

BEFORE THE WASHINGTON PUBLIC SERVICE COMMISSION

|   |   |                        |
|---|---|------------------------|
| In the Matter of the Application of     | ) |                        |
| CASCADE NATURAL GAS CORPORATION         | ) |                        |
| to amend its Certificate of Public Con- | ) | CAUSE NO. U-9239       |
| venience and Necessity to Operate a     | ) |                        |
| Gas Plant for Hire in the general area  | ) | ORDER AMENDING PRESENT |
| or areas of Moses Lake, Washington      | ) | CERTIFICATE            |
| and Wenatchee, Washington               | ) |                        |
| .....                                   | ) |                        |

The Cascade Natural Gas Corporation, a Washington corporation, filed with the Commission on September 21, 1960, an application to amend its Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire to encompass an area in Grant County in the vicinity of Moses Lake and an additional area adjacent to its presently certificated area in Chelan County. The company presently holds Gas Certificate No. 4 amended, dated April 14, 1960, in Cause No. U-9194.

Cascade's present application includes a request that it be certificated for an area in Grant County contiguous to part of an area presently certificated to the of Moses Lake in Cause No. U-8962, dated August 6, 1957. The area requested has not been certificated to any gas company, but includes two industrial establishments receiving direct gas service under contract with the El Paso Natural Gas Company, operators of the interstate pipeline serving the area. The latter company has agreed to turn over the contracts to Cascade if it is certificated for the area.

Besides the two industrial gas customers noted above, El Paso has agreed to transfer to Cascade another contract it has with an industrial gas user in the vicinity of Wenatchee. El Paso has also made a commitment to transfer a direct industrial sale customer located at Grotto, Washington, to the Pacific Natural Gas Company. The Commission approves this action of El Paso in turning over the responsibility of serving these industrial customers to local gas distributing companies, since direct industrial sales by pipeline companies are usually not subject to any regulatory jurisdiction and can lead to rate discrimination between gas users within an area.

The Commission has been informed Cascade has submitted a bid to the City of Moses Lake for the purchase of that city's municipal gas system. The bid has been accepted by the City Council by an ordinance, which ordinance must be ratified at an election to be held on November 8, 1960. However, irrespective of the election result the Commission can see no reason why Cascade should not be certificated for the requested area and serve the El Paso industrial customers. While the City of Moses Lake would probably desire to serve the two industrial gas customers of the pipeline company, if the sale of its system to Cascade is not consummated, there is no assurance El Paso would transfer the contracts to the city and permit it to serve those concerns. There may also be some question about the legal right of a municipal gas utility to serve customers outside the corporate limits of the municipality.

In addition to its application for certification of the area near Moses Lake in Grant County, Cascade requests that it be certificated for additional area

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contiguous to its Wenatchee operation. The area requested is southeast of Wenatchee and at present not certificated to any gas company. However, in the requested area an aluminum reduction plant purchases gas directly from the El Paso Company. As previously noted, El Paso has agreed to transfer its gas service contract with the aluminum company to Cascade and the latter company requests certification for the area in order to serve the aluminum company as its customer.

As part of its agreement with El Paso, Cascade will be able to serve the pipeline's industrial customers with no investment on its part. Based on information included as part of the certificate application, it appears Cascade is fully justified in taking over El Paso's contracts with the industrial customers as it will be able to serve them at a profit.

#### FINDINGS OF FACT

1. Cascade Natural Gas Corporation, a Washington corporation, operates a gas plant for hire within this state and is subject to the jurisdiction of this Commission.
2. Cascade Natural Gas Corporation, has heretofore been issued Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire No. 4 amended, in Cause No. U-9194, dated April 14, 1960.
3. Cascade Natural Gas Corporation made application for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire in the general areas of Moses Lake, Grant County, Washington and Wenatchee, Chelan County, Washington.
4. El Paso Natural Gas Company operates a natural gas transmission pipeline through this state and sells under contract gas directly to two industrial customers in Grant County and one industrial customer in Chelan County.
5. El Paso Natural Gas Company has made an agreement to assign its gas service contracts with its Grant County and Chelan County industrial customers to the Cascade Natural Gas Corporation.
6. Cascade Natural Gas Corporation on the basis of its agreement with El Paso Natural Gas Company will be able to assume the latter company's contracts with its direct sales industrial customers and make a profit on those gas sales.
7. The only gas utility presently certificated near the gas pipeline's Grant County industrial customers is that of the City of Moses Lake.
8. The City of Moses Lake has not filed an application to be certificated for the area sought by Cascade.
9. There is no assurance El Paso Natural Gas Company would assign its industrial gas contracts to the City of Moses Lake.
10. El Paso Natural Gas Company's Chelan County industrial customer is only a short distance from Cascade's Wenatchee certificated area.

11. There is no other gas utility certificated in the Wenatchee area.
12. El Paso Natural Gas Company's sales to their Grant County and Chelan County industrial customers is not subject to this Commission's jurisdiction.
13. Sales by the Cascade Natural Gas Corporation to the industrial customers noted in Finding 12 will be subject to this Commission's jurisdiction.
14. The operation of a gas plant for hire by Cascade Natural Gas Corporation in the areas requested in Grant County and Chelan County is or will be required by the public convenience and necessity.
15. The Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire presently held by the Cascade Natural Gas Corporation should be amended to encompass the areas requested in Grant County and Chelan County.

ORDER

1. It is Hereby Ordered That the application of the Cascade Natural Gas Corporation for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire in parts of Grant County and Chelan County, Washington, is approved and the company's present Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire be amended to encompass additional area as follows:

a. The following area in Grant County -

Beginning at the southwest corner of Section 30, T. 19 N., R. 29 E. W. M., thence north along the west line of said Section 30, thence east along the north line of said Section 30 to the southwest corner of Section 20, T. 19 N., R. 29 E., thence north along the west line of said Section 20, thence along the north line of said Section 20, and of Section 21, T. 19 N., R. 29 E., to the northeast corner of said Section 21, thence south along the east line of said Section 21 to the northwest corner of Section 27, T. 19 N., R. 29 E., thence east along the north line of said Section 27 to the northeast corner of said Section 27, thence south along the east line of said Section 27 to the northwest corner of Section 35, T. 19 N., R. 29 E., thence east along the north line of Sections 35, and 36, T. 19 N., R. 29 E., to the northeast corner of said Section 36, thence south along the east line of Said Section 36, and of Section 1, T. 18 N., R. 29 E., to the southeast corner of said Section 1, thence west along the south line of said Section 1, and of Section 2, T. 18 N., R. 29 E., to the southwest corner of said Section 2, thence north along the west line of said Section 2 to the southeast corner of Section 34, T. 19 N., R. 29 E., thence west along the south side of said Section 34 to the southwest corner of said Section 34, thence north along the west line of said Section 34 to the southwest corner of Section 27, T. 19 N., R. 29 E., thence west along the south line of Sections 28, 29, and 30, T. 19 N., R. 29 E., to the southwest corner of said Section 30, the point of beginning.

As further shown on Appendix A-15 attached hereto and by this reference made a part hereof.

b. All of the incorporated area comprising the City of Wenatchee and additional portions of Chelan County adjacent thereto lying within the area described as follows:

Beginning at the southwest corner of Section 5, T. 21 N., R. 20 E. W. M., thence north along the west side of Section 5, and of Sections 32, 29, 20, 17, 8 and 5 of T. 22 N., R. 20 E. W. M., and Sections 32, 29, 20, and 17 of T. 23 N., R. 20 E. W. M., to the northwest corner of Section 17, thence east along the north line of Sections 17, and 16 to the northeast corner of Section 16, thence north along the west line of Sections 10, and 3 to the northwest corner of Section 3, thence east along the north line of Sections 3 and 2, T. 23 N., R. 20 E. W. M., to a point where said line intersects the centerline of the Columbia River, thence southerly, easterly, and southerly along said centerline to a point where it intersects the south line of Section 8, T. 21 N., R. 22 E. W. M., thence west along the south line of Sections 8 and 7, T. 21 N., R. 22 E. W. M., and of Sections 12, 11, 10, and 9 of T. 21 N., R. 21 E. W. M., thence north along the west side of said Section 9 to the southeast corner of Section 5, T. 21 N., R. 21 E. W. M., thence west along the south line of Sections 5 and 6 of T. 21 N., R. 21 E. W. M., and of Sections 1, 2, 3, 4, and 5 of T. 21 N., R. 20 E. W. M., to the point of beginning.

As further shown on Appendix A-6 amended attached hereto and by this reference made a part hereof.

2. IT IS FURTHER ORDERED That the Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire issued pursuant to Order Paragraph No. 1 above, supersedes and cancels Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire No. 4, as amended and issued to Cascade Natural Gas Corporation on April 14, 1960, in Cause No. U-9194. Said Certificate of April 14, 1960, should be forthwith returned to this Commission.

3. IT IS FURTHER ORDERED That the Certificate issued pursuant to Order Paragraph No. 1 above, is subject to the terms, conditions and provisions of the orders in Cause Nos. U-9055, U-9047 and U-9194, pursuant to which the Cascade Natural Gas Corporation was granted its present certificate.

4. IT IS FURTHER ORDERED That jurisdiction over this cause is retained to effectuate the provisions of this order.

DATED at Olympia, Washington, and effective this 29th day of September, 1960.

WASHINGTON PUBLIC SERVICE COMMISSION

*John Lee*  
FRANCIS PEARSON, Chairman

*Patrick D. Sutherland*  
PATRICK D. SUTHERLAND, Commissioner

*Rayton A. Witten*  
RAYTON A. WITTEN, Commissioner