

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

Before the Commissioners:            Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Dwight D. Keen

In the Matter of the Application of American            )  
Energies Gas, LLC for Authority to Cease            )            Docket No. 19-AEGG-211-CCS  
Transacting the Business of a Natural Gas            )  
Public Utility in a Portion of McPherson County.            )

**ORDER GRANTING APPLICATION**

This matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

**I.        Background**

1.        On November 29, 2018, American Energies Gas LLC (“American Energies”) filed an Application requesting permission to discontinue service to two residential customers in McPherson County, Kansas.<sup>1</sup>

2.        On December 17, 2018, the Commission Staff (“Staff”) submitted its Report and Recommendation dated December 14, 2018, recommending the Commission grant American Energies request for permission to cease operating as a natural gas public utility in McPherson County, Kansas.<sup>2</sup>

**II.       Legal Standards and Discussion**

3.        Pursuant to K.S.A. 66-131, the Commission has jurisdiction to grant a Certificate to any public utility seeking to transact business in the State of Kansas. The standard for granting

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<sup>1</sup> *American Energies Gas Service, LLC Application for Authority to Cease Transacting the Business of a Natural Gas Public Utility*, (“American Energies Application”), (Nov. 29, 2018).

<sup>2</sup> *Report and Recommendation*, at 1.

a certificate under K.S.A. 66-131 is that public convenience and necessity will be promoted by the granting of a certificate.

4. American Energies owns damaged gas gathering lines attached to two customer meters.<sup>3</sup> American Energies has determined that it is not economically feasible to repair these gas gathering lines.<sup>4</sup> American Energies wishes to discontinue service and has already reached an agreement with both customers to provide a payment that will assist the customers in converting their homes to alternative sources of energy.<sup>5</sup> American Energies has informed the customers of their right to appeal to the Commission.<sup>6</sup> Both affected customers have signed the agreements, received cash payments and converted to alternative fuel sources.<sup>7</sup>

5. Based on the foregoing information, and the absence of any objection, Staff recommends the Commission find that public convenience will be promoted by the granting American Energies permission to cease natural gas service to both customers described in the Application.

### **III. Findings and Conclusion**

6. The Commission finds pursuant to K.S.A. 66-131, public convenience and necessity will be promoted by granting American Energies' request for permission to cease natural gas service to both customers described in the Application.

7. The Commission adopts Staff's Report and Recommendation dated December 14, 2018, which is attached hereto and made a part of by reference.

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<sup>3</sup> *Id.*

<sup>4</sup> American Energies Application, at 1.

<sup>5</sup> *Report and Recommendation*, at 1.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> *Id.*

**THEREFORE, THE COMMISSION ORDERS:**

A. American Energies' Application for authority to cease transacting the business of a natural gas public utility in a portion of McPherson County, Kansas is granted pursuant to K.S.A. 66-131.

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>8</sup>

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.**

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 01/15/2019



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Lynn M. Retz  
Secretary to the Commission

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<sup>8</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

# STATE OF KANSAS

CORPORATION COMMISSION  
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GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

## REPORT AND RECOMMENDATION UTILITIES DIVISION

**TO:** Chair Shari Feist Albrecht  
Commissioner Jay Scott Emler  
Commissioner Dwight D. Keen

**FROM:** Jason Kerr, Electric Utility Engineering Technician  
Leo Haynos, Chief Engineer  
Jeff McClanahan, Director of Utilities

**DATE:** December 14, 2018

**SUBJECT:** 19-AEGG-211-CCS  
In the Matter of the Application of American Energies Gas Service LLC for Authority to Cease Transacting the Business of a Natural Gas Public Utility in a Portion of McPherson County, Kansas.

### **EXECUTIVE SUMMARY:**

In Docket 19-AEGG-211-CCS, American Energies Gas Service, LLC. (American Energies) seeks the approval to discontinue service to two residential customers in McPherson County. In its Application, American Energies states it is uneconomic to repair the gas gathering pipeline serving the two customers. American Energies has reached agreement with both customers to provide a payment that will assist the customers in converting their homes to alternatives sources of energy. Staff recommends that the Commission grant this Application.

### **BACKGROUND:**

In Docket 10-AEGG-499-COC, American Energies was granted a customer specific Certificate to serve approximately 213 customers in the vicinity of Canton, Kansas. The public utility assets of American Energies consist of customer meters attached to gas gathering lines operated by an American Energies' non-regulated affiliate. In this case, the gas gathering company determined it was not economically feasible to repair the gathering lines and notified its affiliate the lines would be abandoned.

On September 12, 2018, American Energies made contact with both customers informing them of the proposed abandonment and their options to connect to an alternative fuel source. Both customers have agreed and accepted a cash payment from American Energies. Copies of the September 12, 2018, letter and customer-signed documents accepting a cash payment for conversion to an alternative fuel source is included in American Energies' Application.

### **ANALYSIS:**

In its Application, American Energies is requesting Commission approval to abandon service to two residential customers. The Application also describes the two sections of gathering line that have been deemed too expensive to repair, and it requests the Commission approve the request to abandon the sections of line. Because the gas gathering line is not operating as a public utility, Staff does not believe the Commission has the authority to rule on the disposition of the gathering line segments as they relate to providing natural gas service to residential consumers. However, the Commission does have authority regarding continuation of service to the American Energies' customers.

In previous Dockets concerning American Energies customer-specific Certificate, the Commission has recognized that potential abandonment of customers could occur.<sup>1</sup> In the most recent Docket, 12-AEGG-913-ACQ, the Commission approved the transfer of the ownership of American Energies to Trek AEC, LLC (Trek). Along with that approval, the Commission recognized the obligation of American Energies and Trek to pay reasonable costs to convert customers to an alternative form of energy if it became necessary for American Energies to abandon service to the customer.<sup>2</sup>

Specifically, the approved agreements state:

Obligor's (American Energies) and consequently Guarantors' (Trek) liability for full payment of the cost of any Customer's conversion from natural gas utility service to an alternative energy source shall not exceed \$3,500 per Customer, unless the Commission determines in the future that such amount is inadequate to assure conversion to an alternate household energy source, including major appliance modifications or replacement.

In the subject Docket, American Energies' has reached a settlement with the affected customers. Staff also notes the settlement offer to the customers informed them of their right to appeal to the Commission if they found the settlement terms unacceptable. In this case, both affected customers have accepted cash payments and have already converted their houses to an alternative fuel source.

Staff has reviewed American Energies Application and has confirmed the legal description included in the Application is accurately depicted on the map attached to the Application. Staff also confirmed the legal description is not in conflict with the Commission's Certificate records.

The Commission action date is May 28, 2019.

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<sup>1</sup> See Dockets 07-AEGG-465-RTS, 10-AEGG-499-COC, and 12-AEGG-913-ACQ.

<sup>2</sup> See Docket 07-AEGG-465-RTS, Exhibit B, Order Granting Joint Motion and Approving Stipulation and Agreement

**RECOMMENDATION:**

Staff recommends that the Commission find that public convenience will be promoted by the granting of this Application.

## **CERTIFICATE OF SERVICE**

19-AEGG-211-CCS

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of  
01/16/2019  
first class mail/hand delivered on \_\_\_\_\_.

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/S/ DeeAnn Shupe  
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DeeAnn Shupe