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Kansas <u>Cors</u>	eration Com	ission.
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Docket No. 15-TKOG-236-COM

DEC 0 4 2014

BEFORE THE CORPORATION COMMISSION OF THE STATE OF KANSAS

by State Corporation Commission of Kansas

In the Matter of the Complaint Against)
TEXAS-KANSAS-OKLAHOMA GAS, LLC)
Respondent,)
)
For an Order for Adjustment and Refund of)
Unfair, Unreasonable and Unjust rates for the)
Sale of Natural Gas for Irrigation based on)
inaccurate and/or false pressure base measurements.)
)
By Circle H. Farms, LLC, Richard L. Hanson,)
Rome Farms and Stegman Farms Partnership)
Complainants)

COMPLAINT

Respondent, Complainants and Jurisdiction

- 1. Respondent TEXAS-KANSAS-OKLAHOMA GAS, LLC (hereafter "TKO"), is a Texas limited liability company authorized to do business in Kansas and operating as a natural gas public utility as defined by K.S.A. §§ 66-104 and 66-1,200.
- 2. The Kansas Corporation Commission ("the Commission") is authorized by law to exercise jurisdiction to do those things necessary and convenient for the exercise of its authority to supervise and control natural gas utilities pursuant to K.S.A. § 66-1,201.
- Complainants are the following individuals and entities are customers of TKO in Southwest Kansas and purchase natural gas from TKO for irrigation, residential and/or domestic use:

Circle H Farms c/o Kirk Heger 911 South Trindle St Hugoton, KS 67951 Richard L. Hanson 16171 Road I Liberal, KS 67901

Stegman Farms Partnership c/o Tron Stegman 815 Van Buren Hugoton, KS 67951

Rome Farms 1096 Road BB Hugoton, KS 67951

- 4. Every natural gas public utility governed Kansas law is required to furnish reasonably efficient and sufficient service and facilities and to establish just and reasonable rates and charges. Moreover, "[e]very unjust or unreasonably discriminatory or unduly preferential rule, regulation, classification, rate, charge or exaction is prohibited, unlawful and void." K.S.A. § 66-1,203.
- 5. This complaint is submitted pursuant to Kansas law as specified in K.S.A. § 66-1,205 and in compliance with K.A.R. § 82-1-220.
- 6. Complainants allege and state based on available information and belief that the rates charged by TKO to complainants and others similarly situated for the sale of natural gas are unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, and are therefore unlawful and void.

FACTUAL ALLEGATIONS

- 7. The price charged by TKO for the sales of natural gas to complainants is a "price per MMBtu" calculated as the sum of a published index price for the month in which the gas is delivered by TKO to the buyer plus an additional amount (additur) per MMBtu as specified in the contracts between TKO and its customers.
- 8. Based on available information and standard industry practices, complainants have a reasonable basis to believe that they have been improperly, unfairly and unjustly overbilled for a substantial period of time in their purchase of irrigation gas from TKO.
- 9. The improper, unfair and unjust overbilling is based on a consistent erroneous and/or false calculation utilized by TKO as the basis for the volumes of gas measured in MMBtu's for which customers are charged.
- 10. Based on review, analysis and inspection of billing records, practices and available information, complainants allege that TKO has consistently used inaccurate, improper and/or false "pressure factors", one component in the equation universally relied upon in the measurement of volume and related btu factors, two essential components in deriving the ultimate MMBtu volumes on which customers are charged.
- 11. In shorthand, customers are billed based on a volumetric calculation, employing a pressure factor, times a btu factor, which is also derived from the same fixed pressure (i.e., pressure base).
- 12. The rates and charges of TKO appear to calculate volume using a pressure base of 13.45 psia and a btu factor measured at a pressure base of 14.73 psia, an inconsistency and inaccuracy which results in customers being charged approximately 9.5% more for

irrigation gas than is justified under commonly accepted industry standards, as historically interpreted and applied by the Kansas Corporation Commission.

- 13. The calculations and billing practices employed by TKO using inaccurate or false pressure base numbers, also result in TKO selling gas to its customers in MMBTU amounts inflated over the MMBTU amounts charged TKO by its supplier, Anadarko.
- 14. On some meters that we have checked, not only have the volumetric calculations been done incorrectly, but the wrong pressure may have been used, and the wrong btu value (significantly different than a current analysis) has definitely been used.
- 15. Complainants request that the Commission exercise its investigative powers as authorized by law to ascertain the truth and validity of the complaint as to the unfair, unjust and discriminatory rates being charged by TKO.
- 16. Complainants believe that a determination of the following facts will be pertinent to adjudication of the complaint:
 - a. Identification of all customers of TKO subject to the jurisdiction of the Commission in Kansas;
 - b. Determination of whether the volumetric calculations upon which the amount of natural gas sold has been performed correctly;
 - c. Whether correct pressures have been used to determine volumes billed;
 - d. Whether BTU content was calculated utilizing accurate and an industry accepted analysis?
 - e. What the amounts charged would have been if the measurements and calculations had been performed correctly.

- 17. Complainants further believe that the investigation should properly include a determination or identification of each meter which TKO currently operates which should identify:
 - a. Meter Station Number
 - b. Legal location
 - c. Owner Name/Address changes made and date changes were made

and

- d. The following monthly information since the later of: August, 2007, or the first date of meter operation, for each individual jurisdictional meter which TKO operates:
 - i. MMBTU for which TKO paid Anadarko;
 - ii. MMBTU which was billed to the irrigator;
 - iii. Btu value used in irrigator calculation by TKO;
 - iv. Btu value furnished to TKO by Anadarko;
 - v. Meter Pressure used in calculation of volume used by Anadarko and meter pressure used in calculation of volume sold by TKO;
 - vi. Identification of the entity or individuals who calculate the volumes for which TKO pays Anadarko on each meter?
 - vii. In what format is volume, MMBTU, gas analyses (btu information) and meter pressure information distributed, and who furnishes each to whom?
 - viii. Whether Anadarko furnishes TKO the Btu values for each meter, and if so, how often and in what format?

- ix. Is the pressure base stated anywhere indicating at what pressure the btu is calculated?
- x. How often does TKO update their calculations with the Btu values given them by Anadarko?

PRAYER FOR RELIEF:

Upon confirmation of the truth of the allegations of unfair, unjust and discriminatory rates, complainants ask the Commission to enter an order:

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(a) substituting such rates or rules and regulations as the Commission determines to be just, reasonable and necessary;

(b) adjusting the rates of TKO as to all future sales of natural gas and adjustment of the measurements, calculations, and practices which are the gist of the problem; and,

(c) investigate and compute the amount of charges or rates which have been overbilled and with respect to past sales made under such unfair and discriminatory terms or rates to issue a show cause order as to why TKO should not refund all overcharges shown to have been imposed since August, 2007 or the first date of each jurisdictional meter which TKO operates.

> JOHN R. WINE JR., #10016 410 NE 43rd St Topeka, KS 66617 Tel. 785-220-7676 Jwine2@cox.net

And

THOMPSON LAW FIRM, LLC Occidental Plaza 106 E. 2nd St. Wichita, Kansas 67202 Tel: 316-267-3933 Fax: 316-267-3901

By Lee Thompson, #08361 Attorneys for Complainants

VERIFICATION

STATE OF KANSAS)) ss: COUNTY OF SEDGWICK)

Lee Thompson, of lawful age, being first duly sworn upon his oath states that he is one of the attorneys for the Complainants named herein and states that he prepared the foregoing Complaint and declares that the statements made therein are true and correct to the best of his knowledge and belief.

LEE THOMPSON

SUBSCRIBED AND SWORN to before me this 3R day of December, 2014.

SUSAN THOMPSON NOTARY PUBLIC STATE OF not Exp

SB

My Appointment Expires:

Notary Public

CERTIFICATE OF SERVICE

I hereby certify that on this <u>3</u> day of December, 2014, an original and seven copies of the above and foregoing Complaint was placed in Federal Express for delivery and filing to the Kansas Corporation Commission at:

> Kansas Corporation Commission 1500 SW Arrowhead Road Topeka, KS 66604-4027

<u>Lee Thompson</u>

LEE THOMPSON Email: lthompson@tslawfirm.com Occidental Plaza 106 E. 2nd Street Wichita, KS 67202 Phone: 316-267-3933 Fax: 316-267-3901

December 3, 2014

Mr. Thomas A. Day Acting Executive Director Kansas Corporation Commission 1500 SW Arrowhead Road Topeka, KS 66604-4027 **VIA FEDERAL EXPRESS**

Re: Complaint for Filing

Dear Mr. Day:

Please find enclosed for filing, an original and seven copies of a Complaint being filed on behalf of the named complainants. An additional copy is enclosed together with a self-addressed stamped envelope. We would request that you return a copy stamped as "Filed" if possible.

We have forwarded a courtesy copy of the Complaint to the named Respondent, but understand that formal service will be effectuated by the Commission pursuant to. KAR 82-1-220.

Please let us know if you have any questions.

Yours very truly, THOMPSON LAW FIRM, LLC

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By Lee Thompson