

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3473
November 22, 1989

RESOLUTION

(RES. W-3473) CALIFORNIA WATER SERVICE COMPANY
(CWS), GREAT OAKS WATER COMPANY (GOWC), AND
SAN JOSE WATER COMPANY (SJWC). ORDER
AUTHORIZING TERMINATION OF WATER RATIONING PLANS.

CWS, by Advice Letter No. 1112 filed October 25, 1989, GOWC, by Advice Letter No. 125 filed October 31, 1989, and SJWC, by Advice Letter No. 221 filed October 30, 1989, have requested authority to cancel Rule 14.1, Mandatory Water Rationing Plan. These utilities serve about 235,800 customers in the cities of San Jose, Los Gatos, Saratoga, Monte Sereno, Cupertino, Los Altos and unincorporated areas in Santa Clara County.

By Resolutions No. W-3446, dated May 26, 1989, W-3444 dated April 26, 1989, and W-3440, dated April 12, 1989 respectively, these utilities were authorized to file Rule 14.1 and implement water rationing. This was in response to the Santa Clara Valley Water District's (District) request that all local suppliers reduce their water sales by 25%.

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.

On October 24, 1989, the District Board of Directors voted to temporarily suspend its request for mandatory reductions in sales. At the same time the District cautioned that the drought is not over and that by next April the District could very well find itself in a position of having to reinstitute the call for mandatory reduction in use. It will continue its water awareness program and urge users to voluntarily maintain usage at the 25% reduced level.

In order to end their customers' financial burden due to the drought as soon as possible, CWS, GOWC and SJWC have requested that their filings cancelling Rule 14.1 be made effective on less than regular notice requirements. Such Commission action is allowed under Section 491 of the Public Utilities Code. Termination of rationing will end accruals to the memorandum account for drought related revenue losses, authorized by the Commission in Decision No. 89-04-041, and will end the overusage penalty provisions of the rationing program.

Resolution W-3473

CWS, GWC and SJWC have notified their customers individually as well as via news releases in local newspapers. The Water Utilities Branch (Branch) has received no protests.

The Branch has discussed the utilities' filings with representatives from the District and the affected cities. All agree that mandatory rationing is no longer necessary in the Santa Clara Valley, although it may be necessary to reimpose it later should this winter be dry.

Each utilities' mandatory rationing plan imposed a flat \$2.00 per Ccf (one Ccf is one hundred cubic feet) penalty charge on its customers' overusage, and provide 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. Advice Letters No. 1112, 125 and 221 are silent regarding the reserve account.

By Application 88-05-045 CWS requested authority to increase its rates in its Bear Gulch, San Carlos, San Mateo and South San Francisco Districts to offset revenue losses due to rationing imposed by the City of San Francisco on utilities to which it supplies water. 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 Resolution W-3404 (approval of mandatory rationing in CWS's Bear Gulch, San Carlos, San Mateo and South San Francisco Districts) and Resolution W-3412 (authorization to use penalty monies accumulated in the reserve account to pay excess usage penalty charges by the City of San Francisco) is to be resolved in OII 89-03-005.

In Resolution W-3449 ending rationing for CWS's four districts, the Commission ordered CWS to make a filing in the OII providing certain information regarding the funds accumulated in the penalty reserve account and CWS's view of how any remaining penalty funds should be disposed of. This information was required to help the Commission judge the effectiveness of CWS's plan and to determine how the balance in the penalty reserve account should be disposed of.

With rationing now ending for CWS's Los Altos-Suburban District, GWC and SJWC, these utilities should also make filings in the OII indicating how each believes the penalty funds should be disposed of, and summarizing by month:

- a. Total sales in Ccf during 1986, 1987 and 1988;
- b. Total sales in Ccf during the period in 1989 that rationing was in effect;
- c. Funds in the penalty reserve account.

FINDINGS:

1. All of the water supply of CWS's Los Altos-Suburban District and GOWC, and all but a small portion of SJWC's water supply is obtained from the District or from aquifers under the District's control.
2. The District has found that although it does not consider the drought over, it is not necessary to continue mandatory water use reduction.
3. Mandatory water rationing by CWS, GOWC and SJWC is not necessary at this time and the requests to cancel Rule 14.1 should be approved.
4. The changes proposed by Advice Letters 1112 (CWS), 125 (GOWC) and 221 (SJWC) should be made effective on less than 40 days' notice to relieve the burden on customers that mandatory rationing causes.
5. The disposition of the accumulated penalty funds in the reserve account is to be resolve in OII 89-03-005. CWS for its Los Altos-Suburban District, GOWC and SJWC each should be required to make a filing in the OII advocating its view of how penalty funds should be disposed of, and summarizing by month:
 - a. Total sales in Ccf during 1986, 1987 and 1988;
 - b. Total sales in Ccf during the period in 1989 that rationing was in effect;
 - c. Funds in the penalty reserve account.

IT IS ORDERED that:

1. California Water Service Company for its Los Altos-Suburban District, Great Oaks Water Company and San Jose Water Company are authorized to cancel and withdraw Rule 14.1 from their tariffs thereby terminating mandatory rationing as proposed in Advice Letters No. 1112, No. 125 and No. 221 respectively. The effective date of cancellation shall be the effective date of this resolution.
2. California Water Service Company for its Los Altos-Suburban District, Great Oaks Water Company and San Jose Water Company each shall make a filing by December 20, 1989 in Order Instituting Investigation 89-03-005 indicating its view of how penalty funds in the reserve account should be disposed of, and summarizing for each month:
 - a. Total sales in Ccf during 1986, 1987 and 1988;
 - b. Total sales in Ccf during the period in 1989 that rationing was in effect;
 - c. Funds in the penalty reserve account.

Resolution W-3473

2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on November 22, 1989. The following commissioners approved it:

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

Wesley Franklin
WESLEY FRANKLIN
Acting Executive Director