

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3449  
May 26, 1989

RESOLUTION

(RES. W-3449) CALIFORNIA WATER SERVICE COMPANY (CWS).  
ORDER RESCINDING WATER RATIONING PLAN FOR THE BEAR  
GULCH, SAN CARLOS, SAN MATEO AND SOUTH SAN FRANCISCO  
DISTRICTS.

CWS, by Advice Letter (AL) No. 1104 filed May 11, 1989 has requested authority to revise Rule 14.1 to its tariffs to rescind mandatory water rationing in its Bear Gulch, San Carlos, San Mateo and South San Francisco Districts. CWS's proposal is in response to the termination of mandatory water rationing by its wholesale supplier, the City and County of San Francisco.

On April 26, 1988 the San Francisco Public Utilities Commission (SFPUC) issued a resolution reducing the amount of water available to its retail and suburban wholesale customers, including CWS in its four San Francisco Peninsula districts. None of CWS's other districts receive water from the City, nor were there other CPUC-regulated water utilities affected. As a result, CWS requested authority to add Rule 14.1 to its tariffs implementing a water rationing plan to reduce customer consumption. On July 8, 1988 the Commission issued Resolution W-3404 authorizing CWS's plan and it became effective immediately.

In approving CWS's plan, the Commission directed that:

[Ordering Paragraph 2] "Rule 14.1 shall continue in force until such time as the City of San Francisco rescinds its mandatory water allocation restrictions on California Water Service Company, Inc., or until such time as the Commission directs its modification or repeal."

On May 9, 1989 the SFPUC terminated mandatory water rationing. CWS, by its AL 1104, seeks Commission authorization to cancel its rationing plan as soon as possible.

To enforce lower consumption, the City subjected usage above allocated levels to progressively higher wholesale penalties, ranging as high as ten times the base price. CWS's plan, in turn, imposed a flat \$2.00 per Ccf (one Ccf is one hundred cubic feet) penalty charge on its customers' overusage, and provided that penalty funds were not to be accounted for as income but were to be kept in a separate reserve account for disposition as directed by the

Commission. By Resolution W-3412 dated October 14, 1988, the Commission authorized CWS to use, to the extent available, any accumulated penalty funds in the reserve account to pay excess usage penalty charges imposed on it by the City. AL 1104 is silent on the remaining balance and disposition of the reserve account.

By Application 88-05-045 CWS requested authority to increase its rates in these four districts to offset its estimated revenues losses due to rationing. By Decision 89-04-046 the Commission adopted a stipulation suspending the proceeding and transferring the issue into Order Instituting Investigation (OII) 89-03-005, the Commission's generic investigation into measures to mitigate effects of the drought, and at the same time establishing a memorandum account to accumulate CWS's losses beginning April 12, 1989. Decision 89-04-046 also directed that disposition of monies collected by CWS through penalty charges which were authorized by Resolutions W-3404 and W-3412 is to be resolved in OII 89-03-005.

With rationing ended for these four districts, CWS should make a filing in the OII advocating its view of how any remaining penalty funds should be disposed of and summarizing by month for each district:

- a. The historic amount of water purchased from the City upon which CWS's allocations from the City were based, the amount of water allocated to CWS by the City, and the amount actually purchased by CWS;
- b. The overusage penalties charged to CWS by the City.
- c. The penalties charged to customers with excess usage.

This data will help the Commission to gauge the effectiveness of CWS's plan and to determine how the balance in the penalty reserve account is to be disposed of. Since hearings in the OII are scheduled to begin on June 20, 1989, CWS should make its filing by June 10, 1989.

In accordance with General Order 96-A, CWS has given notice of its AL 1104 filing to competing and adjacent utilities and other utilities and interested parties having requested such notification, and to each affected city and county. No protests or other correspondence has been received.

#### FINDINGS

1. CWS's Rule 14.1 mandatory water rationing plan for its Bear Gulch, San Carlos, San Mateo and South San Francisco Districts was in response to the imposition of mandatory water allocation restrictions by its wholesale supplier, the City and County of San Francisco.
2. On May 9, 1989 the SFPUC terminated mandatory water rationing. CWS should now be authorized to cancel its mandatory rationing plan as soon as possible.

3. The disposition of the accumulated penalty funds, if any, in the reserve account is to be resolved in OII 89-03-005. CWS should be required to make a filing in the OII advocating its view of how any remaining penalty funds should be disposed of and summarizing by month for each district:

- a. The historic amount of water purchased from the City upon which CWS's allocations from the City were based, the amount of water allocated to CWS by the City, and the amount actually purchased by CWS;
- b. The overusage penalties charged to CWS by the City.
- c. The penalties charged to customers with excess usage.

IT IS ORDERED that:

1. California Water Service is authorized to make effective the tariff revisions in AL 1104 canceling the mandatory water rationing plan set forth in Rule 14.1 for its Bear Gulch, San Carlos, San Mateo and South San Francisco Districts. The effective date of AL 1104 shall be the same as the effective date of this resolution.

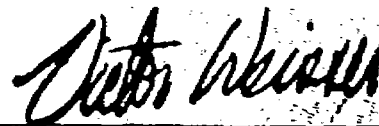
2. California Water Service shall make a filing by June 10, 1989 in Order Instituting Investigation 89-03-005 advocating its view of how any remaining penalty funds should be disposed of and summarizing by month for each district:

- a. The historic amount of water purchased from the City upon which CWS's allocations from the City were based, the amount of water allocated to CWS by the City, and the amount actually purchased by CWS;
- b. The overusage penalties charged to CWS by the City.
- c. The penalties charged to customers with excess usage.

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