

costs, including interest charges, would be slightly in excess of revenues, so there would still be no amortization of investment costs. The proposed base rate for firm power and energy under the Aluminum Contract as redetermined by the Secretary would still be lower than the rates provided under Rate Schedule P-2. The sale of firm power and energy under the Aluminum Contract would yield annual revenues of \$2,152,800, compared to \$2,880,000, if equivalent power were sold under Rate Schedule P-2, a difference of \$727,200.

An analysis of the cost studies filed with the Commission in Docket No. IT-5971 *et al.*, and subsequent cost studies filed in Docket No. E-6975, and with particular reference to the facilities used and service rendered to Arkansas Power, shows that the proposed rates will not produce revenue in excess of the cost of service to Arkansas Power.

Arkansas Power and Reynolds were invited to comment on the filing by the Secretary and have filed protests to the proposed increased rates requesting that the application thereof be rejected. In support of their contention, they refer to certain cost studies which they submitted with their previous protests filed in Docket No. IT-5971, *et al.* In these cost studies in which the companies attempt to show that the rates are adequate they fail to include all facilities and costs necessary to render service to Arkansas.

The Commission finds:

(1) The proposed rates as redetermined by the Secretary for the third five-year period beginning January 1, 1964, for the sale of power and energy to Arkansas Power, as provided for under the terms of the agreement referred to above are not higher than would be required to meet the standards of Section 5 of the Flood Control Act of 1944 if equally applied to all customers of SWPA that are similarly situated.

(2) The proposed rates as redetermined by the Secretary for the third five-year period beginning January 1, 1964, for the sale of power and energy to Arkansas Power, as provided for and limited by the terms of the agreement referred to above are justified and should be approved.

The Commission orders:

The proposed rates as redetermined by the Secretary for the third five-year period beginning January 1, 1964, for the sale of power and energy to Arkansas Power as provided in the agreement referred to above, hereby are confirmed and approved.

Before Commissioners: Joseph C. Swidler, Chairman; L. J. O'Connor, Jr., Charles R. Ross, Harold C. Woodward, and David S. Black.

YUBA COUNTY WATER AGENCY, PROJECT NO. 2246

ORDER MODIFYING ORDER ON REHEARING

(Issued December 27, 1963)

The Commission on May 16, 1963, 29 FPC 1002, issued an order for the issuance of a license to the Yuba County Water Agency (Applicant), an agency of the State of California with offices at Marysville, California, for the Yuba River development, Project No. 2246, on the Yuba River and its tributaries, North Yuba River, Middle Yuba River, and Oregon Creek, in the counties of Yuba, Nevada, and Sierra, California. Applicant petitioned on June 14, 1963 for rehearing of the license order with respect to articles 33, 38, 39, 40, 46, 49, and 55. The Commission on July 15, 1963 granted a rehearing.

(1) Article 49, recommended by the Secretary of Interior, forbids Applicant from interfering with future depletion and consumptive use of the Yuba River and tributaries. Because of the formal agreement dated June 12, 1963 between Applicant and the Bureau of Reclamation upon river operations, article 49 is no longer necessary. The Secretary of Interior does not object to the deletion of article 49 if the Commission approves the agreement on river operations. As hereinafter provided, the agreement of June 12, 1963 will be approved as contemplated by article 50 of the license order.

(2) Applicant requested that the second sentence of footnote one to article 33 be reworded so that it could not be construed to replace certain terms of an agreement dated November 28, 1962 between Applicant and the California Department of Fish and Game. The footnote will be modified substantially as Applicant asked.

(3) Applicant requested that article 38, compelling Applicant to make minimum possible alteration of natural fish and wildlife habitat consistent with reasonable economic practices, be deleted. However, the modification proposed by the Secretary of Interior is acceptable to Applicant.

(4) Article 46 requires Applicant to operate its project for flood control according to rules prescribed by the Secretary of Army and specified in a formal agreement between Applicant and the District Engineer. Article 46 makes this agreement "subject to review from time to time as requested by either party." Applicant has requested that article 46 be amended to enable it, by agreement with the District Engineer, to provide periodic review in lieu of review at the request of the parties. The Corps of Engineers has reported that it has no objection to incorporating a review provision in the agreement.

(5) Applicant's objections to articles 39, 40, and 55 are without substantial basis. (a) Applicant's objection to article 39 would be met by notice and opportunity for hearing. Any request for Commission action under article 39 will be referred to the Applicant and it will be afforded an opportunity for hearing before such action is taken. (b) Applicant states that article 40 does not specify the location of the outlet works of New Bullards Bar dam. However, article 30 requires that the Applicant submit drawings for Commission approval which would show the location of the outlet works of New Bullards Bar dam. (c) Applicant requests that article 55 be modified so that any coordination required would not impair the capacity or energy output of the project. As stated in *South Carolina Electric and Gas Company*, Project No. 2315, issued November 21, 1963, 30 FPC 1338, this article contemplates that coordination will result in net benefits to be shared by all parties involved, including the Applicant.

The Commission finds:

It appears appropriate and in the public interest that article 49 be deleted from the Commission's order of May 16, 1963; that articles 33, 38, and 46 be modified as hereinafter provided; that the application for modification be denied with respect to articles 39, 40, and 55; and that the agreement dated June 12, 1963 between Applicant and the Bureau of Reclamation be approved as hereinafter provided.

The Commission orders:

(A) Article 49 is deleted from the order of May 16, 1963, in Project No. 2246.

(B) Footnote one to article 33 of the order of May 16, 1963, is amended to read:

¹ Or natural flow, whichever is less, measured at a point not more than 500 feet downstream of dam. Maximum 24-hour fluctuations of plus or minus 10 percent are permitted for flows in Middle Yuba below Hour House Diversion and Oregon Creek below Low Cabin Diversion.

(C) Article 38 of the order of May 16, 1963 is amended to read:

Article 38. The Licensee shall construct and operate the project in a manner providing minimum possible alteration of fish and wildlife habitat, consistent with reasonable economic practices, except where habitat changes result from specific modification of construction and operation designed to enhance fish and wildlife under ways and means approved by the California Department of Fish and Game, the Secretary of Agriculture, and the Secretary of the Interior.

(D) Article 46 of the order of May 16, 1963 is amended to read:

Article 46. The Licensee shall operate the project reservoirs for flood control in accordance with rules prescribed by the secretary of the Army, such rules to be specified in a formal agreement between the Licensee and the District Engineer, U.S. Army Engineers District, Sacramento, California. Said agreement shall be subject to review from time to time at the request of either party; provided, however, that a different procedure of review may be prescribed by formal agreement.

(E) The application for modification of articles 39, 40, and 55 is denied.

(F) The aforesaid agreement dated June 12, 1963 between Applicant and the Bureau of Reclamation as contemplated by article 50 of the order of May 16, 1963, is approved.

(G) The order issued by the Commission on May 16, 1963 in Project No. 2246, as amended by this order, shall be accepted by Yuba County Water Agency and returned to the Commission within 60 days from the date of issuance of this order.

Before Commissioners: Joseph C. Swidler, Chairman; L. J. O'Connor, Jr., Charles R. Ross, Harold C. Woodward, and David S. Black.

CITIES SERVICE GAS COMPANY, DOCKET NO. CP63-188 (PHASE II)*

FINDINGS AND ORDER AFTER STATUTORY HEARING ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

(Issued December 30, 1963)

On December 31, 1962, as amended and supplemented on January 7, January 28, February 12 and July 3, 1963, Cities Service Gas Company (Applicant) filed in Docket No. CP63-188 (Phase II) an application pursuant to Section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction, acquisition and operation of certain facilities and the acquisition of certain leasehold interests and gas reserves in order to develop and operate as an underground gas storage field, the Webb gas field located in Grant County, Oklahoma, all as more fully set forth in the application, as amended and supplemented.

Applicant proposes to clean out and plug old wells in the Webb field and drill, equip and connect some 40 new wells for storage injection and withdrawal. Applicant will also construct and operate a gathering system, dehydration plant and a 26-inch pipeline to connect the 40 wells to its Blackwell Compressor Station which is to be used for input and withdrawal operations.

Applicant has entered into contracts to acquire from Arkansas Louisiana Gas Company (Arkansas Louisiana), Oklahoma Natural Gas Company (Oklahoma Natural) and Champlin Oil and Refining Company (Champlin) their respective

*The application in Docket No. CP63-188 is divided into two phases. This order pertains exclusively to Phase II of said application.