



December 6, 2011

Public Company Accounting Oversight Board  
Office of the Secretary  
1666 K Street, NW  
Washington, DC 20006-2803

Re: Rulemaking Docket Matter No. 37

Dear Members of the Board:

The Audit Committee and Board of Directors of ONEOK, Inc. ("ONEOK") respectfully submits comments to the Public Company Accounting Oversight Board ("PCAOB") on its "Concept Release on Auditor Independence and Audit Firm Rotation."

ONEOK, a diversified energy company, is the general partner and owns 42.8 percent of ONEOK Partners, one of the largest publicly traded master limited partnerships, which is a leader in the gathering, processing, storage and transportation of natural gas in the U.S. and owns one of the nation's premier natural gas liquids systems. ONEOK is among the largest natural gas distributors in the United States, serving more than two million customers in Oklahoma, Kansas and Texas, also marketing natural gas and related services throughout the U.S. ONEOK is a FORTUNE 500 company and is included in Standard & Poor's 500 Stock Index. Both ONEOK and ONEOK Partners are issuers listed on the New York Stock Exchange.

We support the PCAOB's goal of improving audit quality, reducing the risk of audit failures and promoting public trust in both the financial reporting process and the auditing profession. Many improvements to the audit process have been made in furtherance of this goal since the enactment of The Sarbanes-Oxley Act of 2002, including required auditor communications with audit committees regarding auditor independence, prohibitions against hiring former auditors and prohibitions on the types of additional services auditors can provide. Each of these regulations has reinforced the distinct relationship that must exist between the auditors and the organization subject to audit scrutiny. While we welcome the PCAOB's consideration of further enhancements to its goal, we do not believe that mandatory audit firm rotation would meaningfully enhance auditor independence, objectivity and professional skepticism for the following reasons.

Conflict with Audit Committee Responsibility. Audit committees are charged with selecting, evaluating and overseeing external auditors on behalf of their boards of directors and investors. Requiring mandatory audit firm rotation would severely limit the effectiveness of audit committees by restricting the possible choices of auditors available, thereby potentially resulting in the engagement of an audit firm without the industry expertise needed to perform

ONEOK, Inc.  
100 West Fifth Street  
Tulsa, OK 74103  
[www.oneok.com](http://www.oneok.com)

its function well. Given the limited number of audit firms of sufficient size, experience, and reputation, and the fact that large companies typically engage several firms for audit and non-audit services, an unintended consequence of mandatory rotation could be the required hiring of a series of firms and regular re-shuffling of parties irrespective of the quality, expertise and capabilities of the audit service providers. This situation, which would inevitably become the responsibility of the audit committee, would serve neither the issuer nor the audit firm well, and would actually impede the PCAOB's goal of enhancing the audit process.

Potential Reduction in Audit Quality. High-quality audits are achieved when skilled professionals with deep knowledge of an issuer's business and industry apply both relevant standards and professional judgment, considering unique facts and uncertainties relevant to each issuer. Requisite knowledge is developed over time as auditors evaluate an issuer's operations, financial results, and personnel, considering the natural biases or tendencies of individuals.

Due to the unique characteristics of each issuer as well as the natural learning curve that all parties experience when change occurs, the potential for the engagement of a less experienced audit firm due to mandatory rotation requirements could actually increase the risk of audit failures. To some extent, this is already an issue with the current requirement for audit partner rotation, which we believe achieves the desired effect of ensuring independence. However, at least in the current conditions, the collective knowledge of other professionals from the same audit firm participating in the engagement provides a foundation for another partner within that firm, experienced in the industry, to take over without a significant impact on audit quality. That important knowledge base is downgraded when a different firm, whose personnel, all new to the engagement, is retained. The new auditors certainly will have less knowledge than their predecessors, which we believe increases the risk of misunderstanding, errors and potential audit failures.

This argument is not intended to suggest that a change in audit firm is never appropriate; at times such a change is in fact necessary to fulfill the commitment to quality audits. However, mandatory rotation as an absolute process without evidence to support the prudence of such a move impedes the goal for enhanced audit quality and interferes with the business judgment and legal duty of the board of a public company to provide governance on behalf of its stakeholders.

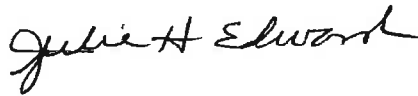
Increased Costs to Investors. Higher audit fees, which would ultimately be borne by investors, would be a certainty, as the number of hours spent by an audit firm not having the benefit of prior experience with the issuer will increase. Each successor audit firm must invest significant time to become familiar with the risks, uncertainties, processes, and personnel of a new client in order to appropriately plan and perform its audit and quarterly reviews. This will certainly lead to higher costs as each of the major audit firms will be conducting significantly more "first-time-through" audits annually, and likely will fail to realize significant efficiencies in their audit process that results from a thorough understanding of an issuer. These additional costs could be justified if the value gained were significant. However, we believe that the safeguards already in place protect auditor

independence, and do not believe that any incremental benefit from mandatory audit firm rotation justifies the significant additional expenditures and increased learning curve risks already noted.

Burden on Management Team. Issuers, too, are directly impacted by these issues. Company personnel will be required to devote significant time educating auditors about the issuer's business, processes, controls, risks and uncertainties. Company personnel will also be required to assist the new auditors in revisiting accounting conclusions made in prior periods. These demanding requirements introduce new risk into the organization by creating unnecessary distraction and frequent changes to audit planning and execution. Again, mandatory audit firm rotation would generate increased costs and higher risk to the company, in this case internal.

As we stated at the outset, we appreciate and support the PCAOB's goals of improving audit quality, reducing the risk of audit failures and promoting public trust in both the financial reporting process and auditing profession. We believe, however, that the PCAOB's regulatory oversight must be balanced against the business judgment and the duty of governance that is the legal responsibility of a corporation's board and its established committees. For the reasons laid out above, we do not believe that mandatory audit firm rotation would be an effective step in furthering the stated goals of the PCAOB. We appreciate your consideration of our comments and the opportunity to offer our views on this important topic.

Sincerely,

A handwritten signature in cursive script that reads "Julie H. Edwards".

Julie H. Edwards, Audit Committee Chair  
On behalf of the Board of Directors  
ONEOK, Inc.