

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3496
May 4, 1990

R E S O L U T I O N

(RES. W-3496) CALIFORNIA WATER SERVICE COMPANY
(CWS). ORDER RE: WATER RATIONING PLANS FOR
BEAR GULCH, SAN CARLOS, SAN MATEO AND SOUTH
SAN FRANCISCO DISTRICTS.

The San Francisco Public Utilities Commission (SFPUC) at its May 8, 1990 meeting may call for water suppliers who purchase water from the City and County of San Francisco to institute mandatory rationing. As a buyer of San Francisco water CWS will consequently be required to implement rationing. In order to implement rationing, CWS requires Commission authority to add Rule 14.1, Mandatory Rationing Plan, (Rule 14.1) to the tariffs of its Bear Gulch, San Carlos, San Mateo and South Francisco (Peninsula) districts. By taking this action today the Commission is assisting in an expeditious implementation of rationing should it be required.

CWS purchases between 85% and 100% of the water it distributes to its Peninsula districts customers from San Francisco. San Francisco, in turn, obtains approximately 85% of its water from its Hetch Hetchy water system in the Sierra Nevada and the remainder from local sources, primarily runoff into nearby reservoirs. Because CWS is a private utility prohibited by the federal Raker Act from receiving Hetch Hetchy water, all of CWS's San Francisco water comes from these local sources. The close of the 1989-90 wet season has left California in an unprecedented fourth drought year. Runoff from the Sierra Nevada mountains is expected to be less than 65% of normal. Rainfall totals for the central coastal portion of the state are about 50% of normal and reservoir storage is about 20 - 30% of normal.

By letter of April 17, 1990, CWS, in anticipation of an SFPUC action to begin water rationing, requested authority to implement Rule 14.1 in each of the Peninsula districts five days from the date of filing the rule with the Commission. The filing will institute the same mandatory water rationing authorized by Resolution W-3404 on July 8, 1988 and in effect until May 26, 1989. Specifically the rationing plans will:

Prohibit 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 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.

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

Establish 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).

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

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

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

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.

Provide 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.

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

Establish 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 rationing plans previously filed were effective in reducing water usage, and the Water Utilities Branch (Branch) agrees with CWS that refiling the same plans would be appropriate if rationing is again necessary.

The "banking" program is a short-term adjustment mechanism allowing customers who use less than their allotted amount in a given month to "bank" their excess conserved water as a credit and use it in a future month. Because the City of San Francisco does not allow carryover of conservation credits, customers who conserved more water than required during the previous rationing period will start with a "clean slate" during this rationing period.

The Branch believes that customers who used over their ration amount last year should also be given a clean slate and the chance to accumulate credits this year. By forgiving previous overusage the Commission encourages short-term overusers to participate in banking. Staff believes penalties are the proper way to deal with chronic overusage.

CWS also requested, first, that it be allowed to establish a memorandum account for recording revenue losses, operating expense savings and conservation expenses resulting from drought conditions during the period of mandatory rationing; and second that, although Rule 14.1 includes a section requiring penalty moneys to be accumulated in a separate reserve account, CWS be authorized to pay any excess usage charges levied against it by the San Francisco Water Department out of any penalty monies in the reserve account. Such authorization was granted previously by Resolution W-3412 on October 14, 1988 for penalty monies collected under the rationing program authorized in Resolution W-3404.

The Branch notes that CWS already has an ongoing program to promote conservation by its customers and within its own operations. It regularly distributes brochures, bill inserts, news releases and paid advertisements promoting conservation. Water conservation kits are available to its customers without charge. All field employees carry door hanger notices that they leave on customers' doors when they find water being wasted. CWS promotes outside water conservation by distributing lists of drought-resistant plants and maintaining demonstration gardens in several districts including its Peninsula districts. For this reason the Branch believes conservation expenses recorded in the memorandum account should be limited to extraordinary expenses not incurred in its normal ongoing conservation program and already included in rates.

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. San Francisco has notified customers and held public hearings. CWS plans to notify its Peninsula districts customers and hold public hearings before filing Rule 14.1.

FINDINGS:

1. CWS purchases nearly all of the water supply for its Peninsula districts from the City and County of San Francisco.
2. The City of San Francisco may declare a water shortage emergency under the California Water Code, Section 350 et seq, and is expected to adopt restrictions on the amount of water it will furnish to CWS for resale.
3. CWS will require Commission authorization to file tariff Rule 14.1, Mandatory Rationing Plan, before implementing rationing.
4. CWS is required by the Water Code, Section 350 et seq, to notify its customers and to hold a public hearing before it may declare a water shortage emergency.
5. Memorandum accounts as previously authorized for CWS for recording revenue losses, operating expense savings and extraordinary conservation expenses during the period of mandatory rationing should be authorized.
6. A reserve account for each district as previously authorized for CWS for recording penalty monies collected under its excess usage penalty rate should be authorized.
7. The use of accumulated customer penalty monies to pay the penalty charges imposed upon it by the San Francisco Water Department is appropriate.

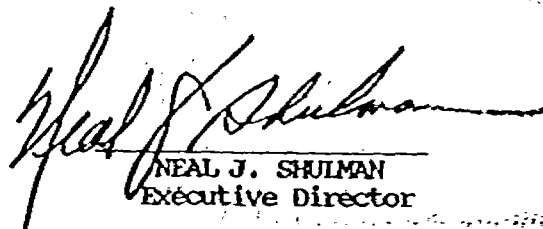
IT IS ORDERED that:

1. Upon formal action by the San Francisco Public Utilities Commission requiring mandatory reduction of water use, and after fully complying with relevant sections of the California Water Code, California Water Service Company for its Bear Gulch, San Carlos, San Mateo and South San Francisco Districts may refile the same Rule 14.1, Mandatory Rationing Plan, previously in effect. The filings shall comply with General Order 96-A and shall be effective five days from the filing date.
2. Rule 14.1 shall continue in force until such time as the City of San Francisco rescinds its water rationing, at which time California Water Service Company is authorized to terminate Rule 14.1 by filing an advice letter withdrawing it from its tariffs for the affected districts. The effective date of the termination of Rule 14.1 shall be the date of filing.
3. California Water Service Company shall establish a reserve account in which usage penalty charges imposed upon its customers shall be accumulated. These monies shall not be accounted for as income but shall be disposed of in ways to be determined by the Commission from time to time.

4. To the extent that penalty charges accumulated in the reserve account ordered by this resolution are available, California Water Service Company is authorized to use the reserve fund to pay excess usage penalty charges imposed on it by the San Francisco Water Department.
5. California Water Service Company is authorized to establish a memorandum account for recording revenue losses, operating expense savings and extraordinary conservation expenses during the period of mandatory rationing.
6. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 4, 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