative support (DFA);
- 10.4 PYs for Program management and staff oversight (DFA);
- 3.0 PYs for legal support (OCC); and

³³ In addition to positions funded directly by the CWSRF, the State Water Board has other state-funded positions associated with complementary programs closely aligned with the CWSRF as noted earlier. Many projects, such as SDAC and DAC wastewater, water recycling, and storm water projects may be financed by a combination of CWSRF and state sources of funds. Staff is trained to help applicants receive financing for their projects regardless of the funding sources; therefore, state-funded positions indirectly provide benefit to the CWSRF program and vice versa.

³⁴ These CWSRF staff members are part of the Office of Sustainable Water Solutions within DFA, which includes two supervising engineers, six senior engineers, one senior specialist, and 32 technical staff dedicated to processing applications from SDACs and DACs.

- 1.5 PYs for other environmental and engineering support of project eligibility reviews

Additional indirect cost support is provided by accounting, personnel, budget, and contract support staff in the Division of Administrative Services.

The CWSRF program relies on some contracted services that (i) cannot be provided economically by Water Boards staff, (ii) require skills not available in the State Water Boards, or (iii) require independence from the CWSRF program. Approximately \$700,000 is budgeted for the following contract services:

- Independent accounting firm for annual audits;
- Outside legal counsel for specialized tax and bond advice;
- Vendor to provide maintenance for the Loans and Grants Tracking System (LGTS); and
- Independent Municipal Advisor

2. Loan Servicing and Program Administration

Servicing existing agreements and fulfilling ongoing program requirements represents a significant workload for the CWSRF staff. There are approximately 433 CWSRF agreements in repayment. Payments on these agreements are collected throughout the year, and DFA conducts regular surveillance on many of these recipients. At present, the CWSRF is servicing approximately 114 agreements in disbursement. On average, staff process approximately 462 CWSRF disbursement requests per year. Staff also oversee and perform periodic construction inspections of financed projects to ensure that work is performed consistent with previous approvals, and to ensure that work is being performed in conformance with program requirements, including but not limited to, Davis-Bacon wage rates, American Iron and Steel procurement requirements, disadvantaged business solicitation rules, and environmental special conditions.

The CWSRF program's outstanding revenue bonds require separate accounting of payments from pledged obligations, semi-annual bond payments, and create specific monitoring, reporting, and continuing disclosure actions. The CWSRF program prepares annual financial statements that are audited independently. The CWSRF program is subject to yearly review by U.S. EPA and is periodically subject to audit or oversight by other federal or state agencies.

3. Administrative Funding

Administrative funding for the CWSRF comes from two sources, the capitalization grants awarded yearly by U.S. EPA and the State Water Pollution Control Revolving Fund Administrative Fund (Administrative Fund). Administrative spending for the CWSRF is limited to fees collected by the State Water Board for administering the CWSRF, plus the greatest of: (a) four percent of cumulative Capitalization Grants, (b) \$400,000 per year, or (c) 0.20 percent per year of the current valuation of the CWSRF program. Section 13477.5(c)(1) of the California Water Code allows the State Water Board to apply an annual service charge³⁵ on a financing agreement. The revenue generated by this service charge goes into the Administrative Fund and may be used for administration. The Administrative Fund and the capitalization grants provide reliable administrative funding to the CWSRF program.

Under state law, the service charge rate cannot exceed one percent (1%) of the outstanding balance of a financing agreement. Once the service charge is applied to an agreement, the rate remains unchanged for the duration of the agreement. Since the service charge is a percentage of the outstanding principal on each agreement, it produces a declining amount of revenue each year. Each year, the State Water Board must evaluate the need for the service charge revenue and establish an appropriate rate. The service charge will then be applied to additional agreements to maintain the Administrative Fund revenue consistent with the administrative budget established by the Governor and the Legislature for the CWSRF.

The State Water Board will use the Administrative Fund as its primary source of administrative funding for the CWSRF. The Administrative Fund can only be used for CWSRF program administration, while the administrative allowance from the capitalization grants may be used for administration, local assistance, or a combination of the two. The federal administrative allowance serves as a backup source of administrative funding. If cash flow conditions warrant in SFY 2019-20, the State Water Board will disburse 100 percent (100%) of its federal capitalization grants for local assistance. The authority to spend the administrative allowance from the 2019 Capitalization Grant will be retained for potential use in future years.

For SFY 2019-20, the State Water Board continues the Administrative Service charge rate of one percent; this shall be the effective rate until the State Water Board establishes a different rate.

³⁵ For federal purposes, the Administrative Fund service charge is a fee “other than program income not included as principal in CWSRF financing.” The service charge is collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement. The service charge is offset by the reduction in the interest rate so that financing recipients’ payments remain the same whether or not they pay the service charge.

Based on the budgeted positions for the program for SFY 2019-20 and the projected Administrative Fund balances through December 31, 2019, (Appendix J, page 84), which are declining because of decreasing existing fee-in-lieu of interest payments, the State Water Board anticipates applying this charge to additional agreements during SFY 2019-20. The State Water Board also anticipates applying this charge to additional agreements in SFY 2019-20 because of declining Prop 1 SCG and Prop 1 Water Recycling administration funds and the need to continue supporting the administration of projects jointly funded by Prop 1 and CWSRF.

H. Risks

The following are financial or programmatic risks to the CWSRF program. DFA management will focus on identifying potential problems and acting early to maintain the integrity and success of the CWSRF program.

1. Application Demand vs. Resources

Demand for financing exceeds the administrative resources needed to review, approve, and finance all complete applications. Staff resources are the most inflexible aspect of the CWSRF program. Additional staff cannot be quickly added to address high demand because they must be approved through the State's budget process. In addition, hiring may be frozen or work hours reduced due to State budget concerns. DFA will prioritize applications consistent with this IUP and the CWSRF Policy. DFA may also adjust its review procedures and work with U.S. EPA or other agencies to resolve delays, schedule financing with applicants, or seek additional resources. DFA can also work with stakeholders to evaluate changes to the CWSRF Policy or further adjustments to its application and the application review process.

2. Applicants' Schedule Changes or Delays in Executing Agreements

Beneficial and eligible projects may not be financed if the applicants' schedules change or are delayed. To minimize and avoid delays, CWSRF program staff will coordinate regularly with applicants identified in this IUP, and with others that submit applications during the year, to maintain a consistent demand on the program. As project schedules shift, lower priority projects may be funded if they are ready for financing, bearing in mind the PF and GPR requirements established in this IUP. This funding flexibility maximizes the use of the CWSRF and increases the number of projects funded.

Beneficial and eligible projects may not be financed if DFA encounters delays completing its reviews of the applications. To minimize and avoid delays, CWSRF program staff will coordinate its internal review efforts regularly during the year to expeditiously complete its reviews and maintain consistent progress toward the goal of executing agreements for all projects on the Fundable List by June 30, 2020.

As delays are encountered, other projects on the Fundable List should continue to move forward, bearing in mind the PF and GPR requirements established in this IUP and the amount of leveraging authority approved by the State Water Board. This funding flexibility maximizes the use of the CWSRF and increases the number of projects funded.

After financing is approved, the recipient must start and complete construction promptly. Applicants are required by their financing agreements to report delays to DFA staff so that appropriate action can be taken to address those delays.

3. Cash Balance

The amount of disbursements requested may exceed the CWSRF's cash balance. DFA staff will maintain accurate account balances and prepare forecasts regularly to identify potential cash shortages in advance. If additional cash is needed, the CWSRF has several options. The CWSRF program has considerable assets it can leverage through revenue bond sales in the municipal bond market to obtain additional cash. The State Water Board can prioritize or limit new commitments or potentially negotiate disbursement schedules with applicants. The CWSRF program can also investigate alternative financing (e.g., providing bond insurance) to reduce cash outlays.

Excess cash may accumulate if applications, and the associated disbursements, are too low. Excess cash provides no water quality benefit for California. DFA will use its marketing, customer assistance, and project development resources to maintain a pipeline of projects ready for financing. It will closely monitor undrawn balances on outstanding financing agreements to ensure that financing recipients request funds expeditiously.

4. Defaults and Late Payments

Pursuant to the CWSRF Policy, DFA will implement prudent lending standards and borrower surveillance practices that safeguard the CWSRF program's equity. The State Water Board also typically contracts with a professional Municipal Advisor to provide additional financial expertise.

The CWSRF program has many tools to reduce the risk of default, including loan monitoring and surveillance, as well as enforcement remedies. For example, DFA collects and reviews audited financial statements of all borrowers for the first five years of repayment and may request audited financials for some borrowers for longer periods of time. DFA has an agreement with independent accounting firm CliftonLarsonAllen to audit select borrowers identified as having a higher risk of experiencing financial difficulties. These audits can be conducted to evaluate the financial and management capacities of an entity and provide recommended solutions. The State Water Board will also continue to provide SCG funds in SFY 2019-20 to reduce debt service and default risk for SDACs and DACs or projects that regionalize wastewater infrastructure.

Additional subsidies for SDACs and DACs will reduce borrowing costs and the risk of default. Additionally, the State Water Board can offer wastewater-related TA to SDACs and DACs in areas such as evaluating project alternatives, financial management, rate setting, and operation and maintenance.

5. Accountability and Oversight

The CWSRF is capitalized with public funds, and the State Water Board is responsible for using them lawfully and effectively.

The State Water Board regularly reports to U.S. EPA through the National Information Management System (NIMS) and the CWSRF Benefits Reporting (CBR) system on use of the funds. In addition, U.S. EPA reviews the management and performance of the CWSRF annually. The results are summarized in its annual [Program Evaluation Reports](#).

(http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/pubs.shtml)

The CWSRF program produces an [annual report and audited financial statements](#).

(http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/pubs.shtml)

Additional actions are required of the State Water Board staff to comply with provisions of the Internal Revenue Code applicable to the CWSRF outstanding bond debt. The CWSRF program's [Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues](#)

(http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy_0513/post_issuance_compliance_policyfor_bond_issues.pdf) provides further detail

about actions required of the program's staff to help ensure that its bonds remain exempt from federal income taxes. Additional reporting is required by the program's Continuing Disclosure Agreement; information on the program's bonds can be found on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

DFA staff will continue to oversee projects to ensure that they meet the terms of the financing agreements by conducting periodic site visits during construction or implementation. All projects are subject to a "Final Project Inspection," and a final summary report is submitted on each project to confirm that it was completed. DFA maintains copies of inspection and final summary reports in the project files.

IV. FINANCING AND PROGRAMMATIC REQUIREMENTS

A. Davis-Bacon Requirements

Federal Davis-Bacon rules apply to the construction of treatment works “carried out in whole or in part with assistance made available by a State water pollution control revolving fund.” The State Water Board, therefore, will continue to require that applicants for treatment works projects comply with Davis-Bacon rules. Recipients of CWSRF financing must agree to provide information necessary to show compliance with Davis-Bacon requirements.

B. Generally Accepted Accounting Principles (GAAP)

The CWA requires that recipients of CWSRF financing maintain project accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. Recipients must agree to comply with GAAP. For governmental entities, the Government Accounting Standards Board establishes these standards. The State Water Board, therefore, will require as a condition of financing that governmental applicants maintain project accounts in accordance with generally accepted government accounting standards.

C. Cost and Effectiveness Analysis

Effective October 1, 2015, the CWA requires CWSRF recipients that are municipal, inter-municipal, interstate, or State agencies to certify they have conducted a cost and effectiveness analysis. This analysis includes an evaluation of the costs and effectiveness of the proposed project, and selection of a project that, to the maximum extent practicable, maximizes the potential for energy conservation, and efficient water use, reuse, recapture, and conservation, considering construction, operation and maintenance, and replacement costs. This certification must be provided before CWSRF assistance is provided for final design or construction.

D. Procurement for Architectural and Engineering (A/E) Contracts

Beginning with the FFY 2015 Capitalization Grant, the CWA requires that A/E contracts for equivalency projects (i.e., CWSRF-financed projects specifically identified by DFA that total an amount at least equal to the capitalization grant from U.S. EPA) comply with the qualifications-based procurement process described in 40 United States Code section 1101 et seq. or an equivalent state requirement. For all equivalency projects, these procurement requirements apply to any CWSRF-funded A/E contracts³⁶, including any new solicitation, significant contract amendments, and contract renewals for A/E services initiated on or after October 1, 2014.

³⁶ A/E contracts include but are not necessarily limited to those for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying or mapping.

Potential equivalency projects for the FFY 2019 Capitalization Grant are identified in Appendix C (page 64). Equivalency projects will be required to certify that A/E contracts were procured in accordance with federal guidelines or the equivalent state process.

E. Fiscal Sustainability Plan (FSP)

The CWA requires CWSRF recipients for POTW projects to develop and implement an FSP, which includes an inventory and evaluation of critical assets, evaluation and implementation of water and energy conservation efforts, a plan for maintaining, repairing, and replacing the treatment works, and a plan for funding such activities. Applicants can self-certify that the FSP, or its equivalent, has been developed and implemented, or for applicants without an FSP, or its equivalent, the CWSRF financing agreement will include a condition setting a deadline for FSP certification, which must be prior to the final CWSRF disbursement for the project. FSPs will typically be reviewed during the final inspection.

F. American Iron and Steel (AIS)

The CWA requires CWSRF assistance recipients, absent an exclusion or waiver, to use iron and steel products that are produced in the United States for treatment works projects. U.S. EPA implementation of these provisions is described on its [State Revolving Fund American Iron and Steel \(AIS\) Requirement](https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement) (<https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>) website.

G. Payment and Draw Schedules

Appendix K (page 84) shows the State Water Board's requested payment schedule for the 2019 Capitalization Grant funds from the U.S. Treasury and the estimated draws of the 2019 funds and the CWSRF remaining federal funds ("unliquidated obligations").

H. State Match and Cash Draw Ratio

The State Water Board must provide one dollar of match for each five dollars received through U.S. EPA capitalization grants. Cumulatively, the CWSRF has been awarded approximately \$2.98 billion in capitalization grants as of December 31, 2018, that must be matched. The total matching requirement, therefore, through the estimated FFY 2019 Capitalization Grant is approximately \$596.2 million. The CWSRF program has already provided a total of \$638.3 million in matching funds as of June 30, 2018, leaving an estimated \$42.1 million in match funds for future grants. This excess match amount is sufficient to match approximately \$210.7 million in capitalization grants, or approximately two years' worth of grants at the current rate of federal capital contributions. Since the CWSRF is overmatched at this point, the State Water Board's cash draw ratio for the 2019 Capitalization Grant will be 100 percent (100%) federal funds.

I. Types of CWSRF Assistance and Financing Terms

The State Water Board will provide funding for all eligible categories of projects using loans, installment sale agreements/purchase of debt. The State Water Board will also provide separate planning, design, or planning and design financing during SFY 2019-20 to SDACs and DACs and those projects specifically identified for planning, design, or planning and design financing on the Fundable List provided the applicants can legally accept such financing.

Principal forgiveness, if available, will be provided to those applicants that meet the conditions specified in Appendix D (page 77) and Section III.C.2 above.

The terms associated with CWSRF financial assistance vary by applicant and financing approval date. Planning and design financing is amortized over five or ten years, at the discretion of the applicant, unless rolled into a construction or implementation financing agreement. Construction or implementation financing agreements are generally amortized for periods up to 30 years or the useful life of the financed assets whichever is shorter. The interest rate applied to a financing agreement is established at the time the financing agreement is prepared for approval or financing is approved by the State Water Board. The interest rate will generally be one-half of the State's most recent general obligation bond rate rounded up to the nearest one-tenth of a percent, except as described in Section III.A.4 above. Construction costs incurred prior to approval of financing are reimbursable. However, no construction costs may be reimbursed until all eligibility requirements are met and a financing agreement has been executed or amended to establish a final budget in accordance with the CWSRF Policy.

J. Federal Cross-Cutters and Environmental Reviews

Projects funded by the CWSRF must comply with certain federal laws known as "cross-cutters." The State Water Board will ensure that CWSRF program financing recipients comply with applicable federal cross-cutter requirements, as identified to the State Water Board in the federal capitalization grant.

CWSRF financing agreements include a list of applicable federal statutes and requirements identified in the most recent capitalization grant. CWSRF financing recipients agree to comply with these federal requirements by signing the financing agreement.

The State Water Board will use its [State Environmental Review Process](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/appendix_i_envguide.pdf) (SERP http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/appendix_i_envguide.pdf) to ensure compliance with CWSRF environmental requirements during SFY 2019-20.

While the SERP generally follows the requirements of the California Environmental Quality Act, each applicant must also complete and submit an [Environmental Package \(https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/forms/application_environmental_package.pdf\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/forms/application_environmental_package.pdf) and associated supporting documents. The State Water Board staff will review environmental documents received from applicants to ensure completeness/adequacy and determine if consultation with relevant federal agencies is necessary, consistent with the [Operating Agreement \(https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf) between the State Water Board and the U.S. EPA.

In addition to the federal requirements discussed in paragraphs A through F in this section, the State Water Board requires compliance with Disadvantaged Business Enterprise (DBE) requirements for CWSRF financing, except planning and design financing.³⁷ It also requires that CWSRF funding recipients comply with federal audit requirements (Uniform Grant Guidance, 2 CFR, § 200(f)).

The State Water Board will use the Federal Funding Accountability and Transparency Act (FFATA) reporting system to report on all equivalency projects (i.e., projects that meet all of the federal cross-cutting requirements, the combined assistance amounts of which projects are at least equal to or greater than the capitalization grant amount).

K. Capitalization Grant Conditions and Other Federal Requirements

The State Water Board will comply with all conditions included in the 2019 Capitalization Grant agreement. Provisions specific to the FFY 2019 appropriation will take effect only if the State Water Board receives the FFY 2019 Capitalization Grant and will apply only as directed by Congress or U.S. EPA. The State Water Board will require that CWSRF financing recipients also comply with applicable federal pass-through requirements. Recipients of CWSRF financing must agree to provide information necessary to show compliance with all applicable federal requirements.

L. Other State Requirements

Other state laws not specific to the CWSRF may also apply. These may include but are not limited to laws affecting urban water suppliers, charter cities, agricultural water users, projects located in the Sacramento-San Joaquin Delta, labor regulations, prevailing wages, and debt reporting.

³⁷ Planning and design financing agreements may be funded with capitalization grants to provide PF for water, energy, and sustainable planning and design. DFA does not intend to apply DBE requirements to such agreements, or to other agreements that do not finance POTWs, but will ensure DBE compliance for all other construction and implementation projects totaling an amount at least equivalent to the capitalization grant from U.S. EPA.

Although the CWSRF Policy authorizes reimbursement of eligible construction costs for projects on the Fundable List going back to the notice to proceed date for the project, applicants should note that **CONSTRUCTION COSTS INCURRED BEFORE EXECUTION OF A FINANCIAL ASSISTANCE AGREEMENT ARE AT THE APPLICANT'S RISK.** Various factors may restrict reimbursement of costs incurred prior to execution of a funding agreement, including, but not limited to failure of the applicant to adopt a satisfactory reimbursement resolution, appropriations limits of funding sources, and other factors. **Further, starting construction before the State Water Board has completed its environmental review may render the project ineligible for funding.** Additionally, changes to laws or requirements that occur prior to execution of a financial assistance agreement may affect some or all funding eligibility.

For all loans, the applicant will be expected to submit a resolution authorizing the transaction prior to execution of the agreement by DFA.

M. Timely and Expeditious Expenditure

The State Water Board will ensure timely and expeditious expenditure of all funds during SFY 2019-20. This IUP establishes as a goal during SFY 2019-20 to overcommit cash and undrawn federal grant funds to continually disburse 100 percent (100%) of those funds less a minimum cash balance of \$25 million plus any assets restricted for other uses, (i.e., bond payments and administration). The State Water Board will continue to use and refine its existing procedures. These procedures are designed to quickly identify and approve projects, execute financing agreements, and disburse funds to recipients. As of April 19, 2019, the State Water Board has disbursed 97.5 percent (97.5%) of all federal grants awarded. These results are consistent with recent trends and indicate that the State Water Board can quickly and productively use federal funds once awarded.

N. Cross-Collateralization

The State Water Board will implement cross-collateralization between the CWSRF and the DWSRF loan programs as necessary to support the goals and objectives of the State Water Board as documented in the [Operating Agreement between the California State Water Resources Control Board and the United States Environmental Protection Agency Region IX for Activities and Functions in Managing the State Water Pollution Control Revolving Fund Program](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/oa_revised_2019.pdf), as amended March 2019.

V. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES

A. Sound Finances

The State Water Board, the CWSRF program's stakeholders, and the owners of CWSRF bonds expect the CWSRF to be financially sound.

Long-Term Goals:

1. **Maximize non-restricted and restricted cash flows:** For maximum benefit, CWSRF disbursements of non-pledged assets should equal non-restricted receipts, less a minimum balance necessary to meet six month's forecasted disbursements. Disbursement of pledged receipts should ensure timely and full payment of all bond payments and reserve requirements. Excess pledged receipts should be periodically evaluated to determine if they should be used to originate a new pledged loan or released from the lien of the Master Indenture.
2. **Use revenue and capital effectively:** California faces significant water quality needs. The CWSRF repayment stream is sizeable, and the CWSRF program continues to receive new capital from U.S. EPA. The CWSRF program's net position may make additional debt to finance water quality projects feasible and desirable. Additional debt, though, should be consistent with the *SRF Debt Management Policy* and the federal requirement to maintain the CWSRF in perpetuity.
3. **Maintain financial integrity:** Financial integrity is a core value of the CWSRF program. Effective internal controls ensure that the program's finances are dependable and trustworthy. Prudent lending practices and reasonable interest rates ensure the stability and continued growth of the CWSRF program.

Key Short-Term Activities:

1. **Prepare and review cash management reports regularly:** Ensuring that sufficient cash is available to fulfill project disbursement requests, make bond payments, fulfill reserve requirement, if necessary, and pay for other program expenses requires careful and regular oversight of the cash flows. (*Completed quarterly*)
2. **Continue regular staff level finance/audit coordination meetings:**
 - a. Review cash flow forecasts of existing and potential commitments and upcoming expenses to assess the CWSRF program's ability to meet its commitments and to evaluate the need for leveraging or other actions to regulate cash outflows. (*Completed quarterly*)
 - b. Compare actual performance with target performance measures. (*Completed quarterly*)

- c. Review audit issues, program control issues, and plan for upcoming audits.
(*Completed quarterly*)
- 3. **Apply for and accept FFY 2019 Capitalization Grant:** The 2019 Grant application will be formally submitted to U.S. EPA after approval of this IUP by the State Water Board. For 2019, a capitalization grant application will be submitted for \$150 million³⁸ in federal assistance. (*Complete July 2019*)
- 4. **Maintain compliance with the *SRF Debt Management Policy*.** (*Ongoing Annually*)
- 5. **Prepare Annual Report and Audited Financial Statements for SFY 2018-19.**
(*Complete October 30, 2019*)
- 6. **Comply with all reporting requirements and compliance obligations associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.**
(*Ongoing Through the Year*)

Performance Measurements:

- 1. Total executed financing agreements > 120 percent (120%) of federal grants.
- 2. Disbursement rate = 100 percent (100%) of available funds less minimum six-month's disbursement balance and restricted funds.
- 3. Federal funds disbursement rate = 100 percent (100%) of federal payments.
- 4. Default ratio = 0.

B. Fund the Most Beneficial Projects

The CWSRF program has finite funds and resources. These limitations require the State Water Board to prioritize so that the most pressing water quality problems are addressed first.

³⁸ This number is preliminary, and subject to change. The FFY 2019 capitalization grant application will be submitted for a higher amount (\$150 million) than the estimated grant award to avoid amending this IUP and resubmitting the application should the actual award be greater than the currently estimated capitalization grant of \$114 million. If the actual 2019 grant award is less than the grant application, then the award can be made by U.S. EPA without the State Water Board submitting an amended IUP and grant application.

Long-Term Goals:

1. **Achieve compliance statewide with water quality objectives.**
2. **Achieve sustainable water resource management consistent with the Human Right to Water (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2016/rs2016_0010.pdf).**
3. **Finance infrastructure that will achieve or maintain compliance with federal and state water quality requirements:** Support the California Water Action Plan (http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf), State Water Board's Strategic Plan (https://www.waterboards.ca.gov/water_issues/hot_topics/strategic_plan/docs/2010/final_strategic_plan_update_report_062310.pdf), and U.S. EPA's Strategic Plan (<https://www.epa.gov/sites/production/files/2018-02/documents/fy-2018-2022-epa-strategic-plan.pdf>), Goal 1 (Core Mission), Objective 1.2 (Provide for Clean and Safe Water).
4. **Assist with the State Water Board's Plan for California's Nonpoint Source Pollution Control Program (http://www.waterboards.ca.gov/water_issues/programs/nps/plans_policies.shtml) and Estuary Comprehensive Conservation and Management Plans.**
5. **Invest in small SDACs and small DACs disproportionately affected by pollution and water contamination consistent with the Capacity Development Strategy.**
6. **Support the State's greenhouse gas reduction and climate adaptation goals to the maximum extent practicable consistent with State Water Board Resolution No. 2017-0012 (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0012.pdf).**

Key Short-Term Activities:

1. **Provide funds for high-priority projects:** Appendix B, the Fundable List, (page 51) identifies projects that the CWSRF program anticipates funding in SFY 2019-20 that support the Water Boards' and U.S. EPA's priorities along with their expected executed agreement dates.
2. **Adopt the SFY 2019-20 IUP:** The SFY 2019-20 IUP will guide marketing and assistance efforts targeting the Water Board and U.S. EPA's highest priorities in SFY 2019-20. (*Complete June 2019*)

3. **Report activities supporting the [California Water Action Plan](http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf) ([http://resources.ca.gov/docs/california_water_action_plan/Final California Water Action Plan.pdf](http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf)), [State Water Board's Strategic Plan](https://www.waterboards.ca.gov/water_issues/hot_topics/strategic_plan/docs/2010/final_strategic_plan_update_report_062310.pdf) (https://www.waterboards.ca.gov/water_issues/hot_topics/strategic_plan/docs/2010/final_strategic_plan_update_report_062310.pdf), and [U.S. EPA's Strategic Plan](https://www.epa.gov/sites/production/files/2018-02/documents/fy-2018-2022-epa-strategic-plan.pdf) (<https://www.epa.gov/sites/production/files/2018-02/documents/fy-2018-2022-epa-strategic-plan.pdf>) in the CWSRF Annual Report, CBR, NIMS, and the FFATA Reporting System. (*Completed annually*)**

Performance Measurements:

1. Fund utilization rate (U.S. EPA Program Reporting Measure WQ-17 Fund Utilization) > 105 percent (105%) of available funds.
2. Execute financing agreements for 100 percent (100%) of projects with complete applications listed on the Fundable List, Appendix B (page 51) of this IUP, by June 30, 2020.
3. At least 25 percent (25%) of the number of projects executed during SFY 2019-20 should assist SDACs or DACs.
4. FFY 2019 funds committed as PF = maximum allowed by 2019 appropriation.
5. Percentage of FFY 2019 funds committed to GPR projects > minimum GPR percentage established by FFY 2019 appropriation.

C. Efficient Service, Up-to-Date Policies and Procedures, and Recognizable Products

Applicants have several choices for their financing needs. The CWSRF program should attract high-value projects that support the policies and goals of the State Water Board.

Long-Term Goals:

1. **Provide good customer service with a special emphasis on assisting SDACs and DACs.**
2. **Ensure that the application forms and review procedures are clear, flexible, up-to-date, and efficient.**
3. **Clearly communicate to applicant their statuses and expectations for funding.**
4. **Ensure staff is well trained and ready to help applicants resolve technical, legal, environmental, and financial issues needed to receive financing.**

Key Short-Term Activities:

1. **Continue regular internal coordination meetings to identify and resolve delays affecting applications on the Fundable List, coordinate and prioritize application reviews, and ensure all projects with complete applications on the Fundable List receive an executed agreement by June 30, 2020.** (*Completed monthly*)
2. **Provide a Mid-Year Informational Update to stakeholders on DFA's progress implementing the SFY 2019-20 IUP.** (Complete November 2019)

Performance Measurements:

1. Execute financing agreements for all projects with complete applications identified on the Fundable List before July 1, 2020.
2. In 45 days or less³⁹, fulfill 100 percent (100%) of complete disbursement requests.
3. Amend financing agreements to establish final project budget no later than 90 days after receipt of complete Final Budget Approval Package.

³⁹ Disbursement fulfillment time is the time from receipt of a complete disbursement request to warrant date.

VI. SCHEDULE

The estimated schedule for public comment and State Water Board adoption of the SFY 2019-20 IUP, and the application, award, and acceptance of the 2019 Capitalization Grant is as follows:

Draft IUP posted for public comment	April 27, 2019
Informational Workshop/Webinar	April 30, 2019
Deadline for Public Comments on Draft IUP	May 28, 2019
State Water Board adopts IUP at regularly scheduled meeting	June 18, 2019
Submit FFY 2019 Capitalization Grant application to U.S. EPA	May 15, 2019
Execute FFY 2019 Capitalization Grant agreement with U.S. EPA	September 2019

VII. APPENDICES

APPENDIX A: Current Sources and Uses of the CWSRF⁴⁰

	Projected SFY 2018-19	Projected SFY 2019-20	Projected SFY 2020-21	Projected SFY 2021-22	Projected SFY 2022-23
Beginning Balance	\$1,290,047,415	\$747,136,871	\$975,816,259	\$496,587,279	\$390,371,815
Estimated Principal Payments + Interest Earnings	\$300,159,536	\$315,009,536	\$329,859,536	\$344,709,536	\$359,559,536
Estimated SMIF ⁴¹ Interest Earnings	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Revenue Bond Proceeds ⁴²		\$500,000,000	\$500,000,000		
Debt Service– 2016, 2017 & 2018 Revenue Bonds	(\$122,155,500)	(\$136,471,900)	(\$138,406,425)	(\$138,972,200)	(\$139,991,250)
Debt Service – 2019 & 2020 Revenue Bonds (preliminary)		(\$25,000,000)	(\$55,000,000)	(\$79,000,000)	(\$97,000,000)
Federal Capitalization Grants Received ⁴³	\$114,792,000	\$90,000,000	\$70,000,000	\$70,000,000	\$70,000,000
Administration Allowances ⁴⁴	(\$4,591,680)	(\$3,600,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)
Estimated Disbursements ⁴⁵	(\$811,535,075)	(\$991,991,697)	(\$663,452,017)	(\$297,154,394)	(\$95,713,769)
Estimated Year-End Balances ⁴⁶	\$768,216,696	\$496,582,810	\$1,017,517,353	\$394,870,221	\$485,926,332

	SFY 2018-19	SFY 2019-20	SFY 2020-21	SFY 2021-22	SFY 2022-23
Estimated Yearly Cash Flows ⁴⁷	(\$521,830,719)	(\$250,554,061)	\$41,701,094	(\$101,717,058)	\$95,554,517

⁴⁰ Forecast dated April 2019. These amounts are preliminary and subject to change.

⁴¹ SMIF means Surplus Money Investment Fund.

⁴² DFA will determine based on the CWSRF cash flow needs if future revenue bond sales are necessary. The 2019-20 and 2020-21 Revenue Bond sales are only estimated projections and subject to change.

⁴³ These numbers include a final amount for the FFY 2018 grant that the State Water Board received on September 17, 2018. The amounts for all grants after FFY 2018 are estimated. The forecasted capitalization grants are listed in the aggregate amounts. Principal forgiveness, if available, is included in the aggregate grant amount in the forecast.

⁴⁴ These numbers include a final amount for the FFY 2018 grant that the State Water Board received on September 17, 2018. The amounts allowed for administration from all grants after FFY 2018 are based on estimates of the future grant amounts. The numbers reflect the percentage of the capitalization grants that may be used for program administration. The primary source of administrative funds for the CWSRF is the Administrative Fund. See Section III.G.3. (Administrative Funding) for further discussion. Funds from the Administration Allowance that are not used for program administration may be used to finance projects.

⁴⁵ Estimated disbursements are a forecast of the cash disbursements for projects with executed financing agreements. The estimated cash disbursements include the local match credits on past projects that used match financing. Local match credits are contributions made by financing recipients in exchange for using match financing; match credits are used to meet the federal capitalization grants matching requirement.

⁴⁶ Estimated Year End Balances represent a running total based on the previous year's ending balance.

⁴⁷ Estimated Yearly Cash Flows represent the projected difference between revenues and capitalization grants (inflows) and disbursements and expenses (outflows) for each year, and do not include the previous year's ending balance. Positive numbers indicate that inflows are projected to be greater than outflows for that year. Negative numbers indicate that outflows are projected to be greater than inflows for that year.

APPENDIX B: CWSRF Project Financing Forecast for SFY 2019-20 – Fundable List

Rollover Projects are highlighted yellow.
Projects from Small DAC/SDAC Automatically Eligible for the Fundable List are Highlighted in green.
Projects that received a Priority Score are shown in White.

Region	Project Number ¹	Agency	Project Name	Population \leq 20,000 ^{2,4}	SMALL DAC SDAC ^{3,4}	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Feasibility (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁶	Green Project Reserve		
																Federal Year 2019	Green Project Type ⁸	Determination Categorical (C) or Business Case (BC)
Group 1 - Financing Agreement Mailed to Applicant for its Signature																		
	9	8059-110	Escondido, City of Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station	No	No	\$24,000,000	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$29,000,000	R9-2010-0032	Yes	\$24,000,000	W	C
Subtotal Group 1 =		1			\$24,000,000	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$29,000,000			\$24,000,000			
Group 2 - Agreement Routing for Division Management Approval and Subsequent Mailing to Applicant																		
	1	8272-110	Arcata, City of City of Arcata Wastewater Treatment Compliance Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2012-0031		\$0		
	1	8389-110	Dorris, City of City of Dorris Wastewater Collection System and Lift Station Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$310,000	\$0	\$310,000	R1-1998-0004		\$0		
	5	8160-210	American Valley Community Services District Quincy - East Quincy Wastewater Treatment Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$12,680,000	\$0	\$12,680,000	R5-2016-0049		\$0		
	5	8392-110	Avenal, City of Solar Photovoltaic Generation System at WWTP	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$4,815,000	\$0	\$4,815,000	R5-2000-0231		\$0		
	5	8411-110	Big Sandy Rancheria of Western Mono Indians of California Big Sandy Rancheria Wastewater System Installation and Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$374,000	\$0	\$374,000	N/A		\$0		
	5	8479-110	Colfax, City of Sewer Collection System and Wastewater Treatment Plant Improvement	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	CA0079529		\$0		
	5	8124-210	Firebaugh, City of Wastewater Treatment Plant Improvements	Yes	SDAC	\$1,074,871	\$0	\$0	\$0	\$0	\$5,783,129	\$0	\$6,858,000	R5-1998-0230		\$0		
	5	8052-210	Housing Authority of the County of San Joaquin Housing Authority Thornton Wastewater Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$4,727,500	\$0	\$4,727,500	R5-1994-0001		\$0		
	5	7886-110	Isleton, City of Wastewater Treatment System Improvements Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$485,000	\$0	\$485,000	R5-1990-0186		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only) ⁵	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
5	8424-110	Kerman, City of	Sewer Collection System and WWTP Improvements	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-2007-0115		\$0		
5	7887-210	Live Oak, City of	WWTP Solar Installation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$1,680,000	\$0	\$1,680,000	R5-2016-0039		\$0		
5	8142-110	Patterson, City of	Wastewater Treatment Plant Expansion Phase III - Administration Building	No	No	\$1,563,633	\$0	\$520,367	\$0	\$0	\$0	\$0	\$2,084,000	R5-2007-0147		\$2,084,000	E	C
5	8215-110	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project	No	No	\$12,998,896	\$68,563,948	\$4,000,000	\$0	\$0	\$0	\$0	\$85,562,844	CA0084573	Yes	\$0		
5	8215-210	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion Project	No	No	\$0	\$32,748,824	\$0	\$0	\$0	\$0	\$0	\$32,748,824	CA0084574	Yes	\$0		
5	8397-110	Sacramento Area Sewer District	Freeport Septic Conversion Project	Yes	SDAC	\$0	\$0	\$0	\$5	\$0	\$3,350,319	\$0	\$3,350,324	R5-2015-0133		\$0		
5	8085-310	Shasta, County of	CSA 17 Collection System Improvement Project	Yes	DAC	\$0	\$709,000	\$0	\$0	\$0	\$2,127,000	\$0	\$2,836,000	R5-2016-0066		\$0		
5	8408-110	Twain Harte Community Services District	Inflow/Infiltration Identification and Reduction Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1986-0021		\$0		
7	7860-110	Hi-Desert Water District	Septic System Abatement & Private Lateral Installation	Yes	DAC	\$29,200,000	\$0	\$0	\$0	\$0	\$8,000,000	\$8,000,000	\$45,200,000	R7-2009-0059		\$0		
8	8364-110	Eastern Municipal Water District	Automated Metering Infrastructure Replacement	No	No	\$0	\$0	\$4,000,000	\$0	\$0	\$0	\$0	\$4,000,000	CA8000188		\$4,000,000	W	C
8	8336-110	Elsinore Valley Municipal Water District	Regional Water Reclamation Facility Upgrades	No	No	\$0	\$37,087,040	\$3,500,000	\$0	\$0	\$0	\$0	\$40,587,040	CA0800024		\$40,587,040	E	C
Subtotal Group 2 =		20				\$44,837,400	\$139,108,812	\$12,020,367	\$5	\$0	\$46,331,948	\$8,000,000	\$250,298,532			\$46,671,040		
Group 3 - Staff Has Completed Review of 4 Application Packages and Legal Consultation Is in Process																		
4	8035-110	Santa Clarita Valley Sanitation District	Santa Clarita Valley Sanitation District UV Project (Phase 1)	No	No	\$0	\$16,985,376	\$4,000,000	\$0	\$0	\$0	\$0	\$20,985,376	CA0054313		\$20,064,676	E	C
Subtotal Group 3 =		1				\$0	\$16,985,376	\$4,000,000	\$0	\$0	\$0	\$0	\$20,985,376			\$20,064,676		
Group 4 - Staff Has Completed Review of 4 Application Packages but Legal Consultation Has Not Started																		
6	8426-110	Markleeville Public Utility District	MPUD Sewer Pump Station Relocation Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$330,000	\$0	\$330,000	R6-1995-0022		\$0		
Subtotal Group 4 =		1				\$0	\$0	\$0	\$0	\$0	\$330,000	\$0	\$330,000			\$660,000		

Region	Project Number	Agency	Project Name	Population < 20,000 ²⁴	SMALL DAC SDAC ²⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ²⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ²⁶	Federal Year 2019	Green Project Type ²⁷	Determination Categorical (C) or Business Case (BC)
Group 5 - Staff Has Not Completed Review of 4 Application Packages but Legal Consultation Is Completed																		
1	8400-110	Chester Public Utility District	Chester Public Utility District 2017 Wastewater Collection System Evaluation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$340,970	\$0	\$340,970	CA0077747		\$0		
1	8309-110	Hoopa Valley Public Utilities District	Agency Sewage Treatment System	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$387,200	\$0	\$387,200	WDR: 021161		\$0		
1	8429-110	Mendocino Unified School District	MUSD Grant Assistance and Master Planning - Recycled Water System	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2015-0039		\$0		
5	8225-210	Williams, City of	City of Williams Wastewater Collection System Improvement Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000	CA0077933		\$0		
8	8235-110	Inland Empire Utilities Agency	2015 Drought Relief - RP-1158 Recycled Water Pump Station Upgrades	No	No	\$0	\$0	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$4,000,000	CA8000409		\$2,000,000	W	C
8	8235-120	Inland Empire Utilities Agency	2015 Drought Relief - RP-5 Recycled Water Pipeline Bottleneck	No	No	\$0	\$0	\$1,377,500	\$1,377,500	\$0	\$0	\$0	\$2,755,000	CA8000409		\$1,377,500	W	C
8	8235-150	Inland Empire Utilities Agency	2015 Drought Relief - Baseline Extension Project	No	No	\$0	\$208,709	\$2,500,000	\$2,708,708	\$0	\$0	\$0	\$5,417,417	CA8000409		\$2,708,708	W	C
Subtotal Group 5 =		7				\$0	\$208,709	\$5,877,500	\$6,086,208	\$0	\$6,728,170	\$0	\$18,900,587			\$6,086,208		
Group 6 - Staff Has Not Completed Review of 4 Application Packages and Legal Consultation Is in Process																		
2	8244-110	Napa Sanitation District	Browns Valley Road Sewer Interceptor and West Napa Pump Station Improvements	No	No	\$0	\$20,000,000	\$0	\$0	\$0	\$0	\$0	\$20,000,000	CA0037575		\$0		
2	8371-110	San Francisco, Public Utilities Commission of the City & County of	CWWSIPTPOP03 OSP Digester Gas Utilization Upgrade	No	No	\$0	\$50,387,339	\$4,000,000	\$0	\$0	\$0	\$0	\$54,387,339	CA0037681		\$54,387,339	E	C
2	8372-110	San Francisco, Public Utilities Commission of the City & County of	CWWSIPDP01 SEP Biosolids Digester Facilities Project (BDFP)	No	No	\$0	\$128,000,000	\$4,000,000	\$0	\$0	\$0	\$0	\$132,000,000	CA0037664		\$132,000,000	E	C
4	8154-110	Los Angeles County Sanitation District No. 2	Carson JWPCP - Effluent Outfall Tunnel Project	No	No	\$0	\$127,230,000	\$0	\$0	\$0	\$0	\$0	\$127,230,000	CA0053813		\$0		
5	8095-110	Brentwood, City of	Wastewater Treatment Plant Expansion - Phase II	No	No	\$0	\$59,303,000	\$0	\$0	\$0	\$0	\$0	\$59,303,000	CA0082660		\$0		
5	8108-210	Burney Water District	Burney Water District Wastewater Treatment Plant Improvement Project	Yes	SDAC	\$0	\$337,101	\$0	\$0	\$0	\$5,810,899	\$0	\$6,148,000	R5-2017-0050		\$0		
8	8167-110	Inland Empire Utilities Agency	Joint IEUA - JCSD Regional Water Recycling Program Phase I	No	No	\$0	\$11,000,000	\$0	\$16,000,000	\$5,000,000	\$0	\$0	\$32,000,000	R8-2015-0036		\$11,000,000	W	C

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
8	8167-120	Jurupa Community Services District	Joint IEUA - JCSJ Regional Water Recycling Program	No	No	\$0	\$6,844,100	\$0	\$10,230,000	\$3,385,900	\$0	\$0	\$20,460,000	CA8000316		\$6,844,100	W	C
8	8290-110	Orange County Water District	Groundwater Replenishment System Final Expansion	No	No	\$0	\$84,579,590	\$0	\$51,898,292	\$5,000,000	\$0	\$0	\$141,477,882	R8-2004-0002		\$84,579,590	W	C
8	8307-110	Orange County Water District	Water Production Flow Enhancement Project	No	No	\$0	\$12,820,059	\$0	\$7,820,059	\$5,000,000	\$0	\$0	\$25,640,118	R8-2004-0003		\$12,820,059	W	C
9	8277-110	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	No	No	\$0	\$38,032,242	\$4,000,000	\$0	\$0	\$0	\$0	\$42,032,242	CA0107409		\$42,032,242	W	C
Subtotal Group 6 =		11				\$0	\$538,533,431	\$12,000,000	\$85,948,351	\$18,385,900	\$5,810,899	\$0	\$660,678,581			\$343,663,330		
Group 7 - Staff Has Not Completed Review of 4 Application Packages and Legal Consultation Has Not Started																		
1	8405-110	Forestville Water District	2018 Sewer System Improvements	Yes	DAC	\$0	\$712,615		\$0	\$0	\$2,137,844	\$0	\$2,850,459	R1-2012-0012		\$0		
1	8335-110	Graton Community Services District	Graton CSD Sewer Repair and Rehabilitation Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2012-0016		\$0		
1	8484-110	Point Arena, City of	Point Arena Infiltration, Inflow and Pipeline capacity Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$435,000	\$0	\$435,000	R1-2003-0001		\$0		
1	8387-110	Russian River County Sanitation District	Headworks and Lift Stations Condition Assessment Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$465,000	\$0	\$465,000	R1-2016-0022		\$0		
1	8390-110	Russian River County Sanitation District	Condition Assessment/Force Main System	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2016-0022		\$0		
1	8428-110	Trinity County Waterworks District #1	TCWW Waste Water Treatment Plant Upgrade to Produce Reclaimed Water	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2012-0105		\$0		
1	8487-110	Ukiah, City of	Recycled Water Project Phase 4	No	DAC	\$0	\$9,325,000	\$0	\$9,325,000	\$0	\$0	\$0	\$18,650,000	CA0022888		\$9,325,000	W	C
1	8448-110	Weaverville Sanitary District	Weaverville Sanitary System Upgrade	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-2018-0004		\$0		
1	8430-110	Weed, City of	Wastewater Treatment Facilities Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R6-1996-0070		\$0		
2	8238-110	Burbank Sanitary District	Scott Street and Backyard Easements Sanitary Sewer Rehabilitation Project	No	No	\$0	\$1,950,000	\$0	\$0	\$0	\$0	\$0	\$1,950,000	TBD		\$0		
2	8489-110	Central Contra Costa SD	Solids Handling Facilities Improvements, DP 7348	No	No	\$0	\$89,625,000	\$0	\$0	\$0	\$0	\$0	\$89,625,000	CA0037648		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
2	8356-110	East Bay Municipal Utility District	South Interceptor 3rd Street Rehabilitation Project Phase 2	No	No	\$0	\$27,301,000	\$0	\$0	\$0	\$0	\$0	\$27,301,000	CA0037702		\$0		
2	8377-110	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	No	No	\$0	\$11,760,000	\$0	\$0	\$0	\$0	\$0	\$11,760,000	R2-2014-0024		\$0		
2	8490-110	Palo Alto, City of	Regional Water Quality Control Plant Primary Sedimentation and Electrical Upgrade	No	No	\$0	\$16,368,000	\$0	\$0	\$0	\$0	\$0	\$16,368,000	R2-2014-0024		\$0		
2	8258-110	Richmond, City of	Wastewater Treatment Plant Critical Improvements Project	No	No	\$0	\$28,700,000	\$0	\$0	\$0	\$0	\$0	\$28,700,000	CA0038539		\$0		
2	8286-110 ⁷	San Francisco, Public Utilities Commission of the City & County of	CWWSIPSE02 SEP New Headworks (Grit) Replacement	No	No	\$0	\$112,036,181	\$0	\$0	\$0	\$0	\$0	\$112,036,181	CA0037664	Yes	\$0		
2	8297-110 ⁷	San Mateo-Foster City Public Financing Authority	The San Mateo Clean Water Program - Wastewater Treatment Plant	No	No	\$0	\$137,456,000	\$0	\$0	\$0	\$0	\$0	\$137,456,000	CA0037541	Yes	\$0		
2	8264-110	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - Tunnel and Gravity Pipeline (includes San Carlos Odor Control Facility)	No	No	\$0	\$71,000,000	\$0	\$0	\$0	\$0	\$0	\$71,000,000	CA0038369		\$0		
2	8264-210	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - Front of Plant - Receiving Lift Station, Headworks, Influent Connector Pipe, Front of Plant Civil Site Work	No	No	No	\$49,000,000	\$0	\$0	\$0	\$0	\$0	\$49,000,000	CA0038369		\$0		
2	8264-710	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - San Carlos Pump Station Demo	No	No	No	\$49,000,000	\$0	\$0	\$0	\$0	\$0	\$49,000,000	CA0038369		\$0		
3	7844-110 ⁷	California American Water	Monterey Peninsula Water Supply Project	No	No	\$0	\$87,222,080	\$0	\$0	\$0	\$0	\$0	\$87,222,080	Pending	Yes	\$87,222,080	W	C
3	8440-110	El Paso de Robles, City of	Paso Robles Recycled Water Distribution System	No	No	\$0	\$8,457,000	\$2,500,000	\$5,957,000	\$2,500,000	\$0	\$0	\$19,414,000	CA0047953		\$10,957,000	W	C
3	8423-110	Freedom County Sanitary District	Freedom Sewer Rehabilitation Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$0	\$6,000,000	2006-0003-DWQ		\$0		
3	8185-210	Morro Bay, City of	Water Reclamation Facility Project	No	No	\$0	\$64,228,305	\$0	\$35,876,862	\$5,000,000	\$0	\$0	\$105,105,167	CA0047881		\$64,228,305	W	C
3	8436-110	Santa Cruz County Sanitation District	Valencia Creek Sewer Relocation Project	No	No	\$0	\$2,154,000	\$0	\$0	\$0	\$0	\$0	\$2,154,000	CA0048194		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ³	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
4	8354-110	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Lynwood	No	No	\$0	\$4,165,700	\$2,500,000	\$6,665,700	\$0	\$0	\$0	\$13,331,400	R4-1987-0050		\$6,665,700	W	C
4	8354-210	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - South Gate	No	No	\$0	\$4,580,560	\$2,290,283	\$2,290,283	\$0	\$0	\$0	\$9,161,126	R4-1987-0050		\$6,870,843	W	C
4	8354-310	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Bell Gardens	No	No	\$0	\$2,546,896	\$1,273,448	\$1,273,448	\$0	\$0	\$0	\$5,093,792	R4-1987-0050		\$3,820,344	W	C
4	8398-110	Downey, City of	Green Street Project in Four Arterial Streets	No	No	\$0	\$9,789,248	\$0	\$0	\$0	\$0	\$0	\$9,789,248	R4-2001-0182		\$9,789,248	W	C
4	8495-110	Long Beach Water Dept	Sewer Collection Systems Improvements	No	No	\$0	\$2,600,000	\$0	\$0	\$0	\$0	\$0	\$2,600,000	CA0140001		\$0		
4	8433-110	Oxnard, City of	City of Oxnard Treatment Plant Rehabilitation Projects	No	No	\$0	\$66,700,000	\$0	\$0	\$0	\$0	\$0	\$66,700,000	CA0054097		\$0		
4	8137-110	Pasadena, City of	Pasadena Non-Potable Water Project	No	No	\$0	\$7,662,500	\$0	\$12,662,500	\$5,000,000	\$0	\$0	\$25,325,000	CA0053953		\$7,662,500	W	C
5	8155-210	Biola Community Services District	Improvements Project at Wastewater Treatment Plant	Yes	SDAC	\$0	\$175,000	\$0	\$0	\$0	\$5,675,000	\$0	\$5,850,000	R5-1996-0288		\$0		
5	8108-310	Burney Water District	Burney Water District Collection System Improvement Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$1,775,000	\$0	\$1,775,000	R5-2017-0050		\$0		
5	8409-110	Buttontwillow County WD	Buttontwillow Wastewater Collection Lines Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1985-0303		\$0		
5	8391-110	Earlimart Public Utility District	Interceptor and Sewer Relief Pipelines Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1998-0140		\$0		
5	8359-110	Kettleman City Community Services District	Kettleman City Waste Water Improvement Project	Yes	TBD	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1979-0143		\$0		
5	8276-110	McFarland, City of	City of McFarland Wastewater Treatment Plant Expansion	Yes	SDAC	\$0	\$6,000,000	\$0	\$0	\$0	\$6,000,000	\$0	\$12,000,000	R5-2008-0072		\$0		
5	8473-110	Mokelumne Hill Sanitary District	MHSD Wastewater Improvement Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1991-0098		\$0		
5	5039-110	Orange Cove, City of	Orange Cove WWTP Tertiary Treatment & Recycled Water Project	Yes	SDAC	\$0	\$1,300,000	\$0	\$0	\$0	\$6,000,000	\$0	\$7,300,000	R5-2004-0008		\$0		
5	8050-120	Paradise Irrigation District	Process Water Recycling Planning Project	Yes	TBD	\$0	\$2,200,000	\$0	\$0	\$0	\$0	\$0	\$2,200,000	R5-2010-0057		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only) ⁵	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
5	8193-210	Parlier, City of	WWTP Improvements Project	Yes	SDAC	\$0	\$2,328,987	\$0	\$0	\$0	\$5,704,013	\$0	\$8,033,000	R5-1995-0103		\$0		
5	8135-210	Riverdale Public Utility District	Wastewater Treatment Plant Improvement Project	Yes	SDAC	\$0	\$5,160,000	\$0	\$0	\$0	\$5,500,000	\$0	\$10,660,000	R5-2018-0028		\$0		
5	8452-110	Sutter Creek, City of	Pre-Design for Wastewater Treatment Replacement Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$425,000	\$0	\$425,000	R5-1994-0152		\$0		
5	7878-210	Woodlake, City of	The City of Woodlake Sewer Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000	2006-0003-DWQ		\$0		
6	8125-110	Palmdale Recycled Water Authority	Recycled Water Line Phase 2	No	No	\$0	\$7,500,000	\$0	\$0	\$0	\$0	\$0	\$7,500,000	R6-2012-0002		\$7,500,000	W	C
6	8102-110	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	No	No	\$0	\$57,400,000	\$0	\$0	\$0	\$0	\$0	\$57,400,000	R6-2012-0002		\$57,400,000	W	C
7	8199-110	Borrego Water District	Wastewater Treatment Plant Upgrade	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$478,000	\$0	\$478,000	R7-2007-0053		\$0		
7	8470-110	Coachella Valley Water District	CYWD 2017/18 Non-Potable Water Connections Project	No	DAC	\$0	\$16,500,000	\$0	\$11,500,000	\$5,000,000	\$0	\$0	\$33,000,000	CAS617002		\$16,500,000	W	C
7	8445-110	Salton Community Services District	Salton CSD Wastewater Collection System Evaluation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000	R7-2014-0007		\$0		
7	8472-110	Twentynine Palms, City of	Wastewater Treatment System Feasibility and Preliminary Design	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$987,000	\$0	\$987,000	Pending		\$0		
8	8251-110	Corona, City of	Corona Reclaimed Source Delivery Main (WRCRWA line)	No	No	\$0	\$1,281,600	\$0	\$0	\$0	\$0	\$0	\$1,281,600	CA8000395		\$1,281,600	W	C
8	8396-110	Hemet, City of	Sewer Main Replacement Project	No	No	\$0	\$8,000,000	\$0	\$0	\$0	\$0	\$0	\$8,000,000	R8-2010-033		\$0		
8	8173-210 ⁷	Inland Empire Utilities Agency	RP-5 Expansion Construction Project	No	No	\$0	\$101,530,000	\$0	\$0	\$0	\$0	\$0	\$101,530,000	R8-2015-0036	Yes	\$0		
8	8260-110	Inland Empire Utilities Agency	Distribution System/Wineville/Jurupa/RP-3 Recharge Improvements (PID 23a)	No	No	\$0	\$11,742,550	\$0	\$0	\$0	\$0	\$0	\$11,742,550	R8-2015-0036		\$11,742,550	W	C
8	8414-110	Inland Empire Utilities Agency	Lower Day Basin Improvement Project	No	No	\$0	\$2,855,332	\$0	\$0	\$0	\$0	\$0	\$2,855,332	R8-2015-0036		\$2,855,332	W	C
8	8415-110	Inland Empire Utilities Agency	Montclair Basin Improvement Project	No	No	\$0	\$1,273,857	\$0	\$0	\$0	\$0	\$0	\$1,273,857	R8-2015-0036		\$1,273,857	W	C

Region	Project Number	Agency	Project Name	Population < 20,000 ²⁴	SMALL DAC SDAQ ²⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ²⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ²⁶	Federal Year 2019	Green Project Type ²⁷	Determination Categorical (C) or Business Case (BC)
8	8236-110	Ontario, City Of	City of Ontario Recycled Water Distribution System Project	No	No	\$0	\$11,319,542	\$0	\$6,319,542	\$5,000,000	\$0	\$0	\$22,639,084	CA8000409		\$11,319,542	W	C
8	8322-110	Santa Ana, City of	San Lorenzo Sewer Lift Station	No	No	\$0	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$4,000,000	WDR 2006-0003-DWQ		\$0		
8	8321-110	Santa Ana, City of	Sewer Collection System Improvements	Yes	No	\$0	\$9,500,000	\$0	\$0	\$0	\$0	\$0	\$9,500,000	WDR 2006-0003-DWQ		\$0		
8	8162-110	Yucaipa Valley Water District	Calimesa Recycled Water Conveyance Project	No	No	\$0	\$0	\$2,500,000	\$3,120,525	\$0	\$0	\$0	\$5,620,525	CA0105619		\$2,500,000	W	C
9	8112-110	Escondido, City of	Recycled Water Easterly Agriculture Distribution System	No	No	\$0	\$4,300,000	\$0	\$0	\$0	\$0	\$0	\$4,300,000	R9-2010-0032		\$4,300,000	W	C
9	8394-110	La Mesa, City of	Parkway Drive and Alvarado Road Trunk Sewer Phase 3 Upgrade Project	Yes	No	\$0	\$7,000,000	\$0	\$0	\$0	\$0	\$0	\$7,000,000	R9-2007-2005		\$0		
9	8419-110 ²⁸	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Wastewater Portion)	No	No	\$0	\$89,658,800	\$0	\$0	\$0	\$0	\$0	\$89,658,800	CA0107409	Yes	\$0		
9	8419-210 ²⁸	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion	No	No	\$0	\$54,982,400	\$0	\$0	\$0	\$0	\$0	\$54,982,400	CA0107409	Yes	\$54,982,400	W	C
9	8419-310 ²⁸	San Diego, City of	Pure Water North City Metropolitan Biosolids Center Improvements	No	No	\$0	\$14,508,000	\$0	\$0	\$0	\$0	\$0	\$14,508,000	CA0107409	Yes	\$0		
9	8419-410 ²⁸	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion and Influent Conveyance	No	No	\$0	\$12,496,000	\$0	\$0	\$0	\$0	\$0	\$12,496,000	CA0107409	Yes	\$12,496,000	W	C
9	8419-510 ²⁸	San Diego, City of	Pure Water North City Pure Water Pump Station	No	No	\$0	\$5,310,800	\$0	\$0	\$0	\$0	\$0	\$5,310,800	CA0107409	Yes	\$5,310,800	W	C
9	8419-610 ²⁸	San Diego, City of	Pure Water North City Pure Water Pipeline	No	No	\$0	\$33,739,200	\$0	\$0	\$0	\$0	\$0	\$33,739,200	CA0107409	Yes	\$33,739,200	W	C
9	8419-710 ²⁸	San Diego, City of	Pure Water North City Pure Water Facility	No	No	\$0	\$172,757,200	\$0	\$0	\$0	\$0	\$0	\$172,757,200	CA0107409	Yes	\$172,757,200	W	C
9	8419-810 ²⁸	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Water Portion)	No	No	\$0	\$12,808,400	\$0	\$0	\$0	\$0	\$0	\$12,808,400	CA0107409		\$12,808,400	W	C
9	8196-110	San Eljio Joint Powers Authority	SEJPA Recycled Water Phase II Project	No	No	\$0	\$600,000	\$2,500,000	\$3,100,000	\$0	\$0	\$0	\$6,200,000	TBD		\$3,100,000	W	C
Subtotal Group 7 =		72				\$0	\$1,522,567,753	\$13,563,731	\$98,090,860	\$22,500,000	\$51,881,857	\$0	\$1,708,604,201			\$618,407,901		
Group 8 - Application is Incomplete																		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
1	8466-110	Gualala CSD	Wastewater Planning Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R1-1992-0120		\$0		
1	8138-210	Klamath Community Services District	Klamath CSD Wastewater System Renovation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000	R1-2006-0003		\$0		
1	8373-110	Laytonville County Water District	Laytonville Wastewater Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$250,000	\$0	\$250,000	N/A		\$0		
1	8036-210	Loleta Community Services District	Sanitary Sewer Collection System Rehabilitation Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$1,163,978	\$0	\$1,163,978	R1-2014-0013		\$0		
1	8036-310	Loleta Community Services District	Loleta Wastewater Treatment and Disposal System Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$5,103,192	\$0	\$5,103,192	R1-2014-0013		\$0		
1	5924-110	Orick Community Services District	Orick Wastewater System Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$157,210	\$0	\$157,210	N/A		\$0		
1	8413-110	Redway Community Services District	RCSD Waste Water Improvements Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$498,414	\$0	\$498,414	R1-2017-0006		\$0		
1	8403-110	Rio Dell, City of	Rio Dell Sanitary Sewer Evaluation Study	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	WDR: 021161		\$0		
1	8467-110	Scotia Community Services District	Scotia WWTF Replacement Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	CA0006017		\$0		
1	8451-110	Sonoma County Water Agency	Monte Rio and Villa Grande Sewage Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	TBD		\$0		
1	8231-210	Yreka, City of	City of Yreka Wastewater Collection System Improvements	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000	R1-2003-0047		\$0		
3	8370-110	Castroville Community Service District	Moss Landing Wastewater Upgrades	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	TBD		\$0		
3	8224-110	Gonzales, City of	Natural Treatment and Reclamation at City of Gonzales WWTP	Yes	DAC	\$0	\$6,927,386	\$0	\$0	\$0	\$0	\$0	\$6,927,386	R3-2006-0005		\$0		
3	8385-110	Gonzales, City of	Sewer Extension to Alpine Court	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$250,000	\$0	\$250,000	TBD		\$0		
3	8399-110	San Miguel Sanitary District	San Miguel Wastewater Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$250,000	\$0	\$250,000	R3-1999-0046		\$0		
4	8156-110	Santa Clarita Valley Sanitation District	Chloride Compliance - Advanced Water Treatment Facility Project	No	No	\$0	\$88,737,000	\$0	\$0	\$0	\$0	\$0	\$88,737,000	CA0054313		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
4	8468-110	Saticoy Sanitary District	Saticoy Sanitary District Collection System and Wastewater Treatment Plant Rehabilitation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$250,000	\$0	\$250,000	R4-2013-0092		\$0		
5	8306-110	Adin Community Services District	Preliminary Engineering for Renovation of Wastewater System	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$419,000	\$0	\$419,000	DWQ-2014-0153		\$0		
5	8476-110	Allensworth Community Services District	Allensworth Wastewater Collection, Treatment, and Disposal Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	N/A		\$0		
5	8444-110	Anderson, City of	Wastewater and Solar Energy Efficiency Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,900,000	\$0	\$2,900,000	Pending		\$0		
5	8425-110	Beckwouth County Services Area	CSA Sewer Lift Station Replacement, II Study, Associate Sewer Pond Valves	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$9,790	\$0	\$9,790	2014-0153-DWQ		\$0		
5	7850-210	Calaveras County Water District	West Point and Wileyville Wastewater Treatment Facilities Consolidation Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$4,750,000	\$0	\$4,750,000	R5-1998-0044		\$0		
5	7896-310	Colusa, City of	Collection System Improvements Project	Yes	SDAC	\$0	\$2,800,000	\$0	\$0	\$0	\$2,000,000	\$0	\$4,800,000	R5-2016-0062		\$0		
5	8421-110	Colusa, City of	Walnut Ranch Construction Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,868,501	\$0	\$2,868,501	TBD		\$0		
5	8461-110	Dos Palos City of	Dos Palos Clean Water Planning Funding Assistance Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$355,900	\$0	\$355,900	TBD		\$0		
5	8493-110	Firebaugh, City of	Recycled Water Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	R5-1998-0230		\$0		
5	8325-110	Franklin County Water District	Solar Photovoltaic Generation at Franklin CWD WWTP	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$712,500	\$0	\$712,500	R5-1989-0171		\$0		
5	8410-110	Grenada Sanitary District	Grenada Sewer System	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$230,000	\$0	\$230,000	R5-1987-0121		\$0		
5	8480-110	Gridley, City of	Little Avenue Force Main and Lift Station	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$1,316,617	\$0	\$1,316,617	R5-2006-0127		\$0		
5	8109-210	Groveland Community Services District	Downtown Groveland and Big Oak Flat Sewer Collection System Improvements	Yes	DAC	\$0	\$1,461,392	\$0	\$0	\$0	\$4,384,176	\$0	\$5,845,568	R5-1987-0121		\$0		
5	8358-110	Gustine, City of	Water Meter Replacement Project	Yes	DAC	\$0	\$400,000	\$1,200,000	\$0	\$0	\$0	\$0	\$1,600,000	R5-1998-0039		\$1,600,000	W	C
5	7659-210	Kern, County of	South Shafter Sewer Project - Private Laterals and Septic Abandonment	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$3,397,320	\$0	\$3,397,320	R5-2009-0088		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only)	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
5	8477-110	Lake Berryessa Resort Improvement District	Groundwater Inflow Mitigation	Yes	TBD	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$0	\$2,000,000	R5-2013-0114		\$0		
5	8065-110	Lake County Sanitation District	Middletown Wastewater Treatment Plant	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$1,600,000	\$0	\$1,600,000	R5-1997-0249		\$0		
5	8367-110	Lanare Community Services District	Lanare Wastewater Collection, Treatment, and Disposal Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$370,000	\$0	\$370,000	N/A		\$0		
5	8360-110	Lost Hills Utility District	Wastewater Treatment Plant Expansion	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$401,500	\$0	\$401,500	R5-1980-0160		\$0		
5	7211-210	Madera, County of	Fairmead Septic to Sewer Project	Yes	SDAC	\$0	\$2,094,837	\$0	\$0	\$0	\$7,500,000	\$0	\$9,594,837	Pending		\$0		
5	8369-110	Madera, County of	Madera CSA No. 3 - Parksdale Sewer Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	Pending		\$0		
5	8206-210	Maricopa, City of	Sewer Collection System Improvements Project	Yes	SDAC	\$0	\$1,878,169	\$0	\$0	\$0	\$5,500,000	\$0	\$7,378,169	R5-2000-0153		\$0		
5	8453-110	Midway Community Services District	Midway Community Services District Sewer Collection System Rehabilitation	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$222,250	\$0	\$222,250	TBD		\$0		
5	8145-210	Newman, City of	Newman Wastewater Facility Land Application Expansion for McPike 1 Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,685,000	\$0	\$2,685,000	R5-2018-0024		\$0		
5	8469-110	Orland, City of	Road MM Sanitary Sewer Improvement Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$985,563	\$0	\$985,563	R5-2010-0087		\$0		
5	8374-110	Placerville, City of	Solar Photovoltaic (PV) for the WWTP	Yes	DAC	\$0	\$1,296,000	\$0	\$0	\$0	\$2,475,000	\$0	\$3,771,000	CA0078956		\$1,296,000	E	C
5	8422-110	Redding, City of	Wood Acres North Wastewater Collection and Disposal System	TBD	TBD	\$0	\$1,820,000	\$0	\$0	\$0	\$0	\$0	\$1,820,000	N/A		\$0		
5	8454-110	Sacramento Area Sewer District	Hood Community Septic Conversion Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$7,790,425	\$0	\$7,790,425	R5-2015-0133		\$0		
5	8455-110	Sacramento Area Sewer District	Linda Manor Community Septic Conversion	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$4,280,995	\$0	\$4,280,995	R5-2015-0133		\$0		
5	8456-110	Sacramento Area Sewer District	Orange Park Cove Septic to Sewer Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,877,257	\$0	\$2,877,257	R5-2015-0133		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ⁴	SMALL DAC SDAC ⁴	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only) ⁵	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁵	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
5	8457-110	Sacramento Area Sewer District	Old Florintown Septic to Sewer Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$6,800,341	\$0	\$6,800,341	R5-2015-0133		\$0		
5	8458-110	Sacramento Area Sewer District	Franklin Community Septic Conversion Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$8,000,000	\$0	\$8,000,000	R5-2015-0133		\$0		
5	8375-210	San Andreas Sanitary District	SASD Collection System Improvements Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,848,315	\$0	\$2,848,315	R5-2018-0075		\$0		
5	8427-110	South Dos Palos County Water District	South Dos Palos Wastewater Planning Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$147,470	\$0	\$147,470	TBD		\$0		
5	8447-110	Stockton, City of	Regional Wastewater Control Facilities Modifications	Yes	No	\$0	\$46,800,000	\$0	\$0	\$0	\$0	\$0	\$46,800,000	R5-2014-0070-01		\$0		
5	7767-210	Stratford Public Utility District	Wastewater Facilities Improvement Project	Yes	SDAC	\$0	\$1,067,850	\$0	\$0	\$0	\$5,500,250	\$0	\$6,568,100	2014-0153-DWQ		\$0		
5	8506-110	Sultana Community Services District	Sultana and Monson Wastewater Management Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	N/A		\$0		
5	8247-210	Tuolumne City Sanitary District	TCSD WWTP Improvement Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$0	\$2,000,000	R5-1995-0129		\$0		
5	8281-210	Tuolumne City Sanitary District	TCSD Collection System Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$0	\$6,000,000	R5-1995-0129		\$0		
5	8240-210	Tuolumne Utilities District	Sonora Regional Wastewater Treatment Facility Improvements	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000	R5-1994-0192		\$0		
5	8401-110	Waterford, City of	City of Waterford Wastewater Treatment Plant Improvement Project	Yes	DAC	\$0	\$0	\$0	\$0	\$0	\$140,000	\$0	\$140,000	R5-1994-0273		\$0		
6	8313-110	Herlong Public Utility District	West Patton Sewer Collection System	Yes	DAC	\$0	\$0	\$2,624,583	\$0	\$0	\$0	\$0	\$2,624,583	R6T-2016-0036		\$0		
7	8463-110	Coachella Valley Water District	Sunbird/Martinez Septic to Sewer Conversion Project	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$5,000,000	R7-1997-0500		\$0		
7	8326-110	Coachella, City of	Mesquite Septic-to-Sewer Project	Yes	SDAC	\$0	\$925,000	\$0	\$0	\$0	\$0	\$0	\$925,000	CA01104493		\$0		
7	8431-110	Hi-Desert Water District	Phase II and III Planning Project	TBD	DAC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	R7-2009-0059		\$0		

Region	Project Number	Agency	Project Name	Population < 20,000 ^{2,4}	SMALL DAC SDAC ^{3,4}	Estimated 2019 Capitalization Grant Projects	Estimated Other CWSRF Loan Funds SFY 2019/20	Estimated Principal Forgiveness (Cap Grant Funds Only) ⁵	Estimated Water Recycling Funding Program Loan	Estimated Water Recycling Funding Program Grant ⁶	Estimated Small Community Wastewater Grant	Other Proposition Funding - Groundwater	Estimated Total Financing	NPDES/MDR Permit Number	Proposed Equivalency & FFATA Projects ⁵	Federal Year 2019	Green Project Type ⁶	Determination Categorical (C) or Business Case (BC)
7	8006-110	Pueblo Unido Community Development Corporation	St. Anthony's Mobile Home Park Onsite Sewer System	Yes	SDAC	\$0	\$1,875,000	\$0	\$0	\$0	\$0	\$0	\$1,875,000	R7-2002-0128		\$0		
7	8481-110	Seeley County Water District	Wastewater Treatment Plant Improvements	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$657,300	\$0	\$657,300	CA0105023		\$0		
8	8491-110	Elsinore Valley Municipal Water District	Sedco Hills Septic to Sewer Planning	Yes	SDAC	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000	TBD		\$0		
Subtotal Group 8 =		65				\$0	\$158,082,634	\$3,824,583	\$0	\$0	\$128,548,264	\$0	\$290,455,481			\$2,896,000		
Total =		178				\$68,837,400	\$2,375,486,715	\$51,286,181	\$190,125,424	\$45,885,900	\$239,631,138	\$8,000,000	\$2,979,252,758			\$1,062,449,155		

Notes:

2019 CWSRF Cap Grant estimated to be \$114,729,000. PF at 40% = \$45,891,600. Available for Loans = \$68,837,400.

Fundable List grouping status is as of March 7, 2019.

1. Project numbers are for administrative purposes only. DFA may assign or reassign project numbers as necessary to administer fiscally discrete but technically interrelated and interdependent phases of a project. New or reassigned project numbers for projects on a Fundable List approved by the State Water Board will be automatically added to the Fundable List without further action.
2. Small SDAC or Small DAC status to be confirmed during full application review.
3. Principal forgiveness and grant funds are proposed for projects that meet the criteria in Appendix D, F, G, H, and I of this IUP. Selected projects and final funding amounts to be determined during project review period.
4. Projects that are placed on the fundable list as a result of an initial disadvantaged status determination that are later determined to not be disadvantaged will not be eligible for any Grant or Principal Forgiveness financing but will remain on the Fundable List and continue to be Fundable at any time, provided they meet all eligibility requirements.
5. Proposed FFATA and Equivalency Projects will be selected up to an equivalent amount equal to the 2019 Cap Grant Award.
6. Green Project Types: W= Water Efficiency; E = Energy Efficiency; I = Innovative.
7. The amounts on the Fundable List for the six projects or interrelated programs that are recommended for partial repayable funding in Scenario C and the amounts for Silicon Valley projects 8264-110, -210, and -710, San Francisco Public Utilities Commission 8372-110, and Los Angeles County Sanitation District 8154-110, which were approved for partial financing previously in the 2018-19 CWSRF IUP are maximum amounts. The total for each project or interrelated program may be allocated or reallocated to multiple financing agreements at the request of the applicant as long as the total funding does not exceed the total on the Fundable List for the project or interrelated program. The funding amounts are subject to potential increase in a future IUP. Each of the applicants recommended for partial funding appears capable of obtaining the remaining financing necessary to successfully complete the projects or interrelated programs. See projects listed in red text.
8. All projects on the Fundable List are subject to verification of eligibility for all potential funding sources.
9. For the California American Water Co. and San Diego Pure Water projects, the Deputy Director of DFA may structure the cumulative amount of financing provided to these two projects using any combination of CWSRF and DWSRF loan funds so long as the cumulative CWSRF loan does not exceed the sum of the loan funds identified on the CWSRF Fundable List above.

APPENDIX C: CWSRF Project Financing Forecast for SFY 2019-20 – Comprehensive List

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
2018/2019 Fundable List Rollovers			Sort Order = Total Priority Score, Agency Name, Project Number								
5	8160-210	American Valley Community Services District	Quincy - East Quincy Wastewater Treatment Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$12,680,000
1	8272-110	Arcata, City of	City of Arcata Wastewater Treatment Compliance Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
5	8392-110	Avenal, City of	Solar Photovoltaic Generation System at WWTP	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$4,815,000
5	8411-110	Big Sandy Rancheria of Western Mono Indians of California	Big Sandy Rancheria Wastewater System Installation and Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$373,982
7	8199-110	Borrego Water District	Wastewater Treatment Plant Upgrade	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$478,000
5	8095-110	Brentwood, City of	Wastewater Treatment Plant Expansion - Phase II	N/A	N/A	N/A	N/A	No	No	CWSRF	\$59,303,000
5	8108-210	Burney Water District	Burney Water District Wastewater Treatment Plant Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$6,148,000
5	8108-310	Burney Water District	Burney Water District Collection System Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$1,775,000
3	8370-110	Castroville Community Service District	Moss Landing Wastewater Upgrades	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$500,000
1	8400-110	Chester Public Utility District	Chester Public Utility District 2017 Wastewater Collection System Evaluation	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$340,970
7	8326-110	Coachella, City of	Mesquite Septic-to-Sewer Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF	\$925,000
5	7896-310	Colusa, City of	Collection System Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$4,800,000
1	8389-110	Dorris, City of	City of Dorris Wastewater Collection System and Lift Station Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$310,000
8	8364-110	Eastern Municipal Water District	Automated Metering Infrastructure Replacement	N/A	N/A	N/A	N/A	No	No	CWSRF	\$4,000,000
8	8336-110	Elsinore Valley Municipal Water District	Regional Water Reclamation Facility Upgrades	N/A	N/A	N/A	N/A	No	No	CWSRF	\$40,587,040
9	8059-110	Escondido, City of	Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$29,000,000
1	8405-110	Forestville Water District	2018 Sewer System Improvements	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$1,700,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
1	8335-110	Graton Community Services District	Graton CSD Sewer Repair and Rehabilitation Project	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$500,000
5	8109-210	Groveland Community Services District	Downtown Groveland and Big Oak Flat Sewer Collection System Improvements	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$5,845,568
5	8358-110	Gustine, City of	Water Meter Replacement Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF	\$1,600,000
6	8313-110	Herlong Public Utility District	West Patton Sewer Collection System	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF	\$2,624,583
7	7860-110	Hi-Desert Water District	Septic System Abatement & Private Lateral Installation	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$45,200,000
1	8309-110	Hoopa Valley Public Utilities District	Agency Sewage Treatment System	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$387,200
8	8167-110	Inland Empire Utilities Agency	Joint IEUA - JCSD Regional Water Recycling Program Phase I	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$32,000,000
8	8235-110	Inland Empire Utilities Agency	2015 Drought Relief - RP-1158 Recycled Water Pump Station Upgrades	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$4,000,000
8	8235-120	Inland Empire Utilities Agency	2015 Drought Relief - RP-5 Recycled Water Pipeline Bottleneck	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$2,755,000
8	8235-150	Inland Empire Utilities Agency	2015 Drought Relief - Baseline Extension Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$5,417,417
5	7886-110	Isleton, City of	Wastewater Treatment System Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$485,000
8	8167-120	Jurupa Community Services District	Joint IEUA - JCSD Regional Water Recycling Program	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$20,460,000
5	7659-210	Kern, County of	South Shafter Sewer Project - Private Laterals and Septic Abandonment	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$3,397,320
5	8359-110	Kettleman City Community Services District	Kettleman City Waste Water Improvement Project	N/A	N/A	N/A	N/A	Yes	TBD	SCG - WW	\$500,000
5	8065-110	Lake County Sanitation District	Middletown Wastewater Treatment Plant	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF	\$1,600,000
5	8367-110	Lanare Community Services District	Lanare Wastewater Collection, Treatment, and Disposal Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$370,000
1	8373-110	Laytonville County Water District	Laytonville Wastewater Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$250,000
4	8154-110	Los Angeles County Sanitation District No. 2	Carson JWPCP - Effluent Outfall Tunnel Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$127,230,000
5	7211-210	Madera, County of	Fairmead Septic to Sewer Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$9,594,837
5	8369-110	Madera, County of	Madera CSA No. 3 - Parksdale Sewer Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000
5	8276-110	McFarland, City of	City of McFarland Wastewater Treatment Plant Expansion	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$12,000,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
	2	Napa Sanitation District	Browns Valley Road Sewer Interceptor and West Napa Pump Station Improvements	N/A	N/A	N/A	N/A	No	No	CWSRF	\$20,000,000
	8	Ontario, City Of	City of Ontario Recycled Water Distribution System Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$22,639,084
	8	Orange County Water District	Groundwater Replenishment System Final Expansion	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$141,477,882
	8	Orange County Water District	Water Production Flow Enhancement Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$25,640,118
	5	Orange Cove, City of	Orange Cove WWTP Tertiary Treatment & Recycled Water Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$7,300,000
	1	Orick Community Services District	Orick Wastewater System Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$157,210
	6	Palmdale Recycled Water Authority	Recycled Water Line Phase 2	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$7,500,000
	6	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$57,400,000
	5	Parlier, City of	WWTP Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$8,033,000
	4	Pasadena, City of	Pasadena Non-Potable Water Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$25,325,000
	5	Patterson, City of	Wastewater Treatment Plant Expansion Phase III - Administration Building	N/A	N/A	N/A	N/A	No	No	CWSRF	\$2,084,000
	5	Placerville, City of	Solar Photovoltaic (PV) for the WWTP	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$3,300,000
	7	Pueblo Unido Community Development Corporation	St. Anthony's Mobile Home Park Onsite Sewer System	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF	\$1,875,000
	2	Richmond, City of	Wastewater Treatment Plant Critical Improvements Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$28,700,000
	1	Rio Dell, City of	Rio Dell Sanitary Sewer Evaluation Study	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$500,000
	5	Riverdale Public Utility District	Wastewater Treatment Plant Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$10,660,000
	5	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$85,562,844
	5	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$32,748,824
	1	Russian River County Sanitation District	Headworks and Lift Stations Condition Assessment Project	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$465,000
	1	Russian River County Sanitation District	Condition Assessment/Force Main System	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$500,000
	5	Sacramento Area Sewer District	Freeport Septic Conversion Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$3,350,324
	9	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$42,032,242

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
9	8196-110	San Eljo Joint Powers Authority	SEJPA Recycled Water Phase II Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$6,200,000
2	8371-110	San Francisco, Public Utilities Commission of the City & County of	CWWSIPTPOP03 OSP Digester Gas Utilization Upgrade	N/A	N/A	N/A	N/A	No	No	CWSRF	\$54,387,339
2	8372-110	San Francisco, Public Utilities Commission of the City & County of	CWWSIPDP01 SEP Biosolids Digester Facilities Project (BDFP)	N/A	N/A	N/A	N/A	No	No	CWSRF	\$132,000,000
4	8035-110	Santa Clarita Valley Sanitation District	Santa Clarita Valley Sanitation District UV Project (Phase 1)	N/A	N/A	N/A	N/A	No	No	CWSRF	\$20,985,376
4	8156-110	Santa Clarita Valley Sanitation District	Chloride Compliance - Advanced Water Treatment Facility Project	N/A	N/A	N/A	N/A	No	No	CWSRF	\$88,737,000
2	8264-110	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project – Tunnel and Gravity Pipeline (includes San Carlos Odor Control Facility)	N/A	N/A	N/A	N/A	No	No	CWSRF	\$71,000,000
2	8264-210	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - Front of Plant - Receiving Lift Station, Headworks, Influent Connector Pipe, Front of Plant Civil Site Work	N/A	N/A	N/A	N/A	No	No	CWSRF	\$49,000,000
2	8264-710	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - San Carlos Pump Station Demo	N/A	N/A	N/A	N/A	No	No	CWSRF	\$49,000,000
5	7767-210	Stratford Public Utility District	Wastewater Facilities Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$6,568,100
5	8247-210	Tuolumne City Sanitary District	TCSD WWTP Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$2,000,000
5	8281-210	Tuolumne City Sanitary District	TCSD Collection System Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$6,000,000
5	8401-110	Waterford, City of	City of Waterford Wastewater Treatment Plant Improvement Project	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$140,000
5	7878-210	Woodlake, City of	The City of Woodlake Sewer Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$5,500,000
8	8162-110	Yucaipa Valley Water District	Calimesa Recycled Water Conveyance Project	N/A	N/A	N/A	N/A	No	No	Water Recycling	\$5,620,525
								Projects =	74	Sub Total =	\$1,469,341,785
Projects with Automatic Fundable List Eligibility			Sort Order = Total Priority Score, Agency Name, Project Number								
5	8306-110	Adin Community Services District	Preliminary Engineering for Renovation of Wastewater System	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$419,000
5	8476-110	Allensworth Community Services District	Allensworth Wastewater Collection, Treatment, and Disposal Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
5	8444-110	Anderson, City of	Wastewater and Solar Energy Efficiency Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$2,900,000
5	8425-110	Beckworth County Services Area	CSA Sewer Lift Station Replacement, I/I Study, Associate Sewer Pond Valves	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$9,790

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population \leq 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing	
	5	8155-210	Biola Community Services District	Improvements Project at Wastewater Treatment Plant	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$5,850,000
	5	8409-110	Buttonwillow County WD	Buttonwillow Wastewater Collection Lines Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
	5	7850-210	Calaveras County Water District	West Point and Wilseyville Wastewater Treatment Facilities Consolidation Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$4,750,000
	7	8463-110	Coachella Valley Water District	Sunbird/Martinez Septic to Sewer Conversion Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$5,000,000
	5	8479-110	Colfax, City of	Sewer Collection System and Wastewater Treatment Plant Improvement	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000
	5	8421-110	Colusa, City of	Walnut Ranch Construction Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$2,868,501
	5	8461-110	Dos Palos City of	Dos Palos Clean Water Planning Funding Assistance Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$355,900
	5	8391-110	Earlmar Public Utility District	Interceptor and Sewer Relief Pipelines Project	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$500,000
	8	8491-110	Elsinore Valley Municipal Water District	Sedco Hills Septic to Sewer Planning	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$500,000
	5	8124-210	Firebaugh, City of	Wastewater Treatment Plant Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$6,858,000
	5	8493-110	Firebaugh, City of	Recycled Water Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000
	5	8325-110	Franklin County Water District	Solar Photovoltaic Generation at Franklin CWD WWTP	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$712,500
	3	8423-110	Freedom County Sanitary District	Freedom Sewer Rehabilitation Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$6,000,000
	3	8224-110	Gonzales, City of	Natural Treatment and Reclamation at City of Gonzales WWTP	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF	\$6,927,386
	3	8385-110	Gonzales, City of	Sewer Extension to Alpine Court	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$250,000
	5	8410-110	Grenada Sanitary District	Grenada Sewer System	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$230,000
	5	8480-110	Gridley, City of	Little Avenue Force Main and Lift Station	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$1,316,617
	1	8466-110	Gualala CSD	Wastewater Planning Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
	7	8431-110	Hi-Desert Water District	Phase II and III Planning Project	N/A	N/A	N/A	N/A	TBD	DAC	CWSRF SCG	\$1,000,000
	5	8052-210	Housing Authority of the County of San Joaquin	Housing Authority Thornton Wastewater Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$4,727,500
	5	8424-110	Kerman, City of	Sewer Collection System and WWTP Improvements	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000
	1	8138-210	Klamath Community Services District	Klamath CSD Wastewater System Renovation	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$5,500,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
5	8477-110	Lake Berryessa Resort Improvement District	Groundwater Inflow Mitigation	N/A	N/A	N/A	N/A	Yes	TBD	CWSRF SCG	\$2,000,000
5	7887-210	Live Oak, City of	WWTP Solar Installation	N/A	N/A	N/A	N/A	Yes	SDAC	SCG - WW	\$1,680,000
1	8036-210	Loleta Community Services District	Sanitary Sewer Collection System Rehabilitation Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$1,163,978
1	8036-310	Loleta Community Services District	Loleta Wastewater Treatment and Disposal System Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$5,103,192
5	8360-110	Lost Hills Utility District	Wastewater Treatment Plant Expansion	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$401,500
5	8206-210	Maricopa, City of	Sewer Collection System Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$7,378,169
6	8426-110	Markleeville Public Utility District	MPUD Sewer Pump Station Relocation Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$330,000
1	8429-110	Mendocino Unified School District	MUSD Grant Assistance and Master Planning - Recycled Water System	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
5	8453-110	Midway Community Services District	Midway Community Services District Sewer Collection System Rehabilitation	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$222,250
5	8473-110	Mokelumne Hill Sanitary District	MHSD Wastewater Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000
5	8145-210	Newman, City of	Newman Wastewater Facility Land Application Expansion for McPike 1 Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$2,685,000
5	8469-110	Orland, City of	Road MM Sanitary Sewer Improvement Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$985,563
5	8050-120	Paradise Irrigation District	Process Water Recycling Planning Project	N/A	N/A	N/A	N/A	Yes	TBD	CWSRF	\$2,200,000
1	8484-110	Point Arena, City of	Point Arena Infiltration, Inflow and Pipeline capacity Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$435,000
5	8422-110	Redding, City of	Wood Acres North Wastewater Collection and Disposal System	N/A	N/A	N/A	N/A	TBD	TBD	CWSRF	\$1,820,000
1	8413-110	Redway Community Services District	RCSD Waste Water Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$498,414
5	8454-110	Sacramento Area Sewer District	Hood Community Septic Conversion Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$7,790,425
5	8455-110	Sacramento Area Sewer District	Linda Manor Community Septic Conversion	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$4,280,995
5	8456-110	Sacramento Area Sewer District	Orange Park Cove Septic to Sewer Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$2,877,257
5	8457-110	Sacramento Area Sewer District	Old Florintown Septic to Sewer Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$6,800,341
5	8458-110	Sacramento Area Sewer District	Franklin Community Septic Conversion Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$8,000,000
7	8445-110	Salton Community Services District	Salton CSD Wastewater Collection System Evaluation	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$300,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing	
5	8375-210	San Andreas Sanitary District	SASD Collection System Improvements Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$2,848,315	
3	8399-110	San Miguel Sanitary District	San Miguel Wastewater Project	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$250,000	
4	8468-110	Saticoy Sanitary District	Saticoy Sanitary District Collection System and Wastewater Treatment Plant Rehabilitation	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$250,000	
1	8467-110	Scotia Community Services District	Scotia WWTF Replacement Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000	
7	8481-110	Seeley County Water District	Wastewater Treatment Plant Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$657,300	
5	8085-310	Shasta, County of	CSA 17 Collection System Improvement Project	N/A	N/A	N/A	N/A	Yes	DAC	SCG - WW	\$2,836,000	
1	8451-110	Sonoma County Water Agency	Monte Rio and Villa Grande Sewage Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000	
5	8427-110	South Dos Palos County Water District	South Dos Palos Wastewater Planning Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$147,470	
5	8506-110	Sultana Community Services District	Sultana and Monson Wastewater Management Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000	
5	8452-110	Sutter Creek, City of	Pre-Design for Wastewater Treatment Replacement Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$425,000	
1	8428-110	Trinity County Waterworks District #1	TCWW Waste Water Treatment Plant Upgrade to Produce Reclaimed Water	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000	
5	8240-210	Tuolumne Utilities District	Sonora Regional Wastewater Treatment Facility Improvements	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$5,500,000	
5	8408-110	Twain Harte Community Services District	Inflow/Infiltration Identification and Reduction Project	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$500,000	
7	8472-110	Twentynine Palms, City of	Wastewater Treatment System Feasibility and Preliminary Design	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$987,000	
1	8487-110	Ukiah, City of	Recycled Water Project Phase 4	N/A	N/A	N/A	N/A	No	DAC	Water Recycling	\$18,650,000	
1	8448-110	Weaverville Sanitary District	Weaverville Sanitary System Upgrade	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000	
1	8430-110	Weed, City of	Wastewater Treatment Facilities Improvements	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$500,000	
5	8225-210	Williams, City of	City of Williams Wastewater Collection System Improvement Project	N/A	N/A	N/A	N/A	Yes	SDAC	CWSRF SCG	\$5,500,000	
1	8231-210	Yreka, City of	City of Yreka Wastewater Collection System Improvements	N/A	N/A	N/A	N/A	Yes	DAC	CWSRF SCG	\$5,500,000	
								Projects =	67	Sub Total =	\$164,678,363	
Projects with Priority Scores			Sort Order - Total Priority Score, Agency Name, Project Number									
3	7844-110	California American Water	Monterey Peninsula Water Supply Project	9	2	4	15	No	No	CWSRF	\$279,200,000	

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
8	8251-110	Corona, City of	Corona Reclaimed Source Delivery Main (WRCRWA line)	7	3	4	14	No	No	CWSRF	\$1,281,600
2	8356-110	East Bay Municipal Utility District	South Interceptor 3rd Street Rehabilitation Project Phase 2	8	3	3	14	No	No	CWSRF	\$27,301,000
9	8112-110	Escondido, City of	Recycled Water Easterly Agriculture Distribution System	7	3	4	14	No	No	CWSRF	\$4,300,000
3	8185-210	Morro Bay, City of	Water Reclamation Facility Project	7	3	4	14	No	No	Water Recycling	\$105,105,167
4	8433-110	Oxnard, City of	City of Oxnard Treatment Plant Rehabilitation Projects	8	3	3	14	No	No	CWSRF	\$66,700,000
9	8419-110	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Wastewater Portion)	7	3	4	14	No	No	CWSRF	\$287,000,000
9	8419-210	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion	7	3	4	14	No	No	CWSRF	\$176,000,000
9	8419-310	San Diego, City of	Pure Water North City Metropolitan BioSolids Center Improvements	7	3	4	14	No	No	CWSRF	\$45,000,000
9	8419-410	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion and Influent Conveyance	7	3	4	14	No	No	CWSRF	\$40,000,000
9	8419-510	San Diego, City of	Pure Water North City Pure Water Pump Station	7	3	4	14	No	No	CWSRF	\$17,000,000
9	8419-610	San Diego, City of	Pure Water North City Pure Water Pipeline	7	3	4	14	No	No	CWSRF	\$108,000,000
9	8419-710	San Diego, City of	Pure Water North City Pure Water Facility	7	3	4	14	No	No	CWSRF	\$553,000,000
9	8419-810	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Water Portion)	7	3	4	14	No	No	CWSRF	\$41,000,000
2	8297-110	San Mateo-Foster City Public Financing Authority	The San Mateo Clean Water Program - Wastewater Treatment Plant	8	3	3	14	No	No	CWSRF	\$440,000,000
8	8322-110	Santa Ana, City of	San Lorenzo Sewer Lift Station	6	3	4	14	No	No	CWSRF	\$4,000,000
3	8436-110	Santa Cruz County Sanitation District	Valencia Creek Sewer Relocation Project	8	2	4	14	No	No	CWSRF	\$2,154,000
2	8238-110	Burbank Sanitary District	Scott Street and Backyard Easements Sanitary Sewer Rehabilitation Project	6	3	4	13	No	No	CWSRF	\$1,950,000
4	8354-110	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Lynwood	7	2	4	13	No	No	Water Recycling	\$13,331,400
4	8354-210	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - South Gate	7	2	4	13	No	No	Water Recycling	\$9,161,126
4	8354-310	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Bell Gardens	7	2	4	13	No	No	Water Recycling	\$5,093,792
2	8489-110	Central Contra Costa SD	Solids Handling Facilities Improvements, DP 7348	8	3	2	13	No	No	CWSRF	\$89,625,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
7	8470-110	Coachella Valley Water District	CVWD 2017/18 Non-Potable Water Connections Project	7	2	4	13	No	DAC	CWSRF	\$33,000,000
4	8398-110	Downey, City of	Green Street Project in Four Arterial Streets	6	3	4	13	No	No	CWSRF	\$4,000,000
3	8440-110	El Paso de Robles, City of	Paso Robles Recycled Water Distribution System	7	3	3	13	No	No	Water Recycling	\$19,414,000
8	8396-110	Hemet, City of	Sewer Main Replacement Project	6	3	4	13	No	No	CWSRF	\$8,000,000
8	8173-210	Inland Empire Utilities Agency	RP-5 Expansion Construction Project	7	2	4	13	No	No	CWSRF	\$325,000,000
8	8260-110	Inland Empire Utilities Agency	Distribution System/Wineville/Jurupa/RP-3 Recharge Improvements (PID 23a)	7	2	4	13	No	No	CWSRF	\$11,742,550
8	8414-110	Inland Empire Utilities Agency	Lower Day Basin Improvement Project	7	2	4	13	No	No	CWSRF	\$2,855,332
8	8415-110	Inland Empire Utilities Agency	Montclair Basin Improvement Project	7	2	4	13	No	No	CWSRF	\$1,273,857
9	8394-110	La Mesa, City of	Parkway Drive and Alvarado Road Trunk Sewer Phase 3 Upgrade Project	6	3	4	13	Yes	No	CWSRF	\$7,000,000
4	8495-110	Long Beach Water Dept	Sewer Collection Systems Improvements	6	3	4	13	No	No	CWSRF	\$2,600,000
2	8377-110	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	6	3	4	13	No	No	CWSRF	\$11,760,000
2	8490-110	Palo Alto, City of	Regional Water Quality Control Plant Primary Sedimentation and Electrical Upgrade	6	3	4	13	No	No	CWSRF	\$16,368,000
2	8286-110	San Francisco, Public Utilities Commission of the City & County of	CWWSIPSE02 SEP New Headworks (Grit) Replacement	6	3	4	13	No	No	CWSRF	\$358,630,542
8	8321-110	Santa Ana, City of	Sewer Collection System Improvements	6	3	4	13	Yes	No	CWSRF	\$9,500,000
8	8462-110	Elsinore Valley Municipal Water District	Regional Water Reclamation Facility Expansion	6	3	3	12	No	No	CWSRF	\$129,860,229
5	8486-110	Hidden Valley Lake Community Services District	I&I Remediation	8	2	2	12	Yes	No	CWSRF	\$850,000
8	8170-110	Inland Empire Utilities Agency	City of Pomona, Monte Vista Water District & IEUA Recycled Water Intertie Project	7	3	2	12	No	No	CWSRF	\$144,604,000
4	8063-110	Los Angeles, City of	DCTWRP Advanced Water Purification Facility	7	3	2	12	No	No	CWSRF	\$451,000,000
2	8499-110	Milpitas, City of	City of Milpitas Recycled Water Pipeline Extension	7	3	2	12	No	No	Water Recycling	\$61,217,000
4	8501-110	Sanitation Districts of Los Angeles County	216th Street Replacement Trunk Sewer Phase 2	8	2	2	12	No	No	CWSRF	\$6,535,000
2	8264-310	Silicon Valley Clean Water	Menlo Park Pump Station Rehabilitation	6	2	4	12	No	No	CWSRF	\$25,000,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
2	8264-410	Silicon Valley Clean Water	Redwood City Pump Station Rehabilitation	6	2	4	12	No	No	CWSRF	\$28,000,000
2	8264-510	Silicon Valley Clean Water	Belmont Pipeline Rehabilitation	6	2	4	12	No	No	CWSRF	\$3,000,000
2	8264-610	Silicon Valley Clean Water	Belmont Pump Station Rehabilitation	6	2	4	12	No	No	CWSRF	\$11,000,000
5	8447-110	Stockton, City of	Regional Wastewater Control Facilities Modifications	8	3	2	13	No	No	CWSRF	\$150,000,000
2	8497-110	Union Sanitary District	Primary Digester No. 7 Project	6	3	3	12	No	No	CWSRF	\$25,000,000
5	8037-210	Amador Water Agency	AWA Wastewater Treatment Plant Upgrade for Lake Camanche Village Unit 6	8	3	0	11	Yes	No	CWSRF SCG	\$5,665,000
2	8459-110	Association of Bay Area Governments	Nature-Based Shoreline Infrastructures: Design, Monitoring, and Technical Guidance	6	3	2	11	No	No	CWSRF	\$999,999
4	8442-110	Downey, City of	Fruman Park/Rio Honda Elementary School Recycled Water Extension and Irrigation	7	2	2	11	No	No	Water Recycling	\$1,200,000
8	8395-110	Hemet, City of	Automated Water Metering Infrastructure	4	3	4	11	No	No	CWSRF	\$3,400,000
9	8382-110	Laguna Beach, City of	Sewer System Replacement Project	6	3	2	11	No	No	CWSRF	\$2,150,000
9	8383-110	Laguna Beach, City of	Coastal Treatment Plant Facility Improvement Project	4	3	4	11	No	No	CWSRF	\$6,250,000
4	8450-110	Long Beach Water Dept	Automated Meter Infrastructure	4	3	4	11	Yes	No	CWSRF	\$6,500,000
2	8494-110	Oro Loma Sanitary District	Wet Weather Basin Expansion Project	6	3	2	11	No	No	CWSRF	\$26,000,000
9	8504-110	San Diego, City of	Los Peñasquitos Lagoon Restoration Phase I	6	3	3	11	No	No	CWSRF	\$27,444,700
4	8500-110	Sanitation Districts of Los Angeles County	Main Street Trunk Sewer Rehabilitation	6	2	3	11	No	No	CWSRF	\$2,700,000
8	8435-110	Santa Ana, City of	Automated Water Metering Infrastructure	4	3	4	11	Yes	No	CWSRF	\$8,000,000
4	8434-110	Simi Valley, City of	Energy Updates - City of Simi Valley Water Quality Control Plant	4	3	4	11	No	No	CWSRF	\$4,000,000
9	8308-210	South Coast Water District	Monarch Beach Drive/ Stonehill Recycled Water Distribution	7	2	2	11	No	No	Water Recycling	\$4,332,000
2	8483-110	Sunnyvale, City of	Secondary Treatment and Dewatering Facilities	6	3	2	11	No	No	CWSRF	\$215,096,000
2	8498-110	Union Sanitary District	Standby Power Generation System Upgrade Project	6	3	2	11	No	No	CWSRF	\$28,000,000
4	8114-110	West Basin Municipal Water District	Recycled Water Supply for Palos Verdes Golf Course	7	2	2	11	No	No	Water Recycling	\$7,308,400
2	8293-110	West County Wastewater District	WPCP and Collection System Improvements - Phase I	6	2	3	11	No	No	CWSRF	\$35,960,846
5	8362-110	Yuba City, City of	Wastewater Treatment Facility Improvements 2017-18	6	3	2	11	No	No	CWSRF	\$22,800,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
2	8158-110	Benicia, City of	Benicia Water Reuse Project	7	3	0	10	No	No	CWSRF	\$27,101,543
5	8446-110	Biggs-West Gridley Water District	Infrastructure Modernization and Canal Operations Decision Support	7	2	1	10	Yes	No	CWSRF	\$734,364
2	8503-110	Delta Diablo	East County Bioenergy Project: Organics Co-digestion	7	3	0	10	No	No	CWSRF	\$30,000,000
5	8342-110	Hidden Valley Lake Community Services District	Hidden Valley Lake Community Services District water and energy conservation project	6	0	4	10	Yes	No	CWSRF	\$2,000,000
8	8194-110	San Bernardino, City	Clean Water Factory	7	3	0	10	No	No	CWSRF	\$248,780,000
2	8416-110	Silicon Valley Clean Water	Solar Energy and Energy Storage	4	2	4	10	No	No	CWSRF	\$4,000,000
2	8293-120	West County Wastewater District	WPCP and Collection System Improvements - Phase II	6	2	2	10	No	No	CWSRF	\$16,606,154
5	8420-110	Browns Valley Irrigation District	Tennessee Ditch Canal Modernization and Hydroelectric Project	4	3	2	9	No	No	CWSRF	\$4,319,000
2	8502-110	Daly City, City of	Vista Grande Drainage Basin Improvement Project	4	3	2	9	No	No	Water Recycling	\$93,651,134
4	8201-110	Las Virgenes Municipal Water District	AMR/AMI Implementation	4	2	3	9	No	No	CWSRF	\$7,837,066
3	8492-110	Monterey One Water	Winter Recycled Water Use Efficiency Improvements	7	0	2	9	No	No	Water Recycling	\$7,034,705
8	8496-110	Redlands, City of	City of Redlands Wastewater Treatment Plant Rehabilitation Project	6	3	0	9	No	No	CWSRF	\$31,000,000
8	8478-110	Santa Ana, City of	Septic to Sewer Island	6	3	0	9	Yes	No	CWSRF	\$1,529,220
5	8384-110	Woodland, City of	Spring Lake Recycled Water Project	7	0	2	9	No	No	Water Recycling	\$2,600,000
6	8475-110	Eastern Sierra Community Service District	Plant Expansion and Nutrient Removal	8	0	0	8	Yes	No	CWSRF	\$6,512,335
5	8380-110	Lincoln, City of	Wastewater Treatment and Reclamation Facility (WWTRF) Phase 1 and Phase 2 Expansion Project	4	2	2	8	No	No	CWSRF	\$44,525,000
R2	8263-110	Santa Clara Valley Water District	South Santa Clara County Recycled Water Project (Phases 1B/2A)	7	0	1	8	No	No	CWSRF	\$6,999,000
3	8248-110	South San Luis Obispo County Sanitation District	Redundancy Project	6	0	2	8	No	No	CWSRF	\$19,040,000
7	8379-110	Brawley, City of	City of Brawley Automated Water Meter installation and Integration	4	3	0	7	No	TBD	CWSRF	\$8,852,994
2	8285-210	Central Marin Sanitation Agency	Cogeneration System Design and Construction	4	3	0	7	No	No	CWSRF	\$10,007,000
8	8343-110	Colton, City of	Colton Wastewater Systems Upgrade Planning Project	2	3	2	7	No	DAC	CWSRF	\$6,900,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
R4	8094-110	La Puente Valley County Water District	LPVCWD Recycled Water Project	7	0	0	7	No	No	CWSRF	\$6,430,875
9	8319-110	Laguna Beach, City of	Coastal Treatment Plant Export Sludge Force Main	4	3	0	7	No	No	CWSRF	\$1,743,253
2	8300-110	Novato Sanitary District	Novato CoGeneration Project	4	3	0	7	No	No	CWSRF	\$4,036,500
3	8255-110	Pismo Beach, City of	Regional Groundwater Sustainability Project	7	0	0	7	No	No	CWSRF	\$33,682,000
3	8508-110	Santa Barbara, City of	El Estero Wastewater Treatment Plant Electrical Distribution Renewal Project	4	3	0	7	No	No	CWSRF	\$20,100,000
4	8216-140	Santa Clarita Valley Water Agency	CLWA Recycled Water Project - Phase 2A	7	0	0	7	No	No	CWSRF	\$24,210,000
2	8482-110	Sunnyvale, City of	Administration and Laboratory Building	2	3	2	7	No	No	CWSRF	\$49,500,000
2	7814-110	San Mateo County Fair Oaks Sewer Maintenance District	Collection System Improvement Project	6	0	0	6	No	No	CWSRF	\$5,400,000
2	8298-110	San Mateo, City of	The San Mateo Clean Water Program - Basin 1	2	3	0	5	No	No	CWSRF	\$39,000,000
5	8460-110	Georgetown Divide Public Utility District	Automated Meter Reading and Meter Replacement Project	4	0	0	4	Yes	No	CWSRF	\$1,745,800
4	8316-110	Sanitation Districts of Los Angeles County	Joint Water Pollution Control Plant Biogas Conditioning System	2	2	0	4	No	No	CWSRF	\$5,275,000
4	8098-110	Central Basin Municipal Water District	East Los Angeles Recycled Water Expansion Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$33,500,000
4	8099-110	Central Basin Municipal Water District	West San Gabriel Recycled Water Expansion Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$9,654,000
4	8340-110	Central Basin Municipal Water District	La Mirada Recycled Water Expansion Project	N/A	N/A	N/A	Not Scored	No	No	Water Recycling	\$18,700,000
5	8507-110	Del Puerto Water District	Del Puerto Water District Irrigation System Improvement Project II	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$5,000,000
2	8214-110	Las Gallinas Valley Sanitary District	Las Gallinas Rehabilitation and Recycled Water Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$35,500,000
2	8294-110	Marin County, Sanitary District No. 1 of	Large Diameter Gravity Sewer Rehabilitation Project II	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$8,417,000
2	8295-110	Marin County, Sanitary District No. 1 of	Pump Stations 12 and 13	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$7,662,400
2	8296-110	Marin County, Sanitary District No. 1 of	FY 16/17 Gravity Sewer Improvement Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$17,895,000

Clean Water Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score ^{2,3,4}	Population ≤ 20,000	Initial DAC/SDAC Status ¹	Proposed Funding Source Program	Estimated Total Financing
8	8287-110	Monte Vista Water District	Phase 2 Recycled Water Distribution System Expansion Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$3,259,954
2	8381-110	Palo Alto, City of	Palo Alto Recycled Water Pipeline Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$48,677,054
2	8417-110	Palo Alto, City of	Advanced Water Purification System (AWPS) 1 MGD Project	N/A	N/A	N/A	Not Scored	No	No	CWSRF	\$20,992,000
8	8273-120	Riverside, City of	Jackson Street Recycled Water Pipeline, Phase II	N/A	N/A	N/A	Not Scored	No	No	Water Recycling	\$9,500,000
								Projects =	110	Sub Total =	\$5,561,130,891
								Total Projects =	251	Total =	\$7,195,151,039
2018/2019 Fundable List Rollovers =		\$1,469,341,785									
Automatic Fundable List Eligibility =		\$164,678,363									
Projects with Priority Scores =		\$5,561,130,891									

Notes:

Projects are shown with status as of 3/7/2019.

1. SDAC or DAC status to be confirmed during full application review.

2. Priority Score does not apply to 18/19 Fundable list rollover projects. Public Health projects, SDAC and DAC projects are not required to be scored.

3. Projects that are placed on the fundable list as a result of an initial disadvantaged status determination that are later determined to not be disadvantaged will not be eligible for any Grant or Principal Forgiveness financing.

4. Applicants that requested to remain on the comprehensive list and not be considered for funding on the 2019/2020 IUP are shown as "Not Scored". These projects will be considered for the 2020/2021 IUP funding cycle.

APPENDIX D: Principal Forgiveness Eligibility Criteria

Eligible Applicants:	Any municipality, intermunicipal, interstate, or state agency (regardless of population, MHI, or wastewater rates). ⁴⁸
Project Types:	Any CWSRF eligible project consistent with the Green Project Reserve: Guidance for Determining Project Eligibility that implements a process, material, technique, or technology to address water-efficiency or energy-efficiency goals, mitigate stormwater runoff, or encourage sustainable planning, design, and construction. This includes, but is not limited to, water or energy conservation assessments, audits, or plans, water reuse, water or energy reducing devices, and water meters.
PF Amount ⁴⁹ :	
1.	For water or energy conservation assessments, audits, or planning, 100 percent (100%) of actual costs up to \$35,000 in PF.
2.	For all other projects, 50 percent (50%) of total, actual costs associated with water or energy conservation or sustainable planning, design, or construction up to \$4.0 million in PF ⁵⁰ .
3.	Projects that implement a nationally designated estuary plan may receive PF up to 75 percent (75%) of eligible project costs. Cumulative PF shall not exceed \$1 million per estuary plan area in any state fiscal year.

⁴⁸ Municipality includes a federally recognized Indian tribe or an authorized Indian tribal organization.

⁴⁹ No project, except SDAC and DAC projects, that receives CWSRF PF or grant may receive more than 50 percent (50%) combined PF and grant funding, regardless of the source of grant funding. Grant funding includes any funding that does not require repayment by the recipient.

⁵⁰ GPR projects may receive separate planning or design PF financing at a rate of 75 percent (75%) of eligible GPR planning or design costs up to a maximum of \$500,000 if requested, but the combined planning, design, and construction/implementation costs eligible for PF may not exceed the lesser of 50 percent (50%) of total eligible GPR cost or \$4.0 million.

APPENDIX E: SCG Fund Balance

	Projected 7/1/18 – 6/30/19	Projected 7/1/19 – 6/30/20
Beginning Balance	\$41,181,397	\$41,558,056
Collected	\$8,489,643	\$7,649,975
Spent	(\$8,112,984)	(\$10,000,000)
End Balance*	\$41,558,056	\$39,208,031

*Ending Balance does not account for existing

APPENDIX F: SCG Construction Grant Eligibility Criteria

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Heritage Commission consult list				
Eligible Project Type	CWSRF-eligible wastewater projects ⁵¹				
Affordability Criteria			Grant Amount		
Population ⁵²	Community MHI ⁵³	Wastewater Rates as a Percentage of MHI ⁵⁴	Percentage of Total Eligible Project Cost	Maximum Grant Amount Per Project ^{55, 56, 57, 58, 59}	Maximum Cost Per Household / Project
<20,000	MHI ≤ 100% Statewide MHI	≥4%	50%	\$6 million	\$30,000
	DAC <80% of Statewide MHI	≥1.5%	75% ⁶⁰		
	SDAC <60% of Statewide MHI	NA	100%		

APPENDIX G: SCG Construction Grant Eligibility Criteria for Septic to Sewer and Regional Projects

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Commission consult list				
Eligible Project Type	CWSRF-eligible wastewater projects ⁵¹				
Affordability Criteria			Grant Amount		
Population ⁵²	Community MHI ⁵³	Wastewater Rates as a Percentage of MHI ⁵⁴	Percentage of Total Eligible Project Cost ^{55, 56, 57, 58}	Maximum Grant Amount Per Project	Maximum Cost Per Household / Project
<20,000	MHI ≤100% Statewide MHI	≥4%	50%	\$8 million	\$75,000
	DAC <80% of Statewide MHI	≥1.5%	75% ⁵⁹		
	SDAC <60% of Statewide MHI	NA	100%		

⁵¹ SCG construction grants are limited to: a) projects approved for funding after June 19, 2019 (consistent with the CWSRF Policy, planning and design costs incurred prior to funding approval may be reimbursed upon execution of the funding agreement) or b) DFA-approved cost increases approved after June 19, 2019, for planning or construction projects approved prior to June 19, 2019, if such increases are consistent with the funding criteria and limitations herein.

⁵² Projects must be primarily geared toward addressing residential needs of permanent residents, except that wastewater systems solely serving K-12 public schools are also eligible. At least 50 percent (50%) of the dwellings or dwelling units must be the primary dwelling of permanent residents for a community or community area. Permanent residents means

residents who reside in the community at least six months out of the year, except that seasonal, migrant laborers can be counted.

⁵³ Wastewater systems that solely serve a K-12 public school are deemed to serve a SDAC, as the primary users are minor students with incomes below 60 percent (60%) of the statewide MHI. In the case of oversubscription, grants may be limited to Title I schools.

⁵⁴ For the purposes of calculating rates as a percentage of MHI, service charges plus other costs specifically related to the wastewater system may be considered, including but not limited to, dedicated sales tax revenue, assessments, and fees. If a CWSRF-eligible wastewater project consists of improvements to the drinking water system, the drinking water rates and charges may be considered in lieu of wastewater rates and charges. For systems serving facilities such as labor camps or mobile home parks, DFA may elect to approve up to 100 percent (100%) grant up to a maximum of \$6 million. Even if 100 percent (100%) grant is approved, DFA staff will review projected revenues and expenses to confirm adequate revenues to operate and maintain the project.

⁵⁵ To ensure that available funds are distributed to a large cross-section of communities throughout California, a single community may not receive cumulatively more than \$8 million in SCG and PF funding in any given five-year period.

⁵⁶ For projects that connect previously unsewered areas or join communities to regionalize wastewater treatment works consistent with the CWSRF Policy, SCG funds will be allocated to each community served by the project on a per community basis, rather than a per project basis.

⁵⁷ Even if 100 percent (100%) grant is approved for a project, the recipient is required to demonstrate financial capacity to operate and maintain the wastewater system.

⁵⁸ On a case-by-case basis, for good cause, the Deputy Director of DFA may approve additional construction grant funds over the maximum grant amount for interest and fees related to bridge loan financing. These fees will only be paid for active construction projects experiencing a delay of reimbursements exceeding 45 days.

⁵⁹ For small DACs with wastewater rates at least two percent (2%) of community MHI, if the community's credit review shows inadequate revenues to afford repayment of the remaining project costs, the grant percentage may be increased to as high as 100 percent (100%), as necessary to approve financing for the project. In addition, for small DACs with wastewater rates at least 1.5 percent (1.5%) of community MHI, DFA has discretion to increase the grant percentage to as high as 100 percent (100%), if the community's unemployment rate is at least two percent (2%) higher than the statewide average, or if declining population trends or low population densities impact the community's ability to afford financing.

APPENDIX H: SCG Planning Grants Eligibility Criteria⁶⁰

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Heritage Commission consult list		
Affordability Criteria		Grant Amount	
Population	Community MHI	Percent of Total Project Cost	Maximum Grant Per Project ⁶¹
<20,000	DAC <80 percent of Statewide MHI	100 percent	\$500,000

⁶⁰ Where an applicant cannot demonstrate financial capacity to operate and maintain the wastewater system, it may be eligible for a planning grant if the scope of planning work assists in establishing the financial capacity to operate and maintain the system, including a proposed infrastructure project, in preparation for an eventual construction funding agreement. Examples of tasks that assist in establishing financial capacity include wastewater rate studies, budget development, Proposition 218 technical assistance, and capital improvement planning.

⁶¹ For a regional planning project, the Deputy Director of DFA may approve more than \$500,000 in SCG funds, not to exceed \$500,000 in SCG funding per community included in the regional plan. A community may not receive more than \$1,000,000 in total planning costs (\$500,000 for treatment plant upgrades plus \$500,000 for collection system improvements). On a case-by-case basis, for good cause, the Deputy Director of DFA may approve additional planning grant funds. Upon the Deputy Director of DFA's determination of sufficient planning funding needs, more than 15 percent (15%) of the funds available per Prop 1 may be used to fund planning and technical assistance activities.

APPENDIX I: WRFPP Grant and Loan Calculations

Eligible Applicants:	See WRFPP Guidelines		
Funding Type	Eligible Project Costs ⁶²	Percentage of Total Eligible Project Cost	Maximum Grant or PF Amount Per Project ⁶³
Planning Grant	Planning	50%	\$150,000
Construction Grant	Construction, not including construction allowances ⁶⁴	35%	\$5,000,000
Construction Loan	Planning, Design, and Construction ⁶⁵	50% ⁶⁶	N/A
Note: Where the eligibility criteria and grant and loan calculations for the WRFPP described in this IUP and appendices conflict with the WRFPP Guidelines, the IUP and appendices will supersede.			

⁶² Eligible project costs are defined in the WRFPP Guidelines.

⁶³ Except for SDAC and DAC projects, no project receiving CWSRF PF or grant will receive more than 50 percent (50%) combined PF and grant funding, regardless of the funding source. Grant funding includes any funding that does not require repayment by the recipient.

⁶⁴ Construction allowances are defined as construction change orders, construction management, and engineering during construction and are not eligible for WRFPP construction grant funding.

⁶⁵ Eligible planning, design, and construction costs as defined by WRFPP Guidelines and CWSRF Policy.

⁶⁶ At least 50 percent local cost share match must be provided by the applicant, whether through repayable CWSRF financing, the applicant's own revenues, or other repayable financing. Local cost share match may be reduced for communities that meet the Small Disadvantaged Community criteria established in the CWSRF Policy and IUP.

APPENDIX J: Administration Fund Balance

	7/1/18 – 12/31/18	Projected 1/1/19 – 6/30/19	Projected 7/1/19 – 12/31/19
Beginning	\$15,300,323	\$15,271,362	\$12,968,563
Collected	\$4,471,039	\$2,197,201	\$13,795,886
Spent	(\$4,500,000)	(\$4,500,000)	(\$9,000,000)
End Balance	\$15,271,362	\$12,968,563	\$17,764,449

APPENDIX K: CWSRF Capitalization Grant Payments and Draw Payments

Payments*				
	SFY 19-20 Q1	SFY 19-20 Q2	SFY 19-20 Q3	SFY 19-20 Q4
FFY 2019 Grant	\$117,000,000 (Date of Award)			
Draws *				
FFY 2017 Grant	\$5,142,957	\$5,930,936	\$12,310,198	\$3,169,523
FFY 2018 Grant	\$0	\$0	\$0	\$0
FFY 2019 Grant	\$0	\$0	\$0	\$0
Cumulative Draws	\$5,142,957	\$5,930,936	\$12,310,198	\$3,169,523

VIII. ACRONYMS

A/E	Architectural and Engineering
AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
CalEPA	California Environmental Protection Agency
CBR	Clean Water State Revolving Fund Benefits Reporting
CFR	Code of Federal Regulations
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DBE	Disadvantaged Business Enterprise
DFA	Division of Financial Assistance
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FI\$CAL	Financial Information System for California
FSP	Fiscal Sustainability Plan
GAAP	Generally Accepted Accounting Principles
GPR	Green Project Reserve
GWGP	Groundwater Grant Program
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
LID	Low Impact Development
MHI	Median Household Income
NIMS	National Information Management System
OCC	Office of Chief Counsel
PF	Principal Forgiveness
POTW	Publicly Owned Treatment Works
PY	Personnel Years
SCG	Small Community Grant
SDAC	Severely Disadvantaged Community
SERP	State Environmental Review Process
SFY	State Fiscal Year
SWGPP	Stormwater Grant Program
TA	Technical Assistance
U.S. EPA	United States Environmental Protection Agency
WIFIA	Water Infrastructure Finance and Innovation Act
WRFP	Water Recycling Funding Program
WRRDA	Water Resources Reform and Development Act of 2014

CALIFORNIA-AMERICAN WATER COMPANY

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

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. 9161-W
Cal. P.U.C. Sheet No. 9156-W

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff
AC	Water Cost of Capital Adjustment Mechanism	9036-W
AD	Water Contamination Litigation Expense Memorandum Account	9037-W
AE	West Placer Memorandum Account	9038-W
AF	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Account (MCBA)	9039-W, 9040-W, 9041-W, 9042-W
AG	Leak Adjustments Memorandum Account (LAMA)	9043-W
AH	Low Income Customer Data Sharing Memorandum Account	9044-W
AI	Operational Energy Efficiency Program Memorandum Account (OEEPMA)	9045-W, 9046-W
AJ	Purchased Water, Purchased Power, & Pump Tax Balancing Account	9047-W
AK	Temporary Interest Rate Balancing Account (TIRBA)	9048-W
AL	School Lead Testing Memorandum Account	9049-W
AM	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9154-W
AN	Dunnigan Consulting Memorandum Account	9051-W
AO	Water-Energy Nexus Program Memorandum Account	9052-W
AP	PCWA SFF Memorandum Account	9053-W
AQ	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9054-W
AR	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9055-W
AS	Tax Cuts and Jobs Act Memorandum Account	9056-W
AT	General Rate Case Interim Rate True-up Memorandum Account	9057-W
AU	Cost of Capital Memorandum Account	9058-W
AV	Monterey County District Leak Adjustment Balancing Account	9059-W
AW	Tax Accounting Memorandum Account (TMA)	9060-W
AX	MPWSP Phase 1 Project Cost Memorandum Account (PCMA)	XXXX-W
AY	MPWSP Construction Fund Charge Memorandum Account (CFMA)	XXXX-W
AZ	MPWSP Operations and Maintenance Memorandum Account (MOMMA)	XXXX-W
BA	Credit Card Memorandum Account	9125-W
BB	Groundwater Management Memorandum Account	9155-W
BC	Rio Plaza Transaction Memorandum Account	9162-W

(N)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1245	J. T. LINAM	Date Filed <u>June 12, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>July 12, 2019</u>
		Resolution _____

655 W. Broadway, Suite 1410

San Diego, CA 92101

PRELIMINARY STATEMENT
(Continued)

Sheet 58

BA. Credit Card Fee Memorandum Account

(N)

1. **PURPOSE:** The purpose of the Credit Card Fee Memorandum Account (CCFMA) is to track the fees that have been waived as well as the cost savings that result from the use of a credit card compared to the costs associated with bank fees and lock box fees that will go into effect because of the Decision 18.12.021. This Memorandum Account is established in accordance with the Final GRC Decision 18-12-021, dated December 20, 2018, and effective tracking February 15, 2019.
2. **APPLICABILITY:** Applicable to all service areas served by California American Water.
3. **ACCOUNTING PROCEDURE:**
 - a. The following entries will be recorded monthly in the CCFMA:
 1. Debit the CCFMA for costs associated with implementing the pilot program, using the appropriate WBS element
 2. Debit the CCFMA for the costs of the waived transaction fees for utilizing bill payment options, including but not limited to credit card, debit card, and prepaid card bill payment options, using the appropriate WBS elements
 3. The decision states that cost savings from this program will also be included in and reduce this account balance. Under the pilot program the Company will track types of billing and payment used, volume of customer shut-off notices and shut-offs, and lockbox payments at a minimum. The Company will work through quantifying these cost savings.
 4. The CCFMA will accrue interest at the 90 day commercial paper rate
 5. The CCFMA will be recorded by district
 6. The duration of the pilot program is limited to the Company's current rate case cycle, which ends on 12/31/2020.
 7. The estimated amount of the deferral through 12/31/2020 is less than \$100,000
 8. The program is anticipated to begin in 2019
4. AB 1180 provides that the costs of the pilot program may not be recovered from specified low-income customers and this should be specified in the preliminary statement for the memorandum account.
5. **EFFECTIVE DATE:** The Credit Card Fee Memorandum Account shall go into effect April 26, 2019.
6. **RATEMAKING PROCEDURE:** In accordance with D.18-12-021, there is currently no ratemaking component to the memorandum account.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1241	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

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San Diego, CA 92101

PRELIMINARY STATEMENT
(Continued)

Sheet 78

BB. Groundwater Management Memorandum Account

(N)

1. **PURPOSE:** The purpose of this memorandum account is to recover the cost associated with Fox Canyon Groundwater Management Agency (GMA) Ordinance Code restricting the quantities pumped and surcharging production in excess of those amounts or the purchase of in lieu water to avoid the payment of the surcharges. The authority to establish this account was granted by Commission Decision No 94-06-033, June 22, 1994.

2. **APPLICABILITY:** Applicable to Rio Plaza, California American Water (Cal-Am).

3. **ACCOUNTING PROCEDURE:**

Cal-Am may maintain a memorandum account for its expenses and other recovery/reimbursements in connection with the GMA Ordinance Code. These expenses must be additional or incremental to those allowed in Cal-Am last general rate case proceeding. Cal-Am shall make entries to this account at the end of each month as follows:

- a. Debit entries equal to the incremental or additional amounts recorded in Cal-Am administrative and general expense accounts that were incurred as a result of the exceeding their production under the terms of the GMA Ordinance Code.
- b. Credit or Debit entries equal to the average balances in the memorandum account in accordance with the 90-day commercial paper rate.
- c. Credit entries equal to the proceeds received by Cal-Am from customer billings authorized by the Commission.

In addition, the water utility shall file an advice letter to the Commission detailing the charges to this account for cost recovery from the customers. Recovery of a memorandum account requires full justification of all expenses and a recorded earnings test for the calendar period during which the expense was incurred. Recovery of memorandum accounts should be spread across all utility service that have benefitted from the actions that resulted from the money spent and booked to the memorandum account.

(N)

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(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1244	J. T. LINAM	Date Filed _____
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

CALIFORNIA-AMERICAN WATER COMPANY

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

Original

Cal. P.U.C. Sheet No.

9162-W

PRELIMINARY STATEMENT
(Continued)

Sheet 79

BC. Rio Plaza Transaction Memorandum Account

(N)

California-American Water Company (Cal-Am) request to establish a Rio Plaza Transaction Memorandum Account.

1. **PURPOSE:** The purpose of this advice letter filing is to request the Rio Plaza Transaction Memorandum Account to track all costs resulting from the purchase of Rio Plaza Water Company. Inc. Examples of such costs include, but are not limited to, outside legal expenses, engineering, surveying, the appraisal, and other professional activities necessary to complete the transaction, including costs associated with the noticing of customers.
2. **APPLICABILITY:** California American Water's Los Angeles District – Rio Plaza Service Area.
3. **ACCOUNTING PROCEDUE:** California-American Water Company shall maintain the Rio Plaza Transaction Memo Account by making entries at the end of each month as follows:
 - a. A debit entry will be created to capture costs associated with the account.
 - b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
 - c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account (CEBA) upon Commission approval.
4. **RATEMAKING PROCEDURE:** There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund

(N)

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(TO BE INSERTED BY UTILITY)

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DIRECTOR - Rates & Regulatory

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