

Chas. R. Holloway, Jr.

April 26, 1962

J. A. Trachsel

## MARKET POTENTIAL FOR NATURAL GAS SALES IN HOOD RIVER, OREGON

This report has been prepared to show the volume of residential, commercial, and industrial business available in Hood River. Since detailed negotiations have not been firmed with the major industrial concerns in the area, the results of this survey should be considered preliminary.

Hood River is a small, pleasant community lying 60 miles east of Portland on U.S. Highway 30. It is located opposite White Salmon and Bingen, Washington and the communities are connected by the Hood River Bridge.

The population of Hood River and environs is approximately 4,000. There are about 1,250 occupied dwellings, mostly over 30 years old.

Homes are generally well kept. Homes in the lower section of Hood River are larger dwellings with central furnaces. In the upper or "heights" area, the homes are generally smaller with circulating heaters or floor furnaces.

Census information is not yet available on home heating fuels in Hood River, but it is estimated that 60 percent have oil heat, 20 percent use wood or sawdust, and 15 percent have electric heating. It should be noted that most of the homes are of the type that would be saleable on the Home Heating Service Plan.

Hood River's growth rate has not been outstanding. New construction totaled about 30 units last year, many of these were constructed in the far fringes of Hood River. Most of the new homes used oil heat; 20 percent installed electric heat.

Oil prices in Hood River are about 1 cent per gallon higher than in Portland. Electricity within the city limits is distributed by Pacific Power & Light. Their rates in Hood River are the same as in Portland. Outside of the city, electricity is supplied by both Pacific Power & Light and the Hood River Electric Cooperative. The co'op.'s rates are approximately 10 percent less than PP&L's for domestic use and about 15 percent lower on commercial usage.

Propane is distributed by the Petrolane Company and by Multnomah Fuel. A discussion with the manager of Petrolane revealed that residential sales have not been encouraging but that commercial business is good. Incidentally, the Petrolane manager said he would welcome the arrival of natural gas in the Hood River area since he felt that the interest created by natural gas would increase the business of both companies.

Industry consists of lumber and packing. Principal employers include the Apple Growers Association, fruit processors which employ between 160 and 1,750 persons, depending on the season; a distillery which employs about 7 to 25 persons; and the Hines Lumber Company, a hardboard and dimension lumber manufacturer, which employs 600 people year-round.

The community is aggressively seeking new industry. The Port Commission owns and operates the Interstate Bridge and utilizes the profit from the bridge operation to further industrial development. They have constructed an industrial park adjacent to the bridge which will have dock facilities as well as railroad and highway access. They will also construct buildings for qualified industrial occupants on a lease-back arrangement. A German steel fabricating company is reported to be planning to locate a plant in Hood River in the near future.

Another new development in the planning stage is a 100 unit retirement home to be located just outside the southern edge of the city. Discussion with Mr. Ward Briggs, manager of the corporation that is planning this development, revealed that electric heat has been specified. He indicated, however, that they would consider natural gas and arrangements are being made to have our multiple dwelling representative call on him.

Following is a preliminary three year forecast of customers. Depending on the extent of the distribution system, it is not possible to make a detailed presentation until distribution costs are available.

	<u>1st</u> <u>Year</u>	<u>2nd</u> <u>Year</u>	<u>3rd</u> <u>Year</u>
<u>Residential</u>			
Number of Customers	60	85	100
Maximum Day Therms	8,150	11,600	13,800
Annual Revenue	\$ 9,000	\$13,200	\$16,000
<u>Commercial</u>			
Number of Customers	15	20	23
Maximum Day Therms	410	555	625
Annual Revenue	8,700	12,160	13,500
<u>Industrial</u>			
Number of Customers	2	2	2
Maximum Day Therms	6,500	6,500	6,500
Annual Revenue	32,000	32,000	32,000

In addition, the Hines Lumber Company, located at Dee, 12 miles south of Hood River, has annual requirements approximating 1.7MM therms which would bring annual revenue of \$115,000 on Schedule 4 or \$70,000 on Schedule 13.

J. A. T.

JAT:wh

cc: P. F. Hill  
W. A. Cook

November 20, 1962

El Paso Natural Gas Company  
P. O. Box 1526  
Salt Lake City 10, Utah

Attention: Mr. M. A. Ehrlich

Dear Mel:

Enclosed herewith is a copy of the franchise we have just obtained from the City of Hood River with our acceptance thereof attached. I am also enclosing copies of acceptances of the Bingen and White Salmon franchises which you had requested I send.

This should complete the list of the material you asked for. We are now in the process of planning construction of our own facilities for serving these areas and would appreciate your keeping us advised on your program so that we may coordinate our efforts.

If you need any further information please do not hesitate to contact me at your convenience.

Very truly yours,

Harold W. Pierce  
Attorney for  
Northwest Natural Gas Company

HWP:jv  
Encs.

ORDINANCE NO.

AN ORDINANCE GRANTING A NON-EXCLUSIVE GAS UTILITY FRANCHISE TO NORTHWEST NATURAL GAS COMPANY, AND FIXING TERMS, CONDITIONS AND COMPENSATION OF SUCH FRANCHISE.

THE CITY OF HOOD RIVER DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Explanations.

(1) As used in this ordinance:

- (a) "Bridge" includes a structure erected within the City to facilitate the crossing of a river, stream, ditch, ravine or other place, but does not include a culvert.
- (b) "City" means the City of Hood River, and the area within its boundaries, including its boundaries as extended in the future.
- (c) "Council" means the legislative body of the City.
- (d) "Grantee" means the corporation referred to in Section 2 of this ordinance.
- (e) "Gas mains" includes all gas transmission and distribution facilities located on or under any street, bridge or public place within the City.
- (f) "Person" includes an individual, corporation, association, firm partnership and joint stock company.
- (g) "Public place" includes any city-owned park, place or grounds within the City that is open to the public but does not include a street or bridge.
- (h) "Street" includes a street, alley, avenue, road, boulevard, thoroughfare or public highway within the City, but does not include a bridge.

(2) As used in this ordinance, the singular number may include the plural and the plural number may include the singular.

(3) Unless otherwise specified in this ordinance, any action authorized or required to be taken by the City may be taken by the Council or by an official or agent designated by the Council.

Section 2. Rights Granted. Subject to the conditions and reservations contained in this ordinance, the City hereby grants to NORTHWEST NATURAL GAS COMPANY, a corporation, the right, privilege and franchise to:

(1) Construct, maintain and operate a gas utility system within the City.

(2) Install, maintain and operate on and under the streets and bridges and public places of the City, facilities for the transmission and distribution of gas to the City and its inhabitants and to other customers and territory beyond the limits of the City; and

(3) Transmit, distribute and sell gas.

Section 3. Use of Bridges and Public Places by Grantee.

(1) Before the Grantee may use or occupy any bridge or public place, the Grantee shall first obtain permission from the City so to do and shall comply with any special conditions the City desires to impose on such use or occupation.

(2) The compensation paid by the Grantee for this franchise includes compensation for the use of bridges and public places located within the City as authorized.

Section 4. Duration. This franchise is granted for a period of twenty (20) years from and after the effective date of this ordinance, provided, however, that if Grantee does not construct, maintain and operate a gas utility system in the City within a period of two years from such effective date, this ordinance shall be void.

Section 5. Franchise Not Exclusive. This franchise is not exclusive, and shall not be construed as a limitation on the City in:

(1) Granting rights, privileges and authority to other persons similar to or different from those granted by this ordinance.

(2) Constructing, installing, maintaining or operating any city-owned public utility.

Section 6. Public Works and Improvements not Affected by Franchise. The City reserves the right to:

(1) Construct, install, maintain and operate any public improvement, work or facility.

(2) Do any work that the City may find desirable on, over or under any street, bridge or public place.

(3) Vacate, alter or close any street, bridge or public place.

(4) Whenever the City shall excavate or perform any work in any of the present and future streets, alleys and public places of the City, or shall contract, or issue permits, for such excavation or work where such excavation or work may disturb Grantee's gas mains, pipes and appurtenances, the City shall, in writing, notify Grantee sufficiently in advance of such contemplated excavation or work to enable Grantee to take such measures as may be deemed necessary to protect such gas mains, pipes, and appurtenances from damage and possible inconvenience or injury to the public. In any such case, the Grantee, upon request, shall furnish maps or drawings to the City or contractor, as the case may be, showing the approximate location of all its structures in the area involved in such proposed excavation or other work.

(5) Whenever the City shall vacate any street or public place for the convenience or benefit of any person or governmental agency and instrumentality other than the City, Grantee's rights shall be preserved as to any of its facilities then existing in such street or public place.

Section 7. Continuous Service. The Grantee shall maintain and operate an adequate system for the distribution of gas in the City. The Grantee shall use due diligence to maintain continuous and uninterrupted 24-hour a day service which shall at all times conform at least to the standards common in the business and to the standards adopted by state authorities and to standards of the City which are not in conflict with those adopted by the state authorities. Under no circumstances shall the Grantee be liable for an interruption or failure of service caused by act of God, unavoidable accident, or other circumstances beyond the control of the Grantee through no fault of its own.

Section 8. Safety Standards and Work Specifications.

(1) The facilities of the Grantee shall at all times be maintained in a safe, substantial and workmanlike manner.

(2) For the purpose of carrying out the provisions of this section, the City may provide such specifications relating thereto as may be necessary or convenient for public safety or the orderly development of the City. The City may amend and add to such specifications from time to time.

Section 9. Control of Construction. The Grantee shall file with the City maps showing the location of any construction, extension or relocation of its gas mains in the streets of the City and shall obtain from the City approval of the location and plans prior to commencement of the work. The City may require the Grantee to obtain a permit before commencing the construction, extension or relocation of any of its gas mains.

Section 10. Street Excavations and Restorations.

(1) Subject to the provisions of this ordinance, the Grantee may make necessary excavations for the purpose of constructing, installing,

maintaining and operating its facilities. Except in emergencies, prior to making an excavation in the traveled portion of any street, bridge or public place, and, when required by the City, in any untraveled portion of any street, bridge or any public place, the Grantee shall obtain from the City approval of the proposed excavation and of its location.

(2) Except as provided in subsection (3) of this section, when any excavation is made by the Grantee, the Grantee shall promptly restore the affected portion of the street, bridge, or public place to the same condition in which it was prior to the excavation. The restoration shall be in compliance with specifications, requirements and regulations of the City in effect at the time of such restoration. If the Grantee fails to restore promptly the affected portion of a street, bridge or public place to the same condition in which it was prior to the excavation, the City may make the restoration, and the cost thereof shall be paid by the Grantee.

(3) At its option, the City may restore or resurface the affected portion of any street, bridge or public place excavated by the Grantee, and the cost thereof shall be paid by the Grantee.

#### Section 11. Location and Relocation of Facilities.

(1) All facilities of the Grantee shall be placed so that they do not interfere unreasonably with the use by the City and the public of the streets, bridges and public places and in accordance with any specifications adopted by the City governing the location of facilities.

(2) The City may require, in the public interest, the removal or relocation of facilities maintained by the Grantee in the streets of the City, and the Grantee shall remove and relocate such facilities within a reasonable time after receiving notice so to do from the City. The cost of such removal or relocation of its facilities shall be paid by the Grantee, but when such removal or relocation is required for the convenience or benefit of any person or governmental agency and instrumentality other than the City, Grantee shall be entitled to reimbursement for the reasonable cost thereof from such person, agency or instrumentality.

#### Section 12. Compensation.

(1) As compensation for the franchise granted by this ordinance, the Grantee shall pay to the City an amount equal to two per cent (2%) of the gross revenue collected by the Grantee from its customers for gas consumed within the City. Gross revenue shall be computed by deducting from the total billings of the Grantee the total net writeoff of uncollectible accounts and excluding sales of gas at wholesale by the Grantee to any public utility or public agency where the public utility or public agency purchasing such gas is not the ultimate consumer, and by deducting revenues derived from the sale of such gas under a tariff schedule applying to gas supplied for industrial purposes.

(2) The compensation required by this section shall be due for each calendar half year, or fraction thereof, within sixty (60) days



after the close of such calendar half year or fraction thereof. Within sixty (60) days after the termination of this franchise, compensation shall be paid for the period elapsing since the close of the last calendar half year for which compensation has been paid.

(3) The Grantee shall furnish to the City with each payment of compensation required by this section a written statement, under oath, executed by an officer of Grantee showing the amount of gross revenue of the Grantee within the City for the period covered by the payment computed on the basis set out in subsection (1) of this section. The compensation for the period covered by the statement shall be computed on the basis of the gross revenue so reported. If the Grantee fails to pay the entire amount of compensation due the City through error or otherwise, the difference due the City shall be paid by the Grantee within 15 days from discovery of the error or determination of the correct amount. Any overpayment to the City through error or otherwise shall be offset against the next payment due from the Grantee.

(4) Acceptance by the City of any payment due under this section shall not be deemed to be a waiver by the City of any breach of this franchise occurring prior thereto, nor shall the acceptance by the City of any such payments preclude the City from later establishing that a larger amount was actually due, or from collecting any balance due to the City.

Section 13. Books of Account and Reports. The Grantee shall keep accurate books of account at an office in Oregon for the purpose of determining the amounts due to the City under Section 12 of this ordinance. The City may inspect the books of account at any time during business hours and may audit the books from time to time. The Council may require periodic reports from the Grantee relating to its operations and revenues within the City.

Section 14. Collection Facilities. The Grantee may maintain facilities in the City where its customers may pay their bills for gas service during normal business hours.

Section 15. Supplying Maps upon Request. The Grantee shall maintain on file, at an office in Oregon, maps and operational data pertaining to its operations in the City. The City may inspect the maps and data at any time during business hours. Upon request of the City the Grantee shall furnish to the City, without charge and on a current basis, maps showing the location of the gas mains of the Grantee in the City.

Section 16. Indemnification. The Grantee shall indemnify and save harmless the City and its officers, agents and employees from any and all loss, cost and expense arising from damage to property and/or injury to or death of persons due to any wrongful or negligent act or omission of the Grantee, its agents or employees in exercising the rights, privileges and franchise hereby granted.

Section 17. Assignment of Franchise. This franchise shall be binding upon and inure to the benefit of the successors, legal representatives and assigns of the Grantee.

Section 18. Termination of Franchise for Cause. Upon the willful failure of the Grantee, after 60 days notice and demand in writing, to perform promptly and completely each and every term, condition or obligation imposed upon it under or pursuant to this ordinance, the City may terminate this franchise, subject to Grantee's right to a court review of the reasonableness of such action.

Section 19. Permit and Inspection Fees. Nothing in this ordinance shall be construed to limit the right of the City to require the Grantee to pay reasonable costs incurred by the City in connection with the issuing of a permit, making of an inspection, or performing any other service for or in connection with the Grantee or its facilities, whether pursuant to this ordinance or any other ordinance or resolution now in effect or hereafter adopted by the City.

Section 20. Remedies Not Exclusive: When Requirement Waived. All remedies and penalties under this ordinance, including termination of the franchise, are cumulative, and the recovery or enforcement of one is not a bar to the recovery or enforcement of any other such remedy or penalty. The remedies and penalties contained in this ordinance, including termination of the franchise, are not exclusive, and the City reserves the right to enforce the penal provisions of any ordinance or resolution and to avail itself of any and all remedies available at law or in equity. Failure to enforce shall not be construed as a waiver of a breach of any term, condition or obligation imposed upon the Grantee by or pursuant to this ordinance. A specific waiver of a particular breach of any term, condition or obligation imposed upon the Grantee by or pursuant to this ordinance shall not be a waiver of any other or subsequent or future breach of the same or of any other term, condition or obligation, or a waiver of the term, condition or obligation itself.

Section 21. Acceptance. The Grantee shall, within thirty (30) days from the date this ordinance takes effect, file with the City its written unconditional acceptance of this franchise and if the Grantee fails so to do, this ordinance shall be void.

PASSED by the Council of the City of Hood River this \_\_\_\_ day of \_\_\_\_\_, 1962.

APPROVED BY THE MAYOR, this \_\_\_\_ day of \_\_\_\_\_, 1962.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

INDEX

<u>Section</u>	<u>Title</u>	<u>Page No.</u>
1	Definitions and Explanations	1
2	Rights Granted	2
3	Use of Bridges and Public Places by Grantee	2
4	Duration	2
5	Franchise Not Exclusive	2
6	Public Works and Improvements Not Affected by Franchise	2-3
7	Continuous Service	3
8	Safety Standards and Work Specifications	3
9	Control of Construction	3
10	Street Excavations and Restorations	3-4
11	Location and Relocation of Facilities	4
12	Compensation	4-5
13	Books of Account and Reports	5
14	Collection Facilities	5
15	Supplying Maps upon Request	5
16	Indemnification	5
17	Assignment of Franchise	6
18	Termination of Franchise for Cause	6
19	Permit and Inspection Fees	6
20	Remedies Not Exclusive; When Requirement Waived	6
21	Acceptance	6

62-1-6741  
November 15, 1962

El Paso Natural Gas Company  
P. O. Box 1526  
Salt Lake City 10, Utah

Attention: Mr. M. A. Ehrlich

Dear Mel:

In accordance with your request I am enclosing copies of the franchises we have obtained from the cities of White Salmon and Bingen, Washington. We expect to have the Hood River franchise on Monday, the nineteenth, and I will forward a copy of that to you as soon as it is available.

It will not be necessary to obtain a franchise from Dee since it is not an incorporated city, nor will it be necessary to obtain a certificate from the State of Oregon to serve the Hood River-Dee area. The Oregon statute does not require that we apply for a certificate; it is permissive in nature rather than mandatory.

If you need any further information please contact me at your convenience.

Very truly yours,

Harold W. Pierce  
Attorney for  
Northwest Natural Gas Company

HWP:jv  
Encs.

November 6, 1962

Mr. Jack Taylor, Secretary  
Washington Utilities and  
Transportation Commission  
Olympia, Washington

Dear Mr. Taylor:

I am enclosing Certificate of Public  
Convenience and Necessity No. 1, As Amended July 17,  
1956, in Cause No. U-8883 as required by paragraph  
2. of the Order in Cause No. U-9411, dated  
November 5, 1962.

Very truly yours,

W. A. Cook  
Senior Vice President

WAC:jv  
Enc.

*(file copy in  
U-9411  
folder)*

H. N. Burnside

November 6, 1962

W. A. Cook

Certificate - Bingen-White Salmon Aress

Attached is the original executed Certificate of Public Convenience and Necessity dated November 5, 1962, Cause No. U-9411, from the Washington Utilities and Transportation Commission authorizing our operation in the Bingen, White Salmon and adjacent areas.

W. A. C.

WAC:jv

cc: C. H. Gueffroy  
F. F. Hill  
C. R. Holloway  
C. V. Griffith

P. B. O'Rourke  
J. S. Long  
H. W. Pierce  
W. J. Mayfield

WASHINGTON PUBLIC SERVICE COMMISSION  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
TO OPERATE A GAS PLANT FOR HIRE

Northwest Natural Gas Company

(Name)

of 735 S. W. Morrison Street, Portland 5, Oregon

(Address)

is hereby authorized

to operate a gas plant for hire in the general area or areas of: Camas, Washougal and Vancouver in Clark County; Bingen and White Salmon in Klickitat County; Carson in Skamania County; and areas adjacent to each of the foregoing, as more particularly designated as Appendices A-1 and A-2, attached hereto and by this reference made a part hereof, each such appendix consisting of a map and attached legal description.

as more particularly designated on "Exhibit A" of certificate holder's application, as "Exhibit A" has been or may be amended. Said "Exhibit A" is on file with the Commission and is open to public inspection.

CONDITIONS:

1. Any gas plant operated by virtue of this certificate must be operated in accordance with the Laws of the State of Washington and the Rules and Regulations of this Commission.
2. This certificate must be kept on file at the main office of the gas company except when directed to be transmitted to the Commission, and shall be subject at all times to inspection by the authorized representatives of the Commission.
3. This certificate shall be subject to revocation and cancellation by the Commission upon a showing of procurement by false affidavit or representation.
4. This certificate is subject to the terms, conditions and provisions of the orders in Cause No. U-8826, effective December 16, 1955, Cause No. U-8827, effective December 23, 1955, and Cause No. U-8883, effective July 17, 1956.
5. This certificate is subject to the terms, conditions and provisions of the order in Cause No. U-9411, effective November 5, 1962, pursuant to which this certificate is issued.

This certificate is issued upon finding by the Washington Public Service Commission that public convenience and necessity requires or will require such operation in accordance with section 4, chapter 316, Laws of 1955, and

Order No. U- 9411 Dated November 5, 1962

Dated at Olympia, Washington, November 5, 1962

WASHINGTON PUBLIC SERVICE COMMISSION

By

Secretary