



Northern Natural Gas Company
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February 19, 2007

State Senator Jay Emler
Chairman, Senate Utilities Committee
Kansas State Capitol
10th and Jackson
Topeka, KS 66612

Dear Senator Emler and Members of the Committee:

On behalf of Northern Natural Gas Company (Northern), I submit this letter in support of Senate Bill 325. Although Northern understands and embraces the importance of "open-access" gathering service that is being advanced in the bill, Northern's support of SB 325 is principally focused on section 2 of the proposed legislation that would provide standing to "any other person or entity adversely affected" allowing them to bring a complaint to the Kansas Corporation Commission asking the Commission to review "a fee, term, or practice being used by a person offering gas gathering services."

Northern is an open-access interstate natural gas pipeline regulated by the Federal Energy Regulatory Commission. Northern employs 175 full-time employees in the state of Kansas and operates, within the state, 2,100 miles of pipeline, 24 compressor stations, two underground natural gas storage facilities. In 2005, Northern paid over \$10 million in taxes to the state of Kansas. There are approximately 670 farm taps that receive service downstream from Northern's pipeline. Northern serves as the natural gas transporter from gatherers and producers to the major market areas of Kansas, Nebraska, Iowa, Minnesota, Wisconsin and Michigan.

Without the expanded scope of standing as provided in SB 325, Northern's ability to bring a complaint against harmful practices of natural gas gatherers is significantly limited. Northern believes the bill clarifies standing and would allow Northern to initiate a complaint to the Kansas Corporation Commission in instances where Northern observes that gatherers are conducting practices that create unreasonable restraints or barriers to a competitive market place. Northern and its customers have been harmed by unreasonable gathering practices but, given the current reading of K.S.A. 55-1,101 *et seq.*, Northern has not been able to get its concerns about those practices properly before the Kansas Corporation Commission. Even though the producers are typically the parties harmed, our experience has been that independent producers often times do not have the time or resources to formally file grievances with the Commission. Section 2 of SB 325 merely provides standing to other parties that may be harmed. Advancing the bill will increase the opportunity for unreasonable practices or conduct to be reviewed, remedied before the Kansas Corporation Commission and for the purposes of the law to be fully realized.

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It should be noted that the bill retains the authority of the Kansas Corporation Commission to use its discretion in entertaining a review of conduct alleged against a gas gatherer. In addition, the Commission may continue to utilize informal complaint resolution processes to address grievances brought to the Commission.

In short, any version of SB 325 advanced by the Committee should retain the expanded standing provisions that are delineated in section 2 of the current bill. By expanding standing to other parties, the Committee will ensure that there is a complaint resolution procedure in law that can be used by any party aggrieved by the conduct of natural gas gatherers. For these reasons, Northern supports advancement of SB 325 by the Committee with language similar to that found in section 2 of the bill.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Mary Kay Miller".

Mary Kay Miller
Vice President Regulatory and State Government Affairs