

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION W-3568  
May 8, 1991R E S O L U T I O N(RESOLUTION W-3568) METROPOLITAN WATER  
COMPANY (MWC). ORDER RE: WATER RATIONING  
PLANS AND CONSERVATION RULE.BY ADVICE LETTER 28, FILED FEBRUARY 14, 1991SUMMARY

By Advice Letter 28, filed February 14, 1991, MWC requests for authority to add Rule 14.1, Mandatory Water Conservation and Rationing Plan to its tariffs. This resolution grants MWC's request.

BACKGROUND

MWC serves approximately 2,100 customers in the Simi Hills area, Ventura County.

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.

DISCUSSION

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.

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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 who have used more than their allotted amount will be charged the penalty for each excess acre-foot used, and those who have used less than their allocation will be credited the reward for each acre-foot saved.

MWC purchases all of the water it distributes to its customers from MWD. Without the amount of water normally purchased from MWD, MWC cannot supply the normal water demand of its customers. MWC has therefore requested authorization from the Commission to impose water use restrictions and rationing.

MWC's proposed multi-phase plan provides use restrictions and water quantity reductions. Phase I consists of mandatory water use restrictions and voluntary water conservation of less than 10 percent as of March 30, 1990. Phase II consists of mandatory water use restrictions and water rationing of at least 10 percent but less than 20 percent cutback in usage effective February 1, 1991. Phase III consists of mandatory water use restrictions and water rationing of at least 20 percent effective March 1, 1991. Additional Phases will consist of mandatory water use restrictions and water rationing whenever officially declared by MWD, on an on-going basis until MWD rescinds its plan - Phase IV consists of water use restrictions and water rationing of at least 30 percent cutback in usage effective April 1, 1991. Monthly allotments for Phases II and III, and additional Phases are 15 Ccf, 13 Ccf, and 12 Ccf, respectively, (one Ccf is equal to one-hundred cubic feet).

Use restrictions in MWC'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.

For violating the restrictions on use, the utility may warn the customer the first time, and install a temporary flow restrictor in the customer's service line the second time. For a third violation, a restrictor may be installed for the duration of the drought, and service may be discontinued for persistent violations. MWC will charge established amounts of \$25, \$50, or the actual cost for removing restrictors, depending on the size of the particular service.

MWC's allotted plan also provides financial penalty when more than the allotted amount of water is used. MWC's plan calls for

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penalties of \$1.75 per 100 cu.ft. for use of water in excess of the applicable allocation during each billing period for water service rendered on or after the effective date of this tariff. To encourage the required reduction in water use, in each billing period MWC will credit customers who conserve water and penalize customers who use excessive water. Any monies collected by MWC through penalty charges will not be accounted for as income, but will be accumulated in a separate reserve account for disposition as directed from time to time by the Commission.

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

The Water Utilities Branch (Branch) believes that immediately following each September accounting made by MWD to its member agencies, and MWC's reconciliation of customer accounts, MWC 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 MWC by MWD as a result of MWC's customers using less than MWD's allocation, and any monies accumulated in MWC's penalties reserve account.

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

The California Water Code (Code), Sections 350 through 358, provides that the governing board of 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

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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.

For the requirement of the Code, MWD is the governing body. 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.

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 rations effective.

MWC also makes available to its customers water conservation kits to promote conservation of water resources through the use of devices to reduce the quantity of water, and instructions for the use of these devices.

#### NOTICE

The implementation of the MWD plan has been widely publicized in the local news media serving the Ventura County area. MWC has not necessarily given notices to its customers on account of its water purveyor preceded notification requirements. The Branch concurred.

#### PROTESTS

No protests have been received from the customers.

#### FINDINGS

1. MWD provides MWC all of its water supply.
2. Without the full amount of water supplied by MWD, MWC cannot provide for the ordinary requirements of its customers for consumption, sanitation and fire protection.
3. According to MWD, 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.

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5. Section 357 of the Water Code requires MWC 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 MWC to record penalty monies collected under its excess usage penalty rates.

8. MWC 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 MWC by MWD as well as the amount accumulated in MWC'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.

**IT IS ORDERED that:**

1. Metropolitan Water Company is authorized to add Rule 14.1, Mandatory Water Conservation and Rationing Plan to its tariffs as proposed by Advice Letter 28. The effective date of Rule 14.1 shall be five (5) days after the effective date of this resolution.

2. When MWD revises its present rationing plan to include reductions in noninterruptible use of more than 30-percent, Metropolitan Water Company is authorized to file an advice letter modifying its Rule 14.1 accordingly.

3. 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.

4. Metropolitan Water Company 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.

5. Metropolitan Water Company 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.

6. Metropolitan Water Company shall, within thirty (30) days following the September accounting by the Metropolitan Water District to its

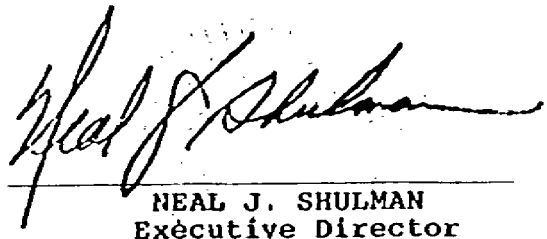
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member agencies of overuse charges and underuse credits, report this information to the Commission subject to this resolution. This report shall include the amount of monies accumulated in its overuse penalty charges reserve account and rationing incentive reserve account.

7. Metropolitan Water Company 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.

8. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 8, 1991. The following Commissioners approved it:



NEAL J. SHULMAN  
Executive Director

PATRICIA M. ECKERT  
President  
G. MITCHELL WILK  
JOHN B. OHANIAN  
DANIEL Wm. FESSLER  
NORMAN D. SHUMWAY  
Commissioners