

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 6, 2023

Jason Vierra, Owner
Pinon Valley Water Company
P. O. Box 1098
Tehachapi, CA 93581

Notice of Noncompliance of Pinon Valley Water Company

Dear Jason Vierra:

The purpose of this letter is to inform you that the Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) is withdrawing from its review engagement with Pinon Valley Water Company (PVWC) for the period of January 1, 2022, through December 31, 2022, due to the limitation on our review scope by PVWC. The limitation on UAB's review scope resulted because PVWC did not provide sufficient appropriate documents requested by UAB to support the financial data reported in PVWC's 2022 Annual Report filed with CPUC. UAB further notifies you that PVWC is not in compliance with the requirements specified under Sections 581, 582, and 584 of the California Public Utilities (PU) Code and CPUC's directives.

PU Code sections 581, 582, and 584 require all public utilities to furnish to CPUC all records and supporting documents in such form and detail at such time requested by CPUC.

UAB initiated a review of PVWC's financial statements as of December 31, 2022, pursuant to PU Code Sections 314.5 and 314.6 that provide CPUC the statutory authority to review or audit the books and records of regulated utilities. UAB sent an Engagement Letter to you on August 23, 2023, which outlined the objectives of the review engagement, UAB's responsibilities, and PVWC's management's responsibility to provide us with "access to all information... such as records, documentation, and other matters" and "additional information that we may request for the purpose of the review engagement." The Engagement Letter also explained that UAB requires timely responses to data requests sent during the review engagement.

On September 13, 2023, and September 14, 2023, UAB auditors requested 16 items in connection with the review engagement in two data requests with a due date of September 15, 2023, and September 20, 2023, respectively. Despite UAB's numerous follow-up emails and phone messages between October 10, 2023, and October 24, 2023, requesting that you provide the requested information, PVWC has only provided two of the 16 requested items. On October 24, 2023, UAB provided PVWC with a final opportunity to provide all outstanding items by November 1, 2023. However, 14 of 16 items requested remain outstanding; and the established deadline of November 1, 2023, has passed.

Despite UAB's multiple efforts to obtain the necessary documents to complete the review engagement, PVWC has not provided the requested documentation in its entirety, which constitutes a limitation on UAB's review scope. Due to PVWC's imposed restrictions, UAB cannot complete its review on PVWC's 2022 Annual Report without violating the applicable governmental and professional auditing standards. Therefore, UAB is withdrawing from the engagement and will

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publish this noncompliance letter to CPUC's public website at [Audit Reports by Industry \(ca.gov\)](#). This letter also serves to meet the intention of the audit requirements specified in PU Code section 314.5.

CPUC reserves the right for further regulatory actions if PVWC continues to be non-compliant. Pursuant to Resolution W-4799, CPUC has the authority to take prompt actions, including issuing citations and imposing fines, against any water or sewer utility that fails to correct the non-compliance or violation in a timely manner. A complete copy of the Resolution can be accessed at https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/109215.PDF.

Please contact us at UtilityAudits@cpuc.ca.gov if you have any questions.

Sincerely,

Angie Williams

Angie Williams, Director
Utility Audits, Risk and Compliance Division

cc: Rachel Patterson, Executive Director, CPUC
Kristin Stauffacher, Deputy Executive Director, CPC
Terence Shia, Director, Water Division, CPUC
Masha Vorobyova, Assistant Director, UAB, CPUC
Bruce DeBerry, Program Manager, Water Division, CPUC
Raymond Yin, Program and Project Supervisor, UAB, CPUC
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Khusbindar Kaur, Senior Management Auditor, UAB, CPUC
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