

**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 the Application of Plains )  
Pipeline, L.P.'s Pursuant to K.A.R. 82-10-2, of ) Docket No. 18-PPLP-523-TAR  
Tariff K.C.C. No. 5.14.0 )

**ORDER APPROVING TARIFF REVISIONS**

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. After review of the pleadings, the Commission makes the following findings and conclusions.

**I. BACKGROUND**

1. On May 31, 2018, Plains Pipeline, L.P. (Plains) filed its Application requesting approval to replace its existing tariff K.C.C. No. 5.13.0 with K.C.C. No. 5.14.0 to implement its annual rate adjustment utilizing the Federal Energy Regulatory Commission's (FERC) indexing methodology. The rate adjustment sought would increase rates by 4.4087%, and the estimated aggregate annual revenue value of Plains' proposed rate increase is \$138,033. This amount is based on historical annual volumes, anticipated volume changes, and the rate changes described in the filing.

2. The Commission has full power, authority, and jurisdiction to control Plains as a common carrier pursuant to K.S.A. 66-1,216. The Commission has jurisdiction over Plains' rates pursuant to K.S.A. 66-1,217, and Plains 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 August 14, 2018, Staff submitted its Report and Recommendation, attached hereto and made a part hereof by reference, which recommended the Commission approve Plains' Application.<sup>1</sup>

## **II. LEGAL STANDARDS AND DISCUSSION**

4. Staff noted that generally, 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 from the federally authorized rates for interstate service. Staff proffers that the use of the FERC indexing methodology with notice to customers appropriately balances the interests of consumers with investors for Kansas liquid pipeline ratemaking purposes.

5. Staff explained that the FERC indexing methodology involves ceiling levels for interstate base rates calculated annually based upon the Producer Price Index-Finished Goods plus 1.23% (PPI-FG + 1.23%). The annual average PPI-FG index factors were 191.9 for 2016 and 198.0 for 2017, thus the percent change in the annual average PPI-FG from 2016 to 2017 is 3.1787%. Adding the 1.23% indexing factor to the annual percentage change gives an increase of 4.4087%. Thus, oil pipelines multiply their July 1, 2017, through June 30, 2018, ceiling levels by 1.044087 to compute their ceiling levels for July 1, 2018, through June 30, 2019.

6. Staff analyzed Plains' Application and verified the correct application of the indexing factor to each rate. Based on those calculations, Plains' proposed tariff brings its general commodity rates up to their allowed FERC ceiling.

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<sup>1</sup> Notice of Filing of Staff Report and Recommendation, Aug. 14, 2018.

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

(A) The Commission hereby adopts Staff's Report and Recommendation and orders the approval of Plains Pipeline, L.P.'s Application and accompanying tariff revisions.

(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>2</sup>

(C) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

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

Albrecht, Chairman, Emler, Commissioner, Keen, Commissioner

Dated: 08/21/2018



Lynn M. Retz  
Secretary to the Commission

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<sup>2</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

**CERTIFICATE OF SERVICE**

18-PPLP-523-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 08/21/2018.

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/S/ DeeAnn Shupe  
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