

143 FERC ¶ 61,096
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 3, 2013

In Reply Refer To:
Kansas Gas Service, a division of
ONEOK, Inc.
Docket No. PR13-18-001

Kansas Gas Service, a division of ONEOK, Inc.
c/o Alston & Bird LLP
950 F Street, NW
Washington, DC 20004

Attention: Andrea Wolfman
Counsel for Kansas Gas Service, a division of ONEOK, Inc.

Dear Ms. Wolfman:

1. On February 6, 2013,¹ pursuant to sections 284.123(b)(1) and 284.123(e) of the Commission's regulations,² you filed on behalf of Kansas Gas Service, a division of ONEOK, Inc. (KGS) both a rate election and a tariff record³ that contains a revised statement of operating conditions (SOC) proposing to update KGS's rates for interstate service to match its newly effective rates for comparable intrastate service as approved by the Kansas Corporation Commission (KCC). KGS proposes that the rates and SOC revisions become effective January 1, 2013, to conform to the effective date of its revised intrastate rates. The Commission accepts KGS's rates and the referenced tariff record effective January 1, 2013, as proposed, subject to the condition discussed below.

¹ The February 6, 2013 filing amends a filing KGS made on December 14, 2012 in Docket No. PR13-18-000, which was overtaken by events (OBE'd).

² 18 C.F.R. § 284.123(b)(1) and 284.123(e) (2012).

³ Kansas Gas Service, a division of ONEOK, Inc., FERC NGPA Gas Tariff, Kansas Gas Service, a division of ONEOK, Inc., Statement of Operating Conditions, Kansas Gas SOC, Statement of Operating Conditions, 3.0.0.

2. KGS is a Hinshaw pipeline,⁴ and has been granted a section 284.224 blanket certificate⁵ by the Commission in its Order Issuing Blanket Certificate of Limited Jurisdiction.⁶ Since its application for a blanket certificate, KGS has elected, under section 284.123(b)(1)(ii) of the Commission's regulations,⁷ to establish the same rates for interstate service as those contained in its currently effective rate schedules for comparable intrastate service on file with the KCC.

3. On May 18, 2012, KGS filed an application with the KCC to make certain changes in its rates and charges for natural gas service and changes to its General Terms and Conditions for Transportation Service (GT&C). As part of its application, KGS proposed to increase the maximum delivery charge for wholesale transportation service (WTt) under its state Rate Schedule WTt. On December 5, 2012, the KCC approved a settlement agreement for the revised rates and tariff provisions.

4. KGS states that the instant filing sets forth the state settlement rates and changes. Specifically, KGS proposes to increase the Interruptible Transportation Service (ITt) Maximum Delivery Charge from \$1.1462 per Mcf to \$1.2497 per Mcf, which is comparable to the state Rate Schedule WTt. KGS also proposes to change its SOC by: (a) revising the nomination procedure to conform to the nomination cycle in the NAESB standards; (b) changing the monthly cash out provisions to decrease the imbalance tolerances; and (c) making some ministerial revisions.

⁴ Section 1(c) of the Natural Gas Act (NGA) exempts from the Commission's NGA jurisdiction those pipelines which transport gas in interstate commerce if: (1) they receive natural gas at or within the boundary of a state; (2) all the gas is consumed within that state; and (3) the pipeline is regulated by a state Commission. This exemption is referred to as the Hinshaw exemption after the Congressman who introduced the bill amending the NGA to include section 1(c). *See ANR Pipeline Co. v. FERC*, 71 F.3d 897, 898, 315 U.S. App. D.C. 189 (1995) (historical summary of the Hinshaw exemption).

⁵ 18 C.F.R. § 284.224 (2012).

⁶ The Original Limited Jurisdiction Blanket Certificate was issued to Kansas Power and Light Company (KP&L). *See Kansas Power and Light Co.*, 20 FERC ¶ 62,456 (1982). KP&L became Western Resources, Inc. The Commission granted abandonment and certificate authorizations to transfer the authorizations held by Western Resources, Inc. to ONEOK, Inc. as a result of ONEOK acquiring Western Resources' natural gas assets. *See Western Resources, Inc., ONEOK, Inc. and WAI, Inc.*, 81 FERC ¶ 61,123 (1997). KGS, a division of ONEOK, operates under the blanket certificate of ONEOK.

⁷ 18 C.F.R. § 284.123(b)(ii) (2012).

5. Public notice of the filing was issued on February 21, 2013. Interventions and protests were due on or before February 27, 2013. Pursuant to Rule 214,⁸ all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

6. We find that the rates KGS has elected in this petition are, as required by section 284.123(b)(1) of the Commission's regulations, contained in KGS's currently effective WTt rate schedule, on file with the KCC for intrastate service. The Commission accepts KGS's SOC, effective January 1, 2013, as proposed, subject to the condition that KGS file an informational filing five years from the effective date of KGS's filing, to allow the Commission to review KGS's rates.

7. Accordingly, on or before January 1, 2018,⁹ KGS must file with the Commission either: (a) an application pursuant to 18 C.F.R. § 284.123(b)(1) seeking to establish its cost-based KCC-approved transportation rates as it rates for interstate transportation services provided under its Order No. 63 blanket certificate; or (b) a filing with cost, throughput, revenue and other data, in the form specified in section 154.313 of the Commission's regulations,¹⁰ to allow the Commission to determine whether any change in KGS's interstate transportation rates is required pursuant to section 5 of the NGA. KGS may file a petition for rate approval under section 284.123(b)(2) of the Commission's regulations to establish new maximum rates at any time within the five-year period to fulfill this periodic rate review requirement.

8. By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁸ 18 C.F.R. § 385.214 (2012).

⁹ *Contract Reporting Requirements of Intrastate Natural Gas Companies*, Order No. 735, FERC Stats. & Regs. ¶ 31,310, *order on reh'g*, Order No. 735-A, FERC Stats. & Regs. ¶ 31,318 (2010); *see also Hattiesburg Industrial Gas Sales, L.L.C.*, 134 FERC ¶ 61,236 (2011) (imposing a five-year rate review requirement on Hattiesburg Industrial Gas Sales, L.L.C. in an order approving Hattiesburg's multiple revisions to its SOC).

¹⁰ 18 C.F.R. § 154.313 (2012).