

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Kansas)
Gas Service, a Division of ONE Gas, Inc.)
for Approval by the Commission to Revise) Docket No. 23-KGSG-____-TAR
Section 7 of Kansas Gas Service’s General)
Terms and Conditions.)

**APPLICATION TO REVISE SECTION 7 OF
KANSAS GAS SERVICE’S GENERAL TERMS AND CONDITIONS**

Kansas Gas Service, a Division of ONE Gas, Inc., (“Kansas Gas Service” or “Company”) pursuant to K.S.A. 66-117, respectfully applies to revise Section 7 of its General Terms and Conditions (“GT&C”) to use an average embedded cost for service line installations and replacements, as well as certain customer-requested work. In support thereof, Kansas Gas Service states the following to the State Corporation Commission of the State of Kansas (“Commission”):

I. DESCRIPTION OF KANSAS GAS SERVICE

1. Kansas Gas Service is a natural gas public utility operating in the state of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Kansas Gas Service’s principal place of business within the state of Kansas is located at: 7421 West 129th Street, Overland Park, Kansas 66213.

II. COMMUNICATION

2. The names and contact information of the persons authorized to receive pleadings, notices, orders, correspondence, and other communications regarding this Application are:

Robert Elliott Vincent
Managing Attorney
Kansas Gas Service
A Division of ONE Gas, Inc.
7421 W. 129th Street
Overland Park, Kansas 66213
robert.vincent@onegas.com
Phone: 913-319-8615

Janet Buchanan
Director of Rates & Regulatory Reporting
Kansas Gas Service
A Division of ONE Gas, Inc.
7421 W. 129th Street
Overland Park, Kansas 66213
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Phone: 913-319-8662

III. REQUEST TO REVISE GT&C SECTION 7

3. Section 7 of Kansas Gas Service's GT&C contains the Company's Service Obligations. Kansas Gas Service is requesting to revise two of these provisions. GT&C 7.09 outlines when customers reimburse Kansas Gas Service for changes to Company facilities. Kansas Gas Service proposes to use its average embedded cost when calculating service line reconnections, relocations, abandonments, and meter relocations. GT&C 7.04.03(2) establishes customer allowances for service line installations or replacements. Kansas Gas Service proposes to use its average embedded cost when calculating this allowance. Redlined and clean copies of Kansas Gas Service's proposed revisions are attached hereto as Exhibit A and incorporated herein.

A. Witness Introduction

4. Lorna M. Eaton is a Manager in Kansas Gas Service's Rates and Regulatory Department. Ms. Eaton testifies in support of Kansas Gas Service's proposed tariff changes. Specifically, Ms. Eaton summarizes the Company's proposed changes, details the history behind the Company's current tariff and why revisions are reasonable, and outlines how the Company will calculate its average embedded cost.

B. Using Average Embedded Cost for Customer Requested Relocations or Upgrades

5. GT&C 7.09 outlines when customers reimburse Kansas Gas Service for changes to Company's facilities. If a customer requests the location of the Company's meter or other equipment be changed, the Customer reimburses the Company for the cost of this work. Kansas Gas Service proposes *de minimis* revisions to GT&C 7.09 to clarify this provision includes equipment upgrades, mains, and service lines.¹ Kansas Gas Service proposes to use an average embedded cost to calculate customer reimbursement for:

¹ Equipment upgrades, mains, and service lines are encompassed within GT&C 7.09's use of "other equipment." This revision is intended to aid Kansas Gas Service's customers review of the Company's service obligations.

- a. service lines 1¼-inch in diameter or less;
- b. meter relocations, and
- c. service line abandonments (with a reimbursement limitation of 1/3 the average embedded cost).

6. Kansas Gas Service proposes to use its average embedded cost for service lines calculated using the Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts. As Ms. Eaton testifies, Kansas Gas Service proposes to take the gross plant the Company has in FERC Accounts 380, 381, 382, 383, 384, and 385 for the period ending December 31, of the previous calendar year, and then dividing the amount by the average number of customers of the previous calendar year. Kansas Gas Service proposes to update its average embedded cost calculation no later than May 1 of each year and submit such to the Commission.

7. Ms. Eaton testifies Kansas Gas Service has tracked these costs for several years and determined the average of actual costs billed to customers is similar to its average embedded cost. Moving to using an average embedded cost methodology allows customers to have more certainty on their project costs while also reducing Kansas Gas Service’s administrative burden of quantifying individual customer-requested jobs. Implementing an annual recalculation ensures customers are charged the most updated amount for customer-requested service line and meter work.

C. Revising Customer Allowances to Average Imbedded Cost

8. GT&C 7.04.03(2) sets customer allowances for service line installations or replacements. Customer allowances are based on the size of their service line:

- a. Customers who receive service through piping 1¼-inch in diameter *or less* are provided a 200-foot allowance. If a service line and/or yard line installation or replacement exceeds 200 feet, customers are billed \$4.54 per foot for the portion of the line exceeding 200 feet.

- b. Customers who receive service through piping *greater than* 1¼-inch are billed for the actual construction cost minus an allowance of up to \$908. The \$908 allowance ensures customers receive the same financial allowance regardless of pipe diameter (e.g., 200 x \$4.54 = \$908).

9. Kansas Gas Service proposes to use its average embedded cost for service lines to calculate the allowance in GT&C 7.04.03(2). The cost-per-foot outlined in GT&C 7.04.03(2) was last updated in Docket No. 13-KGSG-615-TAR – over nine years ago. At the time, \$4.54 per-foot was based on the weighted average of what Kansas Gas Service paid to its construction contractors for service line installations or replacements.² Similar to customer-requested work in GT&C 7.09, Ms. Eaton testifies utilizing an average embedded cost would allow the service line / yard line allowance to be updated annually, which is more appropriate than infrequent tariff filings. As Ms. Eaton notes, the general methodology for service line / yard line allowances would remain unchanged. Rather, the cost-per-foot would be updated no later than May 1 of each calendar year when the Company submits updated average embedded cost data.

IV. CONCLUSION

10. Kansas Gas Service proposes to use its average embedded cost when calculating customer allowances for service and yard line installations and replacements. Kansas Gas Service also proposes to use its average embedded cost for calculating Company reimbursement for customer-requested service line and meter work. Using annually updated average embedded cost data in these instances ensures costs are transparently displayed and appropriately recovered.

WHEREFORE, for the reasons set forth herein, Kansas Gas Service respectfully requests the Commission issue an Order approving the Company’s proposed revisions to GT&C 7, attached hereto as Exhibit A, and for any other relief the Commission deems just and reasonable.

² See Application for Kansas Gas Service, a division of ONEOK, Inc., Docket No. 13-KGSG-615-TAR, p. 2 (Apr. 9, 2013); See also Staff’s Report and Recommendation, Docket No. 13-KGSG-615-TAR, p. 2 (Jun. 12, 2013).

Respectfully submitted,

/s/ **Robert Elliott Vincent**

Robert Elliott Vincent, KS Bar #26028

Managing Attorney

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ATTORNEY FOR

KANSAS GAS SERVICE

A DIVISION OF ONE GAS, INC.

Kansas Gas Service, a Division of ONE Gas, Inc.

SCHEDULE **GTC7**

All Rate Areas

~~Replacing Sheets 1-7, In Part~~
~~Replacing Sheets 1-5, In Part~~

No supplement or separate understanding shall modify the tariff as shown herein.

Sheet 1 of 6

General Terms and Conditions for Gas Service

7. Company's Service Obligations

7.01 Information Regarding Service: Company cooperates with contractors, individuals, other utilities and the Commission by participating in the "Kansas One-Call System, Inc." The purpose of the system is to disseminate fast accurate information at no cost regarding the location of underground facilities. Additionally, Company will furnish information regarding the location of its mains and the Character of Service available to any location upon request at any of its offices.

7.02 Equipment Furnished by Company

7.02.01 Company shall furnish all necessary shut off valves, regulators, relief valves, meters, meter settings and service lines to serve Customers.

7.02.02 All facilities furnished and installed by Company on the premises of Customer for the supplying of service to Customer shall be and remain the exclusive property of Company.

7.02.03 All Company-owned facilities on the premises of Customer shall be operated by and maintained at the expense of Company. Such facilities may be replaced by Company at any time and may be removed by Company upon termination of Customer's service agreement or upon discontinuance of service as provided in Section 5 Discontinuance of Service.

7.03 Meter Locations

7.03.01 New Meter Installations

(1) **Residential and Small Nonresidential Meters:** Company's general policy is to place new Residential and small Nonresidential meters at the building wall. Company may, however, at its sole discretion, place the meter at either the building wall or the property line or in an easement.

(2) **Large Nonresidential Meters:** All new meter set locations for large Nonresidential Customers will be determined by mutual agreement between Customer and Company. Any such location must provide for an adequate margin of safety from public road and in-plant traffic.

Customer shall have the duty to notify Company in writing of any changes in traffic patterns or other conditions which subsequently render any agreed-upon location unsafe.

7.03.02 Existing Meters: When replacing a Service Line or Yard Line, an existing inside or outside meter may be relocated at Company's option in

Issued:	<u>November 29, 2016</u>	<p>16-KGSG-491-RTS Approved Kansas Corporation Commission December 28, 2016 /S/ Amy L. Green</p>
Effective:	<u>January 1, 2017</u>	
By:	<u>/S/</u> <u>David N. Dittmore, Director - Regulatory Affairs</u>	

Kansas Gas Service, a Division of ONE Gas, Inc.

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General Terms and Conditions for Gas Service

accordance with its policies for new installations as provided in Subsection 7.03.01, New Meter Installations.

7.03.03 **Inside Meters:** Inside metering shall be prohibited except when, in Company's judgment, it is not practicable to locate the meter outside the building.

7.04 **Service Lines and Yard Lines**

7.04.01 **Leak Surveys**

- (1) Service Lines and Yard Lines shall be periodically leak surveyed by Company at its expense.
- (2) Leak surveys shall be performed in accordance with applicable laws and regulations of the regulatory bodies having jurisdiction in such matters.
- (3) Company shall not assume any ownership responsibility of customer-owned lines based only on leak survey or maintenance activities being performed.

7.04.02 **Service Line and Yard Line Maintenance**

- (1) Company or Company Agent shall perform, at Company's expense, all maintenance of Company-owned and/or Customer-owned Service Lines and Yard Lines, when the need for such becomes apparent to Company.
- (2) If a customer-owned Service/Yard Line is in need of repair, or, if it has been declared to be a potential safety hazard by Company, Company may, at its option, replace the line instead of repairing it.
- (3) If it is necessary to replace the Service/Yard Line, Customer shall be deemed to have granted Company an easement for such line unless Customer requests termination of service. This replacement shall be done in accordance with Subsection 7.04.03 Service Line and Yard Line Installation or Replacement.
- (4) Any additional Service Line and/or Yard Line required shall also be installed by Company or Company-authorized personnel and shall be owned, operated and maintained by Company.

7.04.03 **Service Line and Yard Line Installation or Replacement**

- (1) Company shall furnish or replace, at its own expense, that portion of

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the service line which lies in the public street or right of way, and which extends from the gas main to the customer's property line.

(2) For piping 1 ¼ inch in diameter or less, the Customer receiving service shall be billed for additional Service and/or Yard Line installation or replacement at the cost of ~~\$4.54-7.32~~ per foot in excess of 200 feet, which is the Average Embedded Cost per Service Line per foot as specified in section 7.09. For piping greater than 1 ¼ inch in diameter, the customer receiving service shall be billed for actual construction costs minus an allowance of up to ~~\$9081,464~~ per ~~S~~service ~~L~~line, equal to the Average Embedded Cost per Service Line in section 7.09. This allowance shall not exceed the actual construction costs.

(a) Customer shall also be billed for any construction costs including labor, overheads and material used in unusual construction conditions including but not limited to piping that is to be installed in frozen ground, rock, under paved areas or other obstructions, regardless of Service Line/Yard Line length.

(b) A copy of Company's estimate showing the costs of labor, overheads and material required to perform the work hereunder shall be furnished to customer upon request prior to construction, unless safety conditions are to be addressed and the response does not afford the opportunity to prepare an estimate.

(3) All replacements of Customer-owned Service/Yard Lines shall be performed by Company or Company-authorized personnel and shall thereafter be owned, operated and maintained by Company.

(4) Replacement of Customer-owned Service/Yard Lines will occur in accordance with Company's schedule and the requirements of regulatory authorities having jurisdiction herein.

(5) Billing and Payment Options

(a) For installations or replacements of service lines 1 ¼ inch in diameter or less where the excess costs exceed \$500, Company may, after giving due consideration to the total costs and Customer's ability to make the required payment, enter into a special payment agreement with Customer to permit payment over a period of up to 36 months.

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General Terms and Conditions for Gas Service

- (b) For installations or replacements of service lines greater than 1¼ inch in diameter where costs exceed \$500, Company will present Customer a bill which will be due and payable upon receipt.
- (c) For new Service Line and Yard Line Installations where costs are estimated to be \$500 or less, Company will present Customer a bill for such costs, which shall be due and payable upon receipt. Upon payment, Company shall install or cause to be installed, the required lines.
- (d) For replacement of customer-owned lines where costs are \$500 or less, Customer will be billed for such costs, which shall be due and payable upon receipt. Customer may be permitted to pay the balance in equal monthly installments over a period not to exceed 12 months.
- (e) Customer's failure to pay the excess costs in accordance with the pay agreement shall be sufficient cause to discontinue service to Customer upon due notice and in accordance with these General Terms and Conditions.

7.05 **Company Liability:** Customer shall save Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the Service Line, Yard Line and other necessary appurtenances to serve Customer unless it shall affirmatively appear that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of Company or its accredited personnel.

Company may refuse or discontinue service if an inspection or test reveals leakage, escape or loss of gas on customer's premises. Company will not be liable for any loss, damage or injury whatsoever caused by such leakage, escape or loss of gas from Customer's Service Line, Yard Line, Ancillary Lines, house piping, appliances or other equipment.

Company shall not be liable to Customer for any damages, consequential or otherwise, caused by external forces not within the exclusive control of the Company.

7.06 **Exclusions:** Company shall have no obligation to perform leak surveys or to provide cathodic protection on a Customer-Owned Distribution Network.

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- 7.07 **Inspection and Testing of Customer's Facilities:** After the commencement of service, Company's obligations regarding inspection of Customer-owned Service Lines and Yard Lines will be governed by the applicable provisions of Subsection 7.04, Service Lines and Yard Lines. Company will not otherwise be obligated to inspect Customer's facilities, although at its discretion Company shall have the right to inspect and test Customer's facilities for suspected unsafe conditions at any time.
- 7.08 **Continuity of Service:** Company will use reasonable diligence to supply steady and continuous gas service at the point of delivery, but will not be liable to Customer for any damages occasioned by irregularities or interruptions, except when directly and proximately caused by the reckless, willful or wanton act of Company, its Agents or employees.
- 7.09 Relocation or Upgrades of Company's Equipment at Customer's Request: Customer shall consult Company before causing or permitting any construction over any Company owned facility. Customer shall not enclose any exposed portion of Company owned facilities. Company shall require Customer reimbursement of any costs due to a change in the location of mains, meters, Service Lines, upgrades, or other equipment made at the request of Customer. Company's equipment will be removed or relocated only by Company authorized personnel.
 - 1) Average Embedded Cost per Service Line: Company shall be reimbursed the Average Embedded Cost per Service Line for customer requested Service Line reconnection(s) and/or relocation(s) of pipe sizing 1 ¼ inch or less and meter relocation(s).
 - 2) Average Embedded Cost per Service Line = S/C = \$1,464
 - a. Where S = services, meters and meter installations of Company distribution plant in service for period ending December 31, of the previous calendar year. (Account Nos. 380, 381, 382, 383, 384, and 385).
 - b. Where C = Average number of customers for the previous calendar year.
 - 3) For Service Line abandonment only, the Company shall be reimbursed 1/3 of the Average Embedded Cost.
- 7.094) Annually, no later than May 1, the Company shall submit to the Commission the computed Average Embedded Cost per Service Line.
- 7.10 **Company's Responsibility:** Company assumes no responsibility for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through Company's Point of Delivery and will not be responsible for the inspection or repair of defects in Customer's piping, fixtures, or appliances in or on Customer's premises, and will not be responsible for any injury, loss or damage resulting from such defects or improper installation.

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In accordance with its normal work procedures, Company shall exercise reasonable care when installing, maintaining or replacing Company facilities located on Customer's premises. However, beyond such normal procedures, Company assumes no responsibility for trespass, injury to persons, or damage to lawns, trees, shrubs, building or other property that may be caused by reason of or related to installation, maintenance or replacement of Company's facilities to serve Customer, unless it shall be shown affirmatively that the injury to persons or damage to property complained of, has been caused by willful default or negligence on the part of Company.

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7. Company's Service Obligations

7.01 **Information Regarding Service:** Company cooperates with contractors, individuals, other utilities and the Commission by participating in the "Kansas One-Call System, Inc." The purpose of the system is to disseminate fast accurate information at no cost regarding the location of underground facilities. Additionally, Company will furnish information regarding the location of its mains and the Character of Service available to any location upon request at any of its offices.

7.02 Equipment Furnished by Company

7.02.01 Company shall furnish all necessary shut off valves, regulators, relief valves, meters, meter settings and service lines to serve Customers.

7.02.02 All facilities furnished and installed by Company on the premises of Customer for the supplying of service to Customer shall be and remain the exclusive property of Company.

7.02.03 All Company-owned facilities on the premises of Customer shall be operated by and maintained at the expense of Company. Such facilities may be replaced by Company at any time and may be removed by Company upon termination of Customer's service agreement or upon discontinuance of service as provided in Section 5 Discontinuance of Service.

7.03 Meter Locations

7.03.01 New Meter Installations

(1) **Residential and Small Nonresidential Meters:** Company's general policy is to place new Residential and small Nonresidential meters at the building wall. Company may, however, at its sole discretion, place the meter at either the building wall or the property line or in an easement.

(2) **Large Nonresidential Meters:** All new meter set locations for large Nonresidential Customers will be determined by mutual agreement between Customer and Company. Any such location must provide for an adequate margin of safety from public road and in-plant traffic.

Customer shall have the duty to notify Company in writing of any changes in traffic patterns or other conditions which subsequently render any agreed-upon location unsafe.

7.03.02 **Existing Meters:** When replacing a Service Line or Yard Line, an existing inside or outside meter may be relocated at Company's option in

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General Terms and Conditions for Gas Service

accordance with its policies for new installations as provided in Subsection 7.03.01, New Meter Installations.

7.03.03 **Inside Meters:** Inside metering shall be prohibited except when, in Company's judgment, it is not practicable to locate the meter outside the building.

7.04 **Service Lines and Yard Lines**

7.04.01 **Leak Surveys**

- (1) Service Lines and Yard Lines shall be periodically leak surveyed by Company at its expense.
- (2) Leak surveys shall be performed in accordance with applicable laws and regulations of the regulatory bodies having jurisdiction in such matters.
- (3) Company shall not assume any ownership responsibility of customer-owned lines based only on leak survey or maintenance activities being performed.

7.04.02 **Service Line and Yard Line Maintenance**

- (1) Company or Company Agent shall perform, at Company's expense, all maintenance of Company-owned and/or Customer-owned Service Lines and Yard Lines, when the need for such becomes apparent to Company.
- (2) If a customer-owned Service/Yard Line is in need of repair, or, if it has been declared to be a potential safety hazard by Company, Company may, at its option, replace the line instead of repairing it.
- (3) If it is necessary to replace the Service/Yard Line, Customer shall be deemed to have granted Company an easement for such line unless Customer requests termination of service. This replacement shall be done in accordance with Subsection 7.04.03 Service Line and Yard Line Installation or Replacement.
- (4) Any additional Service Line and/or Yard Line required shall also be installed by Company or Company-authorized personnel and shall be owned, operated and maintained by Company.

7.04.03 **Service Line and Yard Line Installation or Replacement**

- (1) Company shall furnish or replace, at its own expense, that portion of the service line which lies in the public street or right of way, and

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General Terms and Conditions for Gas Service

which extends from the gas main to the customer's property line.

- (2) For piping 1 ¼ inch in diameter or less, the Customer receiving service shall be billed for additional Service and/or Yard Line installation or replacement at the cost of \$7.32per foot in excess of 200 feet, which is the Average Embedded Cost per Service Line per foot as specified in section 7.09. For piping greater than 1 ¼ inch in diameter, the customer receiving service shall be billed for actual construction costs minus an allowance of up to \$1,464 per Service Line, equal to the Average Embedded Cost per Service Line in section 7.09 This allowance shall not exceed the actual construction costs.
 - (a) Customer shall also be billed for any construction costs including labor, overheads and material used in unusual construction conditions including but not limited to piping that is to be installed in frozen ground, rock, under paved areas or other obstructions, regardless of Service Line/Yard Line length.
 - (b) A copy of Company's estimate showing the costs of labor, overheads and material required to perform the work hereunder shall be furnished to customer upon request prior to construction, unless safety conditions are to be addressed and the response does not afford the opportunity to prepare an estimate.
- (3) All replacements of Customer-owned Service/Yard Lines shall be performed by Company or Company-authorized personnel and shall thereafter be owned, operated and maintained by Company.
- (4) Replacement of Customer-owned Service/Yard Lines will occur in accordance with Company's schedule and the requirements of regulatory authorities having jurisdiction herein.
- (5) **Billing and Payment Options**
 - (a) For installations or replacements of service lines 1 ¼ inch in diameter or less where the excess costs exceed \$500, Company may, after giving due consideration to the total costs and Customer's ability to make the required payment, enter into a special payment agreement with Customer to permit payment over a period of up to 36 months.
 - (b) For installations or replacements of service lines greater than 1¼ inch in diameter where costs exceed \$500, Company will

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General Terms and Conditions for Gas Service

present Customer a bill which will be due and payable upon receipt.

- (c) For new Service Line and Yard Line Installations where costs are estimated to be \$500 or less, Company will present Customer a bill for such costs, which shall be due and payable upon receipt. Upon payment, Company shall install or cause to be installed, the required lines.
- (d) For replacement of customer-owned lines where costs are \$500 or less, Customer will be billed for such costs, which shall be due and payable upon receipt. Customer may be permitted to pay the balance in equal monthly installments over a period not to exceed 12 months.
- (e) Customer's failure to pay the excess costs in accordance with the pay agreement shall be sufficient cause to discontinue service to Customer upon due notice and in accordance with these General Terms and Conditions.

7.05 **Company Liability:** Customer shall save Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the Service Line, Yard Line and other necessary appurtenances to serve Customer unless it shall affirmatively appear that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of Company or its accredited personnel.

Company may refuse or discontinue service if an inspection or test reveals leakage, escape or loss of gas on customer's premises. Company will not be liable for any loss, damage or injury whatsoever caused by such leakage, escape or loss of gas from Customer's Service Line, Yard Line, Ancillary Lines, house piping, appliances or other equipment.

Company shall not be liable to Customer for any damages, consequential or otherwise, caused by external forces not within the exclusive control of the Company.

7.06 **Exclusions:** Company shall have no obligation to perform leak surveys or to provide cathodic protection on a Customer-Owned Distribution Network.

7.07 **Inspection and Testing of Customer's Facilities:** After the commencement of service, Company's obligations regarding inspection of Customer-owned Service Lines and Yard Lines will be governed by the applicable provisions of Subsection 7.04, Service Lines and Yard Lines. Company will not otherwise be obligated to inspect Customer's facilities,

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General Terms and Conditions for Gas Service

although at its discretion Company shall have the right to inspect and test Customer's facilities for suspected unsafe conditions at any time.

7.08 **Continuity of Service:** Company will use reasonable diligence to supply steady and continuous gas service at the point of delivery, but will not be liable to Customer for any damages occasioned by irregularities or interruptions, except when directly and proximately caused by the reckless, willful or wanton act of Company, its Agents or employees.

7.09 **Relocation or Upgrades of Company's Equipment at Customer's Request:** Customer shall consult Company before causing or permitting any construction over any Company owned facility. Customer shall not enclose any exposed portion of Company owned facilities. Company shall require Customer reimbursement of any costs due to a change in the location of mains, meters, Service Lines, upgrades, or other equipment made at the request of Customer. Company's equipment will be removed or relocated only by Company authorized personnel.

1) **Average Embedded Cost per Service Line:** Company shall be reimbursed the Average Embedded Cost per Service Line for customer requested Service Line reconnection(s) and/or relocation(s) of pipe sizing 1 ¼ inch or less and meter relocation(s).

2) Average Embedded Cost per Service Line = $S/C = \$1,464$

a. Where S = services, meters and meter installations of Company distribution plant in service for period ending December 31, of the previous calendar year. (Account Nos. 380, 381, 382, 383, 384, and 385).

b. Where C = Average number of customers for the previous calendar year.

3) For Service Line abandonment only, the Company shall be reimbursed 1/3 of the Average Embedded Cost.

4) Annually, no later than May 1, the Company shall submit to the Commission the computed Average Embedded Cost per Service Line.

7.10 **Company's Responsibility:** Company assumes no responsibility for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through Company's Point of Delivery and will not be responsible for the inspection or repair of defects in Customer's piping, fixtures, or appliances in or on Customer's premises, and will not be responsible for any injury, loss or damage resulting from such defects or improper installation.

In accordance with its normal work procedures, Company shall exercise reasonable care when installing, maintaining or replacing Company facilities located on Customer's premises. However, beyond such normal procedures, Company assumes no responsibility for trespass, injury to persons, or damage to lawns, trees, shrubs, building or other property that may be caused by reason of or related to installation, maintenance or replacement of Company's facilities to serve Customer, unless it shall be

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THE STATE CORPORATION COMMISSION OF KANSAS

Exhibit A

Index 7.6

Kansas Gas Service, a Division of ONE Gas, Inc.

All Rate Areas

SCHEDULE **GTC7**

Replacing Sheets 1-5, In Part

No supplement or separate understanding shall modify the tariff as shown herein.

Sheet 6 of 6

General Terms and Conditions for Gas Service

shown affirmatively that the injury to persons or damage to property complained of, has been caused by willful default or negligence on the part of Company.

<p>Issued: _____ Effective: _____ By: _____</p>	
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In the Matter of the Application of Kansas)
Gas Service, A Division of ONE Gas, Inc. for)
Tariff Changes Regarding Company) DOCKET NO. 23-KGSG-____-TAR
Obligations contained in Section 7 of Kansas)
Gas Service's General Terms & Conditions.)
)

DIRECT TESTIMONY
OF
LORNA M. EATON
ON BEHALF OF
KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.

DIRECT TESTIMONY

OF

LORNA M. EATON

KANSAS GAS SERVICE

DOCKET NO. 23-KGSG-____-TAR

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Lorna M. Eaton. My business address is 7421 West 129th Street,
3 Overland Park, Kansas, 66213.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Kansas Gas Service, a Division of ONE Gas, Inc., (“KGS” or the
6 “Company”), as a Manager in the Rates and Regulatory Department.

7 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
8 **EXPERIENCE.**

9 A. I began my employment with Kansas Gas Service in 2000, as an Accountant in the
10 General Accounting Department and moved to the Financial Planning Department as
11 a Budget Analyst. In 2010, I joined the Rates and Regulatory Department as a Rates
12 Analyst and began my current position in June 2015. I earned a Bachelor of Science
13 degree in Geology from Kansas State University.

14 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT**
15 **SUPERVISIONS?**

16 A. Yes, it was.

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

18 A. Yes. I have provided written testimony on numerous occasions.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. The purpose of my testimony is to support the proposed tariff changes of the
2 Company. KGS is proposing modifications to Section 7 (Company's Service
3 Obligations) of the Company's General Terms and Conditions for Gas Service tariff.
4 Within the changes to Section 7, the Company is proposing a new method for
5 calculating and updating costs related to Service Line installation or replacement for
6 footage more than 200 feet, as well as the costs related to customer requested
7 relocation of Company assets.

8 **Q. PLEASE SUMMARIZE THE CHANGES TO SECTIONS 7.04 and 7.09.**

9 A. KGS is requesting to change how the charge for customer requested relocations or
10 upgrades of Company equipment is determined. Instead of billing the actual cost to
11 move or upgrade the equipment, KGS is requesting to begin using an Average
12 Embedded Cost per Service Line to calculate the bill for the customer. The Average
13 Embedded Cost would be calculated by taking the amount of gross plant the Company
14 has in FERC Accounts 380, 381, 382, 383, 384, and 385 and dividing the amount by
15 the average number of customers for the computation period. KGS is also proposing
16 to use the Average Embedded Cost per foot for Service Line replacements greater
17 than 200 feet.

18 **Q. WHAT IS THE RATIONALE OF MOVING TO THE AVERAGE EMBEDDED COSTS?**

19 A. Currently, when customers request relocation of Company assets, they are charged
20 the actual cost of each project. KGS has tracked these actual costs over the last
21 several years and has determined that the average of actual costs that are billed to
22 customers is similar to the Average Embedded Cost described above. By moving to
23 the Average Embedded Cost, customers would have certainty on what a project would
24 cost, and KGS could reduce the administrative costs to quantify the amount to bill each

1 customer requested job. By updating the embedded cost calculation on an annual
2 basis, customers would continue to be charged the most updated amount.

3 **Q. HOW DOES THIS RELATE TO THE SERVICE LINE COSTS PROPOSED IN**
4 **SECTION 7.04.03**

5 A. KGS updated the cost a customer paid per foot of service line replacements greater
6 than 200 feet in Docket 13-KGSG-615-TAR. KGS has not made an update to the cost
7 charged to a customer since that time. KGS advocates that instead of infrequent
8 updates to the costs of installation of Service and/or Yard Lines, it would be
9 appropriate to charge the Average Embedded Cost per foot that is being proposed to
10 allow the price to be refreshed more frequently.

11 **Q. HOW DOES THIS CHANGE IMPACT THE COSTS FOR PIPING GREATER THAN**
12 **1 ¼ IN DIAMETER.**

13 A. For piping that is greater than 1 ¼ diameter, the Customer had been responsible for
14 the actual construction costs greater than \$908. The \$908 was equal to the original
15 \$4.54 times 200 feet, or the estimated cost of an average service line. Keeping with
16 that same methodology in charging customers, KGS is proposing that the allowance
17 be tied to the Average Embedded cost per service line that is described in section
18 7.09. This average embedded cost would be updated on an annual basis and likewise
19 the allowance afforded to the Customer would be updated to correspond to the
20 changes in costs.

21

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

Lorna M. Eaton, being duly sworn upon her oath, deposes and states that she is Manager, Rates and Regulatory Department for Kansas Gas Service, a Division of ONE Gas, Inc.; that she has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information, and belief.

Lorna M Eaton
Lorna M. Eaton

Subscribed and sworn to before me this 23 day of August 2022.

Stephanie Fleming
NOTARY PUBLIC

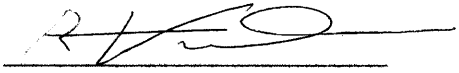
My appointment Expires:
6/5/26



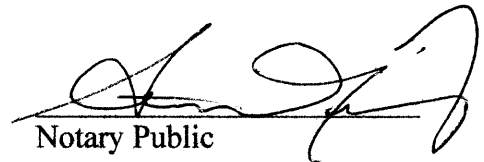
VERIFICATION

STATE OF KANSAS)
) ss
COUNTY OF JOHNSON)

Robert Vincent of lawful age, being first duly sworn upon oath, deposes and states: That she is an attorney for Kansas Gas Service, a Division of ONE Gas, Inc.; that she has read the above and foregoing *Application To Revise Section 7 of Kansas Gas Service's General Terms and Conditions* and that the statements therein contained are true according to her knowledge, information and belief.


Robert Elliott Vincent

Subscribed and sworn before me this 26th day of August, 2022.


Notary Public

My Appointment Expires: 6/5/26



CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing *Application To Revise Section 7 of Kansas Gas Service's General Terms and Conditions* was forwarded this 26th day of August, 2022, addressed to:

David Nickel
Consumer Counsel
Citizens' Utility Ratepayer Board
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Topeka, KS 66604

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/s/ Robert Elliott Vincent
Robert Elliott Vincent