

Received  
on

AUG 16 2013

by  
State Corporation Commission  
of Kansas

**In The Matter of the  
Application of ONEOK, Inc.  
for an Order Authorizing  
its Plan of Reorganization**

**Docket No. 14-KGSG-100-MIS**

# INDEX

1. **Transmittal Letter**
2. **Application**
3. **Derek Reiners Testimony & Exhibits**
  - a) Supplemental Testimony. LATE FILED SUPPLEMENTAL
4. **Caron Lawhorn Testimony & Exhibits**
5. **David Dittimore Testimony**
  - a) Supplemental Testimony. LATE FILED SUPPLEMENTAL
6. **Ron Bridgewater Testimony**
7. **Exhibit 1 - ONEOK's 2012 Annual Report**
8. **Exhibit 2 – ONE Gas, Inc. Form 10 Filing with the SEC. LATE FILED EXHIBIT**
9. **Exhibit 3 – Separation and Distribution Agreement**
10. **Exhibit 4 – Master Transition Services Agreement**
11. **Exhibit 5 – Tax Matters Agreement**
12. **Exhibit 6 – Employee Matters Agreement**
13. **Exhibit 7 - Illustrations of Steps of Reorganization**
14. **Exhibit 8 – Forecasted Financial Information. LATE FILED EXHIBIT**



# **Transmittal Letter**



LAW OFFICES OF  
*ANDERSON & BYRD*

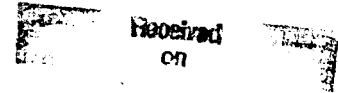
*A Limited Liability Partnership*

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ROBERT A. ANDERSON  
(1920-1994)  
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August 16, 2013



AUG 16 2013

by  
State Corporation Commission  
of Kansas

Ms. Kim Christiansen  
Executive Director  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604-4027

Re: In the Matter of the Application of ONEOK, Inc.  
for an Order Authorizing its Plan of Reorganization

Dear Ms. Christiansen:

Enclosed for filing with the State Corporation Commission of the State of Kansas is an Application and the Direct Testimonies of Derek S. Reiners, David N. Dittmore, Caron A. Lawhorn and Ronald D. Bridgewater. I would appreciate receiving a file stamped copy of each document for my files.

If you have any questions or comments, let me know. Thank you.

Sincerely,

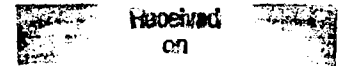
A handwritten signature in black ink that reads "James G. Flaherty".

James G. Flaherty  
[jflaherty@andersonbyrd.com](mailto:jflaherty@andersonbyrd.com)

JGF:rr  
Enclosure

# **Application**





AUG 16 2013

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

by  
State Corporation Commission  
of Kansas

In the Matter of the Application of ONEOK, Inc. for                    )  
an Order Authorizing its Plan of Reorganization                    )   Docket No. 14-KGSG-100-MIS

**APPLICATION**

ONEOK, Inc. ("ONEOK") requests an order from the Kansas Corporation Commission ("Commission" or "KCC") granting ONEOK the authority to restructure and reorganize itself as more particularly described herein and for such other relief deemed necessary and appropriate to accomplish and consummate ONEOK's plan of reorganization. This Application is being filed pursuant to K.S.A. 66-131, 66-136, 66-1,201 and K.A.R. 82-1-214.<sup>1</sup>

**I.    INTRODUCTION**

1.    ONEOK is a diversified energy company. It is the largest natural gas distributor in Kansas and Oklahoma and the third largest natural gas distributor in Texas, providing regulated public

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<sup>1</sup>ONEOK has addressed in its filing the following standards or factors that the Commission adopted in Kansas Power and Light Company and Kansas Gas and Electric Merger Order, Docket Nos. 172,745-U and 174,155-U ("KPL/KGE Case") to demonstrate the reorganization will promote the public interest:

- (a)    The financial condition of the newly created entity as compared to the financial condition of the entity if the reorganization did not occur;
- (b)    Reasonableness of the cost of the reorganization in light of the savings that can be demonstrated by the reorganization;
- (c)    Whether customer benefits resulting from the reorganization can be quantified;
- (d)    Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state;
- (e)    Whether the proposed transaction will preserve the jurisdiction of the KCC and the capacity of the KCC to effectively regulate and audit public utility operations in the state;
- (f)    The effect of the transaction on affected public utility shareholders;
- (g)    What impact, if any, the transaction has on public safety.

Note, those standards or factors not applicable to the reorganization have been intentionally omitted and others have been reworded to address the differences between a reorganization and a merger or acquisition.

utility service to over two million retail and wholesale customers. ONEOK is also the sole general partner and owner of 43.3 percent of ONEOK Partners, L.P. ("ONEOK Partners") as of June 30, 2013. ONEOK Partners is one of the largest publicly traded master limited partnerships. It is a leader in the gathering, processing, storage and transportation of natural gas in the United States. It also owns a natural gas liquids system, which connects natural gas liquids supply in the Mid-Continent and Rocky Mountain regions with key market centers.

2. ONEOK is a corporation incorporated under the laws of the state of Oklahoma, with its principal executive offices located at 100 West Fifth Street, Tulsa, Oklahoma, 74103. ONEOK's articles of incorporation and bylaws have been previously filed with the Commission. A copy of ONEOK's Annual Report for the fiscal year ended December 31, 2012, is attached to this Application as Exhibit 1 and is incorporated herein by reference.

3. Kansas Gas Service, a Division of ONEOK, Inc. ("Kansas Gas Service") is a natural gas public utility operating in the state of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Kansas Gas Service's principal place of business within the State of Kansas is located at 7421 West 129<sup>th</sup> Street, Overland Park, Kansas 66213. Kansas Gas Service currently serves more than 630,000 natural gas customers in 360 Kansas communities.

4. The names, addresses and electronic mail addresses of the persons authorized to receive notices and communications with respect to this Application on behalf of ONEOK are as follows:

Walker A. Hendrix  
John P. DeCoursey  
Kansas Gas Service, A Division of ONEOK, Inc.  
7421 W. 129<sup>th</sup> Street  
Overland Park, Kansas 66213  
[walker.hendrix@kansasgasservice.com](mailto:walker.hendrix@kansasgasservice.com)  
[john.decoursey@kansasgasservice.com](mailto:john.decoursey@kansasgasservice.com)

Derek S. Reiners  
Chief Financial Officer  
ONEOK, Inc.  
100 West Fifth Street  
Tulsa, Oklahoma, 74103  
[derek.reiners@oneok.com](mailto:derek.reiners@oneok.com)

Caron A. Lawhorn  
Senior Vice President, Commercial, Natural Gas Distribution  
ONEOK, Inc.  
100 West Fifth Street  
Tulsa, Oklahoma 74103  
[caron.lawhorn@oneok.com](mailto:caron.lawhorn@oneok.com)

David N. Dittmore  
Manager of Rates and Regulatory Affairs  
Kansas Gas Service, A Division of ONEOK, Inc.  
7421 W. 129<sup>th</sup> Street  
Overland Park, Kansas 66213  
[david.dittmore@kansasgasservice.com](mailto:david.dittmore@kansasgasservice.com)

James G. Flaherty  
Anderson & Byrd LLP  
216 S. Hickory, P.O. Box 17  
Ottawa, Kansas 66067  
[jflaherty@andersonbyrd.com](mailto:jflaherty@andersonbyrd.com)

## II. REORGANIZATION PLAN

### A. SUMMARY OF REORGANIZATION PLAN

5. ONEOK proposes to separate its natural gas utility distribution business from ONEOK into a stand-alone publicly traded company via a tax-free dividend of the new corporation, ONE Gas, Inc.'s, shares to existing ONEOK shareholders in order to create two independent publicly traded companies. A Form 10 General Form for Registration of Securities for the natural gas utility distribution company will be filed with the Securities and Exchange Commission ("SEC"), which must be declared effective by the SEC. A copy of the Form 10 will be provided to the Commission as Exhibit 2 (late-filed) to this Application. The transaction is also subject to ONEOK receiving a

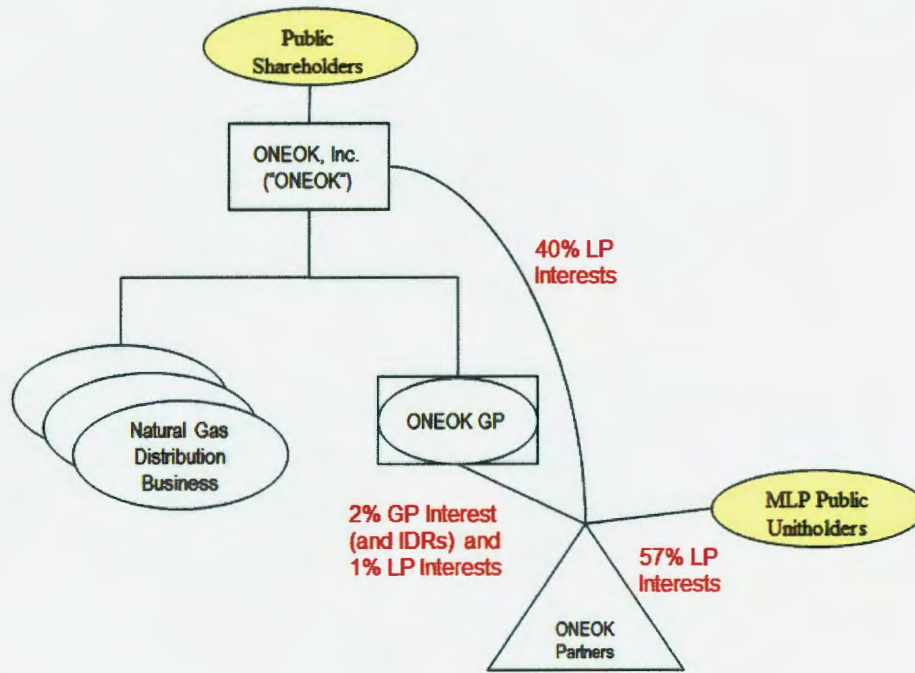


favorable private letter ruling on the tax-free nature of the transaction from the Internal Revenue Service. Other than receiving approval from the Kansas Corporation Commission, no other regulatory approvals relating to the reorganization plan are required to be obtained. This reorganization will not require a vote of ONEOK's shareholders. After the reorganization, a new corporation ("ONE Gas, Inc.") will be the sole owner of the existing Kansas, Oklahoma and Texas natural gas utility distribution business ("Natural Gas Distribution Business").<sup>2</sup> ONE Gas, Inc. and its Kansas natural gas utility distribution business division, Kansas Gas Service, will continue to be subject to the regulation of the Commission. Kansas Gas Service will maintain the existing tariff rates and terms and conditions of service on file with the Commission, which may be changed from time to time with approval of the Commission. ONE Gas, Inc. and its Oklahoma natural gas utility distribution business division will continue to be subject to the regulation of the Oklahoma Corporation Commission. ONE Gas, Inc. and its Texas natural gas utility distribution business division will continue to be subject to the regulation of the Texas municipalities in which it operates and the Railroad Commission of Texas. ONEOK will continue as a stand-alone publicly traded company consisting of the general partner and limited partner interests of ONEOK Partners and the wind down operations of ONEOK's energy services business. ONEOK's existing corporate structure ("Current Structure"), and corporate structure that will exist immediately following the completion of the reorganization plan proposed herein ("Ending Structure") are illustrated below.

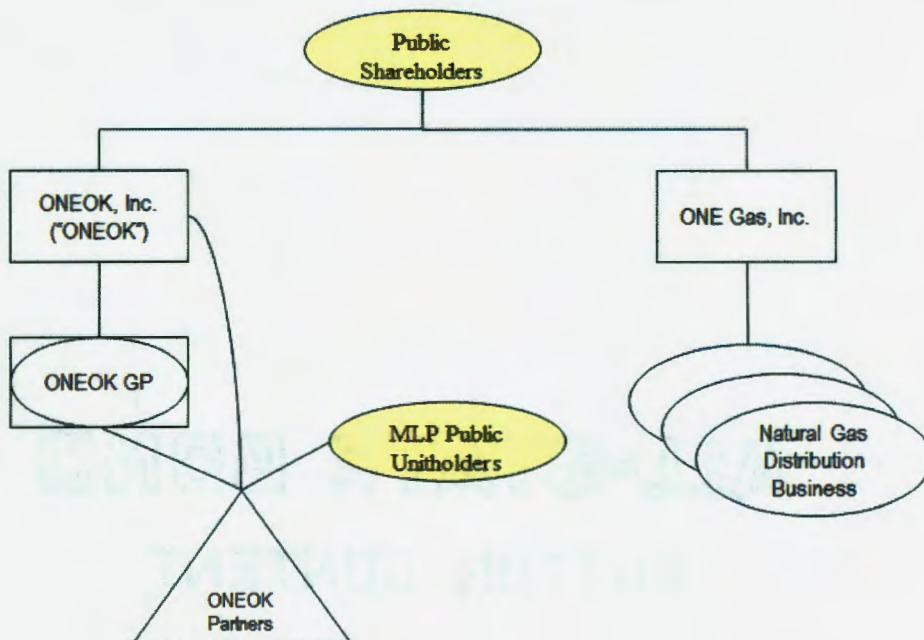
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<sup>2</sup>The Articles of Incorporation and Bylaws of ONE Gas, Inc. will be filed with the Commission upon the completion of the reorganization plan. ONE Gas, Inc. plans to operate the existing Kansas natural gas utility distribution business as a division of ONE Gas, Inc. and retain the name Kansas Gas Service as the name of that division.

## Current Structure



## Ending Structure



6. The two corporate structures illustrated above are snapshots of ONEOK at the beginning and end of the proposed reorganization plan. However, ONEOK's reorganization process contains several intermediate steps.

a. Step 1: ONEOK forms ONE Gas, Inc. with nominal assets.

b. Step 2: ONEOK contributes assets and liabilities of the Natural Gas Distribution Business to ONE Gas, Inc. in exchange for (1) all of the stock of ONE Gas, Inc., and (2) the use of all or a portion of the newly-issued ONE Gas, Inc. debt described in Step 3 to reduce ONEOK debt.

c. Step 3: ONE Gas, Inc. borrows approximately \$1.1 to \$1.2 billion. All or a portion of the newly-issued ONE Gas, Inc. debt will be used to retire ONEOK debt.

d. Step 4: ONEOK distributes all of the stock of ONE Gas, Inc. to its shareholders.

An illustration of the intermediate steps is set forth in Exhibit 7 to the Application and incorporated herein by reference.

7. ONEOK's Board of Directors has authorized management to pursue the proposed reorganization plan, including the filing of this Application. The post-reorganization forecasted financial information relating to ONE Gas, Inc. and Kansas Gas Service is attached hereto as Exhibit 8 (late-filed exhibit).

**B. IDENTIFICATION AND SUMMARY OF REORGANIZATION PLAN AGREEMENTS AND DOCUMENTS**

8. The following agreements and other documents ("Reorganization Agreements") are contemplated under ONEOK's reorganization plan, are exhibits to this Application, and are incorporated herein by reference. Each of the form agreements and documents is sponsored and

supported by the pre filed direct testimony of Derek S. Reiners, which is attached to this Application and incorporated herein by reference. Mr. Reiners is ONEOK's Chief Financial Officer ("CFO"). He was directly involved in the reorganization plan. In addition to sponsoring and supporting the Reorganization Agreements, Mr. Reiners provides testimony explaining the reasons for the reorganization, including identification of the benefits of the reorganization as it relates to the Natural Gas Distribution Business.

a. SEPARATION AND DISTRIBUTION AGREEMENT. This agreement is the primary transaction document. It describes the actions to be taken prior to the separation and certain agreements among the parties following the separation. It provides for, among other things, (i) the transfer of the assets and liabilities of the Natural Gas Distribution Business to ONE Gas, Inc., (ii) indemnification of ONE Gas, Inc. from liabilities retained by ONEOK, and (iii) indemnification of ONEOK from liabilities transferred to ONE Gas, Inc. A form of the Separation and Distribution Agreement is attached to this Application as Exhibit 3 and incorporated herein by reference.

b. MASTER TRANSITION SERVICES AGREEMENT. This agreement provides for certain shared services after the separation date so that ONEOK and ONE Gas, Inc. can each operate as independent public companies (e.g., legal, payroll, accounting, marketing, benefit plan administration, information technology, etc.). A form of the Master Transition Services Agreement is attached to this Application as Exhibit 4 and incorporated herein by reference. The schedules that will be attached to the Master Transition Services Agreement will be late filed.

c. TAX MATTERS AGREEMENT. This agreement governs the parties'

respective rights, responsibilities and obligations after the separation with respect to taxes. A form of the Tax Matters Agreement is attached to this Application as Exhibit 5 and incorporated herein by reference.

d. EMPLOYEE MATTERS AGREEMENT. This agreement provides for the transfer of Natural Gas Distribution Business employees to ONE Gas, Inc., splitting and assumption of benefits plans, employee equity awards, and other compensation matters. A form of the Employee Matters Agreement is attached to this Application as Exhibit 6 and incorporated herein by reference.

e. FORM 10 GENERAL FORM FOR REGISTRATION OF SECURITIES ("FORM 10"). This document is a registration statement and disclosure document filed with the SEC by ONE Gas, Inc. It provides a summary of the transaction, risk factors, carve-out audited financial statements for ONE Gas, Inc., overview of separation agreements, and information on ONE Gas, Inc., its business, officers and directors. The Form 10 is attached to this Application as Exhibit 2 (late-filed) and incorporated herein by reference.

**III. PUBLIC UTILITY OPERATIONS AFTER THE COMPLETION OF THE REORGANIZATION PLAN AND IMPACT OF REORGANIZATION ON KANSAS GAS SERVICE'S EXISTING RATES**

9. Upon approval of this Application and completion of the proposed reorganization plan, Kansas Gas Service will be operated as a division of ONE Gas, Inc. Kansas Gas Service will maintain the existing tariff rates and terms and conditions of service on file with the Commission, which may be changed from time to time with approval of the Commission. Kansas Gas Service will continue to provide natural gas service to the existing customers in accordance with such tariff rates and terms and conditions of service and continue to furnish safe and reliable service and facilities at just and

reasonable rates. Upon issuance of a final order by the Commission in this docket approving the reorganization plan and completion of the reorganization, ONE Gas, Inc. would plan to file a document with the Utilities Division of the Commission to be placed with the existing Kansas Gas Service tariff rates and terms and conditions of service on file with the Commission, which states Kansas Gas Service, a Division of ONE Gas, Inc., adopts those tariff rates and terms and conditions of service. ONE Gas, Inc. and Kansas Gas Service in its next general rate case filing with the Commission would submit a complete set of the tariffs and terms and conditions of service with ONE Gas, Inc.'s name instead of ONEOK's name on each tariff page.

10. As part of this Application, ONEOK is requesting the Commission to approve the transfer of the existing Kansas utility assets, certificates of convenience and necessity and franchises relating to the Kansas natural gas utility business ("Kansas Assets") to Kansas Gas Service, a Division of ONE Gas, Inc., and to authorize Kansas Gas Service, a Division of ONE Gas, Inc., to own and operate the Kansas natural gas utility business in the service territories covered by the certificates of convenience and necessity and franchises, in accordance with the rates, tariffs and terms and conditions of service referenced herein, as they may be later amended from time to time as provided by law. The franchises currently held by ONEOK and being transferred to ONE Gas, Inc. are on file with the Commission.

11. The current management and employees whose expertise and work experience are primarily associated with the Natural Gas Distribution Business and the Kansas Assets will be transferred to ONE Gas, Inc. and no workforce reductions are contemplated. Ms. Lawhorn, ONEOK's senior vice president, commercial, natural gas distribution, in her pre filed direct testimony, attached to this Application and incorporated herein by reference, explains how the ONEOK management and

employees will be assigned to ONE Gas, Inc. as part of the reorganization plan in order to continue the level of operations, customer service, accounting, billing, and system support currently provided to utility customers, including those utility customers in Kansas.

12. As under the existing corporate structure, Kansas Gas Service will operate as a separate division of ONE Gas, Inc. ONE Gas, Inc. will also own and operate each utility business in Oklahoma and Texas as divisions. ONE Gas, Inc. will provide various corporate, administrative, management and support services to Kansas Gas Service and the other two divisions in an efficient and economical way and allocate its support costs among them in a fair and equitable manner pursuant to a cost allocation manual virtually the same as the current cost allocation manual used by ONEOK and Kansas Gas Service that is on file with the Commission. Among the services that the various ONE Gas, Inc. state divisions will continue to share are human resources, legal, accounting, tax, investor relations and communications, treasury, and information technology. ONE Gas, Inc. will continue to provide those shared services in a similar manner in which they have been provided by ONEOK. Certain functions and services currently provided by ONEOK to its natural gas distribution divisions will be provided by ONEOK for a period following the completion of the reorganization plan under the Master Transition Services Agreement (Exhibit 4), but these services will eventually be provided by ONE Gas, Inc.

13. ONEOK has structured the proposed reorganization plan so as to avoid adverse consequences to customers, employees, regulators and the public interest. As mentioned above, there will be no workforce reductions associated with the reorganization and ONEOK expects a seamless transition with respect to services being provided to customers. There will be no changes in existing rate tariffs or terms and conditions of service.

14. The Commission will retain full jurisdiction over ONE Gas, Inc., Kansas Gas Service, and the Kansas Assets and will have the capacity to effectively regulate and audit the operation of the Kansas Assets by ONE Gas, Inc. and Kansas Gas Service. ONE Gas, Inc. and Kansas Gas Service acknowledge that the Commission has regulatory jurisdiction in setting just and reasonable rates for Kansas Gas Service, which includes any recovery of the cost for services provided by ONE Gas, Inc. to Kansas Gas Service.

15. ONE Gas, Inc. is expected to have a strong financial position after the completion of the reorganization, with higher investment grade credit ratings from Moody's Investor Service and Standard and Poor's Ratings Services than ONEOK's current ratings. ONE Gas, Inc. is expected to have between \$1.1 billion and \$1.2 billion of long-term unsecured notes. ONEOK expects ONE Gas, Inc. to have a long-term debt to capitalization ratio of between 40% and 45%. ONEOK expects ONE Gas, Inc. to have a lower weighted average cost of debt than ONEOK's cost of debt. Assuming a 100 basis point improvement in ONE Gas, Inc.'s weighted average cost of debt compared with ONEOK, ONE Gas, Inc. would save \$12 million in annual interest expense assuming \$1.2 billion of ONE Gas, Inc. debt, of which approximately 36% would be attributable to Kansas Gas Service.

16. Assets and liabilities directly attributable to the Natural Gas Distribution Business, whether known or contingent, will be assigned to ONE Gas, Inc. As indicated by Mr. Dittmore in his pre filed testimony, the plant and equipment of the Natural Gas Distribution Business are being transferred to ONE Gas, Inc. at their net book value (approximately \$2.8 billion) so there is no write up of the utility rate base as a result of the reorganization plan. The carrying values for all Kansas Gas Service accounts will stay the same as they were prior to the reorganization, including the current accumulated deferred income tax ("ADIT") balance applicable to the Natural Gas Distribution



Business. Therefore, there will be no increase in rate base as a result of the reorganization. There will also be no impact on tax revenues of any political subdivision where Kansas Gas Service's Kansas Assets are located. Liabilities related to employee and retiree benefit plans will be assigned based on the individual's last employment, so each individual who (i) was retired from ONEOK while working in the natural gas distribution segment, (ii) is currently associated with the Natural Gas Distribution Business, or (iii) will be assigned to ONE Gas, Inc., following the reorganization, will have his or her benefit plan liabilities assigned to ONE Gas, Inc. All other personnel liabilities not meeting one of the three criteria above will remain the liability of ONEOK. Assets in the benefit plans are expected to be assigned on a proportionate basis with the liabilities.

17. There will be changes in the costs at the ONE Gas, Inc. corporate level, which are currently reflected in Kansas Gas Service's rates. ONEOK is preparing forecasted financial information for ONE Gas, Inc. and Kansas Gas Service (late-filed Exhibit 8 to the Application) and Mr. Dittmore will be sponsoring that late-filed exhibit in his supplemental testimony. Mr. Dittmore's supplemental testimony will explain how the reorganization will impact Kansas Gas Service's cost of service after the reorganization has been completed.

**IV. REASONS FOR AND BENEFITS OF THE REORGANIZATION PLAN AS IT RELATES TO THE NATURAL GAS DISTRIBUTION BUSINESS AND WHY AUTHORIZATION OF THE REORGANIZATION PLAN IS IN THE PUBLIC INTEREST**

18. The reasons for and benefits of the reorganization as it relates to the Natural Gas Distribution Business are as follows:

- (a) The reorganization allows the public utility to capitalize its business with historically low debt cost.
- (b) The reorganization insulates the public utility operations from the risks relating

to the operation of ONEOK's non utility businesses and, following the reorganization, the public utility's exposure to legal liabilities arising from operations will be limited to those created by the utility operations.

(c) The reorganization streamlines regulatory oversight of the public utility operations.

(d) The reorganization separates businesses with markedly different business models and customers, thus allowing ONE Gas, Inc. to focus solely on the Natural Gas Distribution Business.

(e) The reorganization enables a more focused investor base for the public utility.

(f) The reorganization focuses capital allocation decisions and resolves the potential for competition for capital between non-regulated and regulated businesses, thereby enhancing value proposition for the public utility.

Each of these reasons for and benefits of the reorganization as they relate to the Natural Gas Distribution Business are more fully addressed in the pre filed direct testimony attached to this Application and incorporated herein by reference.

19. As described above, the proposed reorganization is in the public interest. The reorganization will be seamless to customers and regulators since the rates and services provided to the utility customers will remain the same. It will not have any negative impact on Kansas Gas Service's operations. It will have no impact on the existing rate tariffs and terms and conditions of service of the Kansas gas utility. The Commission will retain its jurisdiction over Kansas Gas Service's operations, and will have jurisdiction over ONE Gas, Inc. Regulation of the gas utility will be streamlined and improved as a result of the reorganization for the reasons set forth in the pre filed

direct testimony attached to this Application. The reorganization will result in strengthening the financial condition of the owner and operator of Kansas Gas Service's operations. The management and employees of ONE Gas, Inc. are qualified by their experience to meet all of the demands associated with operating the Kansas natural gas public utility and will work to maintain the existing high quality of service provided to Kansas customers. All stakeholders will benefit from the reorganization as explained in the pre filed direct testimony attached to this Application.

**V. IDENTIFICATION OF WITNESSES THAT HAVE DIRECT TESTIMONY IN SUPPORT OF THE APPLICATION**

20. In support of this Application, the following witnesses have prepared and pre filed direct testimony and/or exhibits and are sponsoring the exhibits attached to this Application:

a. Derek S. Reiners, ONEOK's CFO, provides testimony with respect to the following subjects:

1. Description of the reorganization plan, the current corporate structure, the corporate structure after the reorganization plan and the intermediate steps under the reorganization plan.

2. Description of the Reorganization Agreements relating to the reorganization plan.

3. Discussion of ONE Gas, Inc.'s operation of the Natural Gas Distribution Business after the reorganization, including (a) the process used to assign assets and liabilities to ONE Gas, Inc.; (b) the capitalization of ONE Gas, Inc.'s operation and the financial strength of ONE Gas, Inc.; (c) the relationship between ONE Gas, Inc. and Kansas Gas Service with respect to shared services, allocation of

corporate and shared services costs from ONE Gas, Inc. to Kansas Gas Service; and adoption of a cost allocation manual virtually the same as the one currently on file with the Commission; and (d) other matters relating to ONE Gas, Inc.'s operations, including supplemental testimony relating to the transition services that ONEOK will provide to ONE Gas, Inc. following the completion of the reorganization.

4. Discussion of the reasons for and benefits of the reorganization as it relates to the Natural Gas Distribution Business and why approval of the reorganization plan is in the public interest.

5. Estimate of transaction costs and allocation of those costs to Kansas Gas Service will be included in Mr. Reiners' supplemental testimony.

b. Mr. Reiners is sponsoring the following exhibits:

1. Exhibit 1: ONEOK's 2012 Annual Report.

2. Late Filed Exhibit 2: ONE Gas, Inc.'s SEC Form 10 General Form for Registration of Securities Filing.

3. Exhibit 3: Separation and Distribution Agreement.

4. Exhibit 4: Master Transition Services Agreement.

5. Exhibit 5: Tax Matters Agreement.

6. Exhibit 6: Employee Matters Agreement.

7. Exhibit 7: Illustrations Showing Steps of Reorganization.

c. Caron A. Lawhorn, ONEOK's senior vice president, commercial, natural gas distribution, provides testimony and exhibits with respect to the following subjects:

1. the selection process for management and employees assigned to ONE

Gas, Inc. and Kansas Gas Service; and

2. how the proposed reorganization will promote the public interest, and will be beneficial to the utility customers and to the state and local economies and communities in the area served by the resulting public utility operations in the state.

d. Ronald D. Bridgewater, ONEOK's vice president of asset management and engineering, provides testimony with respect to the following subjects:

1. how Kansas Gas Service plans to conduct its operations in Kansas following the reorganization; and

2. how Kansas Gas Service plans to continue its commitment to provide safe and reliable service.

e. David N. Dittmore, manager of rates and regulatory affairs, provides testimony with respect to the following:

1. Testifies on what impact the reorganization will have on the public utility's rate base.

2. Testifies that there will be no impact on tax revenues of any political subdivision where Kansas Gas Service's Kansas Assets are located.

3. Explains how the liabilities related to employee and retiree benefit plans will be assigned to ONE Gas under the reorganization plan.

4. Confirms Kansas Gas Service's ongoing compliance with existing regulatory requirements.

5. Explains how the reorganization plan will result in stream-lining and improving regulatory oversight of the Kansas natural gas utility operations.

6. Provides support for Kansas Gas Service's request to recover a portion of the reorganization costs in his supplemental testimony.

f. Mr. Dittmore also intends to file supplemental testimony explaining how the proposed reorganization plan will impact Kansas Gas Service's cost of service after the reorganization has been completed. ONEOK is preparing forecasted financial information for ONE Gas, Inc. and Kansas Gas Service (late-filed Exhibit 8 to the Application) and Mr. Dittmore will be sponsoring that late-filed exhibit in his supplemental testimony.

## **VI. REQUEST FOR AUTHORIZATION**

21. The Commission has explicit statutory authority to grant ONEOK's requests pursuant to the above cited statutes and pursuant to its broad grant of authority.

22. Because Kansas Gas Service's natural gas public utility operations in Kansas currently owned by ONEOK will be owned by ONE Gas, Inc. upon the completion of the reorganization plan, ONEOK is requesting the Commission under K.S.A. 66-131, K.S.A. 66-136, and its broad grant of authority under K.S.A. 66-1,201 to:

(1) authorize, consent to and approve ONEOK's reorganization plan as described herein;

(2) authorize, consent to and approve the transfer of public utility assets, certificates of convenience and necessity, franchises, permits, rate tariffs and terms and conditions of service relating to ONEOK's natural gas utility plant and facilities from Kansas Gas Service, a Division of ONEOK, Inc. to Kansas Gas Service, a Division of ONE Gas, Inc., and, effective upon the completion of the reorganization, authorize ONEOK to discontinue all gas service now furnished by it through its division Kansas Gas Service;

(3) authorize Kansas Gas Service, a Division of ONE Gas, Inc., to adopt as its rate tariffs, terms and conditions of service for gas service in the areas now served by Kansas Gas Service, a Division of ONEOK, the rates, terms and conditions of service of Kansas Gas Service, a Division of ONEOK, which may be changed from time to time with the approval of the Commission, including the existing Cost of Gas Rider ("COGR") tariff, Weather Normalization Adjustment ("WNA") tariff, ad valorem tax surcharge ("AVTS") tariff, Gas System Reliability Surcharge ("GSRS") tariff, and remaining under recovered or over recovered balances relating to those tariffs, if any, and to adopt all existing accounting orders and depreciation rates for all accounts;

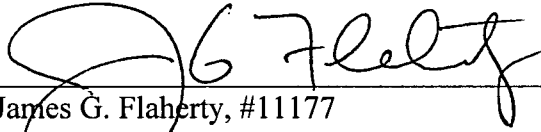
(4) authorize Kansas Gas Service, a Division of ONE Gas, Inc., the right to seek recovery of the costs of the reorganization plan that may be assigned to Kansas Gas Service pursuant to the plan sponsored by Mr. Dittmore in his supplemental testimony;

(5) find that the requested relief will promote the public interest; and

(6) grant such other relief deemed by the Commission to be just and proper to accomplish the purpose of this Application and to complete the reorganization described herein.

WHEREFORE, pursuant to the applicable statutes as set forth herein, ONEOK, Inc. respectfully requests that the Commission issue an appropriate Certificate and Order consistent with the requests set forth herein.

DATED this 16<sup>th</sup> day of August, 2013.



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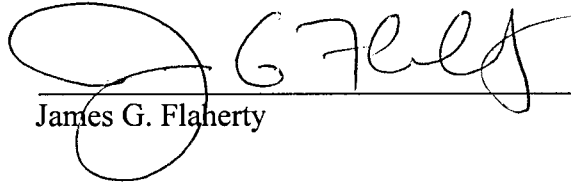
Attorneys for ONEOK, Inc.



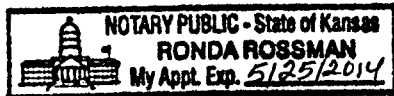
**VERIFICATION**


STATE OF KANSAS, COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being duly sworn upon oath, deposes and says that he is an attorney for ONEOK, Inc., that he has read the above and foregoing Application, and the statements contained therein are true.

  
James G. Flaherty

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of August, 2013.



  
Notary Public

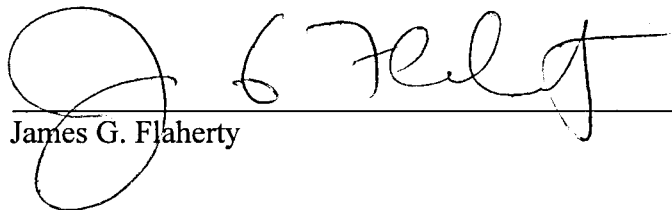
Appointment/Commission Expires:

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing was mailed, postage prepaid, this 16<sup>th</sup> day of August, 2013, addressed to:

Ms. Dana Bradbury  
General Counsel  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604

Mr. David R. Springe  
Consumer Counsel  
Citizens' Utility Ratepayer Board  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604

  
James G. Flaherty