

News from the Oklahoma Corporation Commission

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FOR IMMEDIATE RELEASE Contact: Patrick K. Petree Reference: PUD10/3/97-79

OCC Approves ONEOK-Western Resources Merger

OKLAHOMA CITY — The Oklahoma Corporation Commission has formally approved a merger of Tulsa-based ONEOK Inc. and Western Resources Inc., Topeka, Kan., that will expand the service territory of Oklahoma Natural Gas Co., a ONEOK subsidiary, and make Western Resources the largest stockholder in ONEOK.

The three commissioners indicated on Sept. 10 that they would approve the proposed merger. An order signed Friday, Oct. 3, accepted a joint agreement reached by ONEOK, Western Resources, the Corporation Commission's public utility staff, the Oklahoma Attorney General and several customers and customer groups that were parties to the merger application. The order also rejected an appeal by Ruth Huffman, a ONEOK stockholder, who claimed that ONEOK had failed to submit evidence that the merger would create savings for Oklahoma customers.

The agreement calls for Oklahoma Natural Gas to acquire the natural gas assets of Western Resources. These include service territories in northeast Oklahoma and much of Kansas that will allow Oklahoma Natural Gas to expand its customer base from 735,000 to about 1.4 million, making ONG the eighth largest gas distribution company in the United States.

Western Resources will receive a combination of common and convertible preferred stock that will make Western Resources the largest equity holder in ONEOK with 45 percent equity interest. Western Resources' electric utility and other lines of business are not a part of the merger agreement.

The Corporation Commission order said the merger agreement protects Oklahoma ratepayers from natural gas rate increases or reductions in services related to the merger. ONG agreed not to curtail services or alter contractual agreements with any Oklahoma customers to serve markets in Kansas acquired through its alliance with Western Resources. ONG also agreed to reduce Oklahoma tariff rates \$1 million after 18 months if the company has not filed an application for a rate change by that time.

The merger also needs approval from the Kansas Corporation Commission.

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[OCC Home Page](#)