

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3542
February 21, 1991R E S O L U T I O N

(W-3542) DOMINGUEZ WATER CORPORATION (DWC). ORDER
RE: WATER RATIONING PLAN AND WATER CONSERVATION.

DWC, by Advice Letter No. 144 filed February 4, 1991, requests Commission authority to add Rule 14.1, Mandatory Water Conservation and Rationing, and Rule 21, Water Conservation, to its tariffs. DWC serves approximately 32,000 customers in the metropolitan Los Angeles area. This action is required by the action of the Metropolitan Water District of Southern California (MWD) in response to the severe drought conditions in California.

MWD supplies about two-thirds of all water used in Southern California, receiving most of it from the Colorado River and the State Water Project and supplying it to 27 member agencies. Due to the State of Arizona's increase in its use of its share of the Colorado River, in 1991 MWD expects to receive 25 percent less water from that source. This and the unprecedented fifth year of drought in California, resulting in a severe reduction in its supply from the State Water Project and local sources, have limited the amount of water MWD will be able to deliver to its member agencies. MWD held public meetings in 1990 and 1991 concerning the expected shortfall. On December 20, 1990, MWD ordered an "Incremental Interruption and Conservation Plan" (MWD Plan) to go into effect on February 1, 1991.

The MWD Plan includes quantity reductions ranging from voluntary cutbacks to 20-percent rationing for noninterruptible (residential) customers and 50-percent rationing for interruptible (mostly irrigation) customers. MWD began rationing water to customer agencies on February 1, 1991, requiring mandatory reductions of 10-percent for noninterruptible customers and 30-percent for interruptible customers.

The MWD Plan penalizes agencies using more than allotted quantities and rewards agencies using less than allotted quantities. At present the penalty is \$394 per acre-foot and the reward is \$99 per acre-foot. In September, 1991 MWD will compare each agency's total use for the rationing period with its total allocation for that period. Agencies which have used more than their allotted amount will be charged the penalty for each excess acre-foot used, and those which have used less than their allocation will be credited the reward for each acre-foot saved.

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DWC purchases 80-percent of the water it distributes to its customers from MWD and pumps 20-percent from wells. Without the amount of water normally purchased from MWD, DWC cannot supply the normal water demand of its customers. DWC has therefore requested authorization from the Commission to impose water use restrictions and rationing.

DWC's proposed five-phase plan provides use restrictions and water quantity reductions. The quantity reductions in DWC's plan are the same as those specified in the five-stage MWD Plan which went into effect on February 1, 1991. DWC will require the same percent reductions of its customers as those required by MWD at any given time, based on their 1989-1990 recorded water use. DWC's plan makes an exception for customers who had already reduced their water consumption to low levels by 1989-1990; a minimum allocation is provided for each rationing stage, and customer allocations will not be lower than the minimum allocation for that rationing stage.

If MWD revises its Plan to require reductions in excess of 20-percent for noninterruptible customers or 50-percent for interruptible customers, DWC will file an advice letter with the Commission requesting a revision of the DWC plan.

Use restrictions in DWC's plan will affect: washing walkways and driveways; washing motor vehicles, trailers, boats, and so forth without automatic shut-off devices on hoses; landscape watering; decorative pools, fountains, and other aesthetic uses; serving water in restaurants, hotels, cafes, cafeterias and other places where food is served; and use of water for construction purposes.

When quantity reductions of 20-percent or more are required for noninterruptible customers, a flow restrictor will be installed for a minimum of three days if the customer continues to violate use restrictions after receiving a written warning. For an additional violation, a restrictor may be installed for the duration of the drought, and service may be discontinued for persistent violations. DWC will charge established amounts of \$25, \$50, or the actual cost for removing restrictors, depending on the size of the particular service.

DWC's allotted plan also provides financial penalties when more than the allotted amount of water is used, and rewards when less is used. Penalties and rewards will be at the same rates used by MWD; \$0.905 per hundred cubic feet (ccf) for overuse and \$0.227 per ccf for underuse. To encourage the required reduction in water use, in each billing period DWC will reward customers who conserve and penalize customers who use excessive water. Any penalty monies collected by DWC from customers shall not be considered income but shall be accumulated in a reserve account for future disposition by the Commission.

On each September 30, or following termination of rationing by MWD, whichever is earlier, DWC will reconcile the monthly penalties and credits during that year or partial year for each customer. At this reconciliation, conserved water for which the customer received reward payments will offset excess use for which the customer paid a penalty. For such offsets, DWC will credit the customer the

difference between the incentive credits and penalty charge. Therefore, if, at the end of the reconciliation period, a customer over-used in some months and under-used in other months in such quantities that the over-use and under-use in ccf were equal, the customer will have evened out the account. The end result in such a case would be an adjustment of previous billings so there would be no penalty charge or reward payment for the period.

The Water Utilities Branch (Branch) believes that immediately following each September accounting made by MWD to its member agencies, and DWC's reconciliation of customer accounts, DWC should report to the Commission the charges or credits made to it by MWD and the amount of penalty monies that have accumulated in the penalties reserve account. This report to the Commission should be accompanied by a request for Commission authorization for specific disposition of any credits made to DWC by MWD as a result of DWC's customers using less than MWD's allocation, and any monies accumulated in DWC's penalties reserve account.

Branch also believes that monies accumulated in the reserve account for excess use penalties imposed on DWC customers should be used for offsetting any penalties by MWD in the event the customers of DWC use more than their allotted amount of water, and second to offset charges to the drought-related memorandum account that was authorized by the Commission in Decision 90-07-067. In the event customers in total use less than their MWD allotment and rewards are credited DWC by MWD, these credits should be used to offset incentives paid by DWC to its customers.

The California Water Code (Code), Sections 350 through 358, provides that the governing board of any any public water supplier may 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. Before making a declaration of water shortage emergency, the supplier must notify its customers and hold a public meeting to give customers the opportunity to protest such declaration or make comments. After the supplier 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.

MWD held widely publicized public hearings; received input from residential, commercial, agricultural and water agency customers; declared a water shortage emergency and adopted regulations and restrictions for the greatest public benefit. In addition, DWC conducted a public hearing at which customers had an opportunity to be heard concerning a declaration of a water shortage emergency. The hearing was held in Torrance on January 9. About 600 customers attended and approximately 120 presented comments or questions about the proposed conservation and rationing plan, and the water supply problems in general. No one disputed the existence of a water shortage emergency condition. Due to the exceptional interest shown, additional meetings were held on February 4 and 5, 1991.

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Section 357 of the Code requires that suppliers that are subject to regulation by the Commission shall secure its approval before making such restrictions and rationing effective.

DWC has also requested authority to add standard Rule No. 21, Water Conservation, to its tariffs. The purpose of Rule No. 21 is to promote conservation of water resources at all times through the use of devices to reduce the quantity of water used for domestic, aesthetic and nonessential purposes. It allows a utility to make available to customers, without cost, water conservation kits which contain devices to reduce shower flow rates, to reduce toilet flush requirements, dye tablets to detect toilet tank leaks, and instructions for the use of these devices.

FINDINGS

1. MWD provides DWC nearly all of its water supply.
2. Without the full amount of water supplied by MWD, DWC cannot provide for the ordinary requirements of its customers for consumption, sanitation and fire protection.
3. Reduction in the availability of Colorado River water, and the drought conditions in California, have reduced the amount of water available to MWD to distribute to its member agencies.
4. MWD implemented an Incremental Interruption and Conservation Plan on February 1, 1991, calling for mandatory rationing by member agencies.
5. Section 357 of the Water Code requires DWC to seek Commission approval of its proposed tariff Rule 14.1, Mandatory Water Conservation and Rationing Plan before implementing use restriction and rationing called for by MWD.
6. Requirements of the Water Code, Section 350 et seq, to notify customers and to hold public hearings before declaring a water shortage emergency have been met.
7. A reserve account should be authorized for DWC to record penalty monies collected under its excess usage penalty rates.
8. DWC should report to the Commission immediately following MWD's September accounting of overuse penalties and underuse credits. This report should include the amount charged or credited DWC by MWD as well as the amount accumulated in DWC's penalty monies reserve account. This report should be accompanied by an application request for specific disposition authority for the monies in the penalty reserve account.

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IT IS ORDERED that:

1. Dominguez Water Corporation is authorized to add Rule 14.1, Mandatory Water Conservation and Rationing Plan, and Rule 21, Water Conservation to its tariffs as proposed by Advice Letter No. 144. The effective date of Rule 14.1 and Rule 21 shall be the same as the effective date of this resolution.

2. When MWD revises its present rationing plan to include reductions in noninterruptible use of more than 20-percent, or more than 50-percent in interruptible use, Dominguez Water Corporation is authorized to file an advice letter modifying its Rule 14.1 accordingly.

4. Rule 14.1 shall continue in force until such time as MWD rescinds its Incremental Interruption and Conservation Plan and no longer requires rationing, or until such time as the Commission directs the modification or repeal of Rule 14.1.

5. Dominguez Water Corporation shall establish a reserve account in which excess 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.

6. Dominguez Water Corporation shall establish a reserve account in which rationing incentive funds collected from MWD are 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.

7. Dominguez Water Corporation shall, within thirty (30) days following the September accounting by the Metropolitan Water District to its member agencies of overuse charges and underuse credits, report this information to the Commission subject to this resolution. This report shall include the amount of monies accumulated in its overuse penalty charges reserve account and rationing incentive reserve account.

8. Dominguez Water Corporation shall, within thirty (30) days following the September accounting by the Metropolitan Water District, file an application with the Commission proposing specific disposition of any monies accumulated in its overuse penalty charges reserve accounts, and any credits made to it by the Metropolitan Water District for underuse.

9. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on February 21, 1991. The following commissioners approved it:

I abstain,
DANIEL WM. FESSLER
Commissioner

I abstain,
NORMAN D. SKUMWAY
Commissioner


NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President

G. MITCHELL WILK
JOHN B. CHAIAN
Commissioners