

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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|-----------------------------------|---|----------------------------|
| In the Matter of the joint |) | Application No. NG-0039 |
| application of Kinder Morgan, |) | |
| Inc., Houston, Texas; KM Retail |) | |
| Utilities Holdco LLC, Houston, |) | |
| Texas; Source Gas Distribution |) | |
| LLC, Lakewood, Colorado, Source |) | |
| Gas Holdings LLC, Stamford, |) | |
| Connecticut; and Source Gas LLC, |) | |
| Stamford, Connecticut; seeking |) | ORDER EXTINGUISHING ANNUAL |
| approval of (1) the proposed |) | REPORTING REQUIREMENT |
| transfer of Kinder Morgan, Inc.'s |) | |
| Nebraska Certificate of Con- |) | |
| venience and utility assets to |) | |
| Source Gas Distribution LLC; and |) | |
| (2) the proposed change of |) | |
| control of Source Gas |) | |
| Distribution LLC from Kinder |) | |
| Morgan, Inc. to Source Gas LLC. |) | Entered: October 16, 2012 |

BY THE COMMISSION:

On September 29, 2006, an Application was filed with the Nebraska Public Service Commission ("Commission") by Kinder Morgan, Inc., KM Retail Utilities Holdco LLC, Source Gas Distribution LLC f/k/a KM Retail LLC (collectively "Kinder Morgan"), Source Gas Holdings LLC and Source Gas LLC (collectively "SourceGas"), seeking approval of a transfer of Kinder Morgan's Nebraska Certificate of Public Convenience and Nebraska retail utility assets to SourceGas and a change of control of Kinder Morgan to SourceGas.

On February 12, 2007, the Applicants and Public Advocate filed with the Commission a Joint Stipulation containing Conditions of Approval ("Joint Stipulation") and resolving all issues in this proceeding between the parties. The Joint Stipulation, signed by all parties, was admitted into evidence at the February 14, 2007, hearing held on the above-captioned Application.

On February 27, 2007, the Commission entered an order approving the transfer and change of control and the Joint Stipulation, including all the applicable terms and conditions set forth in the Joint Stipulation.

Paragraph thirteen of the Joint Stipulation approved by the Commission required SourceGas, beginning in 2008, to annually

file an informational report with the Commission, with a copy to the Public Advocate, detailing the compliance status of certain commitments. In the Joint Stipulation the commitments were numbered paragraphs 1 through 10 for ease of reference. The Joint Stipulation further allowed that after the 2012 report was filed, SourceGas could apply to the Commission to have the annual reporting requirements extinguished in whole or in part.

On September 17, 2012, SourceGas filed a Motion for an order extinguishing the annual informational report filing requirement pursuant to the Joint Stipulation. In the Motion SourceGas stated it filed its 2012 informational report with the Commission on June 1, 2012. The Company further stated it believed the informational reporting requirements had served their purpose and that no need exists for the annual reporting requirement to continue.

A Hearing Officer Order entered on September 17, 2012, gave interested parties an opportunity to comment on SourceGas's Motion to discontinue the reporting requirements.

On October 1, 2012, the Public Advocate submitted comments. The Public Advocate expressed concern that the scope of the Motion to Extinguish extends beyond the obligation to file an annual report. In the comments, the Public Advocate indicated its willingness to dispense with annual reporting requirements in regards to paragraphs 1, 6, and 8, and suggests that SourceGas should be required to report on these items as part of any future general rate case. The Public Advocate recommended the requirements contained in paragraph 2 regarding notification of certain changes in the ownership structure and the first sentence of paragraph 5 regarding acknowledgement of the statutory requirement to get approval for certain indebtedness arrangements be retained. The Public Advocate also recommends reporting obligations not be annual, but arise in the event certain events occur, namely any transaction that results in a change of ownership of 10% of the voting capital stock of the SourceGas companies, similar to paragraph 4, or if SourceGas intends to pledge or otherwise encumber its Nebraska jurisdictional utility assets contrary to the conditions in paragraph 5.

The reporting requirements contained in the Joint Stipulation were intended to monitor the transition of Kinder Morgan to SourceGas. These reports were not intended to continue in perpetuity, as evidenced by the provision allowing SourceGas to seek an end to the reporting requirement after five years. Five

years have passed since the transition from Kinder Morgan to SourceGas, and SourceGas has completed two general rate case proceedings at the Commission.

Regarding the Public Advocate's concern about the scope of the Motion, the Commission's finding is confined to SourceGas' obligation to file an annual informational report as set forth in paragraph 13 and does not affect any conditions of the Joint Stipulation that may continue to survive.

Therefore, we find the requirement that SourceGas provide an annual informational report as provided in paragraph 13 of the Joint Stipulation approved in the above-captioned docket should be extinguished.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Motion of SourceGas Distribution LLC to extinguish the annual informational reporting requirements contained in paragraph 13 of the Joint Stipulation approved by the Commission in Docket No. NG-0039 be and is hereby, granted, and the annual informational reporting requirement is extinguished.

MADE AND ENTERED at Lincoln, Nebraska, this 16th day of October, 2012.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Tim Schwan
Bruce Boyer
Gerald L. Vop

//s//Rod Johnson
 //s//Frank Landis

Chairman: *Rod Johnson*

ATTEST: *Paul S. H. J.*
 Executive Director