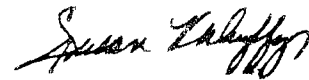


**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Thomas E. Wright, Chairman
Joseph F. Harkins

STATE CORPORATION COMMISSION

FEB 02 2010



In the Matter of the Application of Kansas)
Gas Service, a Division of ONEOK, Inc., for)
Approval to Implement the Efficiency)
Kansas Energy Efficiency Program, to)
Implement Natural Gas Energy Efficiency)
Programs to Improve Building and)
Equipment Efficiency and to Educate about)
Efficient Energy Usage, to Provide for)
Program Cost Recovery through a Rider)
Mechanism, to Establish Administrative)
Charges and a Program Initiation Fee,)
Permit the Implementation of a Revenue)
Decoupling Mechanism, and Appropriate)
Accounting Authority to Defer Expenses)
And Revenues Associated with the Filing.)

Docket No. 10-KGSG-421-TAR

REPORT AND RECOMMENDATIONS OF PREHEARING OFFICER

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. On January 8, 2010, the Commission issued its Order Designating Prehearing Officer and Setting Scheduling Conference (January 8, 2010 Order). The Commission designated Melissa Doeblin, Advisory Counsel, to act as Prehearing Officer in this proceeding. January 8, 2010 Order, ¶ 7. Having reviewed the files and records, the Prehearing Officer makes the following findings and recommendations:

1. On December 18, 2009, Kansas Gas Service, a division of ONEOK, Inc., (Kansas Gas Service) filed an Application asking the Commission to approve an energy efficiency program it proposes to offer to its customers. The Commission set a Scheduling Conference for January 19, 2010, and designated Melissa Doeblin as Prehearing Officer in this proceeding.

January 8, 2010 Order, ¶ 7. The Commission noted that the 240-day deadline for filing its Order is August 16, 2010. January 8, 2010 Order, ¶ 6. The Commission has jurisdiction over this Application under K.S.A. 66-117 and K.A.R. 82-1-231.

I. Scheduling Conference

2. The Scheduling Conference convened on January 19, 2010 at 1:30 p.m. The following appearances were made at the Scheduling Conference: Matthew Spurgin and Tom Stratton on behalf of the Commission staff (Staff) and the public generally; Walker Hendrix and Dave Dittmore on behalf of Kansas Gas Service; and David Springe and Niki Christopher on behalf of the Citizens' Utility Ratepayer Board (CURB). Transcript of Proceedings held January 19, 2010, pages 3-4 (Tr., 3-4). Staff reported on notice and, hearing no objection, the Prehearing Officer found that notice was proper and that jurisdiction existed to proceed with the Scheduling Conference. Tr., 4.

3. During the Scheduling Conference, the Prehearing Officer discussed with parties whether they were willing to use electronic service for testimony, briefs, and orders in this proceeding and waive receipt of a hard copy follow-up as required in K.A.R. 82-1-216(a)(6). Tr., 4-6. The parties agreed to use of electronic service for testimony, briefs, and orders, as will be discussed in more detail below. Tr., 4-8.

4. At the Scheduling Conference, parties proposed to the Prehearing Officer a schedule for this proceeding. Tr., 14-18. The proposed schedule is as follows:

<u>Date</u>	<u>Time</u>	<u>Action</u>
April 23, 2010	3:00 p.m.	Staff and Intervenors' Direct Testimony
May 12, 2010	3:00 p.m.	Staff and Intervenors' Cross-Answering Testimony
May 24, 2010	12:00 p.m.	Kansas Gas Service Rebuttal Testimony

<u>Date</u>	<u>Time</u>	<u>Action</u>
May 26, 2010	9:00 a.m.	Settlement Conference
May 26, 2010	3:00 p.m.	Prehearing Conference
May 26, 2010	5:00 p.m.	Discovery Cut-off
May 27, 2010	3:00 p.m.	Prehearing Motions Cut-off
May 28, 2010	3:00 p.m.	List of Disputed Issues
June 2 - 4, 2010		Evidentiary Hearing
June 21, 2010	3:00 p.m.	Simultaneous Initial Post-Hearing Briefs
July 12, 2010	3:00 p.m.	Simultaneous Reply Post-Hearing Briefs
August 16, 2010		Order Date

5. In addition to proposing this schedule, parties agreed to other matters related to this case. The parties agreed that instead of holding a public hearing about the proposed energy efficiency programs and changes to rates, Kansas Gas Service would include a bill insert with its monthly billing statement for each customer in its service territory. The bill insert would explain the programs and how the changes would affect customers. These customers and the public would be allowed to comment on the proposal to the Commission, as will be discussed in more detail below. Tr., 8-13.

6. In this Report and Recommendations, the Prehearing Officer reviews issues discussed at the Scheduling Conference and makes recommendations regarding the procedural schedule to be adopted in this proceeding.

II. Procedural Schedule

7. In reviewing the proposed schedule outlined in paragraph 4 above, the Prehearing Officer notes that the agreed upon schedule sets the deadline for Prehearing Motions after the

Prehearing Conference. The Commission often sets the deadline for Prehearing Motions prior to a settlement conference. The Prehearing Officer recommends the schedule adopted by the Commission change the Prehearing Motions Cut-off deadline to May 25, 2010 at 3:00 p.m., which is one day before the Settlement Conference. Parties should be prepared to present responses to Prehearing Motions at the Prehearing Conference on May 26, 2010 at 3:00 p.m., as outlined below.

8. The Prehearing Officer recommends that the Commission schedule a Prehearing Conference, to address any pending matters and to establish procedures to be used during the Evidentiary Hearing, on May 26, 2010, beginning at 3:00 p.m., in the Commission's Third Floor Hearing Room, 1500 SW Arrowhead Road, Topeka, KS 66604-4027. The Prehearing Officer presiding will be Melissa Doeblin, Advisory Counsel, 1500 SW Arrowhead Road, Topeka, KS 66604-4027, telephone 785-271-3186, email address m.doeblin@kcc.ks.gov.

9. The Prehearing Officer further recommends that an Evidentiary Hearing, with the Commission presiding, be scheduled for June 2 to June 4, 2010, in the Commission's First Floor Hearing Room, 1500 SW Arrowhead Road, Topeka, KS 66604-4027, telephone 785-271-3100.

10. Incorporating the proposed change for filing Prehearing Motions, the Prehearing Officer recommends the following procedural schedule:

<u>Date</u>	<u>Time</u>	<u>Action</u>
April 23, 2010	3:00 p.m.	Staff and Intervenors' Direct Testimony
May 12, 2010	3:00 p.m.	Staff and Intervenors' Cross-Answering Testimony
May 24, 2010	3:00 p.m.	Kansas Gas Service Rebuttal Testimony
May 25, 2010	3:00 p.m.	Prehearing Motions Cut-off
May 26, 2010	9:00 a.m.	Settlement Conference
May 26, 2010	3:00 p.m.	Prehearing Conference
May 26, 2010	5:00 p.m.	Discovery Cut-off
May 28, 2010	3:00 p.m.	List of Disputed Issues
June 2 - 4, 2010		Evidentiary Hearing
June 21, 2010	3:00 p.m.	Simultaneous Initial Post-Hearing Briefs
July 12, 2010	3:00 p.m.	Simultaneous Reply Post-Hearing Briefs
August 16, 2010		Order Date

III. Alternative to Public Hearing and Opportunity to Present Public Comments

11. The Commission has historically conducted public hearings in rate cases to give members of the public directly impacted by a utility's proposed changes (1) the opportunity to inquire of the company, Staff, and Intervenors regarding the Application, and (2) an opportunity for the public to present statements to the Commission regarding the company's proposed changes. While the Legislature has specified that the Commission shall hold a public hearing when a utility applies to construct an electric transmission line, K.S.A. 66-1,178, no statute requires a public hearing in tariff cases. Therefore, the Commission may exercise its discretion in setting a public hearing in this proceeding.

12. At the Scheduling Conference on January 19, 2010, the Prehearing Officer inquired of parties' preferences as to whether a public hearing should be held in this docket. Kansas Gas Service expressed a preference not to have a public hearing, as the docket would be consistent with prior Commission orders and energy efficiency programs in Docket Nos. 08-GIMX-441-GIV and 08-GIMX-442-GIV. Tr., 8-9. CURB expressed that a public hearing would be difficult, but that there would be some value in public input and providing notice to customers of potential changes and how costs are recovered. Tr., 9-11. Kansas Gas Service and CURB preliminarily agreed that an alternative to a public hearing could be to provide notice of the proposed changes using a bill insert included with the monthly billing statement for each customer in Kansas Gas Service's service territory, which would provide information about the changes and allow for public comment to the Commission. Tr., 12-13. Kansas Gas Service and CURB discussed providing notice in a newspaper, and Staff pointed out with the large territory Kansas Gas Service covers, this may not be effective. Tr., 13.

13. The Prehearing Officer proposes that a public hearing not be conducted in this case, and recommends in the alternative that Kansas Gas Service provide notice of the proposed changes in a bill insert included with its monthly billing statement for each customer in its service territory; the bill insert should comply with the Commission's regulations. The Prehearing Officer recommends notice include, but not be limited to, details about the energy efficiency programs Kansas Gas Service intends to implement, information about the decoupling method including a reasonably accurate description of the change, the effective date of the change, a contact number for customer inquiry, and an explanation of how customers may contact the Commission to provide public comment. The Prehearing Officer recommends that Kansas Gas Service work with the Commission's Office of Public Affairs and Consumer

Protection (PACP Office), Staff and CURB to draft the notice to be provided in the bill insert. The Prehearing Officer recommends that, in addition to the bill insert, Kansas Gas Service be required to provide general information to the public about this proceeding by publishing notice in larger newspapers throughout its region. The Prehearing Officer recommends Kansas Gas Service propose a list of newspapers for publishing such notice to reach the public in areas Kansas Gas Service serves. Kansas Gas Service shall work with Staff, CURB and the PACP Office to develop this list and to develop the statement of information that should be published. This information shall be presented to the Prehearing Officer for review by February 16, 2010.

14. The Prehearing Officer anticipates Kansas Gas Service customers and members of the public generally will want to submit comments concerning this docket. The Prehearing Officer recommends the Commission encourage the public to submit comments in writing and via electronic mail. The Prehearing Officer recommends that the bill insert provide Kansas Gas Service customers with the requisite information, and that the Commission's website, Kansas Gas Service's website, and CURB's website also contain information regarding this proceeding and explain how the public can make written comments regarding this proceeding.

15. The Prehearing Officer recommends that the public comment period begin immediately and end on May 28, 2010 at 5:00 p.m., which is two business days before the evidentiary hearing begins on June 2, 2010. The PACP Office should submit an initial report that summarizes public comments received now through April 14, 2010, and file this initial report, with comments attached, in the docket by April 15, 2010.

16. The PACP Office should submit a final report that summarizes public comments received between April 15, 2010 and May 28, 2010, and file this final report, with comments

attached, in the docket by June 1, 2010. The Prehearing Officer recommends the Commission adopt the above schedule for public comments.

IV. Electronic Service

17. During the Scheduling Conference, the parties agreed that all testimony, briefs, and orders be served electronically without a hard copy follow-up, with confidential papers served either electronically if confidentiality can be retained or by some other method such as providing information on a compact disc. Tr., 5-6. Kansas Gas Service noted its use of a computer system for discovery, and that system's capability to provide confidential information electronically, while providing for a signature. Tr., 6-7. CURB requested that any service via electronic mail of Commission orders specifically state that this electronic service constituted service and that a hard copy would not follow in order to make clear that paper copies will not also be provided. Tr., 5. The Prehearing Officer recommends that the parties provide electronic service on the date due at or before 3:00 p.m., with the original and at least seven paper copies filed with the Commission. K.A.R. 8-1-215(a). The Prehearing Officer recommends the parties be directed to include electronic service of briefs and testimony to the Prehearing Officer at m.doeblin@kcc.ks.gov.

18. The Prehearing Officer recommends that the Commission approve the use of electronic service for serving all testimony, briefs, and orders in this proceeding without requiring provision of hard copy follow-up as required by K.A.R. 82-1-216(a)(6). The Prehearing Officer notes that parties have successfully used electronic service for testimony and briefs in several dockets and that these parties have agreed to expand the use of electronic service of Commission and Prehearing Officer Orders as well.

V. Opportunity to Object and Comment

19. The Prehearing Officer recognizes that, although the parties agreed to the proposed schedule set forth above in paragraph 4, additional provisions have been included and a modified procedural schedule is set out in paragraph 10. Parties are given an opportunity to respond to this modified procedural schedule and other matters set for in this Report and Recommendations. The Prehearing Officer directs that a copy of this Report and Recommendations be served electronically on all parties involved in this proceeding through email addresses listed for this docket. If parties wish to object to or comment on this Report and Recommendations of Prehearing Officer, these responses must be filed by February 11, 2010 at 3:00 p.m.

WHEREFORE, the Prehearing Officer makes the following findings and recommendations:

A. The Prehearing Officer recommends that the Commission adopt the modified procedural schedule set forth in paragraph 10 and that this schedule include a Prehearing Motions Cut-off deadline for the parties on May 25, 2010 at 3:00 p.m.

B. The Prehearing Officer recommends Kansas Gas Service provide notice of energy efficiency programs and changes in ratemaking through a bill insert included with its monthly billing statement for each customer in its service territory. The Prehearing Officer also recommends Kansas Gas Service work with the PACP Office, Staff and CURB to draft the notice to be provided in the bill insert.

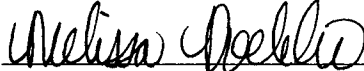
C. The Prehearing Officer recommends the Commission encourage the public to submit comments concerning the proposed changes in this docket on or before May 28, 2010, as set forth in paragraphs 15-16.

D. The Prehearing Officer recommends that Kansas Gas Service be required to provide general information to the public about this proceeding by publishing notice in larger newspapers throughout the region Kansas Gas Service serves. The Prehearing Officer recommends Kansas Gas Service propose a list of newspapers for publishing such notice to reach the public in Kansas Gas Service's service territory by February 16, 2010.

E. The Prehearing Officer recommends the Commission approve use of electronic service for testimony, briefs, and orders without follow-up hard copies, as set forth in paragraphs 17-18.

F. The Prehearing Officer directs service of this Report and Recommendations on the parties to this proceedings using electronic service as provided for in K.A.R. 82-1-216(a)(6), without hard copy follow-up as agreed to by the parties, including a note that there will be no hard copy follow-up. Parties to this proceeding have until February 11, 2010 at 3:00 p.m. to submit comments or objections to the Commission regarding this Report and Recommendations of Prehearing Officer.

Dated: February 2, 2010



Melissa Doebelin
Advisory Counsel

mrd

CERTIFICATE OF SERVICE

10-KGSG-421-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Report and Recommendations of Prehearing Officer was served by electronic mail this 2nd day of February, 2010, to the following:

Note: All parties have waived receipt of follow-up hard copies.

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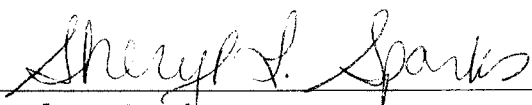
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