

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3431
February 24, 1989

R E S O L U T I O N

(RES. W-3431) CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),
MONTEREY DISTRICT. ORDER AUTHORIZING TARIFF RULE
REVISIONS TO ACCOMMODATE MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT'S WATER RATIONING PLAN.

Cal-Am, by Advice Letter (AL) No. 318 filed January 11, 1989 has requested authority to cancel tariff Rule 11-A, add Rule 14.1, and revise Rule 11 and Rule 14 to allow it to implement provisions of a mandatory water rationing ordinance enacted by Monterey Peninsula Water Management District (District).

Monterey Peninsula Water Management District has broad statutory authority under the California Water Code, Appendix Section 118, to manage water supplies in the Monterey Peninsula area, including authority to establish water conservation and rationing within its boundaries. Cal-Am's Monterey District, with 34,800 customers in the City of Monterey and vicinity, is the largest water purveyor within the District's boundaries.

On August 8, 1988 the District adopted its Ordinance No. 35 declaring a water supply emergency, prohibiting water waste, and establishing water rationing phases. Under the District's plan, four progressively more strict conservation and rationing phases are defined which the District may declare to be in effect:

Phase I - No risk of shortage. Imposes mandatory water waste restrictions and conservation measures. No specific use reduction target.

Phase II - Low risk of shortage. Imposes mandatory restrictions on non-essential use to achieve a 10% overall reduction in potable water consumption.

Phase III- Medium risk of shortage. Imposes additional mandatory restrictions to achieve a 20% overall reduction.

Phase IV - High risk of shortage. Imposes mandatory maximum water rationing to achieve a 40% overall reduction.

On December 12, 1988, following notice and public hearings, the District enacted its Ordinance No. 37 setting Phase III effective January 1, 1989. Under Phase III, the District imposes directly on end users cutbacks to 80% of their October, 1987 through September, 1988 base year consumption. Exceptions to the 80% level are available through optional commercial baseline standards and residential lifeline amounts, and to special category users. An appeals procedure is provided. Although the rationing requirements apply directly to end users, water purveyors such as Cal-Am may be required to provide consumption records, install flow restrictors, and terminate water service. By agreement with Cal-Am, the District will bill and collect its own penalty charges rather than require Cal-Am to include them in customers' regular water bills. All costs of implementing Phase III, with the exception of revenue losses due to reduced sales, are reimbursable to water purveyors by the District.

By its AL 318, Cal-Am requests authority to revise its tariffs to accommodate the District's plan. Old Rule 11-A ("Water Rationing Plan - Monterey District"), a vestige of Cal-Am's 1976/1977 drought response, is to be canceled and replaced by new Rule 14.1 ("Water Rationing Plan - Monterey District"). New Rule 14.1 cites Ordinances 35 and 37, incorporates the District's rationing enforcement procedures, and establishes cost-based water restrictor removal charges identical to those the Commission has authorized previously as part of rationing plans for other regulated water utilities. New Rule 14.1 does not establish outback targets or define restricted uses; instead, it references the plan already established by the District. Minor changes are also proposed in existing Rule 11 ("Discontinuance and Restoration of Service") and Rule 14.C ("Apportionment of Supply During Times of Shortage") to reflect the requirements of new Rule 14.1.

Having consulted with the District and worked with Cal-Am to arrive at the specific tariff changes proposed by AL 318, the Water Utilities Branch recommends their approval.

Cal-Am is extensively involved in promoting water conservation among its customers and in its own operations. It regularly distributes brochures, bill inserts, news releases, and paid advertisements promoting conservation. Water conservation kits are available without charge. It has a leak detection program, all of its Monterey District customers are metered, and its unaccounted-for water percentage, a measure of how much water is lost in distribution, is low. In addition, the District has taken an aggressive role in water conservation. Its Ordinance No. 30, in particular, will have a very great impact on water use. Ordinance No. 30 mandates low water use plumbing fixtures in all new construction, retrofitting existing business and commercial facilities, and retrofitting all existing facilities when they change ownership or use or are remodeled.

In accordance with General Order 96-A, Cal-Am provided public notice of its AL 318 filing by mailing copies to all adjacent utilities, all Monterey Peninsula cities within its service area, the County of Monterey, and Monterey Peninsula Water Management District on January 9, 1989. No protests or other responses have been received.

FINDINGS

1. Monterey Peninsula Water Management District has authority under the California Water Code, Appendix Section 118, to manage water supplies in the Monterey Peninsula area, including authority to establish water conservation and rationing within its boundaries.
2. The District has declared a water supply emergency in the Monterey Peninsula area. Its Ordinance No. 35 prohibits water waste and establishes water rationing phases. On December 12, 1988 the District enacted its Ordinance No. 37 setting Phase III effective January 1, 1989. Under Phase III, the District imposes cutbacks to achieve a 20% overall reduction in potable water use.
3. Under Ordinance No. 37, Cal-Am may be required to provide consumption records to the District, and to install flow restrictors and terminate water service to customers determined by the District to be in violation of mandatory rationing standards. Revisions to Cal-Am's tariff rules as proposed by AL 318 are necessary to accommodate the District's requirements.
4. The restrictor removal charges established under Cal-Am's proposed Rule 14.1 are reasonable and justified to compensate Cal-Am for costs incurred in installing and removing such restrictors.

IT IS ORDERED that:

1. California-American Water Company is authorized to cancel tariff Rule 11-A, add Rule 14.1, and revise Rule 11 and Rule 14, all as requested by Advice Letter No. 318, to allow it to implement provisions of mandatory water rationing enacted by Monterey Peninsula Water Management District. The effective date of Advice Letter No. 318 shall be the same as the effective date of this resolution.
2. Rule 14.1 shall continue in force until the Monterey Peninsula Water Management District rescinds its mandatory water rationing restrictions, or until the Commission directs its modification or repeal.
3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on February 24, 1989. The following commissioners approved it:

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

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



VICTOR R. WEISSER
Executive Director