

ORIGINAL

Decision S3 04 016 APR 6 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Crystal Falls Water Company, a)
California Corporation, to borrow)
funds under the Safe Drinking Water)
Bond Act, and to add a surcharge to)
water rates to repay the principal and)
interest on such loan.)

Application 60151
(Petition to Reopen and
Modify D.93048 filed
February 25, 1982)

George W. Thayer, for Sonora Meadows Mutual
Water Company, petitioner and complainant.
Neil Burckart, for Crystal Falls Water
Company, applicant and defendant.
C. Frank Filice, for the Commission
staff.

O P I N I O N

In its petition to reopen and modify Decision (D.) 93048, filed February 25, 1982, Sonora Meadows Mutual Water Co.(Sonora) alleges that D.93048 is in error. Specifically, Sonora challenges the Safe Drinking Water Bond Act (SDWBA) surcharge authorized Crystal Falls Water Company (Crystal) by D.93048 dated May 19, 1981 in Application (A.) 60151 and further requests a reduction in its 4-inch meter charge.

Petition

Sonora alleges that its 377,000 gallons of storage is more than sufficient to meet the needs of its 285 developed lots and capable of meeting the storage requirements even if all 500 lots were developed. Sonora states that R. L. Haberman, senior sanitary engineer, California Department of Health Services (DHS), surveyed its current and projected needs and concluded that a maximum of 350,000 gallons of storage was required for complete development of 530 services.¹

¹ R. L. Haberman, DHS, August 14, 1981 letter to George Thayer of Sonora.

Sonora states that D.93048 is in error when it states that it and Mono Vista Water Company (Mono) "will receive approximately 69% of the total value of the SDWBA proposed water system improvements." Sonora maintains that it will receive no benefit from the proposed construction, other than from the pretreatment and treatment plant. Further, Sonora alleges that the \$444 per month 4-inch meter charge by Crystal is excessive and inconsistent with Commission rates due to the fact that Sonora paid the \$9,600 cost of the line and meter.

Sonora requests an order reopening the proceeding to take further evidence on the SDWBA surcharge in D.93048. Further, Sonora requests a reduction in its 4-inch meter charge.

Administrative Law Judge (ALJ) Doran, by letter dated April 13, 1982 advised both Sonora and Crystal that the petition would be processed as a formal complaint against Crystal.

Crystal's answer was filed May 27, 1982.²

Answer

Crystal states in its answer that the staff of the Commission's Revenue Requirements Division (staff) developed the surcharge applicable to Sonora solely on the basis of the benefits to be derived by Sonora's customers and that Sonora was not required to pay for facilities which would not directly benefit it.

Crystal states that Sonora is in full control of its own water system, provides its own maintenance and operations, and does not provide Crystal with the use of any of Sonora's facilities. Crystal admits that Sonora did provide money for a 4-inch meter and

² The answer was received on May 17, 1982, but not filed until a certificate of service was received by the Docket Office.

its share of an 8-inch water line. Crystal states upon conferring with Haberman, it finds that Sonora has taken the information supplied by Haberman out of context. Crystal paraphrases its discussion with Haberman as follows:

Sonora storage capacity would be sufficient if it had a continuous flow based on a safe yield capacity of a well system and/or a continuous supply from a surface water source, which it does not possess. The water that Crystal supplies Sonora is treated water from Pacific Gas and Electric Company's (PG&E) main canal. From time to time the flow from this source is interrupted for maintenance and repair. A possible fire at one of the flumes, or some other damage, could cause interruption. Further, even if a storage requirement is met, that does not preclude the fact that Sonora would still benefit from additional storage. Fire insurance ratings are based on the ability to supply large flows of water to fight fires--based on production of water and elevated storage. The DHS only considers domestic water needs when calculating production and storage requirements. Therefore, additional storage would greatly benefit Sonora.

Crystal supports the Commission decision that Sonora would benefit from each item identified, and states that all of the improvements would benefit Sonora on a regular basis, as well as in times of an emergency.

Crystal also states that its regular tariff schedule for water rates is not an issue in the pending surcharge matter, and concludes that it is irrelevant and requires no further comment.

Background

A.60151 of Crystal, filed December 22, 1980, sought authority to borrow \$726,000 for 35 years under the SDWBA and to add a surcharge to its rates to repay the principal and interest at 6-1/2% per annum on the loan. Notice of the application appeared on the Commission's Daily Calendar of December 30, 1980. The staff

conducted a public meeting on January 22, 1981 in Sonora, after notice in the local newspaper and by Crystal's letter to all customers. Following the meeting, authorization to borrow the funds and to add a surcharge was granted ex parte by D.93048 dated May 19, 1981. The decision became effective June 18, 1981 with the surcharge effective November 1, 1981.

The surcharge schedule described in the opinion in D.93048 states in part:

"Sonora Meadows Mutual Water Company
\$695.00 Per Month, Flat Rate."

Finding 9 in D.93048 states: "Crystal Falls should be required to negotiate new resale contracts with Sonora Meadows and Mono to cover the amount of the proposed SDWBA rate surcharge that these two mutual water companies would have to pay."

Sonora entered into an agreement with Crystal dated October 13, 1981 for a \$695 per month SDWBA surcharge and a \$444 per month service charge. The agreement was filed by Crystal's Advice Letter (Adv.) 26 on October 30, 1981. By letter dated November 27, 1981, Crystal was advised by our staff that the contract was filed and allowed to become effective.

This was the first time a SDWBA surcharge was established for Crystal. A \$400 monthly service charge was originally established by an agreement dated September 18, 1980. The service charge was increased to \$444 by a subsequent agreement dated June 9, 1981. This service charge was continued in the above October 13, 1981 agreement. The latest agreement is dated April 26, 1982 and provides for a \$559 monthly service charge. Such agreement was filed by Crystal's Adv. 31 on May 6, 1982. By letter dated May 7, 1982, Crystal was advised by our staff that the contract was filed and permitted to become effective.

All of the agreements also contain quantity charges. Quantity charges by date of agreement are as follows:

<u>Quantity</u>	<u>Charge Per 100 Cu.ft.*</u>		
	<u>9/18/80</u>	<u>6/9/81</u>	<u>4/26/82</u>
0 - 300,000 cu.ft.	35¢	35¢	35¢
Over 300,000 cu.ft.	45¢	45¢	45¢

*The agreements where the service charge has been increased, after the \$85 minimum charge for 24,000 cu.ft. and 34¢ per 100 cu.ft. for all excess usage which was in effect when A.59181 was filed on October 4, 1979.

Sonora's petition to reopen and modify D.93048 was filed on February 25, 1982, over 8 months after D.93048 became effective and over 4 months after Sonora entered into its October 13, 1981 agreement with Crystal for the surcharge and service charge. Sonora did, however, correspond with our staff about the surcharge rate in D.93048 by letters received June 4, 1981 and August 12, 1981. The petition did not set forth facts sufficient to justify the reopening of D.93048 or to reduce the monthly service charge (unrelated to D.93048). The parties were advised that the petition would be processed as a formal complaint.³

³ "The Commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it." (PU Code § 1708.)

Hearing

A duly noticed public hearing was held before ALJ Doran on October 22, 1982, and the matter was submitted on late filings due November 4, 1982.

Sonora presented one exhibit and one witness, George Thayer, Committee Chairman of Sonora. Crystal presented one exhibit and two witnesses, Neil Burckart, an owner and secretary of Crystal, and Spence Gregg, manager. The staff presented one exhibit and one witness, C. Frank Filice, financial examiner. All parties participated in cross-examination. Posthearing data were received related to work papers supporting Crystal's exhibit and Sonora's and Crystal's comments on them.

Sonora's witness Thayer presented oral testimony and Exhibit 1 consisting of 5 pages and 16 attachments in support of Sonora's petition. Thayer testified that Sonora has 4 storage tanks with a total capacity of 377,000 gallons, which is sufficient storage for Sonora's 285 existing services as well as for the full development of 530 services. He also stated that D.93048 states that Sonora and Mono with 40 services would receive 69% of the total value of the SDWBA loan. He contends that Sonora should have been separated from Mono.

Exhibit 1 states that Sonora is a contract customer of Crystal, and asserts that the \$695 per month surcharge is not justified. The exhibit also cites communication failures by Crystal.

The exhibit requests that D.93048 be modified by assigning Sonora responsibility for no more than a 15% share of the pretreatment and treatment plant cost of \$103,200.

Thayer stated that the Commission in D.92186 dated September 3, 1980 authorized a \$41 per month charge on Sonora's 4-inch meter based upon Crystal's A.59181. He stated that Sonora was unaware of the \$41 surcharge because Crystal failed to provide Sonora with a copy of A.59181 or D.92186 before Crystal submitted an agreement to Sonora for a \$400 per month meter charge on September 18, 1980, which Sonora signed. Further, he stated Crystal presented an amended agreement for \$444 June 9, 1981 which Sonora also signed. The witness doubted that the Commission was aware that the \$400 per month charge was presented in place of the \$41 charge.

Crystal's witness Burckart presented testimony and Exhibit 3. He stated that PG&E is Crystal's sole supplier and that Crystal treats, stores, and distributes the water. He contended that Crystal's storage is not adequate, that the California Department of Water Resources (DWR) determines storage needed, and that DWR approved the SDWBA project including the new storage (shown in D.93048).

Burckart stated that Crystal agrees with the determination of the 69% allocation in D.93048 for the following reasons:

"All water systems depending on the PG&E Ditch System are required to have 14 days' storage or alternate source of supply in case of an extended ditch outage. Using 377,000 gallons as the Sonora Meadows storage capacity, and the 1981 - 1982 meter readings for the months of May, June, July, August and September, it clearly indicates Sonora Meadows does not have sufficient ability to meet storage requirements as per exhibit '1'.

"Therefore, it is our belief that the P.U.C. staff's original decision is reasonable and justified."

Exhibit 3 shows that Sonora's storage in the summer months of 1981 ranged from 2.9 to 4.2 days and in 1982 ranged from 3.4 to 5.7 days.

Crystal's witness Gregg testified about the service of Crystal's filings in response to communication problems raised by Sonora. Gregg stated that Sonora received proper notice in the original A.60151 proceeding and in this proceeding.

In his testimony and in Exhibit 2, staff witness Filice described how the SDWBA rate surcharge in D.93048 was allocated among Crystal's customers, including Sonora. Filice determined that it was reasonable for all of Crystal's customers including Sonora and Mono who purchase from Crystal for resale, to share in the SDWBA rate surcharge based on the benefits derived from the proposed water system improvements. ✓

Witness Filice testified that after discussions with officials of Crystal prior to the issuance of D.93048 he concluded that approximately 69% of the utility's SDWBA loan total of \$726,000 or \$503,400, would benefit Sonora and Mono. The costs of one well, two storage tanks, the interconnection pipeline, and all meters for flat rate services totaling \$222,600 were deducted from the SDWBA loan total and the balance was allocated in part to Sonora and Mono. Based on total customers of Crystal, Sonora, and Mono, Filice calculated that 24% of the adjusted SDWBA loan of \$503,400 or \$120,816 of the proposed water system improvements costs should be borne by Sonora and Mono.

Based on total customers of only Sonora and Mono, an additional calculation determined that Sonora's share of the \$120,816 amounted to \$104,143 or 86.2% and that Mono's share amounted to \$16,673 or 13.8%.

By using bond amortization tables, Filice calculated the amount of semiannual payments of principal and interest that Crystal had to make to retire the SDWBA loan of \$726,000 over its 35-year life. Included in this calculation was the establishment of a 10% reserve required by DWR. By adding a surcharge to its customers' water rates, Crystal is generating operating revenues of approximately \$4,910 per month to meet the semiannual payments of approximately \$29,460 due on the SDWBA loan. Of the approximate \$4,910 per month, \$4,104 per month are assessed to Crystal's regular customers, while \$695 and \$111 per month are assessed to Sonora and Mono, respectively. Crystal placed the SDWBA rate surcharge into effect beginning November 1, 1981. Crystal's regular residential customers are paying the rate surcharge in direct proportion to the capacity of each customer's meter or service connection. As their share, Sonora and Mono are paying a SDWBA flat rate surcharge of \$695 and \$111 per month, respectively. Because Sonora and Mono are mutual water companies and resale customers of Crystal, Filice determined that Sonora and Mono should pay the surcharge on a monthly flat rate basis. The surcharge rate for Crystal's 5/8-inch x 3/4-inch metered residential customers is \$3.25 per month. The rate is \$4.90 for 3/4-inch metered service.⁴ Filice stated that the proportional SDWBA rate surcharge for each Sonora and Mono customer would be about \$2.78 per month. The \$2.78 surcharge for Sonora was based on 250 customers as of the spring of 1981. Based upon 285 customers now connected, Filice stated that the proportional surcharge rate for each of Sonora's customers would be reduced to \$2.44 per month.

⁴ Crystal's witness Burckart testified that there are no 5/8-inch x 3/4-inch services.

Filice stated that the installation of the additional 3 storage tanks will greatly aid Sonora, especially during peak demand periods, such as the summer months. On occasion in the past, Crystal has had to shut-off the valve providing water to Sonora because of excessive use by the customers of Crystal. Also, this same valve to Sonora has been closed at times for ordinary maintenance and repair work done by Crystal. If an emergency occurred at some point within Crystal's system, one of the results would be a discontinuance of a steady flow of water to Sonora. The increased storage facilities provide Sonora with additional fire protection. Filice concluded that based on the benefits derived, Sonora's shared cost of the SDWBA loan amounts to approximately 14% of the total amount of the loan.

In response to a request for work papers used to develop the days of actual storage in Exhibit 2, Crystal's witness was required to provide his work papers as a late exhibit, and opportunity was provided for the parties to comment on the work papers. The work papers were sent by letter of October 25, 1982. Sonora commented by letter of October 27, 1982, stating that 14 days of storage would be 1,714,000 gallons for Sonora and 10,008,000 gallons for Crystal's entire system. Sonora concluded that this requirement is unrealistically high and not supported by the evidence.

Based upon a DHS letter,⁵ Sonora also stated that there has not been any improvement yet in the quality of water as a result of work completed to date under the SDWBA project. DHS, in its letter, stated that at its October 15, 1982 meeting with Crystal, it set completion dates of November 1, 1982 for meeting turbidity standards and March 31, 1983 for new well completions. It also said that the leak in the subsurface reservoir must be fixed without delay.

⁵ R. L. Haberman, DHS, October 21, 1982 letter to Neil Burckart of Crystal.

By letter of November 12, Crystal responded by furnishing PG&E's agreement to supply water to Crystal dated January 15, 1970, which makes a water purchaser responsible for 10 days' storage capacity. Crystal also cited PG&E's 14-day storage proposal. Further, Crystal presented a billing calculation, based upon the deliveries shown in the work papers to show actual billings compared with billings under rates proposed in A.59181. Sonora, by letter of March 14, 1983, stated that Crystal's November letter was an attempt to discredit its representative and that Sonora had reaffirmed his appointment. The above four letters have been received as Exhibit 4.

Discussion

We conclude that the costs and rate surcharge authorized in D.93048 for Sonora are not excessive or unjust, particularly since such costs are providing Sonora and its customers with better quality and quantity of water because of SDWBA water system improvements being made by Crystal.

SDWBA Surcharge

Sonora maintains that the rate surcharge in D.93048 is not supported by the record and findings of fact in A.60151. Sonora states that its 377,000 gallons of storage is not only sufficient for its present 285 services, but for 530 services. Sonora's position is based on an August 14, 1981 letter from DHS which states in part:

"Also attached to this letter are calculations we have performed to determine the amount of source capacity that will be needed by Sonora Meadows Mutual Water Company before we can approve the permanent disconnection from the existing Crystal Falls Water Company system. We have also calculated the amount of storage volume needed and find that no additional storage is needed. These calculations have

been made based on information you provided to me on the phone and we will need to confirm the basic data at a later date. I must also inform you that if rock wells are to be used as the source of supply they must produce three to four times the needed source capacity when constructed and test pumped."

No calculations are presented. However, on the attachment offered by the witness is the following storage data:

"2A. Needed storage volume now = 190,000 g.
Needed storage volume @ buildout = 350,000 g.
No additional storage needed."

Sonora's witness stated that Sonora will receive no benefit from the construction described in D.93048, other than from the pretreatment and treatment plan. The witness urges that D.93048 be modified by assigning Sonora no more responsibility than a 15% share of the pretreatment and treatment plant.

Crystal's principal witness contended that at the time of filing for approval of A.60151, that Crystal's storage was not adequate, that storage was proposed to be added in the SDWBA project, and that DWR approved the project. Further, the witness agreed with D.93048 and with the 69% allocation of project costs as a benefit to all customers. The witness testified that Sonora does not have sufficient storage now in case of an extended outage on the PG&E ditch system.

Crystal contended in its answer, that Sonora has taken the information supplied by DHS out of context. Crystal understands from a discussion with the DHS engineer that Sonora's storage would be sufficient if there was a continuous flow based upon a well system or a surface source. However, Sonora's source is from PG&E's main canal ditch system through Crystal. Since the PG&E supply is subject to interruption for maintenance and repair, Crystal concluded that Sonora will benefit from additional storage.

The staff witness testified about the development of the surcharge applicable to Sonora in D.93048, which he supports. After discussion with Crystal he eliminated the costs for one well, two storage tanks, the interconnection pipeline, and all meters from the SDWBA project of \$726,000 as benefitting only Crystal. He determined that \$503,400 (69% of the total project) would benefit all customers including Sonora and Mono. Based upon the total number of end-use customers, he then determined that Sonora should be responsible for \$104,100 or about 14% of the total project costs. By using bond amortization tables and the 10% reserve required by DWR, he calculated a monthly surcharge of \$4,910 for all customers and \$695 for Sonora. The witness' results eliminated some storage and retained the remaining storage tanks as being of joint benefit to Crystal, Sonora, and Mono. These results support the conclusions in D.93048.

Using Sonora's 250 customers in D.93048 yields a surcharge of \$2.78 per month per customer, and using the present 285 customers yields \$2.44. This compares to Crystal's surcharge rate of \$3.25 for a 5/8-inch x 3/4-inch service (no customers) and \$4.90 for a 3/4-inch service (common for residential).

Evidence has not been presented nor can we find that Sonora's surcharge rate established by D.93048 is not just and reasonable. Based on the evidence presented in this proceeding, the surcharge appears to have been carefully calculated to account for the benefits derived by Sonora.

Meter Service Charge

In its petition to reopen D.93048 Sonora requests a reduction in its meter charge. The meter or service charge was not an issue in D.93048.

With respect to Sonora's argument that Crystal's meter service charge should be reduced because Sonora paid for the cost of the meter and a share of the line to serve it, Sonora did not present evidence to support this contention. Sonora's payment as a contribution was provided for in Crystal's November 20, 1971 water service agreement with Sonora, and is not unusual.

Sonora's witness stated that the Commission approved a \$41 per month meter charge by D.92186 dated September 3, 1980, in Crystal's general rate case, A.59181 filed October 4, 1979. The witness also stated that Crystal presented Sonora with a \$400 per month charge agreement and did not present Sonora with a copy of A.59181 or D.92186. Sonora signed that agreement and also later agreements with higher rates. Sonora's witness testified that Sonora was unaware of the approval of the \$41 per month meter charge in A.59181, when Sonora signed the agreements. Sonora misconstrues D.92186 since the \$41 meter charge was proposed by Crystal which was never adopted by the Commission.

In D.92186, we authorized a general rate increase applicable to Crystal's residential customers. With respect to the two resale customers, Sonora and Mono, we concluded that the existing contracts were discriminatory and directed Crystal to renegotiate nondiscriminatory rates. Pursuant to this directive, new rates were negotiated.

The rates in the Crystal-Sonora September 18, 1980 agreement consist of a \$400 per month service charge, and a quantity charge of 35¢ per 100 cu.ft. for the first 300,000 cu.ft. and 45¢ per 100 cu.ft. for usage over 300,000 cu.ft. This agreement is consistent with the rate levels contemplated in D.92186. The latest agreement on file, dated April 26, 1982, contains a \$559 service charge and a quantity charge of 35¢ per 100 cu.ft. for the first 300,000 cu.ft. and 45¢ per 100 cu.ft. for usage over 300,000 cu.ft. As discussed above, this agreement was reviewed and approved through the advice letter process. Nor would Sonora be better off under the rates proposed by Crystal. Exhibit 4 shows that the current billings to Sonora are less than they would have been had Crystal billed the rates proposed in A.59181. For the five summer months ending September 1982, the actual billings totaled \$9,424 compared to billings totaling \$14,412 at rates in A.59181, a difference of \$4,988 or 35%.

With respect to Sonora's contention regarding lack of notice, it appears that all of Crystal's customers including Sonora were served with a notice of A.60151. Sonora's witness stated that he did not attend the public meeting of January 21, 1981 because of illness.

Furthermore, D.92186 finds that adequate notice was given of A.59181. A conclusion of law states that the bill insert notice satisfied the requirements of § 454(a). A notice was sent to Sonora. The other resale customer made an appearance.

We conclude that Sonora's petition to reopen and modify D.93048 should be processed as a complaint and that the complaint should be dismissed for failure to show a cause of action.

Both parties concede that communications between them could be improved and agreed to make such improvements. We will expect Crystal to take the initiative in solving this problem. Furnishing service under a filed tariff should assist in improving communications.

Findings of Fact

1. Crystal provides public utility water service to Sonora under a special contract, rather than a filed tariff.
2. The evidence does not show that Sonora's surcharge rate established by D.93048 is unjust or unreasonable.
3. The evidence does not show that Sonora's service charge rate in the September 18, 1980 agreement is not the rate level contemplated in D.92186.
4. Crystal has not violated any order or rule of the Commission or any provision of law.
5. There have been instances when communications between Crystal and Sonora could have been better, and the parties at hearing agreed to improve communications.

Conclusions of Law

1. The petition to modify D.93048, handled as a complaint, should be dismissed for failure to state a cause of action.
2. Communications between Crystal and Sonora should be improved.
3. The special contract for resale service for Sonora should be filed within 30 days as a tariff, which should improve communications.

O R D E R

IT IS ORDERED that:

1. The petition to reopen and modify D.93048, treated as a complaint, is dismissed.

2. Crystal shall take the initiative to improve communications with Sonora and serve a copy of all applications and tariff filings affecting Sonora's rates upon Sonora.

3. Crystal shall file its resale contract with Sonora as a tariff within 30 days after the effective date of this order.

This order becomes effective 30 days from today.

Dated APR 6 1983, at San Francisco, California.

LEONARD M. CRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

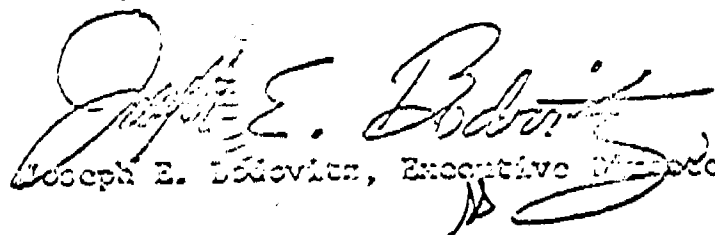

Joseph E. Bobovitch, Executive Director



Exhibit 3 shows that Sonora's storage in the summer months of 1981 ranged from 2.9 to 4.8 days and in 1982 ranged from 3.4 to 5.7 days.

Crystal's witness Gregg testified about the service of Crystal's filings in response to communication problems raised by Sonora. Gregg stated that Sonora received proper notice in the original A.60151 proceeding and in this proceeding.

SS In his testimony and in Exhibit 2, staff witness Filice described how the SDWBA rate surcharge in D.93048 was allocated among Crystal's customers, including Sonora. Filice determined that it was reasonable for all of Crystal's customers including Sonora and Mono who purchase from Crystal for resale, to share in the SDWBA rate surcharge based on the benefits derived from the proposed water system improvements.

Witness Filice testified that after discussions with officials of Crystal prior to the issuance of D.93048 he concluded that approximately 69% of the utility's SDWBA loan total of \$726,000 or \$503,400, would benefit Sonora and Mono. The costs of one well, two storage tanks, the interconnection pipeline, and all meters for flat rate services totaling \$222,600 were deducted from the SDWBA loan total and the balance was allocated in part to Sonora and Mono. Based on total customers of Crystal, Sonora, and Mono, Filice calculated that 24% of the adjusted SDWBA loan of \$503,400 or \$120,816 of the proposed water system improvements costs should be borne by Sonora and Mono.

With respect to Sonora's contention regarding lack of notice, it appears that all of Crystal's customers including Sonora were served with a notice of A.60151. Sonora's witness stated that he did not attend the public meeting of January 21, 1981 because of illness.

Furthermore, D.92186 finds that adequate notice was given of A.59181. A conclusion of law states that the bill insert notice satisfied the requirements of § 454(a). A notice was sent to Sonora. The other resale customer made an appearance.

We conclude that Sonora's petition to reopen and modify D.93048 should be denied because facts have not been presented to justify the modification. The petition, as processed as a complaint, should be dismissed for failure to show a cause of action.

Both parties concede that communications between them could be improved and agreed to make such improvements. We will expect Crystal to take the initiative in solving this problem. Furnishing service under a filed tariff should assist in improving communications.

Findings of Fact

1. Crystal provides public utility water service to Sonora under a special contract, rather than a filed tariff.

2. The evidence does not show that Sonora's surcharge rate established by D.93048 is unjust or unreasonable.

3. The evidence does not show that Sonora's service charge rate in the September 18, 1980 agreement is not the rate level contemplated in D.92186.

4. Crystal has not violated any order or rule of the Commission or any provision of law.

5. There have been instances when communications between Crystal and Sonora could have been better, and the parties at hearing agreed to improve communications.

Conclusions of Law

1. The petition to modify D.93048 should be denied for lack of justification.

2. Communications between Crystal and Sonora should be improved.

3. The special contract for resale service for Sonora should be filed within 30 days as a tariff, which should improve communications.

O R D E R

IT IS ORDERED that:

1. The petition to reopen and modify D.93048 is denied.