

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

**Advice Letter Cover Sheet**

**Utility Name: SONORA WATER CO., INC.**

**Date Mailed to Service List: May 20, 2022**

**CPUC Utility #: 55-10024**

**Protest Deadline (20<sup>th</sup> Day): 6/10/2022**

**Advice Letter #: 82-W (Revised)**

**Review Deadline (30<sup>th</sup> Day): 6/20/2022**

**Tier X\_1 \_2 \_3 \_\_Compliance**

**Requested Effective Date: Immediately**

**Authorization:**

**Rate Impact: -0-**

**Description: Tariff Sheets, Rule No. 15 Addition  
To Comply with Section 80601 of H.R. 3684 Changes in Federal Tax Law associated with  
Contributions in Aid of Construction.**

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.

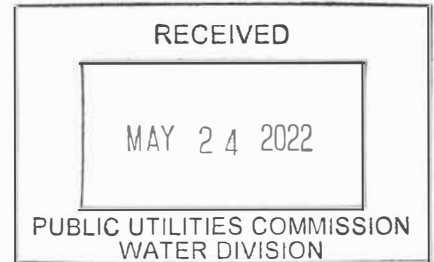
**Utility Contact: Beverly Brown**

**Utility Contact 2:**

**Phone: 2090 532-4806**

**Phone 2:**

**Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)**



**DWA Contact: Tariff Unit**

**Phone: (415)703-1133**

**Email: [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)**

---

**DWA USE ONLY**

DATE	STAFF	COMMENTS
_____	_____	_____
_____	_____	_____

Approved                       Withdrawn                       Rejected

**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**Comments:** \_\_\_\_\_  
\_\_\_\_\_

SONORA WATER COMPANY  
PO Box 2196 Columbia, CA 95310  
Telephone: 209-532-4806  
Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)

May 20, 2022

Advice letter (AL) No. 82-W (Revised)

**TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Sonora Water Company (SWC) hereby transmits for filing one original and one copy of this advice letter (AL) and the following tariff sheets which are enclosed:

<b><u>NEW SHEET #</u></b>	<b><u>TITLE</u></b>	<b><u>CANCELLING SHEET</u></b>
403-W	Table of Contents	402-W
404-W	Main Extensions D/4	121-W

**REQUEST**

By Advice Letter (AL) No. 82-W Sonora Water Company 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. Specifically:

In response to the change in the Federal Tax Law by the enactment and the signing into Law, Section 80601 of the H.R. 3684 changes the Federal Law concerning the income tax implication associated with Contributions in Aid of Construction, as well as government grant funds received, effective January 1, 2021 under H.R. 3684. Further, any collections under Methods 2 or 5 as applicable to a utility's Rule 15 associated with Contributions in Aid of Construction or advances that are no longer taxable under H>R. 3684 should immediately cease, and any such collections that were received after December 31, 2020 should be refunded, without interest, to the contributor.

**BACKGROUND**

As enacted by the 117<sup>th</sup> United States Congress, the Infrastructure Investment and Jobs Act (H.R. 3684) and signed into law by the President, Section 80601 of H.R. 3684 changes the federal tax law concerning the income tax implications associated with Contributions in Aid of Construction as well as government grant funds received. This change impacts investor-owned water and sewer utilities.

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.

SONORA WATER COMPANY  
PO Box 2196 Columbia, CA 95310  
Telephone: 209-532-4806  
Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)

### **TIER DESIGNATION AND REQUESTED EFFECTION DATE**

This AL and the enclosed tariff sheets are submitted pursuant to General Order (GO) 96-B. AL 82-W is designated as a Tier 1 AL and the enclosed tariff sheets will become effective upon filing 1.

### **NOTICE**

As this Advice Letter is for compliance with H.R. 3684, no additional notice to customers is required.

### **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:
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 relitgating 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.

---

1 GO. 96-b, Water Industry Rule 7.3.1

2 GO. 96-B, General Rule 7.4.1

SONORA WATER COMPANY  
PO BOX 2196 COLUMBIA, CA 95310  
Telephone: 209-532-4806  
Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)

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 top the utility.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. The addresses for submitting a response or protest are:

**Mailing Address:**

California Public Utilities  
Commission  
Water Division, 3<sup>rd</sup> Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

**Email Address:**

[Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to Sonora Water Company at:

**Mailing Address:**

Sonora Water Company  
PO Box 2196  
Columbia, CA 95310

Email Address:

[sonorawatercompany@gmail.com](mailto:sonorawatercompany@gmail.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, 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 WD within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

**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	351-W	(T)
Table of Contents	403-W, 321-W	(T)
Preliminary Statement	7-W, 8-W, 309-W, 310-W, 337-W, 338-W	
Service Area Map	177-W	
<b>Rate Schedules:</b>		
Schedule No 1A, Monthly Metered Service	400-W	
Schedule No. 4, Private Fire Protection Service	401-W	
Schedule No. LC, Late Payment Charge	234-W	
Schedule UF, Surcharge to Fund PUC Reimbursement Fee	394-W	©
Schedule F, Facilities Fees	381-W	
<b>Rules:</b>		
No. 1 Definitions	142-W, 143-W	
No. 2 Description of Service	8-W	
No. 3 Application of Service	313-W	
No. 4 Contracts	14-W	
No. 5 Special Information Required on Forms	314-W - 316-W	
No. 6 Establishment and Re-establishment of Credit	17-W	
No. 7 Deposits	279-W, 280-W	
No. 8 Notices	252-W, 253-W	
No. 9 Rendering and Payment of Bills	235-W, 236-W	
No.10 Disputed Bills	317-W, 318-W	
No.11 Discontinuance and Restoration of Service	237-W -244-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	355-W - 359-W	
No.15 Main Extensions	202-W - 214-W, 179-W, 404-W	
No.16 Service Connections, Meters and Customer's Facilities	215-W - 221-W	
No.17 Standards for Measurement of Service	131-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	160-W, 161-W	
No.20 Fire Protection	55-W	
No.21 Water Conservation	190-W	

(Continued)

Advise Letter No. <u>82-W (Revised)</u>	Issued By	(To be inserted by Cal.P.U.C.)
Resolution _____	Beverly A. Brown	Date Filed _____
	Name	Effective _____
	Manager 	Resolution N. _____
	Title	

Rule No 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 Not limited to, cash, services, facilities, labor, property, grants received from government agencies, and income taxes thereon provided by applicant to the utility. The value of all contributions shall be based on the utility's estimates. 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)
 

Type of Contribution	ITC Factors	(N)
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 1.86-11-019. (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.82-W (Revised)

Issued By

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

Decision No.

Beverly A. Brown

Date Filed \_\_\_\_\_

Name

Manager

Effective \_\_\_\_\_

Title

Resolution N. \_\_\_\_\_

SONORA WATER COMPANY  
PO Box 2196 Columbia, CA 95310  
Telephone: 209-532-4806  
Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)

May 20, 2022

Advice Letter (AL) No. 82-W (Revised)

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Sonora Water company (SWC) hereby transmits for filing one original and one copy of this advice letter (AL) for the following to be added to Rule 15 (as directed by the California Public Utilities Commission):

Directed to: All Investor-Owned Water and Sewer Utilities

In response to the change in the federal tax law, Water Division requests utilities, at their earliest convenience, Submit Tier 1 advice letters to bring their Tariff rule 15 into compliance with Section 80601 of H.R. 3684. The changes should be made effective retroactively back to January 1, 2021, consistent with the effective date for Section 80601. Further, any collections under Methods 2 or 5 as applicable to a utility's Rule 15 associated with Contributions in Aid of Construction of Advances that are no longer taxable under H.R. 3684 should immediately cease, and any such collections that were received after December 31, 2020 should be refunded, without interest, to the contributor.

**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.

SONORA WATER COMPANY  
PO Box 2196 Columbia, CA 95310  
Telephone: 209-532-4806  
Email: [brown.bev@gmail.com](mailto:brown.bev@gmail.com)

SERVICE LIST

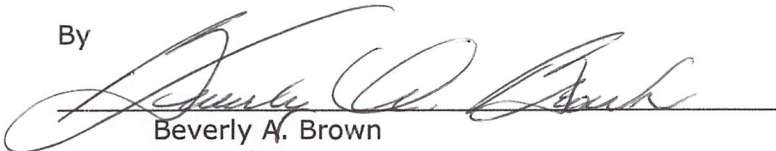
Recipient 1            Tuolumne Utilities District  
Recipient 2            Jamestown Sanitary District  
Recipient 3            Tuolumne County Department of Economic Development

I hereby certify that the above service list has been served a copy of AL 82-W (Revised) on  
May 20, 2022

Executed in Sonora California on May 20, 2022

SONORA WATER COMPANY

By

  
Beverly A. Brown  
General Manager

Enclosures



***SONORA WATER CO. INC.***

Telephone: 209) 532-4806

P.O. Box 2196  
Columbia, CA 95310

May 20, 2022

Tuolumne Utilities District  
18885 Nugget Blvd.  
Sonora, CA 95370

Please be notified Sonora Water Company, by Advise Letter 82-W, (REVISED) in complying with the direction of the California Public Utilities Commission: to add to its Tariff Sheets, Rule No 15, the changes in Federal Tax Law and the income tax implication associated with Contributions in Aid of Construction as well as government grant funds received. A copy of said verbiage being added is attached.

Thank you

A handwritten signature in black ink, appearing to read "Beverly Brown", written in a cursive style.

Beverly Brown  
Sonora Water Co.

**SONORA WATER CO. INC.**

Telephone: 209) 532-4806

P.O. Box 2196  
Columbia, CA 95310

May 20, 2022

Jamestown Sanitary District  
PO Box 247  
Jamestown, CA 95327

Please be notified Sonora Water Company, by Advise Letter 82-W, (REVISED) in complying with the direction of the California Public Utilities Commission: to add to its Tariff Sheets, Rule No 15, the changes in Federal Tax Law and the income tax implications associated with Contributions in Aid of Construction as well as government grant funds received. A copy of said verbiage being added is attached.

Thank you

A handwritten signature in black ink, appearing to read "Beverly Brown", written in a cursive style.

Beverly Brown  
Sonora Water Co.

***SONORA WATER CO. INC.***

Telephone: 209) 532-4806

P.O. Box 2196  
Columbia, CA 95310

May 20, 2022

Tuolumne County  
Department of Environmental Health  
48 W. Yaney Avenue  
Sonora, CA 95370

Please be notified Sonora Water Company, by Advise Letter 82-W (REVISED), in complying with the direction of the California Public Utilities Commission to add to its Tariff Sheets, Rule No 15 the changes in Federal Tax Law and the income tax implications associated with Contributions in Aid of Construction as well as government grant funds received. A copy of said verbiage being added is attached.

Thank you

A handwritten signature in black ink, appearing to read "Beverly Brown", written in a cursive style.

Beverly Brown  
Sonora Water Co.