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

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

In the Matter of Mid-America Pipeline Company, LLC Company Filing for Approval of K.C.C. Tariff 19.7.0, Canceling K.C.C. Tariff 19.6.0, to Cancel Item 310 Incentive Rate Program for Outbound Shipment.	)	Docket No. 17-MDAP-504-TAR

ORDER APPROVING TARIFF REVISIONS

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

1. On May 16, 2017, Mid-America Pipeline Company, LLC (MAPL) filed an Application with the Commission seeking authority to replace K.C.C. No. 19.6.0 with K.C.C. No. 19.7.0. Specifically, K.C.C. No. 19.7.0 removes the Incentive Rate Program for Outbound Shipments (Item No. 310) between Coffeyville, Kansas, and El Dorado, Kansas. MAPL requests removal of Item No. 310 because the incentive rate program was only utilized by one shipper, and said shipper has cancelled its underlying contract.

2. The Commission has full power, authority, and jurisdiction to control MAPL as a common carrier pursuant to K.S.A. 66-1,216. The Commission has jurisdiction over MAPL's rates pursuant to K.S.A. 66-1,217, and MAPL 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. Commission Staff (Staff) submitted a Report and Recommendation (R&R) to the Commissioners regarding MAPL's proposed tariff on October 16, 2017, attached hereto and made a part hereof by reference. Staff reviewed the proposed tariff to determine whether removal of Item No. 310 was just and reasonable.

4. Staff noted in its R&R that on May 16, 2012, the Commission approved a Pipeage Contract between MAPL and Coffeyville Resources Refining & Marketing, LLC (CRRM), which provided an incentive rate for outbound shipments from Coffeyville, Kansas, to El Dorado, Kansas. These incentive rates are contained in MAPL's Tariff as Item No. 310.

5. On May 12, 2017, however, CRRM notified MAPL that it would not be renewing the Pipeage Contract. Therefore, the only shipper utilizing the incentive rate program has voluntarily requested withdrawal, and the program is no longer utilized or necessary.

6. Staff notes that in the absence of shipper complaints and/or protests, the Commission's practice has been to pattern its regulation of intrastate oil/liquid pipeline rates and tariffs after the federal regulation of interstate service. Interstate service is regulated by the Federal Energy Regulatory Commission (FERC). Staff states that neither FERC's nor the Commission's jurisdictional statutes contain any requirement that a liquid pipeline carrier offer any particular incentive or alternative rates, only that the existing rates and classifications be just and reasonable.[1]

7. Staff recommended approval of MAPL's request, because the cancelling of the incentive rate does not violate any statute and the route between Coffeyville, Kansas, and El Dorado, Kansas will remain in effect with general commodity rates. The general commodity rates have previously been found just and reasonable by this Commission.

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[1]*See* 49 App. U.S.C. § 1(4) (1988); K.S.A. 66-1,217.

8. The Commission finds Staff's findings and recommendation to be reasonable, and hereby adopts the same.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. MAPL's Application is approved. K.C.C. No. 19.7.0 shall replace K.C.C. No. 19.6.0.

B. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 77-529(a)(1).

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

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: ____________________

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Lynn M. Retz
Secretary to the Commission

MRN

Utilities Division
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Kansas
Corporation Commission

Phone: 785-271-3220
Fax: 785-271-3357
http://kcc.ks.gov/

REPORT AND RECOMMENDATION
UTILITIES DIVISION

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

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

DATE: October 16, 2017

SUBJECT: Docket No. 17-MDAP-504-TAR: In the Matter of Mid-America Pipeline Company, LLC Company Filing for Approval of K.C.C. Tariff 19.7.0, Canceling K.C.C. Tariff 19.6.0, to Cancel Item 310 Incentive Rate Program for Outbound Shipment.

EXECUTIVE SUMMARY:

Mid-America Pipeline Company, LLC (MAPL) is filing for approval to replace K.C.C. Tariff 19.6.0 with K.C.C. Tariff 19.7.0, cancelling the Incentive Rate Program for Outbound Shipments (Item No. 310). MAPL has requested to cancel Item. No 310 because the only shipper utilizing the program chose not to renew their underlying contract.

MAPL has met the two standards used to review liquid pipeline common carriers tariffs in Kansas. Therefore, Staff recommends approval of the Application.

BACKGROUND:

MAPL is a liquids pipeline common carrier under the jurisdiction of the Corporation Commission of the State of Kansas (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 (which refers to the 66-105 decision).

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.

The Commission granted MAPL its Certificate of Convenience and Necessity to transact business as a liquids pipeline common carrier on March 26, 2003, in Docket No. 03-MDAP-557-CCN.

MAPL operates as an intrastate liquids pipeline common carrier in the State of Kansas and, under its current tariff, K.C.C. No. 19.6.0, transports natural gas liquids and refined petroleum products to and from various points throughout Kansas.

On May 16, 2012, the Commission approved a Pipeage Contract between MAPL and Coffeyville Resources Refining & Marketing, LLC (CRRM). The Contract provides an incentive rate for outbound shipments from Coffeyville, Kansas, to El Dorado, Kansas, which are contained in Item 310. The Contract generated $3,630,530.52 of revenue in 2016.

Under the terms of the agreement, the Contract would expire automatically each year unless expressly renewed by CRRM.[1] CRRM notified MAPL on May 12, 2017, that it does not wish to renew the Contract. Because the only shipper on the route in the incentive rate program has voluntarily requested not to renew the Contract, the program is no longer utilized and the incentive rate is no longer necessary.

On May 16, 2017, MAPL filed an Application with the Commission to replace Tariff K.C.C. No. 19.6.0 with Tariff K.C.C. No. 19.7.0, cancelling Item No. 310. However, general commodity rates for other shippers of refined petroleum products on the affected route will not be affected.

ANALYSIS:

Standard of Review

There are two standards typically used to review liquids pipelines common carrier tariff applications in Kansas:[2]

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-MAPP-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.[3]

Generally, in the absence of shipper complaints and/or protests, the Commission's practice has been to pattern its regulation of intrastate oil/liquid pipeline rates and tariffs after the federal regulation of interstate service. FERC's jurisdictional statutes do not contain any requirement that a liquid pipeline carrier offer any particular incentive or alternative rates, only that the existing rates and classifications be just and reasonable.[4] The same is true of the Kansas statutes

[1] One of the terms of the Contract stated that the agreement shall remain in place for two annual periods and may be extended for one or more additional annual periods at the sole option of CRRM. CRRM may notify MAPL no later than 60 days prior to the end of the current annual period with its intent to extend the agreement for another annual period, not exceeding ten years.

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

[3] 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.

[4] *See* 49 App. U.S.C. § 1(4) (1988).

pertaining to liquid pipeline carriers.[5] Therefore, incentive discounts are not statutorily required and can be cancelled at the carrier's discretion.

In this specific filing, MAPL is proposing to cancel the Incentive Rate Program for Outbound Shipment of Refined Petroleum Products, but the route will continue in effect with general commodity rates. The canceling of the incentive rate does not violate any statute and the rate will continue to be available with general commodity rates. Thus, MAPL has met the standards for eliminating the Incentive Rate Program and the general commodity rates have previously been found just and reasonable. Therefore, Staff supports the cancellation of the Incentive Rate Program for Outbound Shipment of Refined Petroleum Products.

RECOMMENDATION:

MAPL's request to replace K.C.C. No. 19.6.0 with K.C.C. No. 19.7.0, cancelling Item No. 310 Incentive Rate Program for Outbound Shipment complies with the two standards of review. Therefore, Staff recommends the Commission grant MAPL's request for approval of its tariff, K.C.C. No 19.7.0, cancelling Item No. 310 Incentive Rate Program for Outbound Shipment.

[5] *See* K.S.A. 66-1,217.

CERTIFICATE OF SERVICE

17-MDAP-504-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 ______________________.

STEVE MIAO, REGULATORY AFFAIRS
MID-AMERICA PIPELINE COMPANY,LLC
1100 LOUISIANA ST, 14TH FLOOR
HOUSTON, TX 77002-5227
Fax: 713-381-8290
szmiao@eprod.com

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe