

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

IN THE MATTER OF THE APPLICATION OF THE)
PUEBLO GAS AND FUEL COMPANY FOR A CER-)
TIFICATE OF CONVENIENCE AND NECESSITY)
TO CONSTRUCT A GAS DISTRIBUTION MAIN TO,)
AND GAS DISTRIBUTION FACILITIES WITHIN,)
A SUBDIVISION TO BE KNOWN AS PUEBLO)
WEST IN PORTIONS OF TOWNSHIPS 19 AND 20)
SOUTH, RANGES 65, 66 AND 67 WEST, NEAR)
PUEBLO, COLORADO, AND TO SELL NATURAL)
GAS IN SAID SUBDIVISION AND IN THE AREA)
CONTIGUOUS THERETO.)

APPLICATION NO. 23965

October 21, 1969

Appearances: Lee, Bryans, Kelly & Stansfield, Esqs.,
Denver, Colorado, by
Donald D. Cawelti, Esq., Denver, Colorado,
for Applicant;
Harry A. Galligan, Jr., Esq., Denver,
Colorado, for the Staff of the Commission.

S T A T E M E N T

BY THE COMMISSION:

The above entitled application was filed with the Commission by Pueblo Gas and Fuel Company (Applicant) on September 5, 1969. After due and proper notice of the filing of said application, a hearing thereon was held by the Commission on October 16, 1969.

No protests or petitions to intervene were received by the Commission and no parties appeared at the hearing other than the Applicant. Admitted into evidence were Applicant's Exhibits A-1, B, C, D and E. At the conclusion of the presentation of the Applicant's evidence, the Commission took the matter under advisement.

By the instant application, the Applicant seeks a certificate of public convenience and necessity to construct, operate and maintain gas distribution facilities to and within a subdivision to be known as Pueblo West in portions of Townships 19 and 20 South, Ranges 65, 66 and 67 West

of the 6th P.M. near Pueblo, Colorado and to serve natural gas therein in the areas contiguous thereto. Exhibit A-1 admitted into evidence disclosed the boundaries of the Pueblo West development, the lateral to be constructed from the twin transmission pipelines of Colorado Interstate Gas Company to the location of the initial development within Pueblo West, and the initial distribution system to be installed.

Appearing to testify on behalf of the Applicant was Mr. Thomas G. Warfield, Project Manager of the Pueblo West development. The testimony revealed that Pueblo West is a development of McCulloch Properties, Inc. which is a wholly owned subsidiary of McCulloch Oil Corporation. The principal development already undertaken and in progress by McCulloch Properties, Inc. is Lake Havasu City in Arizona, which has been underway for the past 5 years and has a present population in excess of 5,200 residents. Pueblo West comprising some 25,990 acres under the control of McCulloch Properties, Inc. is anticipated to grow to a population of 59,400 people by the year 2000. The project includes not only residences but also industrial and commercial development.

The project is intended as a totally planned new community with emphasis upon recreational options to the residents. The principal natural recreational feature of Pueblo West will be Pueblo Reservoir, which will be a body of water impounded by a dam to be constructed a few miles west of Pueblo as a part of the Fryingpan-Arkansas project. There will also be a 72-hole golf course, a hotel presently under construction and nearing completion, an equestrian center, and other public facilities. McCulloch Properties, Inc. has estimated that \$7.5 million will be invested in the project in the first 12 months of operation. In addition to the hotel nearing completion, there are also approximately 40 homes in various stages of construction and a dual lane boulevard, approximately one-half mile in length, connects the hotel with the presently completed entry gateway structure located on U. S. Highway 50. All in all a substantial, new development is proposed in Pueblo West and it appears to have reasonable prospects of success.

The customer growth figures used by the Applicant in estimating the natural gas market in Pueblo West were reviewed by personnel of McCulloch Properties, Inc. and found to be reasonable, if not conservative.

Applicant is a wholly owned subsidiary of Public Service Company of Colorado and is a public utility engaged in the purchase, distribution and sale of natural gas to customers in and adjacent to the City of Pueblo, Colorado and adjoining communities. It is the only natural gas supplier in Pueblo County. Applicant maintains a large and well equipped force of personnel in the City of Pueblo for the operation of its natural gas system.

A certified copy of the Composite Certificate of Incorporation of Applicant, together with amendments thereto, has previously been filed with this Commission.

The proposed natural gas lateral and initial distribution system for which Applicant herein seeks authority is estimated by Applicant to cost \$93,000. A portion of this cost is to be advanced by McCulloch Properties, Inc. (\$25,000) which advance will be refunded in accordance with the terms of a service extension agreement executed between Applicant and McCulloch Properties, Inc., a copy of which was admitted in evidence as Exhibit C. Applicant showed that its initial investment will be increased by further extensions to be made in the future.

Applicant's Exhibit B showed that by the end of the third year, Applicant anticipates a net investment of \$346,800 and by the end of the fifth year, a net investment of \$667,700. Revenues accordingly will increase and in the third and fifth years, Applicant estimates that the rate of return on its net investment will be adequate and render the project feasible. The source of gas to Applicant for the project will be a tap on one of the 8-inch high pressure gas transmission lines of Colorado Interstate Gas Company located to the north of the proposed development and gas will be purchased under the existing service contract between Applicant and Colorado Interstate Gas Company. The gas will be odorized by Applicant before distribution.

Financial statements of Applicant dated June 30, 1969 were admitted into evidence as Exhibit D. The source of funds for the cost of the proposed

project will be from internal funds of Applicant, which are sufficient for the purpose and Applicant has the ability to finance the project.

The testimony of Mr. Warfield, Project Manager of Pueblo West, indicated an immediate need for natural gas service to the project. Prospective purchasers are already being brought to the site at the rate of three flights a week, shortly to be increased to five flights a week. In addition, the homes already under construction are in need of natural gas service.

F I N D I N G S

THE COMMISSION FINDS:

1. The above and foregoing statement is made a part hereof by reference.
2. Applicant is a public utility subject to the jurisdiction and regulation of the Commission.
3. That the public convenience and necessity requires the construction by Applicant of the proposed natural gas lateral and distribution system to and within the Pueblo West development as shown on Exhibit A-1 in this proceeding and in the area contiguous thereto; that there is a public need for said natural gas service and facilities; that Applicant has the ability to install such facilities and render such service; and that the construction of said proposed natural gas facilities is feasible.
4. That public convenience and necessity requires the grant to Applicant of an area certificate to authorize Applicant to render natural gas service within the area of the Pueblo West development, as shown on Exhibit A-1.
5. That due and timely execution of the functions of the Public Utilities Commission imperatively and unavoidably requires that the entire Commission make the initial decision in this proceeding even though only one of the Commissioners presided at the taking of the evidence.

O R D E R

THE COMMISSION ORDERS:


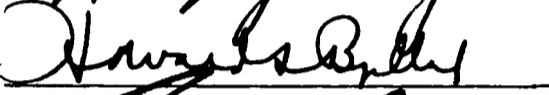
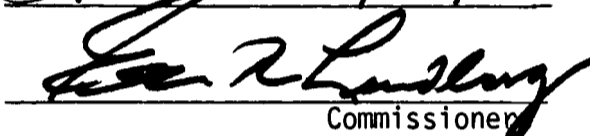
1. That a certificate of public convenience and necessity be and is hereby granted to Applicant, Pueblo Gas and Fuel Company, to construct,

operate and maintain a natural gas lateral to, and a distribution system within the Pueblo West development as shown on Exhibit A-1 admitted into evidence in this proceeding and to provide natural gas service within the boundaries of said development, and this Order shall be deemed and held to be such certificate therefor.

2. That due and timely execution of the functions of the Public Utilities Commission imperatively and unavoidably requires that the entire Commission make the initial decision in this proceeding, even though only one of the Commissioners presided at the taking of the evidence.

3. This Order shall be effective forthwith.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO




Commissioner

Dated at Denver, Colorado
this 21st day of October, 1969.
hj