

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3485
February 23, 1990

R E S O L U T I O N

(RES. W-3485) CALIFORNIA WATER SERVICE COMPANY (CWS),
GREAT OAKS WATER COMPANY (GOWC), AND SAN JOSE WATER
COMPANY (SJWC). ORDER RE: WATER RATIONING PLANS.

The Santa Clara Valley Water District Board of Directors (Board) at its March 6, 1990 meeting may call for water suppliers in the Santa Clara Valley area to reinstate water rationing. Three Commission regulated utilities would be affected: CWS's Los Altos-Suburban District, SJWC and GOWC. 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. In order to implement rationing these utilities require Commission authority to add Rule 14.1, Mandatory Rationing Plan (Rule 14.1), to their respective tariffs. By taking this action today the Commission is assisting in an expeditious implementation of rationing should it be required.

The Santa Clara Valley Water District (District) has no retail customers of its own; however, 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 Delta and the San Joaquin Valley, provides for groundwater recharge, and collects a pump tax for all water drawn from local aquifers. Due to the drier than normal conditions that have existed since 1986, the Board, in March of 1989, declared a drought emergency and asked all local suppliers to take mandatory steps to reduce the amount of water used by 25%. In response, CWS, SJWC and GOWC filed advice letters requesting Commission authority to include a mandatory rationing plan in their authorized tariffs. By resolutions dated May 26, April 12 and April 26, SJWC, GOWC and CWS respectively were authorized by the Commission to file Rule 14.1.

On October 24, 1989, the Board voted to temporarily suspend its request for mandatory reductions in water sales. At the same time it cautioned that the drought is not over and that it could very well find itself in a position of having to again call for a mandatory reduction in use. By advice letters filed October 25, 30 and 31 respectively, CWS, GOWC and SJWC requested authority to cancel Rule 14.1. Commission Resolution W-3473, dated November 22, 1989, granted such authority on that date.

Rainfall thus far this winter has been less than normal for the state and substantially below normal for the Santa Clara Valley area. With only two months of the wet season remaining and reservoir storage well below normal, there is a definite possibility of another drought year. At its January 16,

1990 meeting the Board set March 6, its first meeting in March, as the date when it will decide if it will be necessary to reinstate rationing effective April 1.

The Water Utilities Branch (Branch) has contacted CWS, SJWC, GWC and determined that should it again be necessary to require a 25% reduction in water use, it is the intention of each utility to refile the mandatory rationing plan previously approved by the Commission.

The mandatory rationing plans previously filed by CWS, SJWC and GWC in Rule 14.1 were nearly identical, and:

Prohibited 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.

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

Established 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).

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

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

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

Provided 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.

Provided 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.

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

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

The plans previously filed were effective in reducing water usage to the levels required, and the Branch agrees with the utilities that refiling the same plans would be appropriate if rationing is again necessary. With respect to the banking provisions, the Branch recommends utilities be authorized to carry over credit balances. The utilities should encourage lower usage and carrying over credits does this.

Staff also proposes to forgive overusage balances. Staff believes that customers who used over their ration amount last year should be given a "clean slate" and the chance to accumulate credits this year. The banking program is a short-term adjustment mechanism. By forgiving overusage the Commission emphasizes that aspect and encourages short-term overusers to participate in banking. Penalties are the proper way to deal with chronic overusage.

The California Water Code, Section 350 et seq., provides that any public water supplier may, after public notice and public 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 who are subject to regulation by the Commission shall secure its approval before making such regulations and restrictions

effective. In March of 1989 the customers of CWS, SJWC and GWC were notified, hearings were held and each utility declared a water shortage emergency as required by these sections of the Water Code. The Commission's Legal Division believes that Section 350, et seq., require that public notification and hearings by each utility are required before mandatory rationing can be reinstated.

At its January 16 meeting, the Board expressed its concern regarding the time between its request last spring for reduced consumption and the utilities' devising and filing and the Commission's approving rationing plans. The Branch believes that by taking action now the Commission can minimize those delays and ensure timely action to reduce water use.

The Commission has previously authorized CWS, SJWC and GWC each to establish a memorandum account in which to record revenue losses, expense savings and conservation expense resulting from drought conditions and mandatory rationing. Each utility was also ordered to establish a reserve account to record penalty monies received in connection with mandatory rationing. Resolution and disposition of these accounts has been directed by the Commission to be included in its investigation, I.89-03-005, into the effects and measures to mitigate the effects of drought on regulated water utilities, their customers and the general public. The Branch believes that in the event it is necessary to implement mandatory rationing, CWS, SJWC and GWC should be authorized to continue these accounts until further order of the Commission.

FINDINGS

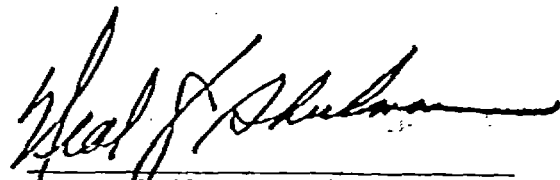
1. Dry weather conditions continue in the Santa Clara Valley area.
2. The Santa Clara Valley Water District Board of Directors may request that retail water suppliers within its jurisdiction mandatorily reduce use by 25%.
3. CWS, SJWC and GWC are within the Santa Clara Valley Water District and, if the District calls for rationing, the utilities will need to submit advice letters refiling their previously approved tariff Rule 14.1, Mandatory Rationing Plan.
4. If the District calls for rationing, there will be a need for swift implementation of the utilities' rationing plans following filing with the Commission.
5. Water Code Sections 350, et seq., require each utility to provide public notice and hold hearings before rationing plans are implemented.
6. Memorandum accounts previously authorized for these utilities for recording revenue losses and operating expense savings during the period of mandatory rationing, and conservation expense resulting from drought conditions, should be resumed.
7. Reserve accounts previously ordered to record penalty monies received in connection with mandatory rationing should be resumed.

ORDER

1. Upon formal action by the Santa Clara Valley Water District's Board of Directors requesting mandatory reduction of water use by the customers of water utility entities within its jurisdiction, and following hearings required by Section 350 et seq. of the California Water Code, California Water Service Company for its Los Altos-Suburban District, San Jose Water Company and Great Oaks Water Company are ordered to refile the same, Mandatory Rationing Plan, Rule 14.1, previously in effect. The filings shall comply with General Order 96-A. The filings shall be made at least five days before the effective date of rationing as designated by Santa Clara Valley Water District's Board of Directors and shall become effective on the date so designated.
2. Memorandum accounts previously authorized by the Commission for recording revenue losses and operating expense savings during the period of mandatory rationing, and conservation expenses resulting from drought conditions shall be resumed from the effective date of refiled Rule 14.1.
3. Reserve accounts previously ordered by the Commission to record penalty monies received in connection with mandatory rationing shall be resumed from the effective date of refiled Rule 14.1.
4. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on February 23, 1990. The following commissioners approved it:

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



 NEAL J. SHULMAN
 Executive Director