

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

IN THE MATTER OF THE APPLICATION OF)	
EASTERN COLORADO UTILITY CO. FOR A)	
CERTIFICATE OF CONVENIENCE AND NEC-)	
CESSITY TO PURCHASE, DISTRIBUTE, AND)	<u>APPLICATION NO. 13519</u>
SELL NATURAL GAS IN THE INCORPORATED)	
TOWN OF SHERIDAN LAKE, KIOWA COUNTY,)	
COLORADO, TO THE AREAS ADJACENT THERETO)	
AND ALONG THE ROUTE OF THE DISTRIBUTION)	
MAIN TO BE CONSTRUCTED TO RENDER SUCH)	
SERVICE.)	
-----)	

September 13, 1955

Appearances: Hastings & Lefferdink, Esqs.,
Eads, Colorado, for applicant;
Robert A. Dick, Esq., and James
Nelson, Esq., Denver, Colorado,
for Pikes Peak Natural Gas
Company, protestants;
J. M. McNulty, Denver, Colorado,
for the Commission.

S T A T E M E N T

By the Commission:

On June 28, 1955, Eastern Colorado Utility Co. through its attorneys, filed an application with this Commission for a certificate of public convenience and necessity to purchase, distribute and sell natural gas in the incorporated Town of Sheridan Lake, Kiowa County, Colorado, in the area adjacent to said Town, and along the route of the lateral bringing gas from the transmission main to the Town, and to exercise its rights under a franchise granted by the Board of Trustees of the Town of Sheridan Lake.

The matter was set for hearing, and heard, after due notice to all interested parties, on August 9, 1955, at ten o'clock A. M., 330 State Office Building, Denver, Colorado, and at the conclusion of the hearing the matter was taken under advisement.

The Eastern Colorado Utility Co., Applicant herein, is a Colorado corporation, organized and existing by virtue of the laws of said State, and by its Articles of Incorporation, is authorized to do business as a public utility in the distribution and sale of natural gas. A certified copy of Applicant's Certificate of Incorporation was filed herein as Exhibit "A" and an Amendment

to said Certificate of Incorporation was also filed herein as Exhibit "P" said Articles and the Amendment are made a part hereof, by reference.

The Post Office address of Applicant is Eads, Colorado. The incorporators and the Board of Trustees are: J. F. Schmitt, George D. Crow, and Allen F. Payne, all of Eads, Colorado. Mr. Crow is the President, Mr. Schmitt is the Vice-President, and Mr. Payne is the Secretary of the corporation.

Testimony at the hearing revealed that Messrs. Schmitt and Crow are partners in a contracting business. The partnership has had considerable experience in the past in the construction of pipe line systems for gas and water, and as a result, the partnership has the necessary equipment for the installation of the system contemplated herein, and they have the ability to not only install the system but to operate it due to their past experience. If the certificate is granted herein, the partnership will furnish all the necessary materials and labor and will construct the gas system. In return for their material and services, the partnership will accept capital stock of the corporation. The capital stock of the corporation is authorized at 1000 shares of \$100 par value. The actual original cost of the gas system will be determined after construction, and the stock will be exchanged on a dollar-for-dollar basis. In the event that there is any profit to Schmitt and Crow as a partnership, it will be set out and so designated in any bill rendered from the partnership to the corporation. At the hearing, Mr. Crow, as President of the corporation and as a witness for Applicant, stated the corporation would set out on its books any profit paid by the corporation to Schmitt and Crow.

It was estimated that the cost of construction for the facilities to serve Sheridan Lake would amount to \$16,783.45. The Balance Sheet of the corporation submitted as Exhibit "K" at the hearing, reveals total assets in the amount of \$21,000, of which \$10,000 is cash on deposit. Submitted at the hearing as

Exhibit "N" was a financial statement of the partnership of Schmitt and Crow. This statement revealed that the net worth of the partnership amounted to \$41,856.53, of which, approximately \$6,000 was in cash. Introduced at the hearing as Exhibit "M" was a Financial Statement of Mr. George D. Crow, individual, listing his net worth at over \$115,000. Of this amount, approximately \$13,000 was in fluid assets. Introduced as Exhibit "Q" was a financial statement of Mr. Joseph I. Schmitt listing his net worth as approximately \$43,000, of which approximately \$6,000 was in fluid assets. Both Mr. Crow and Mr. Schmitt have pledged the assets of the partnership and their respective assets as individuals to guarantee the performance of the corporation in the execution of the construction and the operation of the gas system sought to be certificated herein.

Introduced at the hearing as Exhibit "O" is a letter signed by F. L. Pyles, President of the First National Bank in Eads, Colorado, stating, in effect, that he has examined the financial statement of Mr. Crow and Mr. Schmitt. Based on this examination, together with his knowledge of the resources of the partners, and the fact that in the past they have had no difficulty in arranging financing for their undertakings, he did not anticipate that they would have any difficulty in financing the construction of the gas distribution system contemplated herein.

Applicant will obtain its gas from the Colorado Interstate Gas Company, the wholesale supplier of gas in this area. Introduced as Exhibit "F" herein was a copy of an application made by Colorado Interstate to the Federal Power Commission seeking authority to deliver gas to Applicant for distribution and sale in the Town of Sheridan Lake.

The population of Sheridan Lake is estimated to be approximately 150. Applicant herein estimated that they would connect 45 customers including both residential and commercial service. Because of the limited number of customers and the amount of money necessary for the construction proposed herein, it would not prove economically

feasible unless some financial assistance were to be given toward this construction cost.

Introduced at the hearing as Exhibit "J" is a copy of an Agreement signed by the Mayor and the Town Clerk of Sheridan Lake and by the Secretary and President of Eastern Colorado Utility Co., whereby it was agreed by and between the parties that in order to obtain gas service to the Town, the Town agreed to pay to Eastern Colorado the sum of \$2500 as a "Contribution in Aid of Construction." This sum is due and payable upon the completion of the installation of the service mains in said Town. Applicant has agreed to set upon its books when paid the sum of \$2500 in the account "Contribution in Aid of Construction."

Introduced at the hearing as Exhibit "B" was a copy of Ordinance No. 6, passed and approved on the final reading by the Board of Trustees of the Town of Sheridan Lake on October 7, 1954, granting to Eastern Colorado Utility Co., its successors and assigns the right to construct, install, maintain and operate a gas transmission and distribution system for the sale of gas in said Town. The franchise is for the period of twenty-five years. Applicant accepted said franchise on October 18, 1954, and a copy of said acceptance was filed herein as Exhibit "C." Exhibits "B" and "C" by reference, are made a part of this Statement.

Also introduced at the hearing as Exhibit "E" was an Agreement by and between the Town and Eastern Colorado Utility Co. as to the initial gas rate. This rate will be accepted as proposed and Applicant will be required to file said rate in accordance with the order to follow.

The Mayor of Sheridan Lake and ten other residents of the Town appeared as witnesses at the hearing, and testified as to the necessity for natural gas. At the present time, some of the people are using "bottle gas" and the jobbers that supply the gas are some twelve to twenty-seven miles distant and there have been times when

it was very inconvenient for the people to replenish their supply of gas. All of the witnesses are prospective customers of the Company and they all want the proposed gas service and believed natural gas is necessary. The nearest natural gas utility is Pikes Peak Natural Gas Company at Eads, Colorado, located twenty-eight miles west of Sheridan Lake. Applicant's proposed operations would not be in conflict with any gas utility. The Board of Trustees of the Town filed a written consent to the instant application, which is of record in this matter.

Applicant has been informed as to the Commission's requirements regarding the Uniform System of Accounts to be maintained, the filing of Annual Reports, the Rules Regulating Gas Service promulgated by the Commission, and the procedure for the filing of rates, rules and regulations by the utility. In the interest of public health and safety, applicant shall be required to install suitable equipment to odorize all gas in its mains before sale to customers. The fee for the issuance of the certificate sought herein will be based upon the estimate of Applicant for the cost of the system in an amount of \$16,783.

F I N D I N G S

THE COMMISSION FINDS:

That Applicant, Eastern Colorado Utility Co. proposes to operate as a public utility as defined in Colorado Revised Statutes, Chapter 115, Section 1-3.

That this Commission has jurisdiction of the proposed operations of said Company and of the subject matter of the instant application.

That the Commission is fully advised in the premises.

That Eastern Colorado Utility Co., Applicant herein, is a corporation duly qualified to do business in the State of Colorado, and that a certified copy of its Articles of Incorporation and the Amendment thereto has been filed in the instant application.

That Applicant is fully qualified financially and otherwise to conduct the operations proposed herein.

That public convenience and necessity require the approval of the construction, installation, maintenance and operation of the necessary gas transmission and distribution lines to serve the Town of Sheridan Lake, Kiowa County, Colorado.

That public convenience and necessity require the exercise by Applicant herein of the rights and privileges granted to Applicant by the Board of Trustees of the Town of Sheridan Lake in and by Ordinance No. 6 of October 7, 1954.

That public convenience and necessity require that Applicant be permitted to serve customers located contiguous to the Town of Sheridan Lake and along the lateral supplying gas from the transmission main of Colorado Interstate Gas Company to said Town.

That public health and safety require the installation by Applicant of suitable equipment to odorize all gas in its distribution mains before sale to customers on its gas distribution system.

That at least fifteen (15) days before gas is sold to any of the prospective customers under the certificate to be granted herein, Applicant should file with this Commission its proposed rate and the rules and regulations under which it proposes to render gas service under its certificate.

That Applicant should, within ninety (90) days after the completion of the construction of the facilities authorized herein, file with the Commission the "as constructed" map of the system, together with the actual cost of construction, itemized in accordance with the Uniform System of Accounts for Gas Utilities as prescribed by the Commission, setting forth therein any profit that Applicant herein may have paid to Messrs. Schmitt and Crow, either as individuals or as a partnership, for the construction of the facilities proposed herein.

O R D E R

THE COMMISSION ORDERS:

That public convenience and necessity require the approval

of the construction, installation, maintenance and operation of the necessary gas transmission and distribution lines to serve the Town of Sheridan Lake, Kiowa County, Colorado, and the exercise by Applicant herein of the rights and privileges granted to Applicant by the Board of Trustees of the Town of Sheridan Lake, in and by Ordinance No. 6, of October 7, 1954, for gas service in said Town, and for the supplying of gas service in the area contiguous to said Town and along the lateral supplying gas from the transmission main of Colorado Interstate Gas Company, and this Order shall be taken, deemed and held to be a certificate of public convenience and necessity therefor.

That applicant shall install suitable equipment to odorize all gas in its distribution lines prior to sale to customers on its gas distribution system.

That at least fifteen (15) days before gas is sold to any customers under the certificate granted herein, Applicant shall file with this Commission the rate and the rules and regulations under which it proposes to render gas service under its certificate.

That Applicant shall, within ninety (90) days after the completion of the construction of the facilities authorized herein, file with the Commission the "as constructed" map of the system, together with the actual cost of construction, itemized in accordance with the Uniform System of Accounts for Gas Utilities as prescribed by the Commission, setting forth therein any profit that Applicant herein may have paid to Messrs. Schmitt and Crow, either as individuals or as a partnership, for the construction of the facilities proposed herein.

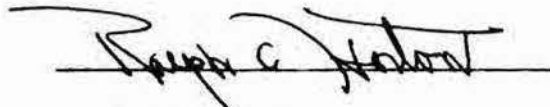
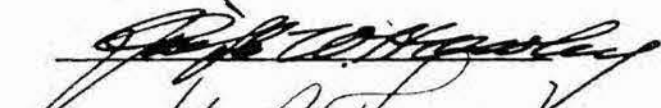

That any motions taken under advisement at the hearing and not heretofore ruled on, are hereby denied.

That Applicant shall commence construction of the gas transmission and distribution system authorized herein within six (6) months from the date hereof, and shall complete such construction

of said facilities within one (1) year's time after the start of said construction or this certificate shall become null and void.

That this Order shall become effective as of the day and date hereof.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO




Commissioners.

Dated at Denver, Colorado,
this 13th day of September, 1955.

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