

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 8, 2020

To: ALL CLASS A WATER UTILITIES

Re: Request for Audited Financial Statements and 10-K Reports

California Public Utilities (PU) Code, Sections 313 and 314, grant the California Public Utilities Commission (CPUC) broad authority to obtain information and documents from public utilities. Section 314.5 requires the CPUC to review or audit the books of public utilities. Sections 581 through 591, and General Order (G.O.) No. 104-A of the CPUC grant authority to the CPUC to require all public utilities doing business in California to provide reports as specified by the CPUC.

On September 18, 2019, the CPUC requested your company to provide the following documents for the preceding year on or before June 1 each year:

- 1) Audited Financial Statements for your company and related Management Letter issued by an independent Certified Public Accountant (CPA).
- 2) 10-K reports for your company filed with the United States Securities and Exchange Commission (SEC), if applicable.
- 3) If a Class A water utility's CPA audited financial statements or the 10-K reports were presented on a consolidated basis with its parent company, the Class A water utility company shall request its independent CPA to submit directly to the Commission the consolidating schedules which contain audited financial statements for the Class A water utility as a stand-alone subsidiary.
- 4) In cases where a Class A water utility's CPA audited financial statements, Management Letter, or 10-K report were amended, the Class A water utility shall file the amended documents with the Director within 30 days of occurrence.

Please submit an electronic version of the requested documents through email by the due date to the Utility Audits Branch (UAB) at [UtilityAudits@cpuc.ca.gov](mailto:UtilityAudits@cpuc.ca.gov).

***To streamline the process, the CPUC has modified the filing requirements effective for the year ending December 31, 2020 and thereafter. Your company is directed to submit the following documents to the UAB on or before June 1 each year beginning June 1, 2021.***

- 1) ***An audited financial statements and related Management Letters, issued by an independent CPA, of your Class A water utility company's operation in California as a stand-alone entity. That is, CPUC will no longer accept consolidated financial statements with affiliated entities. If your company owns separate Class A water utilities in California, they should be treated as separate entities for the purposes of this request; and, therefore you should submit separate CPA audited financial statements for each entity operating in California.***

- 2) ***If any updates or corrections are made to the documents provided to the CPUC, then a signed cover letter providing a written explanation of the update/change to the reports affected, along with the revised reports shall be submitted electronically to the UAB within 30 days of the occurrence.***
- 3) ***Your company should no longer submit to the UAB the 10-K or 10-Q reports to be filed with the SEC.***

CPUC staff caution against the indiscriminate use of PU Code Section 583 to classify as "confidential" information in the reports filed with the CPUC. It has been the long-term practice of the CPUC to release similar reports to the public upon request. In general, such reports are public records, and if they fail to meet the requirements of G.O. 66-D or the exemptions of the California Public Records Act (California Government Code Sections 6250-6276.48), they are required to be available for public inspection. Even those records which are exempted from public inspection can be made public upon the determination of the CPUC that the public interest served by disclosure outweighs the public interest served by not disclosing (California Government Code Section 6255).

The policy of the California Public Records Act and the practices of the CPUC favor making public records readily available to the public. Accordingly, if your company plans to claim confidential status for any information submitted in the company's reports, CPUC staff advises that your company shall follow the procedures required in G.O. 66-D, and that any such claim be prominently noted and supported by a detailed explanation of the reasons and facts that substantiate the necessity for confidential treatment. The mere allegation of being placed in an unfair business disadvantage is insufficient to establish it as a fact. Furthermore, data publicly exposed in other contexts (e.g. corporation annual reports, SEC disclosure filings, etc.) should not be claimed to be confidential information when submitted in accordance with the enclosures.

If certain information in the submitted reports are confidential, your company can submit a request for confidential treatment of such information by following these procedures: The utility shall submit two signed copies of the full and complete version of the report and two signed copies of the report with the claimed confidential information removed and the term "REDACTED" inserted in the blank area. The electronic versions of both reports (i.e., confidential version and public version) should also be submitted to the CPUC the same way as directed in the preceding paragraphs. Requests by the public to review documents for which confidential treatment has been requested shall be handled pursuant to G.O. 66-D.

If you have any questions concerning this request, please contact Raymond Yin, at [Raymond.Yin@cpuc.ca.gov](mailto:Raymond.Yin@cpuc.ca.gov).

Sincerely,

*Angie Williams*

Angie Williams, Director  
Utility Audits, Risk and Compliance Division

April 8, 2020

Page 3

cc: Alice Stebbins, Executive Director, CPUC  
Lucian Filler, Deputy Executive Director, CPUC  
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