THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the Matter of ONEOK NGL Pipeline, L.L.C. K.C.C. No. 10.1, Cancellation of Proportional Tariff.	)))	Docket No. 17-ONEP-186-TAR

ORDER CANCELLING TARIFF

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

I. BACKGROUND

1. On November 1, 2016, ONEOK NGL Pipeline, L.L.C. (ONEP) filed an Application seeking Commission approval to cancel the company's Tariff K.C.C. No. 10.0 Proportional Local Pipeline Tariff (Tariff K.C.C. No. 10.0), approved by the Commission on September 20, 2016, in Docket No. 17-ONEP-065-TAR. Tariff K.C.C. No. 10.0, established a new transportation movement and rates originating in four Kansas counties (Grant, Kingman, Reno, and Seward) destined for Hutchinson, Kansas on pipeline capacity leased by ONEP. ONEP submitted with the instant Application a proposed new tariff, Tariff K.C.C. No. 10.1, issued October 31, 2016, with an effective date of November 1, 2016, for the purpose of cancelling Tariff K.C.C. No. 10.0.

2. Upon the Commission Staff's (Staff) initial review of ONEP's Application, Staff determined that it would need more than 30 days to fully review ONEP's request and that a suspension would be required allowing sufficient time for Staff's review and investigation of the matter. Subsequently, on November 17, 2016, the Commission responded by issuing a

Suspension Order suspending ONEP's request for a period of 240 days from November 1, 2016, until June 29, 2017.

3. On November 18, 2016, ONEP filed a Motion requesting leave to amend its Application changing the effective date of cancellation of Tariff K.C.C. No. 10.0 to February 1, 2017, allowing shipper(s) to continue to make movements under the tariff until the operator at the Hutchinson Fractionator repaired a leak at its facility, estimated to be complete on or before February 1, 2017. On November 29, 2016, the Commission responded with an Order granting ONEP's requested change in effective date for cancellation of Tariff K.C.C. No. 10.0, from November 1, 2016, to February 1, 2017, or the date of issuance of the Commission's order approving the requested cancellation, whichever date is later.

II. DISCUSSION AND ANALYSIS

4. On February 20, 2017, Staff filed its Report and Recommendation of even date providing a detailed review and analysis of the origin and purpose of Tariff K.C.C. No. 10.0, the full text of which will not be repeated here, but which is adopted and incorporated in this Order by reference. According to Staff, ONEP, on September 1, 2016, entered into a Pipeline Capacity Lease Agreement with ONEOK Hydrocarbon, L.P. (ONEOK) to transport product from Grant, Kingman, Reno, and Seward Counties to Hutchinson. The Agreement provided common carrier service to shipper(s) transporting product in intrastate service during the time the Hutchinson Fractionator Plant was shut-in for maintenance, beginning September 1, 2016. Through a Staff-issued Data Request, ONEP has confirmed that the Hutchinson Fractionator has been repaired, tested, and operational since January 10, 2017. ONEP has canceled the Pipeline Capacity Lease with ONEOK, and no further rate will be provided and no other rates will be affected by cancellation of Tariff K.C.C. No. 10.0. Staff confirms that ONEP has properly notified all

shippers and subscribers of the requested cancellation of Tariff K.C.C. No. 10.0 and there have been no objections or complaints made or filed with the Commission to date.[1]

5. Staff maintains that cancellation of Tariff K.C.C. No. 10.0 is appropriate because the route is no longer in service; therefore, the corresponding tariff is no longer necessary. Furthermore, because there have been no shipper/subscriber complaints and/or protests, Staff considers ONEP to be providing efficient and sufficient service to its shippers/subscribers under its current Tariff K.C.C. No. 9.2. Based on the applicable standard of review, Staff determines there will be no adverse impact on public convenience as a result of approving ONEP's request to cancel Tariff K.C.C. No. 10.0, and further determines that it is unnecessary to offer a replacement tariff (K.C.C. No. 10.1) since Tariff K.C.C. No. 10.0 is to be canceled in its entirety. Because the route is no longer in service and there have been no shipper/subscriber complaints and/or protests, Staff recommends the Commission grant ONEP's request for cancellation of its Tariff K.C.C. No. 10.0 in its entirety, not requiring a replacement tariff.[2]

III. FINDINGS AND CONCLUSION

6. The Commission adopts Staff's analysis and recommendation of February 20, 2017, as stated in its Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that ONEP's Application should be granted and the company's Tariff K.C.C. No. 10.0 canceled in its entirety, not to be replaced by Tariff K.C.C. No. 10.1.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(A) The Application of ONEOK NGL Pipeline, L.L.C., filed November 1, 2016, is hereby granted and Tariff K.C.C. No. 10.0 is hereby cancelled in its entirety and shall not be replaced by Tariff K.C.C. No. 10.1

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[1] Report and Recommendation, pages 2 and 3.
[2] Id., page 3.

(B) A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing, and three (3) days shall be added to the above time frame.

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

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: FEB 23 2017

Amy L. Green
Secretary to the Commission

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Order Mailed Date
FEB 24 2017

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REPORT AND RECOMMENDATION
UTILITIES DIVISION

TO: Chairman Pat Apple
Commissioner Shari Feist Albrecht
Commissioner Jay Scott Emler

FROM: John Turner, Research Economist
Lana Ellis, Deputy Chief of Economics and Rates
Robert Glass, Chief of Economics and Rates
Jeff McClanahan, Director of Utilities

DATE: February 20, 2017

SUBJECT: Docket No. 17-ONEP-186-TAR: *In the Matter of ONEOK NGL Pipeline, L.L.C. K.C.C. No. 10.1, Cancellation of Proportional Tariff.*

EXECUTIVE SUMMARY:

ONEOK NGL Pipeline, L.L.C. (ONEP) is filing for approval of K.C.C. Tariff No. 10.1 to replace Tariff K.C.C. No. 10.0, cancelling the tariff in its entirety. ONEP has cancelled the Capacity Lease Agreement under which the proportional transportations movements were made and will no longer be making these movements effective February 1, 2016.

Upon review, Staff has concluded that ONEP's proposed tariff meets the applicable standard governing approval of liquid pipeline common carriers tariff changes and has properly notified all shippers and subscribers as required by the Commission. However, Staff recommends cancelling Tariff K.C.C. No. 10.0 without a replacement, since it will be cancelled in its entirety.

BACKGROUND:

ONEP is a liquids pipeline common carrier under the jurisdiction of the Commission that is engaged in the transportation of liquid hydrocarbons within the meaning of K.S.A. 2015 Supp. 66-105 and K.S.A. 66-1,215.[1]

Tariffs and associated rates for liquids pipeline common carriers are subject to the Commission's authority pursuant to K.S.A. 66-117, K.S.A. 66-1,217, K.S.A. 66-1,218, and K.A.R. 82-10-2.

ONEP operates as an interstate and intrastate liquids pipeline common carrier in the State of Kansas and currently transports the following under its current tariffs, K.C.C. No. 9.2:[2]

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[1] Common Carriers are defined in K.S.A. 2015 Supp. 66-105, which states, "As used in this act, 'common carriers' shall include all freight-line companies, equipment companies, pipe-line companies, and all persons and associations of persons, whether incorporated or not, operating such agencies for public use in the conveyance of persons or property within this state."

- Natural Gas Liquids (NGLs) and refined products between Hutchinson, Kansas, and Conway, Kansas; and
- Ethane/propane mix from Bushton, Kansas, to Conway, Kansas.

On August 17, 2016, ONEP filed an Application in Docket No. 17-ONEP-065-TAR requesting a new proportional tariff, K.C.C. No. 10.0. The proposed tariff established new transportation movement originating in four Kansas counties and destined for Hutchinson, Kansas. The proposed rate for this movement was 110.81 cents per barrel (cpb).

Based on Staff's analysis and recommendation, the Commission concluded that the proposed tariff resulted in sufficient and efficient service at just and reasonable rates. Therefore, the Commission granted ONEP's request for approval of its proportional tariff, K.C.C. No. 10.0 on September 20, 2016.

In this Docket, ONEP is seeking to cancel, in its entirety, K.C.C. Tariff No. 10.0 and replace it with K.C.C. Tariff No. 10.1.

ONEP has properly notified all shippers and subscribers in writing as required by the Commission. Additionally, all ONEP tariffs are posted on its tariff website, http://www.oneokpartners.com, for all interested parties. There have been no objections to the addition nor any complaints made or filed with the Commission to date.

ANALYSIS:

ONEP is seeking to cancel K.C.C. No. 10.0. because ONEP has cancelled the Capacity Lease Agreement under which the proportional transportation movements were made and will no longer be able to make these movements effective February 1, 2016.

The following two standards are typically used to review liquids pipelines common carrier tariff Applications in Kansas[3]:

1. Just and reasonable rates: rates with terms and conditions that are non-discriminatory and provide adequate recovery of costs to the suppliers (carriers); and
2. Efficient and sufficient service: as defined in Docket No. 02-MAPL-160-COM, efficient service acts to produce a minimum amount of waste or unnecessary effort in using the capacity on the pipelines and sufficient service furnishes adequate or enough public service to meet the needs of the shippers.[4]

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[2] ONEP is a subsidiary of ONEOK Partners Intermediate Limited Partnership. The Commission originally granted ONEP's Certificate of Convenience and Necessity (Certificate) in Docket No. 06-ONEP-225-COC on November 28, 2005. ONEP has since amended its Certificate to include other potential intrastate movements and new transportation routes, most recently in Docket No. 15-ONEP-329-COC.

[3] Pursuant to K.S.A. 66-117 and 66-1,217.

[4] Docket No. 02-MAPP-160-COM: *In the Matter of the Complaint of Farmland Industries, Inc., Seeking an Order Directing Mid-America Pipeline Company and Texaco Natural Gas, Inc. to Cease and Desist the Unlawful Abandonment of Service on the Six Inch Pipeline Between Conway, Kansas and El Dorado, Kansas*, Order, January 31, 2005, pp. 33 & 37.

On September 1, 2016, ONEP entered into a Pipeline Capacity Lease Agreement with ONEOK Hydrocarbon, L.P. (ONEOK) to transport product from Grant, Kingman, Reno, and Seward counties in Kansas, to Hutchinson, Kansas. The agreement was put into place to provide common carrier service to shipper(s) transporting product in intrastate service during the time that the Hutchinson Fractionator Plant would be shut-in for maintenance, beginning September 1, 2016.

The Hutchinson Fractionator was put back in service in October and ONEP's original Application with the Commission requested to cancel K.C.C. Tariff 10.0 on November 1, 2016. However, on November 6, 2016, the operator of the Hutchinson Fractionator Plant discovered a leak at the facility and was forced to take the Plant down again.[5] Due to this event, ONEP filed a Motion to Amend Application on November 18, 2016, to change the effective date to February 1, 2017.

In Staff Data Request 2, ONEP confirmed that the Hutchinson Fractionator has been repaired, tested, and operational since January 10, 2017.[6] ONEP has cancelled the Pipeline Capacity Lease Agreement with ONEOK, and no further rate will be provided. Moreover, no other rates will be affected by the cancellation of the tariff. Therefore, the just and reasonable rate standard is not applicable in this case.

The cancellation of Tariff K.C.C. No. 10.0 is appropriate because the route is no longer in service; therefore, the corresponding tariff is no longer necessary. Furthermore, because of no shipper complaints and/or protests, Staff considers ONEP to be providing efficient and sufficient service under its current tariff K.C.C. 9.2. Therefore, based on the applicable standard of review, Staff determines there will be no adverse impact on public convenience as a result of approving this filing and supports the cancellation of Tariff K.C.C. No. 10.0, but finds, however, that it is unnecessary to offer a replacement tariff since it will be cancelled in its entirety.

RECOMMENDATION:

Because the route is no longer in service and there have been no shipper complaints and/or protests, Staff recommends the Commission grant ONEP's request for cancellation of its Tariff K.C.C. 10.0, in its entirety, not requiring a replacement tariff.

[5] Staff Data Request 1.

[6] Staff Data Request 2.

CERTIFICATE OF SERVICE

17-ONEP-186-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on FEB 23 2017.

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/S/ DeeAnn Shupe
DeeAnn Shupe

Order Mailed Date

FEB 24 2017