

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

In the Matter of the Complaint Against)
TEXAS-KANSAS-OKLAHOMA GAS, LLC)
Respondent)
)
For an Order for Adjustment and Refund of) Docket No. 15-TKOG-236-COM
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)

ANSWER

Respondent, Texas Kansas Oklahoma Gas, LLC (“TKO”), answers Circle H. Farms, LLC, Richard L. Hanson, Rome Farms, and Stegman Farms Partnership (“Complainants”) Complaint as follows. TKO denies all of Complainants’ allegations, and specifically denies that its rates are unfair, unreasonable or unjust. Each and every allegation of the Complaint not specifically admitted herein is denied.

1. TKO admits the allegations in Paragraph 1 of the Complaint.
2. TKO admits the allegations of Paragraph 2 of the Complaint.
3. TKO admits that Circle H. Farms, Richard L. Hanson, Stegman Farms Partnership, and Rome Farms purchase natural gas from TKO. TKO denies the remaining allegations of Paragraph 3 of the Complaint.
4. Paragraph 4 of the Complaint states legal conclusions to which no response is required. TKO denies that K.S.A. § 66-1,203 provides that “[e]very unjust or unreasonably

discriminatory or unduly preferential rule, regulation, classification, rate, charge or exaction is prohibited unlawful and void.”

5. Paragraph 5 of the Complaint states legal conclusions to which no response is required.

6. TKO denies the allegations of Paragraph 6 of the Complaint. TKO expressly denies that the rates charged by TKO are unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential. TKO’s contracts reflect just and reasonable rates that have been voluntarily signed by the Complainants and previously approved by the Kansas Corporation Commission (the “Commission”) and are in accordance with standard industry practice.

FACTUAL ALLEGATIONS

7. TKO admits that it charges its customers a set price per MMBtu utilizing the FERC or Panhandle Eastern price index. TKO negotiates its contracts with individual customers, separately, and these contracts are submitted to the Kansas Corporation Commission in TKO’s annual compliance filing. *See* Docket No.08-TKOG-314-COC and Docket No. 13-TKOG-435-CPL. TKO denies the remaining allegations of Paragraph 7 of the Complaint.

8. TKO denies the allegations of Paragraph 8 of the Complaint. TKO has not improperly, unfairly, or unjustly overbilled the Complainants for any period of time. TKO bills its customers, including Complainants, in accordance with the terms of their Commission-approved contracts and standard industry practices. Complainants are bound to the terms of the contracts they signed with TKO.

9. TKO denies the allegations of Paragraph 9 of the Complaint. TKO accurately calculates the volume of gas charged and billed to its customers.

10. TKO denies the allegations of Paragraph 10 of the Complaint. The pressure factors used by TKO in its billing practices reflect the atmospheric pressure based on the altitude at main meters most closely located to end-user customers. TKO's billing practice and application of pressure factors conforms to industry standard practice. Further, TKO's contracts and practices were approved by the Commission when TKO was granted its Limited Certificate of Convenience. *See* Docket No. 08-TKOG-314-COC.

11. TKO admits that its billing calculations include a pressure factor and a btu factor. TKO denies the remaining allegations of Paragraph 11 of the Complaint.

12. TKO denies the allegations of Paragraph 12 of the Complaint.

13. TKO denies the allegations of Paragraph 13 of the Complaint. TKO denies that it uses inaccurate or false pressure base numbers. TKO does not inflate MMBtu amounts, rather TKO calculates customer bills based on altitude and atmospheric pressure in Kansas. Further, Anadarko is only one of TKO's natural gas suppliers; TKO also receives gas from Black Hills, for example.

14. TKO is without sufficient knowledge to admit or deny the allegations in Paragraph 14 of the Complaint and thus denies the allegations. TKO's suppliers, including Anadarko, provide certain calculations, including the btu value, to TKO. TKO does not directly collect or obtain btu values.

15. TKO denies that its rates are unfair, unjust, or discriminatory and asks the Commission to dismiss the Complaint against it.

16. TKO denies that the requests for facts contained in Paragraph 16, subsections a-e, will be pertinent to the adjudication of the Complaint. TKO believes that the Complaint is without merit and should be dismissed by the Commission. TKO is entitled to a reasonable rate

of return as a Commission-regulated natural gas supplier. In accordance with Commission and industry standards, TKO rates are reasonable. The rates and contracts reflect an attempt by TKO to earn a minimal profit in order to allow TKO to continue to invest in new technologies and promote greater efficiencies. In fact, TKO generates little revenue from Complainants. Further, the Commission previously approved Complainants contracts. *See* Docket No. 08-TKOG-314-COC. TKO has billed Complainants in accordance with the contracts approved by the Commission and has not engaged in any unfair, unjust or discriminatory billing practices.

17. TKO denies that the Commission should investigate or require the information requested in Paragraph 17, sub-sections a-d. TKO has previously provided much of this information in response to the Commission's data requests and in TKO's compliance docket. *See* Docket No. 13-TKOG-435-CPL. The additional information being sought exceeds the scope of the Complaint.

WHE EFO E, for the reasons set forth above, TKO respectfully requests the Commission enter an Order dismissing the Complaint and awarding any other relief as may be just and appropriate.

Respectfully submitted,



C. Edward Watson, II - #23386
Lindsey A. Flora, # 25120
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway, Suite 100
Wichita, KS 67206-4466
316.267.6371 (office)
316.267.6345 (fax)
Attorneys for Texas-Kansas-Oklahoma Gas, LLC

VERIFICATION

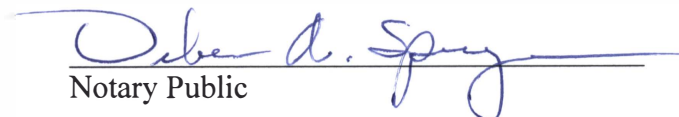
STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

C. Edward Watson, II, of lawful age, being first duly sworn upon his oath states that he is one of the attorneys for the Respondent named herein and states that he prepared the foregoing Answer and declares that the statements made therein are true and correct to the best of his knowledge and belief.



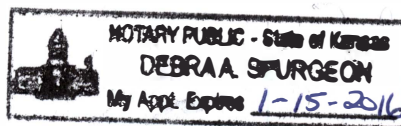
C. Edward Watson, II

SUBSCRIBED AND SWORN to before me this 9 day of January, 2015.



Notary Public

My Appointment Expires: *Jan. 15, 2016*



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CERTIFICATE OF SERVICE

I hereby certify that on this the 9th day of January, 2015, the original of the foregoing **Answer** was filed with the Kansas Corporation Commission by using e-filing EXPRESS. A true and correct copy of the above and foregoing Answer was mailed first-class, postage prepaid, properly addressed to the following:

John R. Wine, Jr. #10016
410 NE 43rd St.
Topeka, KS 66617
Phone: (785) 220-7676
Jwine2@cox.net

AND

THOMPSON LAW FIRM, LLC
Lee Thompson #08361
Occidental Plaza
106 E. 2nd St.
Wichita, KS 67202
Phone: (316) 267-3933
Fax: (316) 267-3901

Attorneys for Complainants



C. Edward Watson, II