

(Decision No. 58766)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

IN THE MATTER OF THE APPLICATION OF)
CITIZENS UTILITIES COMPANY, LA JUNTA,)
COLORADO, FOR A CERTIFICATE OF CON-)
VENIENCE AND NECESSITY TO EXERCISE)
FRANCHISE RIGHTS IN THE TOWN OF)
CHERAW, OTERO COUNTY, COLORADO, FOR)
THE PURCHASE, MANUFACTURE, TRANS-)
MISSION, DISTRIBUTION AND SALE OF)
GAS, EITHER NATURAL, ARTIFICIAL OR)
MIXED, IN SAID TOWN, AND FOR THE)
DISTRIBUTION AND SALE OF GAS IN THE)
AREA CONTIGUOUS TO SAID TOWN.)
-----)

APPLICATION NO. 19062

June 14, 1962

Appearances: Lawrence Thulemeyer, Esq.,
La Junta, Colorado,
for Applicant;
Everett R. Thompson, Denver,
Colorado, and
P. M. Brown, Denver, Colo-
rado, for the Staff of
the Commission.

S T A T E M E N T

By the Commission:

On April 17, 1962, Citizens Utilities Company (Applicant),
filed an application with this Commission seeking a certificate of
public convenience and necessity to exercise franchise rights in
the Town of Cheraw, Otero County, Colorado, and for the distribution
and sale of gas, either natural, artificial, or mixed in the Town
of Cheraw and the territory contiguous thereto.

The matter was set for hearing, and was heard at the Hearing
Room of the Commission, 532 State Services Building, Denver, Colorado,
on June 1, 1962, at eleven o'clock A. M.

Mr. C. W. Wright, Manager of the Colorado operations for
Applicant, testified summarily as follows:

THE COMMISSION FINDS:

That the above and foregoing Statement is made a part of these Findings by reference.

That Applicant is a public utility and the subject matter hereof are both subject to the jurisdiction of this Commission.

That Applicant will odorize its gas before its introduction into its system.

That public convenience and necessity requires the issuance of a certificate to Applicant herein, as set forth in the Order following.

O R D E R

THE COMMISSION ORDERS:

That public convenience and necessity requires the exercise by Applicant of franchise rights granted to it by the Board of Trustees of the Town of Cheraw by Ordinance No. 53 of December 18, 1961, and this Order shall be taken, deemed, and held to be a certificate of public convenience and necessity therefor.

That public convenience and necessity requires the construction by Applicant of a gas transmission line from a point of connection to its existing natural gas system, near the La Junta Air Base, to the Town of Cheraw and the construction of a gas distribution system within said Town for the supplying of natural gas to the public as proposed in its application and as such gas transmission line and distribution system may be extended from time to time, and this Order shall be taken, deemed, and held to be a certificate of public convenience and necessity therefor.

In not less than thirty (30) days prior to the initial furnishing of natural gas service, Applicant shall file with this Commission additions to its tariff, Colorado P.U.C. No. 9, its rates for the supplying of said natural gas service as follows:

All customers to be connected from the initial construction of the gas transmission and distribution lines will not be required to make any cash advances in aid or contributions in aid of construction. All customers to be connected after the completion of the system will be served in accordance with the extension policies of the Company now contained in its tariff.

For safety, the natural gas will be odorized before introduction into applicant's system.

Exhibit F is a feasibility study for the supplying of natural gas to the Town of Cheraw. Sales volume and operating expense are based substantially upon the Company's experience at its La Junta operation since Cheraw is located but a short distance away. Applicant has been serving natural gas in this area for some time past. Typical towns in the same general area wherein natural gas service is now furnished by Applicant are: Fowler, Manzanola, Rocky Ford, Swink, La Junta, Crowley, Ordway, Sugar City, and Las Animas. Gas will be obtained from Colorado Interstate Gas Company, which Company now supplies the requirements of Applicant in this area.

The feasibility study indicates the total cost of the system at the end of the third year and thereafter will be \$119,952. This amount will be used for the determination of the issuance fee herein, but will not be binding upon the Commission in any future proceeding before this Commission wherein plant investment and rates may be at issue.

The construction will be financed by funds now in the hands of Applicant. Applicant estimates the rate of return at the end of the third year will be 5.15%.

Because of its proximity, operation of the Cheraw natural gas distribution system will be handled by the Staff at and with the facilities of its La Junta office. Letters from the Mayor of the Town of Cheraw, and from one of the potential commercial users of natural gas urged the granting of a certificate by this Commission.

It appears from the testimony herein that a certificate of public convenience and necessity as sought by Applicant should be granted.

Citizens Utilities Company is a corporation, incorporated under the laws of the State of Delaware, and qualified to conduct its business in the State of Colorado; its Articles of Incorporation, as amended to date, have previously been filed with this Commission; that prior to December 18, 1961, the Town of Cheraw had not been served with gas, either natural, artificial, or mixed, by any public utility; and that there is no public utility now engaged in the business of distribution and sale of natural gas in the Town of Cheraw.

The population of the Town of Cheraw is estimated to be 200.

On December 18, 1961, a franchise was granted to Applicant by the Town of Cheraw, in Ordinance No. 53, entitled:

"AN ORDINANCE GRANTING CERTAIN FRANCHISE AND RIGHTS TO CITIZENS UTILITIES COMPANY, ITS SUCCESSORS AND ASSIGNS, IN THE TOWN OF CHERAW, IN THE STATE OF COLORADO."

The Ordinance permits construction, erection, building, operation and maintenance within said Town of such equipment and appliances as may be necessary for the manufacture and distribution of gas, natural, manufactured or mixed, in said Town, for light, power, heat, industrial, or other purposes to which the use of such gas may be applied.

Certified copies of the application for a franchise, proof of publication, reading, passage and recording by the Town, and Acceptance by the Company, of the franchise Ordinance was presented as Exhibit A. The franchise ordinance contained initial rates to be applied in said Town. Exhibit B is an amendment to the initial rates contained within the franchise ordinance and is a reduction over the rates therein contained. This change was accepted by the Board of Trustees for the Town.

A gas transmission line will be required to extend service from the existing facilities of the Company located near La Junta Air Base. Exhibits were presented showing the route of the extension requiring approximately five miles of transmission line and the proposed distribution system to be installed in the Town. In addition to the 90 residential customers that it is anticipated to be connected at the end of the third year, there will be seven small commercial customers and six large commercial customers.

Residence:

First 400 cubic feet or less, per month \$1.16
Next 1,000 cubic feet per month per MCF 1.26
Next 2,600 cubic feet per month per MCF .71
All over 4,000 cubic feet per month per MCF .56

Small Commercial:

First 400 cubic feet or less, per month 1.16
Next 1,000 cubic feet per month per MCF 1.26
Next 2,600 cubic feet per month per MCF .71
All over 4,000 cubic feet per month per MCF .59

Large Commercial or Industrial:

Demand Charge:

First 100,000 cubic feet of billing demand per MCF \$2.05
Over 100,000 cubic feet of billing demand per MCF 1.65

Commodity Charge per MCF per month .345

That Applicant shall codrize its gas before introduction into Applicant's system.

That Applicant shall install, operate and maintain its gas distribution system and render gas service in the above-named areas in accordance with the rules and regulations and extension policies now on file with this Commission and at the rates set forth herein until changed according to law and the rules and regulations of this Commission.

That Applicant shall continue to maintain its books and accounts in accordance with the Uniform System of Accounts as prescribed by this Commission.

That Applicant shall maintain its operations and records in accordance with the Rules Governing the Service of Gas and Electric Utilities as prescribed by this Commission.

This Order shall become effective forthwith.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

By Joseph J. Lewis

By Samuel J. Taylor

By Frank J. Taylor
Commissioner

Dated at Denver, Colorado,
this 14th day of June, 1962.