

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of Frank Bertsch and Sarah J. Parrott, co-partners, doing business under the firm name and style of Loleta Water Works, for an order increasing its rates and charges for water.

ORIGINAL

Application No. 5294.

Frank Bertsch in propria persona.

LOVELAND, Commissioner.

O P I N I O N .

Frank Bertsch and Sarah J. Parrott, co-partners, operating under the name and style of Loleta Water Works, and engaged in the business of supplying and distributing water for domestic use in and in the vicinity of the town of Loleta, Humboldt County, California, have made application to the Railroad Commission as entitled above, for authority to increase the rates and charges for water served by them, it being alleged that the revenue derived from the present rates is insufficient to yield maintenance and operating charges and a fair return on the investment.

A valuation of the property of Loleta Water Works was submitted by Mr. Batsch, based upon present prices of labor and materials, in the amount of \$18,993.85, and an estimate of the investment in the property was submitted by the Commission's engineers. The prices of material and labor as of the period of

Installation of the various structures and pipe lines was used, and an estimated cost new on above basis was found to be \$11,114., and a cost less depreciation of \$8,887. An amount of \$450 paid by Mr. Bertech for an abstract of title to reservoir and spring land should be included, thus increasing the above amounts to \$11,564. and \$9,337., respectively.

The records of the company show that the average annual revenue is approximately \$946., and the maintenance and operating expenses total approximately \$402. annually. However, no amount is provided in the latter figure for depreciation or compensation for management of the system. It would seem fair that \$20. a month be allowed as compensation for management, and that a depreciation or replacement fund be allowed, which, computed on a 6% sinking fund basis provides \$187. annually for this item.

The rates at present in effect were established in the early days of the company, and no specific provision was made for gardens and other uses. These rates are as follows:

\$1.00 per month for each residence,  
\$1.00 per month for hotels,  
\$1.50 per month for barber shops,  
\$1.50 per month for farm houses,  
including water for stock,  
.50 per month for blacksmith shops.

It appears that Mr. Bertech does not desire to establish a meter rate and install meters at this time, and that a different form of flat rate would more equitably distribute the charges among the consumers. However, we desire to call applicant's attention to the fact that it is impossible to establish a schedule of unmeasured rates whereby the burden of maintaining a plant of this character is equitably distributed among the various consumers in proportion to their use of water. The benefit to be derived from a metered system is not only an equitable distribution of the charges, but is also a means whereby the water supply can

be conserved, good service rendered and operating expenses reduced. The community served by Loleta Water Works is growing, and additional consumers will increase the revenue without materially increasing the investment. Because of the probable increase of consumers and the limited supply of water under this system, it will be necessary to either conserve the present supply to the utmost or provide additional wells and pumping equipment. We recommend that applicant proceed with some systematic program for metering its entire system.

The schedule of flat rates established in the following order is designed to produce an increased annual income and will provide charges for certain uses of water not heretofore specifically set out.

#### ORDER.

Application having been made to the Railroad Commission as entitled above, a public hearing having been held and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT, that the present rate schedule of Loleta Water Works, in so far as it differs from the rate schedule herein set out, is unjust and unreasonable, and that the rate schedule herein established is just and reasonable, and basing its order on the foregoing finding of fact and upon the further statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Loleta Water Works be, and it is hereby authorized to file with the Railroad Commission within twenty (20) days from the date of this order, and thereafter charge the following rates for water served to its consumers:

For residences of not more than five rooms occupied by single families,	\$1.00
For each additional room,	.10
Private bathtubs, each,	.10
Private toilets, each,	.15
Private garage, one automobile,	.25
Each additional automobile,	.25
For hotels and lodging houses, in addition to the family rate, for each room with a water tap,	.20
For each room without water tap,	.10
For restaurant or dining room in connection therewith,	2.00
For small stores,	1.00
For large stores or warehouses,	1.50
For rooms on second and third stories occupied as offices, for each room with water tap,	.25
For barber shops, with one chair and one bathtub	1.50
For each additional chair,	.25
For each additional bathtub,	.25
For urinals, bathtubs, toilets, either public or in hotels or barber shops or schools,	.25
For drug stores,	1.00
For soda fountains in addition to drug store rate,	1.50
For blacksmith shops,	.50
For photograph galleries,	2.00
For bakeries,	1.00
For butcher shops,	1.00
For irrigation of lawns, gardens and shrubs for 1000 sq. ft., charge during the summer months,	.10
For public halls and lodge rooms,	1.00
For private stables for one horse or cow including water for washing vehicles,	.25
For each additional horse or cow,	.05
For schools per pupil based upon an average attendance,	.04

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18<sup>th</sup> day of May, 1920.

Edwin O. Edgerton  
H. D. Loveland  
James Martin  
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Commissioners.