

Decision No. 38776

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application
of CLARENCE F. BERTSCH for Order
Authorizing Industrial Water Rates
for LOLETA WATER WORKS.

Application No. 26911

Nelson and Ricks, by Howard P. Noyes, for Applicant.

BY THE COMMISSION:

O P I N I O N

Clarence F. Bertsch owns and operates a public utility water system under the fictitious firm name and style of Loleta Water Works in the Town of Loleta, in Humboldt County. In this proceeding he asks the Commission to authorize a special schedule of rates for large industrial service which provides for a monthly minimum charge of \$5.00, with monthly quantity charges commencing at \$0.50 per 100 cubic feet and reduced through four blocks to 7½ cents per 100 cubic feet for use over 4,000 cubic feet.

A public hearing in this matter was held before Examiner M. R. Mackall in Loleta.

Applicant obtains its domestic water supply from springs located about one and a quarter miles east of Loleta, estimated to produce approximately 60,000 gallons daily during the dry months of September and October. In addition to these springs, a supplemental supply is obtained from a dug well during the dry season. Water from the springs is stored in a 32,000-gallon concrete reservoir. A 10,000-gallon wooden tank is used primarily in conjunction with the well. This water system was designed primarily to supply the domestic and commercial needs of Loleta

and because of the high quality of the water has also supplied the large milk processing plant of the Golden State Company Ltd with a special independent service for drinking purposes, laboratory, washing, and certain boiler uses.

According to Mr. L. A. Larson, Manager of the Golden State Company Ltd, the Loleta processing plant has its own private water supply. This Company obtains water by pumping from a small marshy lake about one-half mile distant from the plant and also from a well located on the plant premises. Water from the lake is salty and muddy and can be used only for operating cooler condensers and for fire protection and similar purposes. Water from the well is unsatisfactory in quality. None of the water from the lake or well can be used for boiler purposes and is unsatisfactory for certain other plant operations. For these reasons the Company desires to obtain a firm supply of water from the Loleta system for those phases of its industrial demand requiring a high quality of water free from possible contamination.

According to the testimony the Golden State Company Ltd will require in addition to its own supply approximately 100,000 gallons of water daily. The present springs and well now used by the Loleta Water Works will not produce enough water to supply this industrial demand without injuriously affecting the adequacy of the service rendered to its regular domestic and commercial users in the Town of Fortuna. In order to provide additional water to serve the Golden State Plant, Mr. Bertsch has now developed a new source of supply from a 7-acre parcel of land containing several springs, adjoining a tract of 160 acres of watershed land on which he already owns and controls certain water rights appurtenant thereto. The springs on the 7-acre tract are capable of producing 75,000 gallons of water per day during the period of low flow in the late summer and fall months of the year. Mr. Bertsch has practically completed construction of a 43,000-gallon reinforced concrete reservoir and plans to install 3,500 feet of 3-inch pipe line running directly to the Golden State Plant. To date the installation of these improvements is estimated to cost in the neighborhood of \$5,000.

From the yield of these new springs, together with the additional storage and the surplus of water generally available from the main Loleta Water Works source of supply, it appears that there should be sufficient water available from all sources to supply adequately the demands of the Golden State Company Ltd as well as all of the regular domestic and commercial consumers of the utility. In the event, however, of any shortage of water from the utility's sources, it is agreed by and between the Golden State Company Ltd and Mr. Bertsch that the regular domestic and commercial users in the Town of Loleta will be given preferential rights to water service and that the said company will be entitled only to secondary rights in case of such shortage.

Mr. Bertsch also has water rights which will permit the development of additional water on a tract of land adjoining Loleta, comprising some 160 acres. Should occasion demand, more water can be made available from this source, although at some considerable increased investment costs.

The record shows that water supplied by the utility will be used throughout the Golden State Plant in a separate and independent piping system not connected in any way whatsoever with Golden State's private water supply system. There can, therefore, be no fear of contamination of the town supply by cross-connection with the lake or company well sources.

From the evidence it appears that the necessity of developing a new water supply and the installation of storage, sedimentation and transmission facilities to supply the Golden State Company Ltd Plant, and the fact that this processing plant is the only large industrial user in the service area of the utility, led Mr. Bertsch to request the establishment of a special rate for this service and applicable also to any other large user of water, should a similar demand arise in the future. Analysis of the rate schedule presented by Mr. Bertsch, however, indicates that the rate structure tended to penalize, in the initial brackets, a user of large quantities of water, actually charging such user far more than the domestic and commercial customer. This unjustifiable discrimination will be

eliminated, allowing the industrial user the same block rates as in the present domestic meter rate schedule, but modifying the intermediate brackets to equalize the spread of rates. The yield of the schedule of rates established in the following Order will be substantially as agreed upon by Mr. Larson of the Golden State Company Ltd and Mr. Bertsch before the new source of supply was provided, and should insure a reasonable return on the service rendered.

From the evidence it appears that upon completion of the spring development, storage and transmission facilities to supply directly the Golden State Company Ltd, the total fixed capital of this water company will be about \$25,029 and that operation under the present domestic schedule and the industrial schedule established herein should realize a net return slightly in excess of 5%.

At the time of filing the instant application it was agreed by and between the utility and the Golden State Company Ltd that the rates to be charged for industrial water service to the Golden State Plant, pending decision herein, would be the rates established in the following Order. To this arrangement there appears to be no objection, although the rates herein established will be designated effective as of April 1, 1946.

ORDER

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Clarence F. Bertsch, operating under the fictitious firm name and style of the Loleta Water Works, for water delivered at measured rates to its consumers in and in the vicinity of Loleta, Humboldt County, are unjust and unreasonable, in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for the service rendered; and basing its Order upon 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 Clarence F. Bertsch, operating under the

fictitious firm name and style of the Loleta Water Works, be and he is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this Order, the following schedule of measured rates, to become effective on and after the first day of April, 1946:

Schedule No. 1

METER RATES

Applicability:

Applicable to all water service rendered on a metered basis.

Territory:

In and in the vicinity of the Town of Loleta, Humboldt County.

Rates:

Minimum Charges:

	<u>Per Meter Per Month</u>
5/8 x 3/4 inch meter.....	\$1.50
3/4 inch meter.....	2.00
1 inch meter.....	3.00
1 1/2 inch meter.....	6.00
2 inch meter.....	9.00
3 inch meter.....	18.00
4 inch meter.....	36.00

The Minimum Charge will entitle the consumer to the quantity of water which that Monthly Minimum Charge will purchase at the Quantity Rates.

Quantity Charges:

0 to 600 cubic feet, per 100 cubic feet.....	00.25
Next 1,200 cubic feet, per 100 cubic feet.....	.20
Next 2,200 cubic feet, per 100 cubic feet.....	.15
Next 6,000 cubic feet, per 100 cubic feet.....	.10
All over 10,000 cubic feet, per 100 cubic feet.....	.075

For all other purposes the effective date of this Order shall be thirty (30) days from and after the date hereof.

Dated at Los Angeles California, this 19th day of March, 1946.

Certified as a true copy

Secretary, Railroad Commission
of the State of California.

David Anderson
W. Murray Owen
W. H. Swell
H. P. Hull