

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)
SELL NATURAL GAS IN THE INCORPORA-)
TED TOWN OF DEERTRAIL, COLORADO,) APPLICATION NO. 13840
ARAPAHOE COUNTY, TO THE AREAS ADJA-)
CENT THERETO AND ALONG THE ROUTE)
OF THE DISTRIBUTION MAIN TO BE)
CONSTRUCTED TO RENDER SUCH SERVICE.)
-----)

January 12, 1956

Appearances: Hastings and Lefferdink, Esqs.,
Esds, Colorado, for applicant;
A. L. Mueller, Esq., Denver,
Colorado, for the Commission.

S T A T E M E N T

By the Commission:

On August 8, 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
Deertrail, Arapahoe County, Colorado, and in the areas adjacent
thereto, and along the route of the transmission main to be
constructed to render such service, and to exercise rights under
a franchise granted by the Board of Trustees of the Town of
Deertrail.

The matter was set for hearing, and heard, after due
notice to all interested parties, on November 18, 1955, at two
o'clock P. M., at the Hearing Room of the Commission, 330 State
Office Building, Denver, Colorado, and at the conclusion of the
evidence, 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 its Articles of Incorporation, together with an Amendment thereto, have previously been filed with this Commission in Application No. 13519. By its Articles of Incorporation, Applicant is authorized to do business as a public utility in the distribution and sale of natural gas.

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 1,000 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.

It was estimated that the cost of construction for the facilities to serve Deertrail would amount to \$29,027. This estimate was set forth in detail on Exhibit No. 9 submitted at

the hearing and, by reference, made a part hereof. Exhibit No. 12 submitted at the hearing, was a Balance Sheet of Eastern Colorado Utility Co., as of November 16, 1955, and reveals total present assets of \$21,000, of which \$10,000 is cash on deposit. Submitted at the hearing as Exhibit No. 14, was a Balance Sheet of the partnership of Schmitt and Crow. This statement revealed that the net worth of the partnership as of November 12, 1955, amounted to \$35,811.80, of which approximately \$3,900 was fluid assets. Introduced at the hearing as Exhibit No. 13, was a Balance Sheet of Mr. George D. Crow, individual, listing his net worth as of November 12, 1955, at \$120,955.90. Of this amount, \$9,600 was in fluid assets. Also introduced at the hearing as Exhibit No. 16, was a Balance Sheet of Joseph F. Schmitt, individual, listing his net worth as of November 12, 1955, as \$43,987.69, of which \$5,657 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 Eastern Colorado Utility in the execution of the construction and operation of the gas system sought to be certificated herein.

Applicant proposes to obtain its gas from Natural Gas Producers, Inc., an intrastate gas pipeline company, which has a high pressure gas transmission main approximately 0.7 miles from the Town of Deertrail. If the instant authority sought by Eastern Colorado Utility is granted, Applicant has been assured that Natural Gas Producers will make application to this Commission for authority to sell gas to applicant for the Town of Deertrail and environs. Natural Gas Producers has a certificate from this Commission for the construction and operation of its existing facilities, but it will be necessary for additional authority from this Commission to install the facilities necessary for the sale to Eastern Colorado Utilities. Since Natural Gas Producers is the wholesaler, all testimony in regard to gas supply and reserves will, of necessity, be presented to the Commission by this

Company. We will issue the certificate sought herein conditioned upon the issuance to Natural Gas Producers of a certificate authorizing the sale to Eastern Colorado Utility Co.

The population of Deertrail at the present time is approximately 400, and Applicant estimates that it will have approximately 154 customers at the end of the third year of operations. Applicant will odorize all gas in its distribution mains prior to sale to customers.

Introduced at the hearing as Exhibit No. 1 was a copy of Ordinance No. 105, passed and approved on the final reading by the Board of Trustees of the Town of Deertrail on July 5, 1955, granting to Eastern Colorado Utility Co., its successors and assigns, the right and authority to construct, install, maintain and operate a gas transmission and distribution system for the sale of gas in said Town. The period of the franchise is for twenty-five years. Applicant accepted said Ordinance in writing on the fifth day of July, 1955, and a copy of said acceptance is filed herein as Exhibit No. 2. Exhibits Nos. 1 and 2 are made a part of this Statement, by reference.

Applicant also filed as Exhibit No. 4 herein, a schedule of proposed rates for service to the Town of Deertrail and the area adjacent thereto. This initial rate will be accepted as proposed, and Applicant will be required to file said rate in accordance with the Order to follow.

Mr. Ernest W. Stone, Clerk and Treasurer of the Town of Deertrail, testified at the hearing and introduced Exhibit No. 5, which was a copy of a Resolution adopted by the Board of Trustees of the Town, revoking a franchise previously issued by said Town to the Pikes Peak Natural Gas Company for the installation of a gas system in said Town. This Resolution was passed and adopted as of August 15, 1955. The Resolution adopted by the Town also provided that the Town should protest any application before the

Public Utilities Commission by Pikes Peak for a certificate of public convenience and necessity, and that the Town should support the application of Eastern Colorado Utility Co., wherein it requested a certificate of public convenience and necessity from the Commission to serve the Town of Deertrail. Pikes Peak Natural Gas Company was duly notified of time and place of hearing on the instant application, but no one appeared in opposition, and no written protest has been filed.

The Mayor of the Town of Deertrail and a member of the Town Board appeared at the hearing and testified on behalf of the Town and on their own behalf as to the necessity of natural gas for the Town. Several of the inhabitants of Deertrail use "bottle gas" at the present time, but it is not always convenient to replenish the supply. Natural gas service will be readily available at all times and more convenient for the prospective customers in Deertrail.

Applicant has heretofore 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 issued by the Commission, and the procedure for the filing of rates, rules and regulations by the utility. It is the intent of the officers of the Company to abide by all Commission regulations. The fee for the issuance of the certificate sought herein will be based upon the amount set forth in Exhibit No. 9 of \$29,000, but said figure shall not be binding upon the Commission in any future proceedings where rates or valuation may be an issue.

F I N D I N G S

THE COMMISSION FINDS:

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

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 Amendment thereto, has heretofore been filed with this Commission.

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 Deertrail, Arapahoe County, Colorado, and the areas adjacent to said Town, and along the lateral supplying gas to Deertrail.

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 Deertrail in and by Ordinance No. 105 of July 5, 1955.

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 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 and related facilities to serve the Town of Deertrail, Arapahoe 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 Deertrail in and by Ordinance No. 105 of July 5, 1955, for gas service in said Town, and for the supplying of gas service in the area contiguous to said Town and along applicant's lateral supplying gas to the Town from the transmission main of Natural Gas Producers, Inc., 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 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 rates as set forth in Exhibit No. 4, 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.

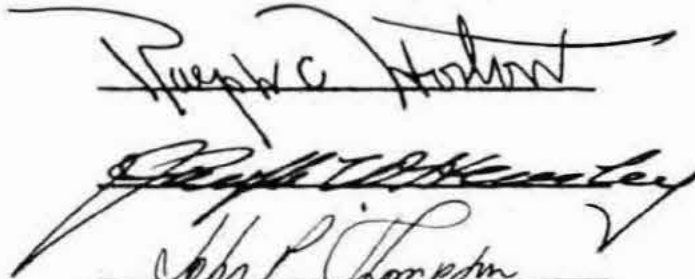
That the authority granted herein is conditioned upon the approval by this Commission of authority to Natural Gas Producers, Inc., to sell gas to Eastern Colorado Utility Co.

That Applicant shall commence construction of the gas transmission and distribution system authorized herein within six (6) months from the date of the approval to Natural Gas Producers, Inc., to sell gas to Applicant, and shall complete such construction of said facilities within one year's time after the start of said construction or this certificate shall become null and void.

That if Natural Gas Producers, Inc., should fail to receive the approval of this Commission for the sale of gas to Applicant herein, the certificate of the Eastern Colorado Utility Co. as proposed herein shall become null and void.

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 12th day of January, 1956.

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