



CALIFORNIA WATER SERVICE

1720 North First Street
San Jose, CA 95112-4598 Tel: (408) 367-8200

April 8, 2016

Rami Kahlon
Director, Division of Water and Audits
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

VIA ELECTRONIC MAIL TO:
raminder.kahlon@cpuc.ca.gov

Re: Biennial Independent Audit for Affiliate Transactions

Director Kahlon,

California Water Service Company ("Cal Water") hereby responds to the March 25, 2016 Letter from the Division of Water & Audits ("DWA") regarding the Commission's affiliate transactions audit requirements.¹

Your March 25th letter cited the biennial independent audit requirement established in Section VIII.E of Appendix A to D.10-10-019, the Commission's rules relating to affiliate transactions,² and requested a response even if a company does not meet the trigger for the audit requirement.

This is to notify the Commission that Cal Water has not conducted an independent audit pursuant to Section VIII.E because "the sum of all unregulated affiliates' revenue during the last two calendar years" does not exceed "5% of the total revenue of the utility and all of its affiliates during that period."

Please feel free to contact me if you have any questions. Thank you.

Natalie D. Wales
Regulatory Counsel

Cc: ora@cpuc.ca.gov - Elizabeth Nichols, Director, ORA
kayode.kajopaiye@cpuc.ca.gov - Kayode Kajopaiye, Branch Chief, DWA
donna.wagoner@cpuc.ca.gov - Donna Wagoner, DWA
ramon.go@cpuc.ca.gov - Ramon Go, DWA

¹ March 25, 2016 Letter from Rami Kahlon, Director, Division of Water and Audits, CPUC, to Darin Duncan, Director of Rates, re Letter or Report due by April 8, 2016.

² Also adopted (unchanged) in the *Modified Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services* ("Affiliate Rules") of Appendix A to D.11-10-034.

