

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

Advice Letter Cover Sheet

Utility Name: Lake Alpine Water Company

Date Mailed to Service List:

May 24, 2022

CPUC Utility #: WTD 148

Protest Deadline (20th Day):

June 13, 2022

Advice Letter #: 135-W

Review Deadline (30th Day):

June 23, 2022

Tier 1 2 3 Compliance

Requested Effective Date:

January 1, 2021

Authorization NA

Rate Impact: 0

Description: Update Tariff Rule 15 to comply with changes
in the federal tax law relating to CIAC

0%

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: Kimi Johnson

Utility Contact 2:

Phone: 209-753-2409

Phone 2:

Email: info@lakealpinewater.com

Email 2:

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



Lake Alpine Water Company

May 23, 2022

Advice Letter No. 135-W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA:

LAKE ALPINE WATER COMPANY (LAWC), U148W, hereby transmits for filing one original and one copy of this advice letter (AL) and the following tariff sheets which are enclosed:

<u>New Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Sheet No.</u>
611-W	Rule 15, Main Extensions	551-W
612-W	Table of Contents	610-W

Request:

By Advice Letter (AL) No. 100-W, LAWC requests approval to modify the income tax component for the “contribution” provisions in Tariff Rule 15 to reflect changes in H.R. 3684, the “Infrastructure Investment Jobs Act.” The changes to its Tariff Rule 15 bring the utility into compliance with Section 80601 of H.R. 3684.

Background:

The 117th United States Congress enacted the Infrastructure Investment and Jobs Act (H.R 3684) that was signed into law by President Biden on November 15, 2021. 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 (CIAC) was eliminated. Now only water and sewer services cost of connections are treated as taxable income. This effectively changes the applicability of the income tax component (“ITC”) in Tariff Rule 15, retroactive to January 1, 2021. H.R. 3684 also eliminated the taxability of grants received from government agencies, except for grants related to water services.

The State of California did not change its laws regarding the taxability of CIAC. Therefore, there are no changes to Rule 15 with respect to state taxation.

Tier Designation and Requested Effective Date:

This AL and the enclosed tariff sheets are submitted pursuant to General Order (GO) 96-B. AL 135-W is designated as a Tier 1 AL and the enclosed tariff sheets will be come effective upon filing.

Notice:

A copy of this AL has been served to all parties listed on the service list on the last page of this AL. This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

Response or Protest:

Anyone may respond to or protest this AL. 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 grounds are:

- (1) The utility did not properly serve or give notice of the AL;



Lake Alpine Water Company

- (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 re-litigating 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. A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this AL is filed.

The address for mailing or delivering a protest is:

California Public Utilities Commission, Water Division, 3rd Floor
505 Van Ness Avenue, San Francisco, CA 94102
water.division@cpuc.ca.gov

On the same date the response or protest is submitted to the Commission, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Kimi Johnson, General Manager
Lake Alpine Water Company
PO BOX 5013
Bear Valley, CA 95223
Email: info@lakealpinewater.com

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

Replies:

The utility shall reply to each protest and may reply to any response. Any reply must be received by the Division of Water and Audits within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

Rule 15
MAIN EXTENSIONS (Continued)

E. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION

1. Contributions in Aid of Construction and Advances for Construction shall include, but are not limited to cash, services, facilities, facilities fees, labor, property, grants received from government agencies, and income taxes thereon provided by applicant to the utility. (N)
The value of all contributions shall be based upon the utility's estimates. (N)
Contributions shall consist of two components for the purpose of recording transactions as follows: (N)
- a. Income Tax Component (ITC), and (N)
 - b. The balance of the contributions and advances. (N)
2. The ITC shall be calculated by multiplying the balance of the contribution by the ITC factor of: (N)
- | <u>Type of Contribution</u> | <u>ITC Factors</u> | |
|---|--------------------|-----|
| Contributed water and sewer infrastructure
(Federal tax exempt; only State taxes are applicable) | 9.7% | (N) |
| Costs for water service connections
(Federal and State taxes are applicable) | 42.5% | (N) |
3. The tax factor is established using Method 2 as set forth in D. 87-09-026 in I. 86-11-019. (N)
4. This tariff is effective as of January 1, 2021. (N)

SPECIAL CONDITIONS

The ITC factor has been derived from Federal corporate tax rate of 21% and State corporate tax rate of 8.84% and will be in effect until the utility's taxable income changes drastically. When and if that occurs, the utility will file an advice letter showing the new rates and cancel out this sheet. Federal tax gross-ups are not required for contributions and advances used for facilities after January 1, 2021. (N)

Advice Letter No. 135-W
Decision No.

Issued by
Kimi Johnson
General Manager

Date filed
Effective
Resolution No.

TABLE OF CONTENTS

The Following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information:

<u>Subject Matter of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>	
Title Page	592-W	
Table of Contents	612-W, 513-W	(T)
Preliminary Statement	7-W, 8-W, 491-W, 492-W, 501-W	
Service Area Map	299-W	
 Rate Schedules:		
Schedule No. 1A, Annual Metered Service	605-W, 543-W	
Schedule No. 1B, SDWSRF Loan Surcharge Metered Service	609-W	
Schedule No. 1C, SDWSRF Loan Surcharge Undeveloped Lots	451-W	
Schedule No. 1S, Snow Making Water	585-W	
Schedule No. 4, Private fire Protection Service	606-W, 504-W	
Schedule No. F, Facilities Fees	607-W	
Schedule No. LC, Late Payment Charge	590-W	
Schedule No. UF, Surcharge to Fund Public Utilities		
Commission Reimbursement Fee	588-W	
List of Contracts & Deviations	586-W	
 Rules:		
No. 1 Definitions	560-W, 561-W	
No. 2 Description of Service	86-W	
No. 3 Application for Service	13-W, 301-W	
No. 4 Contracts	14-W	
No. 5 Special Information Required on Forms	562-W - 564-W	
No. 6 Establishment & Re-establishment of Credit	17-W	
No. 7 Deposits	384-W, 385-W	
No. 8 Notices	565-W - 567-W	
No. 9 Rendering and Payment of Bills	333-W - 334-W	
No. 10 Disputed Bills	568-W, 569-W	
No. 11 Discontinuance & Restoration of Service	570-W - 579-W	
No. 12 Information Available to Public	28-W, 29-W	
No. 13 Temporary Service	30-W, 31-W	
No. 14 Continuity of Service	32-W	
No. 14.1 Water Conservation & Rationing Plan	596-W-603-W	
No. 15 Main Extensions	241-W - 253-W, 611-W	(C)
No. 16 Service Connections, Meters, and Customer's Facilities	254-W - 260-W	
No. 17 Standards for Measurement of Service	144-W	
No. 18 Meter Tests and Adjustment of Bills for Meter Error	51-W - 53-W	
No. 19 Service to Separate Premises and Multiple Units, and Resale of Water	173-W, 174-W	
No. 20 Water Conservation	294-W	
No. 21 Fire Protection	295-W	
No. 22 Customer Information Sharing	510-W	

(Continued)

Advice Letter No. 135

Issued by
Kimi Johnson

Date Filed _____

Decision No. _____

General Manager

Effective _____

Resolution No: ____

Lake Alpine Water Company W-148 Service List

Creekside Condo Associations
Amber Watts, Manager
ambercreeksidecondos@gmail.com

Bear Valley Homeowners
Association
paulnordic@sbcglobal.net

Alpine County Public Works
jchevallier@alpinecountyca.gov

Paul Peterson, Bear Valley Condo
Management Company
paulnordic@sbcglobal.net

Bear Valley Water District
Jeff.Gouveia@bvwd.ca.gov

Anita Taff-Rice, Attorney
anita@icommlaw.com

Tom MacBride, Attorney
tmacbride@DowneyBrand.com

Gloria Dralla, RLAWC
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Stephen Schwabauer, Bear Valley
Resident, Inc.
steveschwabauer@yahoo.com

Terry Woodrow, County Supervisor
twoodrow@alpinecountyca.gov

Eric Jung, BV Real Estate and Cub
Reporter
eric@bearvalleyrealestate.com

Joel Barnett, Bear Valley Business
Association
joel@bearvalleyrealestate.com

Bruce Orvis, LAWC Co-owner
bporvis@juno.com


Tim Schimke, Skyline Bear Valley
Resort
tims@bearvalley.com

Don Schulz, LAWC Board Member
don@mgib.net

I hereby certify that I have this day, May 24, 2022, served a copy of Advice Letter 135-W on the parties listed on the above Service List by email.

Executed in Bear Valley, CA on May 24, 2022.

Lake Alpine Water Company, Inc.


By: _____
Kimi Johnson, General Manager