## BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the Matter of the Complaint of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. Against Anadarko Natural Gas Company.

Docket No. 14-ANGG-119-COM

### STAFF'S RESPONSE TO OBJECTION OF SWKI-SEWARD WEST CENTRAL, INC. AND SWKI-STEVENS SOUTHEAST, INC. TO JOINT MOTION FOR APPROVAL OF STIPULATED SETTLEMENT AGREEMENT

The Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) submits its Response to the Objection of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Joint Motion for Approval of Stipulated Settlement Agreement ("Objection") filed with the Commission on January 28, 2014. For its Response, Staff states as follows:

## I. Background

1. On August 27, 2013, SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. (collectively, the "NPUs") filed a Complaint against Anadarko Natural Gas Company ("ANGC"), alleging ANGC had not filed the NPUs' Agreements with the Commission, had not received Commission approval of the Agreements, and sought a Commission finding that ANGC had failed to file certain contracts with the Commission for approval, in violation of K.S.A. 66-109, 66-117 and other Kansas law.<sup>1</sup> The NPUs further sought a Commission Order finding that any and all rates charged by ANGC in excess of the latest lawfully established Commission-approved rate are unlawful, void, and subject to refund, with interest.<sup>2</sup>

2. On October 7, 2013, ANGC filed its Motion to Dismiss and Answer to

 $^{2}$  Id.

<sup>&</sup>lt;sup>1</sup> Complaint of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. Against Anadarko Natural Gas Company, ¶14 (Aug. 27, 2013).

Complaint.<sup>3</sup>

3. On October 21, 2013, the NPUs filed their response to ANGC's Motion to Dismiss and Answer to Complaint.<sup>4</sup>

4. On November 4, 2013, ANGC filed its Reply to the NPUs' October 21, 2013 pleading.<sup>5</sup>

5. On November 26, 2013, Staff filed its Report and Recommendation.<sup>6</sup>

6. On January 6, 2014, the parties participated in a prehearing conference via telephone. At the prehearing conference, the parties discussed legal issues in dispute which would necessitate briefing. The parties developed a briefing schedule and a deadline by which to submit proposed legal issues for briefing. While the parties agreed that disposition of these legal issues should take place prior to discovery and an evidentiary hearing, at no time did the parties agree to postpone settlement or discussion of settlement on issues not related to the threshold legal issues to be designated for briefing. The outcome of the prehearing conference was memorialized in a Commission order issued on February 3, 2014.<sup>7</sup>

7. On January 15, 2014, Staff and ANGC filed a Joint Motion for Approval of Stipulated Settlement Agreement, moving the Commission to approve an agreement between Staff and ANGC.<sup>8</sup> The Stipulated Settlement Agreement ("Agreement") establishes a settlement payment relevant to violations of K.S.A. 66-117 and 66-131 as alleged in Staff's Report and Recommendation, in consideration of the following stipulations by the parties:

a. The Agreement is in the public interest and will mitigate the costs and

<sup>&</sup>lt;sup>3</sup> Anadarko Natural Gas Company's Motion to Dismiss and Answer to Complaint (Oct. 7, 2013).

<sup>&</sup>lt;sup>4</sup> Response of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Anadarko Natural Gas Company's Motion to Dismiss and Answer to Complaint (Oct. 21, 2013).

<sup>&</sup>lt;sup>5</sup> Reply of Anadarko Natural Gas Company to the Response of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Anadarko's Motion to Dismiss and Answer to Complaint (Nov. 4, 2013).

<sup>&</sup>lt;sup>6</sup> Notice of Filing of Staff's Report and Recommendation (Nov. 26, 2013).

<sup>&</sup>lt;sup>7</sup> Prehearing Officer's Order Setting Procedural Schedule (Feb. 3, 2014).

<sup>&</sup>lt;sup>8</sup> Joint Motion for Approval of Stipulated Settlement Agreement (Jan. 15, 2014).

uncertainty inherent in litigation;<sup>9</sup>

- b. During the period of July 1, 1998, through November 1, 2013, ANGC and Anadarko Energy Services Company ("AESC") have either (a) submitted to the Commission any contracts for the sale of natural gas from the Hugoton Residue Delivery System; or (b) that any such contract(s) that were not submitted for filing to the Commission have been executed by the contracting parties thereto, and performance thereunder has either been (i) in compliance with the terms of the applicable contracts, or (ii) performance under the contracts has taken place without complaint to the Commission, except as filed in the present docket on August 27, 2013.<sup>10,11</sup>
- c. Staff agrees not to recommend or advocate any further penalty against ANGC and AESC for violations of public utilities statutes regarding the sale and/or transportation of natural gas in question, for the period of July 1, 1998 through November 1, 2013, in any KCC Docket, state or federal court, or arbitration or mediation proceeding.<sup>12</sup>
- d. Staff and ANGC agree that Staff's agreement not to recommend further penalties against ANGC or AESC is contingent upon ANGC filing all currently effective ANGC customer specific contracts for the sale and/or transportation of natural gas on the Hugoton Residual Delivery System with the Commission within 60 days of an Order approving the Agreement.<sup>13</sup>

<sup>&</sup>lt;sup>9</sup>*Id.*, Attachment A (Stipulated Settlement Agreement) at ¶6.a.

<sup>&</sup>lt;sup>10</sup> *Id.* at ¶6.b.

<sup>&</sup>lt;sup>11</sup> The Complaint Against Anadarko Natural Gas Company by SWKI-Sweard West Central, Inc. and SWKI-Stevens Southeast, Inc. was filed on August 27, 2013; however, the Stipulated Settlement Agreement contains a clerical error which inaccurately refers to the Complaint date as July 27, 2013.

 $<sup>^{12}</sup>$  Id.  $^{13}$  Id.

- e. ANGC affirmatively stated that there are a total of four customer specific ANGC contracts for the sale and/or transportation of natural gas on the Hugoton Residual Delivery System, but does not admit that any of these contracts are otherwise required to be filed with the Commission.<sup>14</sup>
- f. ANGC and AESC agree to pay the settlement amount within 30 days of an Order approving the Agreement.<sup>15</sup> ANGC and AESC disclaim that the payment of the settlement amount is not an admission of liability under or violation of the Kansas Public Utility Act or any federal, state, or local law or regulation on the part of ANGC or AESC, and that ANGC and AESC expressly deny any and all violations.<sup>16</sup> ANGC and AESC specifically deny that either ANGC or AESC owes or is responsible in any manner to pay any refunds, credits, or other financial considerations to any purchasers of natural gas from AESC and ANGC for the period of July 1, 1998, through November 1, 2013.<sup>17</sup>

8. On January 21, 2014, both ANGC and the NPUs filed their respective lists of threshold legal issues and proposed initial procedural schedules.<sup>18</sup> The NPUs proposed the following legal issues:

- Does the Commission have jurisdiction to determine the merits of the NPUs'
  Complaints against either or both AESC or ANGC?
- b. What effect do the Gas Sales Agreements dates July 1, 1998 and June 1, 2002

<sup>&</sup>lt;sup>14</sup> *Id*.

<sup>&</sup>lt;sup>15</sup> *Id.* at ¶6.c.

 $<sup>^{16}</sup>$  *Id.* at ¶6.d.

<sup>&</sup>lt;sup>17</sup> *Id*.

<sup>&</sup>lt;sup>18</sup> List of Threshold Legal Issues and Proposed Initial Procedural Schedule (filed by Anadarko Natural Gas Company) (Jan. 21, 2014), List of Threshold Legal Issues and Proposed Initial Procedural Schedule (filed by SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc.) (Jan. 21, 2014).

have if they were not filed and approved by the Commission as required by either Kansas law and/or in the 218 Order?

c. May the Commission order a refund if the Gas Sales Agreements were not approved by the Commission as required by either Kansas law and/or in the 218 Order?<sup>19</sup>

9. On January 28, 2014, the NPUs filed an objection to the Joint Motion for approval of Stipulated Settlement Agreement, praying the Commission (i) reject the Settlement Agreement; (ii) modify the Settlement Agreement to remove factual inaccuracies and unsupported assertions that prejudice the NPUs' claim; (iii) require that the Settlement agreement be withdrawn until such time as the parties' legal briefs have been filed and ruled upon and the record has been fully developed; or (iv) suspend any action on the Settlement Agreement until such time as the parties' legal briefs have been filed and the record has been fully developed.<sup>20</sup>

10. It should be noted that the NPUs' objection was filed thirteen days after the filing of the Joint Motion and Stipulated Settlement Agreement, and past the deadline prescribed by K.A.R. 82-1-218(d). Although the NPUs' Objection was filed out-of-time, Staff will address it in substance, below.

### **II.** Settlement of the Issue of a Civil Penalty is Appropriate

11. The Settlement Agreement settles the issue of penalties relevant to Staff's allegation that ANGC and AESC violated K.S.A. 66-117 and 66-131. This issue is separate and apart from the issues raised by the NPUs. The Commission, pursuant to K.S.A. 66-138(a)(2), has the authority to assess a civil penalty in an amount from \$100 to \$5,000 for each violation of

<sup>&</sup>lt;sup>19</sup> List of Threshold Legal Issues and Proposed Initial Procedural Schedule (filed by SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc.), p. 1 (Jan. 21, 2014).

<sup>&</sup>lt;sup>20</sup> Objection of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Joint Motion for Approval of Stipulated Settlement Agreement (Jan. 28, 2014).

public utility statutes or Commission orders. It was based on this authority that Staff recommended the \$55,000 and \$41,000 penalties in its Report and Recommendation.<sup>21</sup>

12. K.S.A. 66-1,204 authorizes the Commission initiate investigations into natural gas public utilities. Therefore, the recommendation and issue of the civil penalty relevant to this matter could have been appropriately brought in another docket. Staff merely recommended the civil penalty in the present docket to further promote administrative efficiencies.

13. With the efficient use of Commission resources in mind, Staff sought to quickly and expeditiously dispose of the issue of a civil penalty raised in Staff's Report and Recommendation in order to return the Commission's focus back onto the NPUs' Complaint.

14. Therefore, the Agreement entered into by Staff and ANGC does not dispose of the issues of whether the rates charged by ANGC were unlawful, void, and/or subject to refund with interest. In fact, the only reference to the issue of refund in the Agreement is the disclaimer by ANGC that ANGC and AESC specifically deny either entity owes or is responsible to pay any refunds, credits, or other financial considerations to any purchasers of natural gas from AESC and ANGC for the period of July 1, 1998, through November 1, 2013.<sup>22</sup> Staff did not stipulate to a position on refunds in the Agreement.<sup>23</sup>

### III. Staff Provided Adequate Notice to the NPUs

15. Because the Agreement does not contemplate disposing the specific issues raised in the NPUs' prayer for relief in its Complaint, the NPUs have no due process right to participation in the settlement of the specific issues disposed of by the Settlement Agreement. Therefore, notice provided to the NPUs prior to filing the Joint Motion for Approval of Stipulated

<sup>&</sup>lt;sup>21</sup> Notice of Filing of Staff's Report and Recommendation, p. 6 (Nov. 26, 2013).

<sup>&</sup>lt;sup>22</sup> Joint Motion for Approval of Stipulated Settlement Agreement, Attachment A (Settlement Agreement), ¶6.d. (Jan. 15, 2014).

<sup>&</sup>lt;sup>23</sup> Nor did Staff state a position on the issue of a refund in its Report and Recommendation. *See* Staff's Report and Recommendation, p. 6 (Nov. 26, 2013).

Settlement Agreement was appropriate under the circumstances. Further, the NPUs fail to mention that, during an earlier telephone conversation with Staff counsel, Staff counsel affirmatively indicated to counsel for the NPUs that Staff would not decline exploring an opportunity to settle with Anadarko separate from the NPUs.

16. It is Staff's position that soliciting the NPUs' input on an appropriate recommendation for Commission penalty in this instance is not appropriate as the settled issues do not speak to the relief requested by the NPUs, nor do they impact the NPUs' position in this docket. Further, the NPUs are not entitled to request a civil penalty, nor should the NPUs expect to leverage a civil penalty to positively impact the NPUs position in settlement of their issues. The settled issues are limited in scope and are unrelated to the issues that remain outstanding and are pending briefing by the parties.

### IV. The Settlement Agreement Satisfies the Commission's Five-Factor Test

17. The five factors espoused in Atmos docket<sup>24</sup> are primarily used in the settlement of rate cases. Its factors are more suitably applied to the issues in rate cases, and are not as applicable to Staff's recommendation for civil penalty and the Stipulated Settlement Agreement in this case. Notwithstanding, some factors may prove helpful to the Commission in making a determination as to whether the Settlement Agreement is in the public interest and supported by substantial competent evidence.

# a. <u>Has each party had an opportunity to be heard on its reasons for opposing the settlement?</u>

18. This factor is not applicable in the present analysis because the issue settled between Staff and ANGC is the issue of civil penalties; not customer refunds. As discussed above, the NPUs are not entitled to the penalty, nor do they have standing to negotiate the amount

<sup>&</sup>lt;sup>24</sup> Docket No. 08-ATMG-280-RTS, Order Approving Contested Settlement Agreement, ¶10 (May 12, 2008).

of the penalty. Therefore, the NPUs are not entitled to participate in the settlement of the civil penalty, and this factor is inapplicable.

19. Notwithstanding the inapplicability of this factor, the NPUs had an opportunity to object to the agreement as evidenced by their late-filed objection.

## b. <u>Is the agreement supported by substantial evidence in light of the record as a whole?</u>

20. The Agreement between Staff and ANGC is supported by substantial competent evidence in light of the record as a whole. The NPUs correctly point out that the record consists of the Complaint, ANGC and NPU responsive pleadings, and Staff's Report and Recommendation.<sup>25</sup> Additions to the record have taken place since the filing of the NPUs' Objection; however those documents are not relevant to the Settlement Agreement or the analysis thereof.

21. Further additions to the record in this docket will likely be made; however it is inaccurate to state that the record with respect to the Settlement Agreement is incomplete simply because additional pleadings may be filed in this docket at a later date. From the documents referenced by the NPUs, substantial competent evidence in support of the Settlement Agreement exists.

22. The facts relating to the recommended penalty are fairly straightforward. The dispute between ANGC and Staff is similarly straightforward as well. The factual dispute in question is whether ANGC and AESC filed with the Commission the contracts in question. Furthermore, there is a legal dispute as to whether AESC operated as a gas gathering system or a public utility during the relevant period.

23. Despite the NPUs' wrongful assertion to the contrary, Staff is not operating under

<sup>&</sup>lt;sup>25</sup> See Background, supra.

the misunderstanding that the NPUs' Complaint is based on performance under the contract; Staff is well aware that the relief sought by the NPUs' Complaint is unrelated to performance under the contract. Nevertheless, Staff contends, for the purpose of settlement of the issue of civil penalties, the issue of contract performance is wholly appropriate for consideration of whether the public was harmed by the allegation that ANGC and AESC failed to file the contracts in question with the Commission. Staff believes the record as it stands is sufficient to support the Stipulated Settlement Agreement. Staff further believes that the Agreement adequately resolves the dispute between Staff and ANGC, and restores the focus of this docket to the NPUs' Complaint.

24. In asserting that "Staff and ANGC are creating an unreasonable and impermissible requirement by attempting to force settlement of an issue without allowing the aggrieved party to develop and present legal arguments to the Commission,"<sup>26</sup> the NPUs fail to recognize that Staff's recommendation for a civil penalty is wholly separate from the NPUs' requested relief. Though the Complainant in this case, the NPUs are not an "aggrieved party" with respect to the civil penalties recommended by Staff. As stated previously, the NPUs are not entitled to receive any portion of the penalty, nor do the NPUs have the authority to negotiate away any portion of the penalty. Therefore, to state they are an "aggrieved party" with respect to the subject of the civil penalty demonstrates an inaccurate understanding of the law, and the relief to which the NPUs may be entitled. Because the Settlement Agreement does not settle the issue of a refund, the NPUs are in no way prohibited or restricted in developing and presenting legal arguments or presenting evidence to the Commission. In fact, the Prehearing Officer's Order Setting Procedural Schedule sets for a list of legal issues and briefing schedule for that very purpose.

c. <u>Does the agreement conform to applicable law?</u>

<sup>&</sup>lt;sup>26</sup> Objection, ¶16 (Jan. 28, 2014).

The NPUs correctly state that settlements are favored by the law.<sup>27</sup> Further, the 25. agreement conforms to applicable law because Kansas Administrative Regulations permits parties to a proceeding to present a voluntary settlement of the subject matter of the complaint if (i) the matter in controversy affects only the parties involved; and (ii) the issue has no direct or substantial impact upon the general public.<sup>28</sup> Here, the matter in controversy—whether ANGC and AESC filed the contracts in question with the Commission-affects Staff, ANGC, and the NPUs. However, the proposed civil penalty as recommended by Staff is unrelated to the relief sought by the NPUs. The Settlement Agreement does not prohibit Staff from offering testimony as to the factual basis of the NPUs' Complaint. Rather, the Settlement Agreement prohibits Staff from recommending further civil penalties in this case or in subsequent litigation. Furthermore, the Settlement Agreement has no direct or substantial impact upon the general public because, from Staff's perspective, the public will be protected from harm by ANGC and AESC's filing of any existing contracts with the Commission, as required by the Settlement Agreement. Moreover, as per the Reservations set forth in the Settlement Agreement, should Staff learn that ANGC and AESC did not in fact file all currently effective gas sales agreements per the Settlement Agreement, Staff would be free to recommend additional civil penalties.<sup>29</sup>

26. The arguments advanced by the NPUs further demonstrate a profound confusion of the issues and do not support the Settlement Agreement being contrary to applicable law.

27. The NPUs' arguments center on notice and opportunity to be heard, and the right to decide whether to participate in settlement negotiations.<sup>30</sup> Nothing in the Settlement Agreement abrogates the NPUs' rights to advance arguments for and fully participate in the

<sup>&</sup>lt;sup>27</sup> Objection, ¶10; Bright v. LSI Corp., 254 Kan. 853, 858, 869 P.2d 686 (1994).

<sup>&</sup>lt;sup>28</sup> K.A.R. 82-1-220(f).

<sup>&</sup>lt;sup>29</sup> Stipulated Settlement Agreement, ¶¶7-12 (Jan. 15, 2014).

<sup>&</sup>lt;sup>30</sup> Objection, ¶¶17-19 (Jan. 28, 2014).

settlement of the NPUs' legal issues in this matter. It should again be noted, however, that those legal issues are completely separate and apart from the issue of the civil penalty.

28. The NPUs state, "[t]he rationale behind settlement agreements is presumably so that aggrieved parties can reach an agreement without consuming the full resources of a court or commission. For Staff and ANGC to negotiate a settlement without properly notifying the NPUs transforms what should be an opportunity for meaningful negotiation into an escalation of an already contentions matter."<sup>31</sup> This statement is an incorrect characterization of the status of this matter. As previously stated, Staff and Anadarko settled the issue of the civil penalty; an issue separate and apart from the NPUs' requested relief of a refund and an issue for which the NPUs have no right to participate. Similarly, there is nothing precluding the NPUs from pursuing a settlement with Anadarko on the issue of a refund. Furthermore, by settling Staff's issue separately from the NPUs' issue, the NPUs expended resources are reduced by not forcing Staff's issue into the midst of the NPUs' negotiations relating to a refund. Staff's issue of civil penalties should not be tied to the NPUs' issue of a refund.

- d. <u>Will the agreement result in just and reasonable rates?</u>
- 29. This factor is inapplicable to the present analysis.
- e. <u>Are the results of the agreement in the public interest, including the interests of customers represented by any party not consenting to the agreement?</u>

30. The Stipulated Settlement Agreement is in the public interest because it ensures that any currently effective gas sales agreements are filed with the Commission and are executed in the name of a certificated public utility. As previously stated, Commission Staff remains authorized to recommend further penalties should ANGC or AESC fail to comply with the provisions of the Settlement Agreement.

<sup>&</sup>lt;sup>31</sup> Objection, ¶19 (Jan. 28, 2014).

31. After correctly quoting the Settlement agreement, the NPUs mischaracterize the Agreement by stating, "[i]t is important to note that the proposed Settlement Agreement contains numerous broad blanket agreements by Staff not to pursue any claims against Anadarko company for failure to file agreements between 1998 and 2013."32 The NPUs misconstrue the relevant portion of the Settlement Agreement and imply that Staff is abrogating its statutory duty to investigate any violations of public utility statutes regarding the sale and/or transportation of natural gas for a 15-year period.<sup>33</sup> Staff believes that this provision, when read in the context of the Settlement Agreement as a whole, has a very limited application to sales agreements relevant to natural gas on the Hugoton Residue Delivery System, and the requirement of ANGC and AESC to file the sales agreements with the Commission. Pursuant to the Settlement Agreement, should Staff learn that ANGC does not, within 60 days of the date of an Order approving the Stipulated Settlement Agreement, have filed with the Commission all currently effective ANGC customer specific contracts for the sale and/or transportation of natural gas on the Hugoton Residue Delivery System, Staff is authorized to recommend additional penalties.<sup>34</sup>

32. The NPUs state that it is "impossible to know what information may be brought to light if the parties are given an opportunity to conduct discovery and file testimony as proposed during the January 6<sup>th</sup> scheduling conference."<sup>35</sup> Staff's right to recommend a civil penalty is not tied to an aggrieved party's right to pursue recompense; specifically, the amount of the civil penalty in this matter has no bearing on the NPUs' right and ability to pursue their complaint and request for a refund.

33. While the NPUs correctly assert that customers of public utilities enjoy certain

 <sup>&</sup>lt;sup>32</sup> Objection, ¶21 (Jan. 28, 2014).
 <sup>33</sup> Objection, ¶21 (Jan. 28, 2014).

<sup>&</sup>lt;sup>34</sup> Settlement Agreement, ¶6.b. (Jan. 15, 2014).

<sup>&</sup>lt;sup>35</sup> Objection, ¶21 (Jan. 28, 2014).

procedural rights pursuant to K.A.R. 82-1-220(a) to initiate complaint proceedings before the Commission,<sup>36</sup> they mischaracterize the Settlement Agreement and Joint Motion as having an impact on those rights. Nothing contained within the Settlement Agreement, Joint Motion, or Proposed Order compromise the NPUs' opportunity to establish the merits of their complaint.

34. Further, and as discussed above, Staff's Report and Recommendation as well as the Joint Motion notes that Staff found that the contracts in question (i) were signed by each party to the contract; (ii) until the subject complaint was filed, no complaint regarding services provided by Anadarko company has been received from the NPUs; and (iii) the contracts allow for either party to terminate the agreement within 30 days of giving notice. The failure of the NPUs over the last 19 years for SWKI-SWC and for the last 11 years for SWKI-SE indicates their agreement to the terms of their respective contracts.<sup>37</sup> The fact that the contracts were executed for 19 and 11 years, respectively, and no party complained until the present complaint evidence that the public was not directly harmed by Anadarko Company's failure to file the contracts. That there was no direct public harm was the basis of the settlement of Staff's penalty recommendation.

#### V. Conclusion

35. For reasons developed above, the Settlement Agreement between Staff and ANGC is separate from the NPUs' issue of a requested refund and surrounding legal arguments. The Settlement Agreement substantially complies with the Commission's five-factor test because (i) the Agreement provided all requisite parties the opportunity to participate; (ii) the Agreement is supported by substantial competent evidence in light of the record as a whole; (iii) the Agreement conforms to applicable law; (iv) the Agreement has no impact on rates; and (v) the results of the agreement are in the public interest. By settling the issue of the civil penalty in this docket, Staff

<sup>&</sup>lt;sup>36</sup> Objection, ¶22-23 (Jan. 28, 2014).

<sup>&</sup>lt;sup>37</sup> Staff Report and Recommendation at pp. 1-2 (Nov. 26, 2013); Joint Motion for Approval of Stipulated Settlement Agreement, ¶9 (Jan. 15, 2014).

and ANGC permit the Commission to focus on the serious nature of the allegations brought forth by the NPUs and the associated relief sought. Therefore, Staff stands by its original request in the Joint Motion to Approve Stipulated Settlement Agreement filed on January 15, 2014.

36. However, Staff firmly believes because the issue of the civil penalty is so clearly separate and distinct from the NPUs' requested relief, Staff does not object to the NPUs' request to suspend action on the Settlement Agreement until such time as the parties' legal briefs have been filed and ruled upon. Alternatively, at the Commission's direction, Staff offers to pursue the issue of a civil penalty in a separate docket.

WHEREFORE, for the reasons set forth herein, Staff respectfully requests the Commission accept its Response to Objection of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Joint Motion for Approval of Stipulated Settlement Agreement, and issues an order either (i) granting the Joint Motion to Approve Stipulated Settlement Agreement filed on January 15, 2014; (ii) suspending action on the Settlement Agreement until such time as the parties' legal briefs have been filed and ruled upon; or (iii) direct Staff to pursue the issue of a civil penalty in a separate docket; and for any such further relief as the Commission deems just and proper.

Respectfully Submitted,

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Samuel Feather, #25475 *Litigation Counsel* Amber Smith, #23911 *Litigation Counsel* Kansas Corporation Commission 1500 S.W. Arrowhead Road Topeka, KS 66604 Phone: (785) 271-3240 Fax: (785) 271-3167

FOR COMMISSION STAFF

### **VERIFICATION**

STATE OF KANSAS ) ) ss. COUNTY OF SHAWNEE )

Amber Smith, of lawful age, being duly sworn upon her oath deposes and states that she is Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Response to Objection of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Joint Motion for Approval of Stipulated Settlement Agreement* and attests that the statements therein are true to the best of her knowledge, information and belief.

Amber Smith, S. Ct. #23911Litigation Counsel The State Corporation Commission of the State of Kansas

SUBSCRIBED AND SWORN to before me this 7 H day of February, 2014.

PAMELA J. GRIFFETH Notary Public - State of Kansas My Appl. Expires 08-17-2015

Notary Public

My Appointment Expires: august 17, 2015

### **CERTIFICATE OF SERVICE**

#### 14-ANGG-119-COM

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Staff's Response to Objection of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc. to Joint Motion for Approval of Stipulated Settlement Agreement was served by electronic service on this 7th day of February, 2014, to the following parties who have waived receipt of follow-up hard copies.

SAMUEL FEATHER, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 Fax: 785-271-3167 s.feather@kcc.ks.gov

AMBER SMITH, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 Fax: 785-271-3167 a.smith@kcc.ks.gov

FRANK A. CARO, JR., ATTORNEY POLSINELLI PC 900 W 48TH PL STE 900 KANSAS CITY, MO 64112 Fax: 913-451-6205 fcaro@polsinelli.com

JAMES P. ZAKOURA, ATTORNEY SMITHYMAN & ZAKOURA, CHTD. 7400 W 110TH ST STE 750 OVERLAND PARK, KS 66210-2362 Fax: 913-661-9863 jim@smizak-law.com BRIAN G. FEDOTIN, ADVISORY COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 Fax: 785-271-3314 b.fedotin@kcc.ks.gov

ANNE E. CALLENBACH, ATTORNEY POLSINELLI PC 900 W 48TH PL STE 900 KANSAS CITY, MO 64112 Fax: 913-451-6205 acallenbach@polsinelli.com

CARSON M. HINDERKS, ATTORNEY SMITHYMAN & ZAKOURA, CHTD. 7400 W 110TH ST STE 750 OVERLAND PARK, KS 66210-2362 Fax: 913-661-9863 carson@smizak-law.com

<u>-/S/ Pamela Griffeth</u> Pamela Griffeth Administrative Specialist