

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

Before Commissioners: Brian J. Moline, Chair  
Robert E. Krehbiel  
Michael C. Moffet

In the Matter of the Investigation of ) Docket No. 06-GIMX-181-GIV  
Affiliate and Ring-Fencing Rules )  
Applicable to all Kansas Electric and Gas )  
Public Utilities. )

**ORDER OPENING INVESTIGATION**

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

1. Pursuant to K.S.A. 66-101 and 66-1,201, the Commission has full power, authority and jurisdiction to supervise and control the electric and natural gas public utilities operating in Kansas and is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction. K.S.A. 66-101g and 66-1,207 state that the provisions of the Kansas Public Utilities Act and all grants of power, authority, and jurisdiction made to the Commission should be liberally construed, and all incidental powers necessary to carry into effect the provisions of this act are expressly granted and conferred upon the Commission.

2. In Docket No. 01-WSRE-949-GIE, *In the Matter of the Investigation of Actions of Western Resources, Inc. to Separate Its Jurisdictional Electric Public Utility Business From Its Unregulated Businesses* (949 Docket), Staff filed its Report and

Recommendation on July 26, 2005 (Staff Report). In this report, Staff recommended that the Commission initiate a general investigation into affiliate transactions and ring-fencing rules applicable to all Kansas public utilities. Report, p. 7-8. Staff cited the imminent repeal of the Public Utility Holding Company Act of 1935, 15 U.S.C. 75 *et seq.* (PUHCA), as a reason for the Commission to look into affiliate transactions and ring-fencing issues. Report, p. 7. See Rebecca Smith, *Utilities Love? More Mergers May Be Near*, Wall Street Journal, June 15, 2005, at C1. The Commission notes that PUHCA was repealed on August 8, 2005. Energy Policy Act of 2005, H. R. 6, § 1263.

3. The Commission finds Staff's recommendation in the 949 Docket regarding the opening of a new docket to be reasonable. This docket is opened for the purpose of investigating whether the Commission should adopt affiliate transactions and ring-fencing rules, and, if so, the context of those rules.

4. The Commission finds that the following procedural schedule will accommodate its investigation into affiliate transactions and ring-fencing rules:

Friday, November 18, 2005	Parties file entries of appearance
Friday, December 2, 2005	Staff's report and recommendation
Friday, December 23, 2005	Responsive comments to report and recommendation
Thursday, January 5, 2006 at 9:00 a.m.	Round table discussion in first floor hearing room at Commission's offices
Friday, January 20, 2006	Submission by Staff of revised recommendations
Friday, February 10, 2006	Responsive comments to revised recommendations

In addition to commenting on Staff's substantive recommendations, parties should include discussion of recommended procedural matters in their December 23, 2005 and February 10, 2006 filings, namely whether or not a hearing preceded by submission of prefiled testimony is necessary.

5. The Commission makes all electric and gas entities subject to the Commission's jurisdiction pursuant to K.S.A. 66-101 *et seq.* and K.S.A. 66-1,201 *et seq.* parties to this docket.

6. All parties will receive the final order issued in this docket. All parties that wish to participate in the workshop and receive intervening orders and pleadings must file entries of appearance. The entries of appearance should be filed on or before the date set forth above in the procedural schedule to ensure that participants receive service of the initial comments. Participants will be able to obtain the list of participants to be served copies of pleadings by selecting the "get service list" link attached to the docket entry on the Commission's website.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. This docket is opened for the purpose of investigating affiliate transactions and ring-fencing rules.

B. The procedural schedule is adopted as set forth above.

C. A party has fifteen days, plus three days if service is by mail, from the effective date of service of this order in which to petition the Commission for reconsideration of any nonfinal issues decided herein. K.S.A. 66-118b; K.S.A. 2004 Supp. 77-529(a)(1).

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

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

Moline, Chr.; Krehbiel, Comm.; Moffet, Comm.

Dated: AUG 30 2005

ORDER MAILED

AUG 30 2005

 Executive  
Director

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Susan K. Duffy  
Executive Director

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