

Cypress Ridge Sewer Co

P.O. Box 745, Grover Beach, CA 93483 805-473-3661

February 15, 2022

Advice Letter No. 39-SS

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Cypress Ridge Sewer Co (Cypress) hereby transmits for filing one digital copy of this advice letter 39-SS including the following tariff sheets and supporting information which are enclosed:

<u>NEW SHEET #</u>	<u>TITLE</u>	<u>CANCELLING SHEET #</u>
236-SS	Sch. No. 1, Residential Flat Rate Sewer Service	231-SS
237-SS	Sch. No. 2, Commercial Flat Rate Sewer Service	232-SS
238-SS	Table of Contents	235-SS

REQUEST

By AL 39-SS compliance filing in accordance Decision 20-07-036 ordering par 3, dated July 17, 2020 resulting from a petition for rehearing of GRC Resolution W-5187 dated March 28, 2019. Cypress requests permission to decrease its revenues by 6.53%, from the current effective rates \$123.32, effective on April 3, 2020, and permission to issue a sur-credit in the amount of \$22.66, per customer (391 customers) for one year for a total of \$106,302. See attached workpapers supporting this request and the Tariff Sheets to be effective on February 15, 2022.

BACKGROUND

Resolution W-5187 was approved by the Commission with proforma calculations for State and Federal taxes as has been customary for S-Corporations, LLC's, and individuals in the past. The petition for re-hearing resulted in that tax treatment to be removed from the rates of Cypress by D 20-07-036.

During the preparation process of AL 37-SS to comply with D 20-07-036 it was realized that the Rate of Margin formula in the Resolution W-5187 did remove State and Federal Taxes from that calculation, however the complete calculation did not, and the necessary changes were made in the Summary of Earnings. To overcome these errors in D 20-07-036 a Petition to Modify was filed on December 9, 2020, however no decision has been made by the Commission. Because State and Federal tax are continuing to be collected, Cypress has decided to terminate waiting for the decision, and has withdrawn the Petition for modification filed on February 15, 2022.

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<https://www.ftb.ca.gov/file/business/types/corporations/index.html> **Minimum franchise tax** Every corporation that is incorporated, registered, or doing business in California must pay the \$800 minimum franchise tax. To comply with California Corporation tax laws Cypress must and has been paying the required 1.5% minimum tax on recorded income for the years 2020 and 2021. The workpapers attached to this AL 39-SS reflect those calculations.

To avoid any future dispute the attached summary of earnings has been calculated at this time in accordance with D 20-07-036 and Commission Standard Practices. It should be noted that S Corps are in fact subject to a 1.5% tax and the minimum tax per year is \$800.

TIER DESIGNATION AND REQUESTED EFFECTIVE DATE

This AL and the enclosed tariff sheets are submitted pursuant to General Order (GO.) 96-B. AL 39-SS is designated as a Tier 1 compliance AL filing in accordance with D.20-07-036.¹

NOTICE

A copy of this AL has been served to all parties listed on the service list² on the last page of this AL. This AL requires no customer notice as this is a compliance filing. This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

RESPONSE OR PROTEST³

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 re-litigating a prior order of the Commission.

¹ GO. 96-B, Water Industry Rule 7.3.1 (3) (5)

² GO. 96-B, Water Industry Rule 4.1

³ GO. 96-B, General Rule 7.4.1

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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. The Water Division 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:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

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

On the same day the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest to Eric Sweeney at: Cypress Ridge Sewer Co.

Email Address:

cypressridgewwtp@gmail.com

Mailing Address:

Cypress Ridge Sewer Co
P.O. Box 745
Grover Beach, CA 93483

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 DWA 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.⁴

⁴ GO. 96-B, General Rule 7.4.3

Cypress Ridge Sewer Co

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SERVICE LIST

- Recipient 1 Thomas J. MacBride Jr.
tmacbride@goodinmacbride.com
- Recipient 2 Ann Watson
watconsult@sbcglobal.net
- Recipient 3 Jose E. Guzman, Jr.
jeguzmanjr@gmail.com
- Recipient 4 Cypress Ridge Sewer Co
kathybaker9871@gmail.com
- Recipient 5 Cypress Ridge Sewer Co
cypressridgewwtp@gmail.com
- Recipient 6 Cypress Ridge HOA
rgreen2275@charter.net
- Recipient 7 Jon Rokke
jon.rokke@waterboards.ca.gov
- Recipient 8 Arocles Aguilar
aro@cpuc.ca.gov
- Recipient 9 Legal Division
apprhg@cpuc.ca.gov
- Recipient 10 Frank Brommenschenkel
frank134davis@gmail.com

I hereby certify that the above service list has been served a copy of AL 39-SS on February 15, 2022.

Executed in Santa Paula, California on the February 15, 2022.

Cypress Ridge Sewer Co

By: /s/Frank Brommenschenkel
Cypress Ridge Sewer Co

Enclosures

Schedule No. 1

RESIDENTIAL FLAT RATE SEWER SERVICE

APPLICABILITY

Applicable to all residential sewer service.

TERRITORY

Cypress Ridge, within Tract # 1933, and including Golf Course Complex, San Luis Obispo County.

RATES

Per Connection
Per Month

For all residential sewer service..... \$115.27 (R)

SPECIAL CONDITIONS

1. A late charge will apply per Schedule No. LC.
2. Bills will be rendered in advance of the period for which service will be provided.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. For a period of 12 months after the approval of AL 39-SS, all monthly sewer service will have a (N)
sur-credit in the amount of \$20.66 to refund \$106,302 in State and Federal income allowance (N)
collected after the approval of GRC Resolution W-5187. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 39-SS

Kathy Baker

Date Filed _____

Decision No. 20-07-036

President

Effective _____

Resolution No. _____

Schedule No. 2

COMMERCIAL FLAT RATE SEWER SERVICE

APPLICABILITY

Applicable to all commercial sewer service.

TERRITORY

Cypress Ridge, within Tract # 1933, and including Golf Course Complex, San Luis Obispo County.

RATES

Per Connection
Per Month

For Golf Pro Shop.....	\$115.27	(R)
For Golf Maintenance Facility.....	\$115.27	(R)
For Commercial/Office Facility...	\$115.27	(R)
For Pavilion.....	\$115.27	(R)

SPECIAL CONDITIONS

- 5. A late charge will apply per Schedule No. LC.
- 6. Bills will be rendered in advance of the period for which service will be provided.
- 7. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- 8. For a period of 12 months after the approval of AL 39-SS, all monthly sewer service will have a sur-credit in the amount of \$20.66 to refund \$106,302 in State and Federal income allowance collected after the approval of GRC Resolution W-5187. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

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Date Filed _____

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President

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>	Cal. P.U.C. <u>Sheet No.</u>
Title page	162-SS
Table of Contents	238-SS, 70-SS (T)
Preliminary Statement	197-SS, 71-SS, 72-SS, 179-SS, 180-SS
Service Area Map	73-SS
<u>Rate Schedules:</u>	
Schedule No. 1, Residential Flat Rate Sewer Service	236-SS (D)
Schedule No. 2, Commercial Flat Rate Sewer Service	237-SS (D)
Schedule No. UF, Surcharge to Fund PUC Reimbursement Fee	234-SS
Schedule No. LC, Late Payment Charge	77-SS
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No. 10 Disputed Bills	97-SS, 98-SS
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No. 19 Service to Separate Premises and Multiple Units; and Resale of Sewer Service	133-SS
No. 20 Limitation of Wastes Discharged into the Utility's Sewer System	134-SS, 135-SS
No. 21 Commercial, Institution, and Industrial Wastes	136-SS
(Continued)	

(To be inserted by utility)

Issued by

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

Advice Letter No. 37-SSKathy Baker

Date Filed _____

Decision No. 20-07-036President

Effective _____

Resolution No. _____

Cypress Ridge Sewer Co.

Summary of Earnings AL39-SS D 20-07-036

February 15, 2022

	Res. W-5187 5-Apr-19	D 20-07-036 Decrease -6.53%	D 20-07-036 AL39-SS 2022
<u>Operating Revenues:</u>			
Unmetered Revenue	\$ 558,400	\$ (36,447)	\$ 521,953
<u>Operating Expenses:</u>			
Purchased Power	\$ 32,086		\$ 32,086
Other Vol. Rel. Exp.	\$ 10,374		\$ 10,374
Employee Labor	\$ 167,997		\$ 167,997
Materials	\$ 13,089		\$ 13,089
Contract Work	\$ 54,255		\$ 54,255
Transportation	\$ 2,500		\$ 2,500
Other Plant Maintenance	\$ 1,355		\$ 1,355
Office Salaries	\$ -		\$ -
Management	\$ 10,000		\$ 10,000
Employee Pensions & Benefits	\$ 14,564		\$ 14,564
Uncollectible Accounts Expens	\$ 1,000		\$ 1,000
Office Services & Rentals	\$ 5,529		\$ 5,529
Office Supplies & Exp.	\$ 3,675		\$ 3,675
Professional Services	\$ 35,000		\$ 35,000
Insurance	\$ 17,964		\$ 17,964
Reg. Comm Exp.	\$ 7,500		\$ 7,500
General Expenses	\$ 17,000		\$ 17,000
Total Operating Expenses	\$ 393,888		\$ 393,888
			\$ -
Depreciation Expense	\$ 12,703		\$ 12,703
Taxes Other than Income	\$ 16,338		\$ 16,338
State Tax	\$ 11,976		\$ 1,463
Federal Income Taxes	\$ 25,934		
Interest Expense	\$ -		\$ -
Total Deductions	\$ 460,839		\$ 424,392
Net Operating Income (Loss)	\$ 97,562		\$ 97,561
Avg Plant	\$ 5,179,323		\$ 5,179,323
Avg Accum Depreciation	\$ 2,284,979		\$ 2,284,979
Net Plant	\$ 2,894,344		\$ 2,894,344
Less: CIAC	\$ 2,606,738		\$ 2,606,738
Plus: Working Cash	\$ -		\$ -
Materials and Supplies	\$ 13,925		\$ 13,925
Rate Base	\$ 301,531		\$ 301,531
Rate of Return	32%		32%
Rate of Margin	24%		18.69%

Cypress Ridge Sewer Company, Co

D 20-07-036 Decreased Rates

RATES:

Schedule No. 1

	Current	-6.53% Decreased
For all residential sewer service per month =	\$ 123.32	\$ 115.27

Schedule No. 2

	Current	-6.53% Decreased
For Golf Pro Shop	\$ 123.32	\$ 115.27
For Golf Maintenance Facility	\$ 123.32	\$ 115.27
For Commercial/Office Facility	\$ 123.32	\$ 115.27
For Pavilion	\$ 123.32	\$ 115.27

Cypress Ridge Sewer Co

Calculations for Rate Reduction & Surcredit D 20-07-036

2/15/2022

State Tax to be Excluded From Rates, Per D 20-07-036 and Resolution W-5187	\$ 11,976
LESS \$800 Minumum Corporation Tax Due, \$97,562 Authorized in Res W-5187 times 1.5% =	\$ (1,463)
Federal tax to be Excluded From Rates, d 20-07-036	\$ 25,934
Total Annual Tax to be Excluded From Rates, less State Corporate Minimum 1.5% (\$1,463	\$ 36,446.57
Monthly Taxes to be Excluded	\$ 3,037.21
Months State and Federal Tax was Collected	\$ 35
Total Tax Over In 35 Months	\$ 106,302
Months of Surcredit	12
Number of Customers	391
Monthly Surcredit Per Customer	\$ 22.66
Total Revenue Authorized in Res W-5187	\$ 558,400
Net Tax Dollars Reduced From Rates	\$ 36,447
Percent reduction in Rates	6.53%
Current Rates	\$ 123.32
Rate Reduction Factor	-0.9347304
Reduced Monthly Rate for Service Requested	\$ 115.27

Note: The S Corp pays a 1.5% tax on taxable income but never less than \$800. If taxable income is \$85,000 the tax is \$1,275. If taxable income is \$54,000 the tax is \$810. If taxable income is \$42,000 the tax is \$800. Tax will always be at least \$800.

The shareholder pays whatever tax the S Corp income causes on the shareholders tax return.