

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 11, 2003

In Reply Refer To:
Panhandle Eastern Pipeline Company
Docket No. RP98-40-034

Panhandle Eastern Pipe Line Company
5444 Westheimer Road
Houston, Texas 77056-5306

Attention: William W. Grygar, Vice President
Rates and Regulatory Affairs

Reference: Kansas Ad Valorem Tax Refund Report

Ladies and Gentlemen:

1. On May 19, 2003, Panhandle Eastern Pipe Line Company (Panhandle) filed the referenced report to comply with the requirement in the Commission's September 10, 1997 order in Docket Nos. RP97-369-000, et al.,¹ that Panhandle file an annual report showing the ad valorem tax refunds it has received and any producers that still owe refunds. The refund report is accepted as being in compliance with the Commission's order issued September 10, 1997, establishing a refund procedure for Kansas ad valorem taxes.

2. Schedule 1 of the refund report shows the status of the Non-Settling First Sellers under the Settlement in 2001 approved in Panhandle's ad valorem tax refund proceeding² along with the updated interest. Schedule 2 shows the status of several First Sellers' refund amounts related to the Missouri Public Service Commission's election to opt-out of a portion of the settlement.

¹Public Service Company of Colorado, et al., 80 FERC ¶ 61,264 (1997).

²Panhandle Eastern Pipe Line Company, et al., 96 FERC ¶ 61,274 (2001).

3. Public notice of the filing was issued on May 23, 2003, with protests due on or before May 30, 2003. IMC Global, Inc. (IMC) and Oneok Energy Resources Company (Oneok) protested the refund report. IMC and Oneok request clarification that the Commission does not consider this refund report to mean they have waived their rights to a full and fair hearing concerning the substance of Panhandle's refund claim. Both parties want to make it clear that the refund report does not determine the actual refund amount they owe.

4. The Commission affirms that the purpose of a refund report is to provide information on the status of the recovery and distribution of refunds. The refund report is not intended to be the vehicle for addressing disputes concerning the amounts of refunds attributable to a particular first seller.³ Both parties' claims are being resolved in the hearing ordered by the Commission on January 2, 2003.⁴

5. We are sending a copy of this letter to the state agencies identified below to inform them of the acceptance of the refund report.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties

Illinois Commerce Commission
527 East Capitol Ave.
P.O. Box 4905
Springfield, IL 62708

Indiana Utility Regulatory Commission
901 State Office Building
Indianapolis, IN 46204

³ See 98 FERC ¶ 61,190 (2002).

⁴ Panhandle Eastern Pipe Line Company, et al., 102 FERC ¶ 61,002 (2003).

Kansas Corporation Commission
1500 West Arrowhead Road
Topeka, KS 66604-4027

Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

Missouri Public Service Commission
Truman State Office Building
P.O. Box 360
Jefferson City, MO 65102

Ohio Public Utilities Commission
180 East Board Street
Columbus, OH 43215

Railroad Commission of Texas
P.O. Drawer 12967
Capitol Station
Austin, TX 78711-2967