

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 26, 2022

Ms. Marlene F. Demery, Receiver  
Twin Valley Water Inc., Receivership  
P.O. Box 615  
Castroville, CA 95012

**Notice of Non-Compliance – Twin Valley Water Inc., Receivership has filed an incomplete Annual Report for the year ended December 31, 2020**

Dear Ms. Demery:

The purpose of this letter is to inform you that Twin Valley Water Inc., Receivership (TVW) must file a completed 2020 Annual Report to comply with California Public Utilities (PU) Code Sections 581, 582, 584 and the directives of the California Public Utilities Commission (CPUC).

PU Code Sections 581, 582, 584 and CPUC's General Order (G.O.) 104-A grant authority to the CPUC to require all public utilities doing business in California to file reports in the form specified by the CPUC. On January 26, 2021, CPUC's Water Division (WD) issued a memorandum requiring all water and sewer utilities to file their Annual Reports by April 30, 2021. Pursuant to PU Code Section 314.5, the CPUC has statutory responsibility to review or audit the books and records of your company, including but not limited to TVW's regulatory basis financial statements contained in the Annual Report required to be filed with the CPUC.

Pursuant to PU Code Section 314.5, the Utility Audits Branch (UAB) of the CPUC selected TVW's 2020 Annual Report for review. After our preliminary review of TVW's 2020 Annual Report filed with the WD on July 15, 2021, we noted that TVW's required financial schedules were not completed and contained no data. TVW included a notation on the last page explaining that the tax profit and loss statement was provided in lieu of the completed financial schedules in the Annual Report. We reviewed TVW's 2020 Schedule C (Form 1040) Profit or Loss for Business and 2020 Form 1041 Two-Year Comparison, which were submitted with its Annual Report. However, it appears that TVW's Schedule C is prepared in accordance with tax basis of accounting; and it does not meet the CPUC's Annual Report filing requirement that each utility shall prepare financial statements in its Annual Report in accordance with the regulatory basis of accounting set forth in the Uniform System of Accounts (USOA) adopted in CPUC Decision 16-11-006. TVW's failure to file a completed 2020 Annual Report constitutes a limitation on our review scope. Therefore, we are unable to complete our review of TVW's 2020 Annual Report. UAB will publish this non-compliance letter on our public website at [Audit Reports by Industry \(ca.gov\)](https://www.cpuc.ca.gov/AuditReportsbyIndustry). This letter also serves to meet the intention of the audit requirements specified in PU Code Section 314.5.

The CPUC reserves the right for further regulatory actions if TVW continues to be non-compliant. Pursuant to Resolution W-4799, CPUC has the authority to take prompt actions, including issuing citations and imposing fines, against any water or sewer utility that fails to correct the non-compliance or violation in a timely manner. A complete copy of the Resolution can be accessed at [https://docs.cpuc.ca.gov/PublishedDocs/WORD\\_PDF/FINAL\\_RESOLUTION/109215.PDF](https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/109215.PDF).

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If TVW has filed a revised 2020 Annual Report with the WD in compliance with the CPUC filing requirements prior to the date of this letter, please provide us the proof of TVW's filing; and we will be pleased to correct our records. Please contact us at [UtilityAudits@cpuc.ca.gov](mailto:UtilityAudits@cpuc.ca.gov) if you have any questions.

Sincerely,

*Angie Williams*

Angie Williams, Director  
Utility Audits, Risk and Compliance Division

cc: Rachel Peterson, Executive Director, CPUC  
Kristin Stauffacher, Deputy Executive Director, Office of the Commission, CPUC  
Terence Shia, Director, Water Division, CPUC  
Masha Vorobyova, Assistant Director, UAB, CPUC  
Bruce DeBerry, Program Manager, Water Division, CPUC  
Raymond Yin, Program and Project Supervisor, UAB, CPUC