

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: John Wine, Chair
 Cynthia L. Claus
 Brian J. Moline

In the Matter of the Application of Kansas Gas)
Service Company, a Division of ONEOK, Inc., for)
Commission Determination of the Rate) Docket No. OO-KGSG-420-RTS
Treatment of Discounted Service Agreements)
Entered Into to Meet Competitive Alternatives.)

ORDER NO. 3

**ORDER MAKING THIS DOCKET A GENERAL INVESTIGATION,
ASSESSING COSTS, AND ESTABLISHING A PROCEDURAL SCHEDULE**

The above matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration. After examining its files and being fully advised of all matters of record, the Commission finds as follows:

1. This docket was opened when Kansas Gas Service Company (KGSC) filed an Application requesting that the Commission set forth its policy regarding discounted service agreements that KGSC enters into, pursuant to its tariffs, in order to meet a competitive alternative to its transportation service. KGSC asks that the Commission confirm that in the course of a rate case, there will be no imputation of revenue associated with discounted service agreements that are in accordance with KGSC tariffs.

2. On December 22, 1999, Commission Staff filed a Report and Recommendation which recommended that establishment of a Commission policy on imputation of revenue not be limited to one company. Staff stated that the issue of revenue imputation of special rate contracts should either be addressed on a case by case basis as it arises in rate proceedings, or in the course of a generic docket involving both the natural gas and electric industries.

3. On January 4, 2000, KGSC filed a Response to Staff's Report and Recommendation. KGSC asserted that there are differences in the natural gas and electric industries and objected to both industries being considered together. KGSC suggested that other natural gas local distribution utilities could intervene and provide comments regarding revenue imputation in this docket.

4. The Commission finds that 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. The Commission further finds that this proceeding should be limited to the natural gas industry, and that the docket should be made a general investigation with all jurisdictional natural gas utilities made parties. See K.S.A. 1998 Supp. 66-104; K.S.A. 66-1,201; K.S.A. 1998 Supp. 66-1,204 and K.S.A. 66-1,207.

5. A list of current natural gas companies is attached as Exhibit A. A list of current municipal gas systems is attached as Exhibit B. All of these entities are hereby made parties to this docket. The Commission finds that the expenses reasonable attributable to this investigation may exceed \$100, and orders that expenses be assessed against these natural gas public utilities pursuant to K.S.A. 1998 Supp. 66-1502. This assessment will begin three business days after the Commission gives the utilities notice of the assessment by United States mail. These utilities are hereby given notice that they have an opportunity for a hearing on the assessment of expenses in accordance with the provisions of the Kansas Administrative Procedure Act, K.S.A. 77-501, *et seq.* (KAPA).

6. The Commission finds that the treatment of discounted service agreements is not a subject requiring the presentation of evidence, but is instead a matter of policy. The Commission finds that the fact that this is a policy determination to be based on the judgment and reasoning of the Commission is good cause for not applying the provisions of KAPA. See K.S.A. 1998 Supp. 66-

1,204. The Commission finds that it would be helpful to consider the comments and concerns of all natural gas utilities prior to making its ruling on this question, and will therefore provide an opportunity for written and oral comments. The participation of those who may be affected by this order would help ensure that all aspects of this issue are fully presented to the Commission.

7. The following procedural schedule is ordered:

Filing of Comments	February 25, 2000
Filing of Reply Comments	March 14, 2000
Hearing 10:00 a.m.	March 30, 2000

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(A) This docket is made a general investigation with all jurisdictional natural gas utilities made parties. Expenses are assessed against the utilities in Exhibits A and B pursuant to K.S.A. 1998 Supp. 66-1502.

(B) The procedural schedule set forth above is adopted. Comments and discussion will be presented to the Commissioners on March 30, 2000, at 10:00 a.m., in the Commission's First Floor Hearing Room, 1500 S.W. Arrowhead Road, Topeka, Kansas.

(C) A party may file a petition for reconsideration of this order within fifteen (15) days of the date of this Order. If service is by mail, three (3) additional days may be added to the fifteen (15) day time limit to petition for reconsideration.

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

BY THE COMMISSION IT IS SO ORDERED.

Wine, Chr.; Claus, Corn.; Moline, Corn.

Dated: JAN 27 2000

ORDER MAILED

JAN 27 2000

 Executive Director

Jeffrey S. Wagaman
Executive Director

GAS COMPANIES
Updated 5-10-99

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MUNICIPAL GAS SYSTEMS
Updated 10-12-98

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City Hall
Alma, KS 66401

City Clerk
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City Hall-Main Street
Alta Vista, KS 66534

City Clerk
CITY AUBURN
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Auburn, KS 66402

City Clerk
CITY OF AURORA
Box 99
Aurora, KS 67417

City Clerk
CITY OF BURLINGAME
City Hall - 101 East Santa Fe
Burlingame, KS 66413

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 66431

City Clerk
CITY OF JAMESTOWN
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Jamestown, KS 66948

City Clerk
CITY OF LaCYGNE
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CITY OF LONGFORD
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Longford, KS 67458

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CITY OF MILFORD
City Hall - P.O. Box 0
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CITY OF MORLAND
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