

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: Suburban Water Systems

Date Mailed to Service List: May 24, 2022

District: n/a

CPUC Utility #: U – 339-W

Protest Deadline (20th Day): May 11, 2022

Advice Letter #: 368-W-A

Review Deadline (30th Day): May 21, 2022

Tier:
 1 2 3 Compliance

Requested Effective Date: April 21, 2022

Authorization:

Rate Impact: n/a

Description: Supplemental to Advice Letter 368-W

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Kiki Carlson

Utility Contact: Carmelitha Bordelon

Phone: (626) 543-2553

Phone: (626) 543-2547

Email: kcarlson@swwc.com

Email: cbordelon@swwc.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPROVED

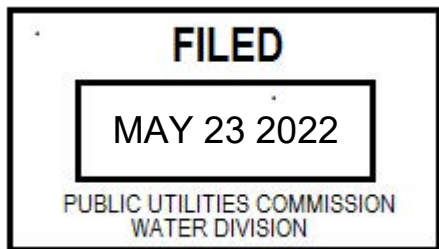
WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



SUPPLEMENT



**Suburban
Water Systems**

A SouthWest Water Company

1325 N. Grand Ave. Ste. 100, Covina, CA 91724-4044
Phone: 626.543.2500, Fax: 626.331.4848
www.swwc.com

U-339-W

VIA EMAIL

ADVICE LETTER NO. 368-W-A

May 23, 2022

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suburban Water Systems (“Suburban”) hereby submits this supplemental Tier 1 advice letter filing requesting authority to revise the preliminary statement on Income Tax Component of Contribution Provision as previously filed on April 21, 2022. The original filing complies with Section 80601 of H.R. 3684 and in accordance with Water Division letter dated February 11, 2022.

The request to the updated tariff sheet correct the missing “January 1, 2021” reference which is the effective date of H.R. 3684 Section 80601. The following shows the change to the tariff sheet:

- Tariff sheet 1850-W, Preliminary Statement – AA (Income Tax Component of Contribution Provision)
 1. General:
All Contributions in Aid of Construction and Advances for Construction (Contributions) made to the Utility (1) after December 31, 1985 and before June 13, 1996, or (2) after December 22, 2017 and before January 1, 2021, pursuant to its tariffs for purposes of furnishing water related services shall include a cost component to cover the Utility’s costs associated with additional Federal Income Taxes resulting therefrom.

Furthermore, with the passage of H.R. 3684, the federal taxation of all water infrastructure contributed to a water utility as Contributions in Aid of Construction was eliminated. Suburban has not made any federal income tax collections associated with Contributions in Aid of Construction or Advances since January 1, 2021.

Tier Designation and Effective Date

Pursuant to General Order (GO) 96-B, Water Industry Rule 7.3.1(3), this advice letter is submitted with a Tier 1 designation.

Suburban requests that the advice letter is effective on April 21, 2022, the date of advice letter 368-W was filed with the Commission.

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

In compliance with General Rule 4.3 and 7.2 and Water Industry Rule 4.1 of General Order 96-B, a copy of this advice letter has been mailed or electronically transmitted to all interested and affected parties as detailed in Attachment A.

Sincerely,

/s/Kiki Carlson

Kiki Carlson
Regulatory Affairs Manager

SUBURBAN WATER SYSTEMS
Distribution List

Attachment A

Page 1 of 3

Director Of Public Works
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of West Covina
1444 W. Garvey Ave. South
West Covina, CA 91790

City Attorney
City of Whittier
13230 E. Penn Street
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City Clerk
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La Mirada, CA 90638

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10 Civic Center Plaza, 3rd. Floor
Santa Ana, CA 92701

City Clerk
City of Covina
125 East College Blvd.
Covina, CA 91723

City Attorney
City of Covina
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Director of Public Works
City of Buena Park
6650 Beach Blvd.
Buena Park, CA 90621

City of Santa Fe Springs
Department of Public Works
11710 E. Telegraph Road
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California Advocates Office Water Branch
California Public Utilities Commission
PublicAdvocatesWater@cpuc.ca.gov

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Attn: Water Department
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SUBURBAN WATER SYSTEMS
Distribution List

Page 3 of 3

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City of Azusa
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PRELIMINARY STATEMENT
(Continued)

AA. Income Tax Component of Contribution Provision

(N)

1. General:

All Contributions in Aid of Construction and Advances for Construction (Contributions) made to the Utility (1) after December 31, 1985 and before June 13, 1996, or (2) after December 22, 2017 and before January 1, 2021, pursuant to its tariffs for purposes of furnishing water related services shall include a cost component to cover the Utility's costs associated with additional Federal Income Taxes resulting therefrom.

Contributions made to the Utility on or after January 1, 1992 and before June 13, 1996 shall also include a cost component to cover the Utility's costs associated with additional State Income Taxes resulting therefrom.

2. Definition:

a. Contributions In Aid of Construction (CIAC) and Advances In Aid of Construction (AIAC) shall include, but not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the Utility. The value of all contributions and advances shall be based on the Utility's estimates.

Contributions and advances shall consist of two components for the purpose of recorded transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The balance of the contribution or advance

b. Eminent Domain: For purposes of administering this part of the Preliminary Statement, an Eminent Domain Agency is any federal, state, county, or local governmental or quasi-governmental agency that has the general authority or is able readily to obtain the authority to condemn property for public good upon the award and payment of just compensation.

c. Involuntary Conversion: Where, in the opinion of the Utility, payments or other forms of compensation received by the Utility from an Eminent Domain Agency satisfy the requirements of Internal Revenue Code Section (IRC §) 1033 as an Involuntary Conversion, the value of such payments, property or other permissible forms of compensation will not be treated as taxable income by the Utility and, as a result, the ITC component of the Contribution will not be collected. Generally, the nontaxable provisions of IRC §1033 are satisfied if (1) the Eminent Domain Agency initiates condemnation proceedings, or (2) the Utility receives notice of intent by the Eminent Domain Entity to acquire the property before the initiation of condemnation proceedings, or (3) it can be demonstrated that it was reasonable to believe that the Utility was compelled to dispose of the property by the impending consequences.

(N)

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 368-W-A

Craig D. Gott

Date Filed

Name

Decision No.

President

Effective

Title

Resolution No.