

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

In the Matter of the Application of Kansas Gas )  
Service Company, a Division of ONEOK, Inc. )  
For Commission Determination for the Rate )  
Treatment of Discounted Service Agreements )  
Entered Into to Meet Competitive Alternatives. )

Docket No. 00-KGSG-420-RTS  
STATE CORPORATION COMMISSION

**FEB 18 2000**

**RESPONSE OF KANSAS GAS SERVICE  
COMPANY, A DIVISION OF ONEOK, INC., TO  
STAFF'S PETITION FOR RECONSIDERATION**

*Arby L. Waggoner* Docket Room

**COMES NOW** Kansas Gas Service Company, a Division of ONEOK, Inc. (“Kansas Gas Service” or “Company”) and files this response to the Petition for Reconsideration filed in this matter by the Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission”, respectfully). In support of its Response, Kansas Gas Service hereby states as follows:

1. On November 19, 1999, Kansas Gas Service filed an Application seeking a determination from the Commission of the rate treatment to be accorded the Company’s discounted service agreements entered into to meet competitive alternatives.
2. On December 22, 1999, Staff filed a pleading described as “Report and Recommendation” wherein Staff requested that the Company’s Application be dismissed due to Staffs belief that this issue should only be considered on a case-by-case basis. In the alternative, Staff suggested that the Application be dismissed and that the Commission open a general investigation concerning the need for a general policy regarding revenue imputation for all rate-regulated public utilities in Kansas.
3. On January 4, 2000, Kansas Gas Service filed its Response to the Staffs Report and Recommendation. In its Response, the Company opposed Staffs efforts to dismiss the

Application or to combine the Application with a “generic” investigation involving all Kansas utilities, both gas and electric. The Company did suggest that this docket could be converted to a general investigation to establish a general policy for gas utilities only.

4. On January 27, 2000, the Commission issued its Order No. 3 adopting the Company’s proposal to convert this matter to a gas utility-only general investigation. The Order established a reasonable procedural schedule which permitted the simultaneous filing of Comments by Staff and the natural gas utilities and simultaneous Reply Comments. The Company believes that the Commission’s proposed procedure and schedule contained in Order No. 3 represents a fair and timely approach to considering the issue.

5. Staff requests that the Commission further delay consideration of the Application by allowing it to “formulate and file appropriate suggested topics” without stating what these topics would be. Staff alludes to “specific questions and hypothetical situations as topics for Comment”. Kansas Gas Service would urge the Commission to deny the Petition for Reconsideration and maintain the procedure contained in Order No. 3. Staff will have ample opportunity to raise whatever topics, questions or hypothetical situations it desires in its Comments and Reply Comments. As the Commission so accurately pointed out in Order No. 3:

“...this issue should be addressed now instead of waiting for it to arise in individual rate cases. Utilities deciding whether to negotiate and enter into discounted Service Agreements would benefit from guidance on how the Commission will review and evaluate these Agreements when filed with the Commission and in rate proceedings.” id at paragraph 4.

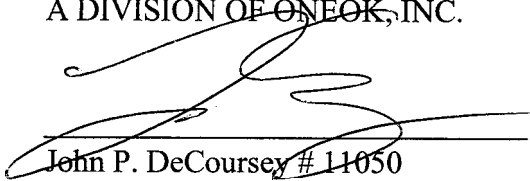
Kansas Gas Service and the other gas utilities in Kansas are faced with this very real uncertainty every business day. Additional delay to formulate hypothetical situations and questions is unnecessary and is far outweighed by the need to resolve this issue. Staff has for many years sponsored rate case adjustments based upon its position concerning imputation of discounted

revenues and should be quite prepared to express and defend its position on this issue within the time constraints as set forth for Comments in Order No. 3.

**WHEREFORE**, for the reasons set forth above, Kansas Gas Service requests that the Commission reject Staffs Petition for Reconsideration and proceed with Kansas Gas Service's Application on a timely basis.

Respectfully Submitted,

KANSAS GAS SERVICE COMPANY,  
A DIVISION OF ONEOK, INC.

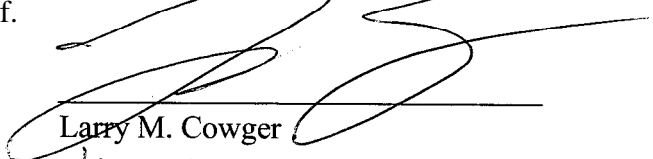


John P. DeCoursey # 11050  
Larry M. Cowger #11469  
KANSAS GAS SERVICE COMPANY  
A DIVISION OF ONEOK, INC.  
7421 W. 129<sup>th</sup> Street, Suite 300  
Overland Park, Kansas 662 13  
(913) 319-8617 JDC / (913) 319-8610 LMC  
ITS ATTORNEYS

**VERIFICATION**

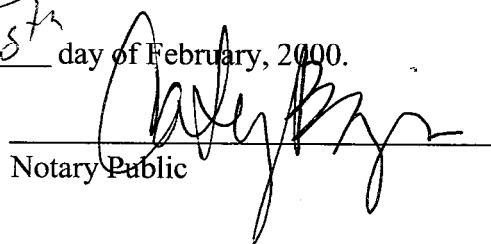
STATE OF KANSAS            )  
  )ss  
COUNTY OF SHAWNEE )

Larry M. Cowger, being duly sworn upon his oath deposes and says that he is an Attorney for Kansas Gas Service Company, a Division of ONEOK, Inc.; that he has read and is familiar with the foregoing **Petition for Reconsideration**; and that the statements ~~contained therein~~ are true to the best of his knowledge, information and belief.



Larry M. Cowger

Subscribed and sworn to before me, a notary public, this 15<sup>th</sup> day of February, 2000.



Notary Public

My Appointment Expires: 11/02/01

**CERTIFICATE OF SERVICE**

I hereby certify that on this 15<sup>th</sup> of February, 2000, a true and correct copy of the above and foregoing **Response of Kansas Gas Service Company, A Division of ONEOK, Inc., to Staffs Petition for Reconsideration** was placed in the U.S. Mail for delivery to the following:

Paula Lentz  
Kansas Corporation Commission  
1500 SW Arrowhead  
Topeka, KS 66604

Walker Hendrix  
Citizens' Utility Ratepayer Board  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

Jerry Smith  
Anadarko Gathering Co.  
P.O. Box 35 1  
Liberal, KS 67905-035 1

Ben H. Boyd, VP.  
Rates & Reg. Aff  
Greeley Gas Co.  
1301 Pennsylvania St. #800  
Denver, CO 80203-5015

Jason Austin, Regulatory Counsel  
Kansas Gas Supply Corporation  
1000 Louisiana #5800  
Houston, TX 77002-5050

Roger A. Schulz, President  
Mac County Gas, Inc.  
Box 515  
Canton, KS 67428

Barney Shiotani, President  
Miami Pipe Line Company  
3 1395 Old KC Road  
Paola, KS 66071

John L. Sommer, President  
MidContinent Market Center  
100 W. 5th Street  
Tulsa, OK 74 103-4298

John L. Sommer, President  
MidContinent Transportation, Inc.  
100 W. 5th Street  
Tulsa, OK 74103-4298

Gene Argo, President & Gen. Mgr.  
Midwest Energy, Inc.  
P.O. Box 898  
Hays, KS 67601

Richard J. Haubensak, VP, Reg Affairs  
Peoples Natural Gas  
Division of UtiliCorp  
18 15 Capitol Ave.  
Omaha, NE 68102

Robert Shain, VP of Operations  
Tekas Pipeline, LLC  
1437 South Boulder #1250  
Tulsa, OK 74 119

City Clerk  
CITY OF ALMA  
City Hall  
Alma, KS 66401

City Clerk  
CITY OF ALTA VISTA  
City Hall-Main Street  
Alta Vista, KS 66534

City Clerk  
CITY AUBURN  
P.O. Box 160  
Auburn, KS 66402

City Clerk  
CITY OF AURORA  
Box 99  
Aurora, KS 67417

City Clerk  
CITY OF BURLINGAME  
City Hall - 10 1 East Santa Fe  
Burlingame, KS 664 13

City Clerk  
CITY OF ESKRIDGE  
City Hall  
P.O. Box 156  
Eskridge, KS 66423

City Clerk  
CITY OF GARDEN PLAIN  
P.O. Box 246  
Garden Plain, KS 67050

Gas Superintendent  
CITY OF HARVEYVILLE  
City Hall  
Harveyville, KS 6643 1

City Clerk  
CITY OF JAMESTOWN  
P.O. Box 274  
Jamestown, KS 66948

City Clerk  
CITY OF LaCYGNE  
City Hall - P.O. Box 600  
LaCygne, KS 66040

City Clerk  
CITY OF LONGFORD  
City Hall  
P.O. Box 265  
Longford, KS 67458

City Clerk  
CITY OF MILFORD  
City Hall - P.O. Box 0  
Milford, KS 665 14

City Clerk  
CITY OF MORLAND  
City Hall - P.O. Box 146  
Morland, KS 67650

City Clerk  
CITY OF PALMER  
City Hall  
Palmer, KS 66962

City Clerk  
CITY OF PAWNEE ROCK  
City Hall - P.O. Box 2 18  
Pawnee Rock, KS 67567

Eleanor Strecker, City Clerk  
CITY OF SPEARVILLE  
City Hall  
Spearville, KS 67876

City Clerk  
CITY OF UNIONTOWN  
City Hall - P.O. Box 5 1  
Uniontown, KS 66779

  
Larry M. Cowger