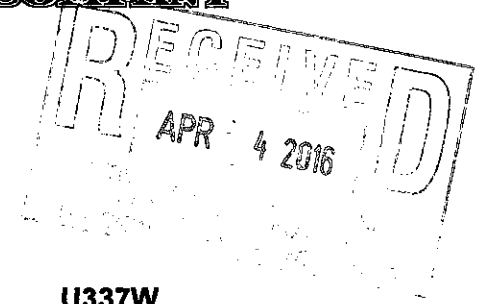


# SAN GABRIEL VALLEY WATER COMPANY

March 30, 2016



Mr. Rami Kahlon  
Division of Water and Audits  
California Public Utilities Commission  
505 Van Ness Avenue, Room 3102  
San Francisco, CA 94102

U337W

by US Mail

Subject: D.10-10-019 AFFILATE TRANSACTION REQUIREMENTS

Dear Mr. Kahlon:

San Gabriel submits in writing to meet the requirements of D. 11-05-020, Appendix A, Section VIII.E:

**VIII.E. Independent Audits.** *Commencing in 2013, and biennially thereafter, the utility shall have an audit performed by independent auditors if the sum of all unregulated affiliates' revenue during the last two calendar years exceeds 5% of the total revenue of the utility and all of its affiliates during that period. The audits shall cover the last two calendar years which end on December 31, and shall verify that the utility is in compliance with these Rules. The utility shall submit the audit report to the Director of the Division of Water and Audits and the Director of Ratepayer advocates no later than **September 30** (emphasis added) of the year in which the audit is performed. The Division of Water and Audits shall post the audit reports on the Commission's web site. The audits shall be at shareholder expense.*

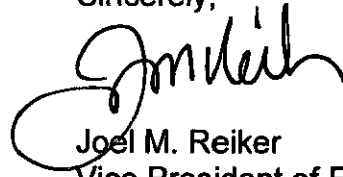
During the calendar years 2013 and 2014, San Gabriel Valley Water Company's revenue from unregulated affiliates consisted of less than 1% of total revenues. Therefore, San Gabriel Valley Water Company does not meet the threshold to warrant an independent audit.

March 30, 2016

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Please call me at (626) 774-2251 with any questions regarding this response.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Reiker". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke.

Joel M. Reiker

Vice President of Regulatory Affairs

cc: Elizabeth Echols, Director, Office of Ratepayer Advocates  
Kayode Kajopaiye, Branch Chief, Division of Water and Audits  
Donna Wagoner, Division of Water and Audits  
Ramon Go, Division of Water and Audits