

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:                    Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Dwight D. Keen

In the Matter of Magellan Pipeline                    )  
Company, L.P., Filing Tariff Revisions                    )                    Docket No. 18-MGPP-421-TAR  
Replacing Tariff K.C.C. No. 37 With                    )  
Tariff K.C.C. No. 38.                    )

**ORDER APPROVING TARIFF REVISIONS**

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and record and being duly advised in the premises, the Commission makes the following findings:

1.        On March 30, 2018, Magellan Pipeline Company, L.P. (Magellan) filed an Application with the Commission seeking authority to replace Tariff K.C.C. No. 37 with Tariff K.C.C. No. 38. Tariff K.C.C. No. 38 includes a new Two-Year Volume Incentive Program and rates in Item Nos. 250-251 from the Kansas Origin Group (Coffeyville and El Dorado) and McPherson origins to Kansas City (Argentine), KS. Magellan states that this filing is made to coincide with the company's filing of Federal Energy Regulatory Commission (F.E.R.C.) No. 170.23.0 tariff wherein a corresponding Volume Incentive Program was filed in Items 250-251. Magellan maintains that all volume incentive rates are below the corresponding base rates found in this tariff in Item 200 and F.E.R.C. No. 160.26.0. All base rates remain unchanged. The new Tariff contains wording changes in the Table of Contents which includes the new incentive Program, Item No. and Page No., as well as wording changes reflecting the current page numbers for all items. Volume incentive program, Item No. 265, contains wording changes to reflect the current associated F.E.R.C. and O.C.C. tariff numbers. The incentive rates in Item 266 are

unchanged. Volume incentive program Item 290 contains wording changes reflecting the current associated F.E.R.C. tariff numbers. All incentive Rates in Items 291 and 292 are unchanged.<sup>1</sup> Magellan states that the estimated annual Kansas incremental revenue from the incentive program in the instant filing is marginal inasmuch as the program offers discounted rates in return for committed volumes. The benefit seen by Magellan is that the proposed new program will provide guaranteed committed volumes of 4.5 million barrels annually for two years.<sup>2</sup>

2. Magellan is a liquids pipeline common carrier engaged in the transportation of liquid hydrocarbons within the meaning of K.S.A. 2017 Supp. 66-105 and K.S.A. 66-1,215. The Commission has full power, authority, and jurisdiction to control Magellan as a common carrier pursuant to K.S.A. 66-1,216. The Commission has jurisdiction over Magellan's rates pursuant to K.S.A. 66-1,217, and Magellan is required to publish its tariffs with the Commission pursuant to K.S.A. 66-1,218. Oil and natural gas pipeline company tariff filings are governed by regulation K.A.R. 82-10-2. No tariff changes shall be effective until approved by the Commission pursuant to K.S.A. 66-117.

3. On June 25, 2018, the Commission Staff (Staff) submitted its Report and Recommendation dated June 20, 2018, which is attached hereto and made a part hereof by reference. Staff reviewed Magellan's proposed tariff to determine whether the terms of the tariff are just and reasonable and whether efficient and sufficient service will be provided. Magellan's proposed tariff has been approved by F.E.R.C. in Docket No. IS18-252-000. Because Magellan's tariff has been approved by F.E.R.C., Staff considers the proposed incentive rates as having met the two foregoing standards of review applied to liquid common carrier tariff applications in

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<sup>1</sup> Application, page 1.

<sup>2</sup> Id.

Kansas. Consequently, Staff supports the proposed Two-Year Volume Incentive Program and rates in Item Nos. 250-251.<sup>3</sup>

4. Staff analyzed Magellan's Application and concluded that the company's proposed tariff revisions are just and reasonable. No objections to Magellan's proposed tariff have been received by the Commission. Concluding, Staff recommends the Commission grant Magellan's Application and approve Tariff K.C.C. No. 38, replacing Tariff K.C.C. No. 37.

5. The Commission determines Staff's findings and recommendation to be reasonable, and hereby adopts the same.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. Magellan Pipeline Company, L.P.'s proposed Tariff K.C.C. No. 38 is approved and shall replace Tariff K.C.C. No. 37 and become effective as of the date of this Order.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>4</sup>

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of issuing such further order, or orders, as it may deem necessary.

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 06/28/2018



Lynn M. Retz  
Secretary to the Commission

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<sup>3</sup> Report and Recommendation, page 3.

<sup>4</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

# STATE OF KANSAS



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## REPORT AND RECOMMENDATION UTILITIES DIVISION

**TO:** Shari Feist Albrecht, Chair  
Jay Scott Emler, Commissioner  
Dwight D. Keen, Commissioner

**FROM:** Josh Frantz, Senior Research Economist  
Lana Ellis, Deputy Chief of Economics and Rates  
Robert Glass, Chief of Economics and Rates  
Jeff McClanahan, Director of Utilities

**DATE:** June 20, 2018

**SUBJECT:** Docket No. 18-MGPP-421-TAR: In the Matter of Magellan Pipeline Company, L.P., Filing Tariff Revisions Replacing Tariff K.C.C. No. 37 With Tariff K.C.C. No. 38.

### **EXECUTIVE SUMMARY:**

Magellan Pipeline Company, L.P. (Magellan) is requesting approval of tariff K.C.C. No. 38 (to replace tariff K.C.C. No. 37) which includes a new Two-Year Volume Incentive Program and rates in Item Nos. 250-251 from the Kansas Origin Group (Coffeyville and El Dorado) and McPherson origins to Kansas City (Argentine), KS. Tariff No. 38 also includes several changes to wording which update references to page numbers within the tariff and references to corresponding F.E.R.C. and O.C.C. tariff numbers.

Because Magellan has met the two standards used to review liquids pipeline common carriers in Kansas and has properly notified all shippers and subscribers as required by the Commission, Staff is recommending Commission approval of Magellan's request.

### **BACKGROUND:**

Magellan is a liquids pipeline common carrier that is engaged in the transportation of liquid hydrocarbons in accordance with K.S.A. 66-105 and K.S.A. 66-1,215 (which references the 66-105 definitions).<sup>1</sup>

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<sup>1</sup> Common Carriers are defined in K.S.A. 66-105, which states, "As used in this act, 'common carriers' shall include all freight-line companies, equipment companies, pipe-line companies, and all persons and associations of persons, whether incorporated or not, operating such agencies for public use in the conveyance of persons or property within this state."

Tariffs and associated rates for liquids pipeline common carriers are subject to the Commission's authority pursuant to K.S.A. 66-117, K.S.A. 66-1,217, K.S.A. 66-1,218, and K.A.R. 82-10-2.

Magellan currently operates as an intrastate liquids pipeline common carrier in the State of Kansas transporting crude petroleum products between various points in Kansas.

On March 30, 2018, Magellan filed an Application with the Commission requesting approval to replace K.C.C. No. 37 with K.C.C. No. 38. K.C.C. No. 38 includes a new Two-Year Volume Incentive Program and rates in Item Nos. 250-251 from the Kansas Origin Group (Coffeyville and El Dorado) and McPherson origins to Kansas City (Argentine), KS. Tariff No. 38 also includes several changes to wording which update references to page numbers within the tariff and update references to corresponding F.E.R.C. and O.C.C. tariff numbers.

Magellan has filed its revised program with the Federal Energy Regulatory Commission (FERC) under Docket IS18-252-000.

### **ANALYSIS:**

#### **Two-Year Volume Incentive Program**

Magellan has proposed a new Two-Year Volume Incentive Program and rates in Item Nos. 250-251 from the Kansas Origin Group (Coffeyville and El Dorado) and McPherson origins to Kansas City (Argentine), KS.

The benefit to MPL is that the proposed new program will provide guaranteed committed volumes of 4.5 million barrels annually for two years. The estimated annual Kansas incremental revenue from the incentive program in this filing is marginal, meaning that total revenue is not expected to change much as a result of the price discount because of the committed volumes.

#### **Notice**

Magellan has notified all shippers and subscribers in writing, as required by the Commission. Additionally, all Magellan tariffs are posted on Magellan's tariff website: <http://www.magellanlp.com>, for all parties in interest. There have been no objections to the changes nor any complaints made or filed with the Commission to date.

#### **Standard of Review**

There are two standards typically used to review liquids pipelines common carrier tariff applications in Kansas:<sup>2</sup>

1. Just and reasonable rates: rates with terms and conditions that are non-discriminatory, available to all shippers, and are comparable with rates for shipping similar products over similar routes and facilities within the industry in Kansas, while providing adequate recovery of costs to the suppliers (carriers); and
2. Efficient and sufficient service: as defined in Docket No. 02-MAPP-160-COM, efficient service acts to produce a minimum amount of waste or unnecessary effort

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<sup>2</sup> Pursuant to K.S.A. 66-117 and 66-1,217.

in using the capacity on the pipelines and sufficient service furnishes adequate or enough public service to meet the needs of the shippers.<sup>3</sup>

In specific instances such as this, and in the absence of shipper complaints and/or protests, the Commission's regulatory practice has been to pattern its regulation of intrastate oil/liquid pipeline rates and tariffs after FERC. Magellan's proposed tariff has been approved by FERC in Docket No IS18-252-000. Because Magellan's proposed tariff has been approved by FERC, Staff considers the proposed incentive rates to meet the two standards of review used to review liquid common carrier tariff applications in Kansas. Therefore, Staff supports the proposed Two-Year Volume Incentive Program and rates in Item Nos. 250-251.

### **Wording Changes**

Magellan has proposed wording changes in the Table of Contents to reflect current page numbers and has proposed several changes to various Item Nos. to reflect the current associated FERC and O.C.C. tariff numbers. The Two-Year Incentive Program adds new Item Nos. to FERC 17.23.0 which correspond to the changes made in K.C.C. 38. Other updated references to sections of FERC and O.C.C. tariffs were made for recordkeeping purposes. Staff agrees these changes are necessary because the table of contents would otherwise be inaccurate and references to FERC and O.C.C. tariffs would otherwise correspond to superseded tariffs.

### **RECOMMENDATION:**

Magellan's proposed tariff has been approved by FERC, so Staff considers the proposed incentive rates to meet the two standards of review used to review liquid common carrier tariff applications in Kansas. Furthermore, Magellan has notified all shippers and subscribers in writing, and there have been no objections to the changes nor any complaints made or filed with the Commission to date.

Staff agrees the proposed changes to wording to update references to corresponding page numbers, F.E.R.C. tariffs, and O.C.C. tariffs are necessary.

Thus, Staff recommends the Commission grant Magellan's requests for approval of tariff K.C.C. No. 38 and cancellation of tariff K.C.C. No. 37.

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<sup>3</sup> Order, pp. 33 & 37, Docket No. 02-MAPP-160-COM (Jan. 31, 2005).

**CERTIFICATE OF SERVICE**

18-MGPP-421-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on 06/29/2018.

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\*\*\*Hand Delivered\*\*\*

/S/ DeeAnn Shupe

DeeAnn Shupe