

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3446
May 26, 1989

RESOLUTION

(RES. W-3446) CALIFORNIA WATER SERVICE COMPANY
(CWS). ORDER AUTHORIZING A WATER RATIONING PLAN
FOR THE LOS ALTOS-SUBURBAN DISTRICT.

CWS, by Advice Letter (AL) No. 1093, filed April 12, 1989, has requested authority to add to its tariff Rule 14.1 a mandatory water rationing plan for its Los Altos-Suburban District. CWS's proposal is in response to a call for water rationing by the Santa Clara Valley Water District for all suppliers in the Santa Clara Valley area. The plan calls for 25% reductions by most users. CWS serves about 17,000 customers in the City of Los Altos and vicinity, Santa Clara County.

CWS purchases about 60% of its water from the District and pumps the other 40% from aquifers within and controlled by the District. Because of the continuing drought, CWS's water sources are in jeopardy.

The Santa Clara Valley Water District is a water wholesaler to CWS, two other Commission-regulated water utilities, fourteen local cities and the County of Santa Clara. Although the District has no retail customers of its own, it manages most of the area's water supplies. It receives, treats and distributes water from the federal Bureau of Reclamation's San Felipe Project and the State Water Project through aqueducts from the San Joaquin Valley, and provides for groundwater recharge, collecting a pump tax for all water drawn from local aquifers.

The District has determined that at current consumption levels all Santa Clara Valley water sources, including imported water, underground aquifers and local runoff, will be unable to safely provide for the needs of the more than 1.4 million people in the area. Its concern is that with the continuing drought in the Santa Clara Valley the area's water retailers will be driven to increased reliance on groundwater withdrawals, and water tables already depressed by two years of below-normal precipitation and above-normal pumping will not be adequately recharged.

The District initially asked all local suppliers to take steps to reduce the amount of water used by 45%, but voted on March 20, 1989 to reduce that figure to 25% following early-March's favorable precipitation and a successful effort to obtain additional imported water. As a result, CWS must now reduce its customers' consumption by 25%. Two other regulated water

utilities, San José Water Company and Great Oaks Water Company, are similarly affected, and both have already received Commission authorization to implement rationing plans nearly identical to CWS's.

To achieve the necessary reduction, CWS requests authority to impose mandatory rationing on its Los Altos-Suburban District customers as set forth in AL 1093's revised Rule 14.1 which:

Prohibits nonessential and unauthorized water use, including:

use for more than minimal landscaping in connection with new construction;

use through any meter when the company has notified the customer in writing to repair a broken or defective plumbing, sprinkler, watering or irrigation system and the customer has failed to effect such repairs within five days;

use of water which results in flooding or runoff in gutters or streets;

use of water through a hose for washing cars, buses, boats, trailers or other vehicles without a positive automatic shut-off valve on the outlet end of the hose;

use of water through a hose for washing buildings, structures, sidewalks, walkways, driveways, patios, parking lots, tennis courts, or other hard-surfaced areas;

use of water to clean, fill or maintain levels in decorative fountains;

use of water for construction purposes unless no other source of water or other method can be used;

service of water by any restaurant except upon the request of a patron; and

use of water to flush hydrants, except where required for public health or safety.

Establishes customer water allocations at 75% of historical usage with the corresponding billing periods of 1987 being the base.

Establishes an allocation of 90% of 1987 consumption for users of process water (water used to manufacture, alter, convert, clean, grow, heat or cool a product, including water used in laundries and car wash facilities that recycle the water used).

Establishes a minimum allocation of six Ccf per month (one Ccf is one hundred cubic feet) for any customer regardless of historical usage.

Establishes an exceptions procedure for customers with no prior billing period record or where unusual circumstances dictate a change in allocation.

Establishes a penalty of \$2.00 per Ccf for usage over allocated amounts, provided, however, that banking of underusage from month to month is allowed.

Provides that penalty funds are not to be accounted for as income, but are to be kept in a separate reserve account for disposition as directed by the Commission.

Provides that, after written warning for nonessential or unauthorized water use, for subsequent violations the utility may install a flow restrictor to be left in a minimum of three days. The second time a flow restrictor is installed it may be left in until rationing ends.

Establishes charges of \$25, \$50, or actual cost depending on meter size for removing restrictors, and provides that continuing nonessential or unauthorized use may result in disconnection.

Establishes an appeal procedure first through the utility, then to the Commission staff through the Executive Director, then to the Commission via a formal complaint.

CWS's plan is nearly identical in structure to that which the Commission authorized for its four San Francisco peninsula districts by Resolution W-3404 on July 8, 1988, but the rationing percentages for those districts range from 70% to 90% depending on the district and time of year compared to Los Altos-Suburban District's constant 75%. The only other significant difference is CWS's restrictions on hydrant flushing which the earlier plan did not have.

The California Water Code, Section 350 et seq, provides that any public water supplier may, after public notice and hearing, declare a water shortage emergency within its service area whenever it determines that the ordinary demands and requirements of its consumers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. After it has declared a water shortage emergency, it must adopt such regulations and restrictions on water delivery and consumption as it finds will conserve its water supply for the greatest public benefit. Section 357 requires that suppliers which are subject to regulation by the CPUC shall secure its approval before making such regulations and restrictions effective. CWS has notified customers, held public hearings, and declared a water shortage emergency as required by these sections of the Water Code.

CWS held a duly noticed Water Code public hearing in Los Altos on April 3, 1989. CWS reports that approximately 55 customers attended and about 15 made comments or asked questions about the plan or water supplies in general. None disputed the existence of a water shortage.

CWS notified customers of its AL 1093 filing by publishing a notice containing the plan in its entirety in the local newspaper on April 18, 1989.

The Water Utilities Branch has received one letter in response, from the chairperson of the Santa Clara Valley Water Commission and Mayor of the City of Saratoga. The Water Commission supports the District's efforts to cut usage 25% countywide, but is concerned that the overusage penalties proposed by the regulated utilities are insufficient to convince the public that the drought situation in Santa Clara County is serious. The Water Commission chairperson's letter recommended that consideration be given to increasing and graduating the penalties when the plans are reviewed, presumably as part of the CPUC's ongoing drought investigation.

Earlier during its investigation of San Jose Water Company's nearly identical rationing plan, the Water Branch contacted and was contacted by representatives of the Santa Clara Valley Water District. The District's representatives strongly supported the need for rationing and were well informed of the structure of the proposed plans. They expressed concerns with specific aspects but stated that the need to begin some form of rationing as soon as possible outweighed the potential benefit of requesting revisions at this time.

The Commission's March 8, 1989 Order Instituting Investigation (OII) No. 89-03-005 into measures to mitigate the effects of the drought offers an appropriate forum for the Water Commission, the District and other interested parties to present their views and advocate any changes to CWS's and the other regulated suppliers' plans they believe are needed. If the evidence presented indicates changes are warranted, the plans can be modified at that time. For now, there is general agreement that CWS's plan should be put into effect immediately rather than delaying to implement another potentially better.

On April 25, 1989 CWS filed a petition in OII 89-03-005 requesting authority to increase its rates by 12.68% to offset the revenue losses due to this rationing plan. That petition also seeks authorization to set up a memorandum account to accrue the estimated sales loss amounts pending the Commission's decision.

FINDINGS

1. All of CWS's water supply for its Los Altos-Suburban District is obtained from the Santa Clara Valley Water District or from aquifers under the District's control.
2. Due to the continuing drought, the amount of water available to the District is insufficient to meet its resale customers' needs, including CWS's, without unacceptable drawdown of the local aquifers. The District is therefore requiring all local suppliers to reduce the amount of water used by 25%.
3. CWS has declared a water shortage emergency following the requirements of the California Water Code, Section 350 et seq, after determining that the ordinary demands and requirements of customers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.


4. CWS's proposed rationing plan as set forth in AL 1093's revised Rule 14.1 is necessary to ensure the equitable allocation of such water supplies as are available, with particular regard to domestic use, sanitation, and fire protection.
5. The \$2.00 per Ccf penalty rate provided for under CWS's proposed Rule 14.1 for excess usage is necessary to promote compliance with customers' maximum allocations.
6. The restrictor removal charges established under CWS's proposed Rule 14.1 are reasonable and justified to compensate CWS for costs incurred in installing and removing such restrictors.
7. CWS's proposal to accumulate the amounts collected under its excess usage penalty rate in a suspense account for eventual disposition in a manner to be determined by the Commission rather than accounting for them as utility income is appropriate.
8. Order Instituting Investigation No. 89-03-005 into measures to mitigate the effects of the drought offers an appropriate forum for the Santa Clara Valley Water Commission, the District and other interested parties to present their views and advocate any changes to CWS's plan they believe are needed. CWS's plan should be put into effect immediately rather than delaying to implement another potentially better.

IT IS ORDERED that:

1. California Water Service Company is authorized to revise Rule 14.1 of its tariffs to establish a mandatory rationing plan for its Los Altos-Suburban District as proposed by Advice Letter No. 1093. The Los Altos-Suburban District rationing plan shall apply to service rendered on and after its effective date. The effective date of the Los Altos-Suburban District rationing plan shall be the same as the effective date of this resolution.
2. The Los Altos-Suburban District rationing plan shall continue in force until such time as 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 May 26, 1989. The following commissioners approved it:

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


VICTOR R. WEISSER
Executive Director