

# Memorandum

To: Commissioners Kalk, Christmann and Fedorchak

From: Victor Schock Public Utility Analyst

Date: September 20, 2016

Re: Great Plains Natural Gas Co., Gas Transportation - ProGold  
Case No. PU-16-604

On August 18, 2016, Great Plains Natural Gas Co. (GP) filed for approval of its long term transportation service agreement with ProGold. GP proposes to increase the per dekatherm (dk) charge to ProGold for natural gas transportation service upon the Commission's approval of this agreement. The agreement also mandates additional per dk increases on January 1st of each year from 2018 through 2027. These increases will serve to reduce fixed costs that would otherwise be the responsibility of other GP customers.

Staff has reviewed the filing in detail along with the trade secret protected documents and historical treatment of similar agreements.

On October 9, 1995 the Commission approved the original transportation service agreement between GP and ProGold. At that time it was recommended that the next time a transportation or transmission service agreement is propped, GP should file a cost study supporting a publically offered transmission tariff on the system. Although there have been no new agreements on that system for over twenty years, staff believes the study is valuable in the consideration of this case. GP did provide staff with a cost study, which has also been reviewed.

After careful review and analysis of all submissions, staff has the following observations/suggestions:

- The proposed agreement satisfies the annual revenue requirement calculated in the cost study, along with a contribution to the overall system.
- The rates in the proposed agreement appear to be just and reasonable.
- GP does have an existing transmission tariff established. However, it was created for a very different customer profile, and has never been used.
- Staff recommends the Commission approve the agreement between GP and ProGold with the condition that GP must file updated tariff and rate schedules for all classes of service on its system no later than January 1, 2017.