

ORIGINAL

EX -4

L/LQG/rys/ddb

FILED
PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

MAY 22 1990

Investigation on the Commission's own motion into the adequacy and status of San Gabriel Water Company's Water Supply.

SAN FRANCISCO OFFICE
O.I. 90 05 034

ORIGINAL

ORDER INSTITUTING INVESTIGATION

Because of events during prior years causing California to face the prospect of water shortages, the Commission instituted an investigation (I.89-03-005) on March 8, 1989 into measures to mitigate the effects of water shortages on regulated water utilities, their customers and the general public. Hearings were held throughout the state and specifically in Southern California in June, 1989.

After the commencement of hearings in investigation I.89-03-005 San Gabriel Water Company (San Gabriel) filed separate Case (C.) 89-12-035 alleging that since 1985 Fontana Union Water Company (Fontana Union) has sold with limited exceptions all of its water to San Gabriel. It was further alleged that a substantial amount of San Gabriel's water supply has now been sold to another party by Fontana Union. San Gabriel also alleged that Fontana has by its actions ceased to be a mutual water company and is now a public utility, and that San Gabriel faces a large rate increase. These and other allegations of the complaint raise questions of jurisdiction, dedication, and utility status, which are within the purview of this Commission. San Gabriel currently provides public utility water service to approximately 26,000 customers.

Hearings commenced in C.89-12-035 on January 25, 1990. Subsequently, the Commission was informed that Fontana Union filed a proceeding under Chapter 11 in the United States Bankruptcy Court Central District of California. On April 13, 1990, an Administrative Law Judge's Ruling was issued in

I.89-03-005 requiring San Gabriel Water Company (San Gabriel) to provide information related to loss of water supply. San Gabriel responded that if Fontana either diverts all or part of the water supply away from San Gabriel, or fails to adequately maintain its existing water production facilities, San Gabriel would not have sufficient water to meet its customers' needs. Although it reports that it has gone forward with contingency arrangements, San Gabriel reports that these arrangements cannot suffice for the water normally supplied by Fontana.

In light of these developments we are concerned that a water supply emergency in San Gabriel's service area could arise due to the loss of water from Fontana Union. In this regard the Administrative Law Judge's Ruling was a proper step toward resolution of possible water supply difficulties in San Gabriel's service area. However, the Commission needs to be in a position to take immediate remedial steps especially in view of recent water supply shortage indications now emanating from Southern California that are not part of the record that was transcribed during hearings held in that area in I.89-03-005.

Notice of this matter did not appear on the Commission's public agenda; however, an emergency exists in that the water supply serving San Gabriel's customers is in jeopardy. These circumstances, and the gravity of the situation if the supply is cut, justifies our action today under Public Utilities Code Section 306(b).

Now, therefore, IT IS ORDERED that an investigation is hereby instituted into the public utility status of San Gabriel's supplier, Fontana, and the effects of any water supply problems resulting from the potential loss of water from Fontana Union or any other cause in the San Gabriel System including:

- a. Whether special conservation or rationing efforts will be needed to meet current or future demands.
- b. The percentage of current demand that can be met by available supplies.

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- c. The nature of any additional supplies which can or may be developed and the extent to which they would help meet current demand. ✓
- d. Any additional information which would be helpful in understand the water supply status for San Gabriel including proposed mitigation measures if shortages are projected. ✓

A public hearing will be scheduled for a date and time to be announced, and this investigation may be consolidated as appropriate with other proceedings by Administrative Law Judge ruling. ✓

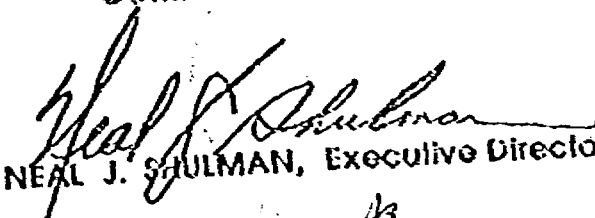
A copy of this Order Instituting Investigation shall be served by certified mail on the two respondents to this investigatory proceeding, Fontana Union Water Company and the San Gabriel Water Company.

Dated MAY 22 1990, at San Francisco, California.

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

Commissioner Frederick R. Duda,
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SHULMAN, Executive Director