

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 19, 2022

Mr. Larry Barrett, Receiver
Golden Hills Sanitation Company
P.O. Box 1118
Tehachapi, CA 93561

Notice of Noncompliance – Golden Hills Sanitation Company has filed an incomplete Annual Report for the year ended December 31, 2021

Dear Mr. Barrett:

The purpose of this letter is to inform you that Golden Hills Sanitation Company (GHSC) filed a substantially incomplete 2021 Annual Report with the California Public Utilities Commission (CPUC); and therefore, GHSC did not comply with the filing requirements specified under the California Public Utilities (PU) Code Sections 581, 582, 584, and the CPUC Water Division's (WD) memo dated January 20, 2022.

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 20, 2022, WD issued a memorandum requiring all water and sewer utilities to file their Annual Reports by April 30, 2022. 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 GHSC'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 GHSC's 2021 Annual Report for review. After our preliminary review of GHSC's 2021 Annual Report filed with the WD on April 30, 2022, we noted that GHSC's required financial schedules were substantially incomplete. Specifically, other than Schedules B, B-1, B-2, B-3, E, G, I, and J, the required data in all other schedules of GHSC's 2021 Annual Report are missing. GHSC's failure to file a completed 2021 Annual Report constitutes a limitation on our review scope. Therefore, we are unable to complete our review of GHSC's 2021 Annual Report. UAB will publish this noncompliance letter on our public website at [Audit Reports by Industry \(ca.gov\)](https://www.cpuc.ca.gov/Audit-Reports-by-Industry). This letter also serves to meet the intention of the audit requirements specified in PU Code Section 314.5.

In your letter dated September 7, 2022, to the UAB, you explained that GHSC went into a receivership in April 2012. You indicated that GHSC's prior Receiver did not receive much of the needed records and information, including data necessary to fully complete the Annual Report. You also stated that when you inherited GHSC's wastewater treatment system as its second Receiver in 2021, much of the essential records were unavailable. In your letter, you also expressed that you are seeking to engage a Certified Public Accountant to assist you in completing GHSC's 2022 Annual Report based on UAB's recommendation. We appreciate your willingness to accept our recommendation. However, GHSC's Annual report for the 2021 year remains incomplete and noncompliant with the requirements discussed above. To comply with the annual report filing

Mr. Larry Barrett, Receiver
Golden Hills Sanitation Company
September 19, 2022
Page 2

requirements of the PU Code and CPUC's directives, GHSC must file complete annual reports on a going forward basis beginning with the 2022 Annual Report.

The CPUC reserves the right for further regulatory actions if GHSC continues to be noncompliant. 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 noncompliance 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.

Please contact us at 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
Khusbindar Kaur, Senior Management Auditor, UAB, CPUC
Sam Niepoth, Staff Services Management Auditor, UAB, CPUC