

**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)
Adjustment of its Natural Gas Rates in the) Docket No. 24-KGSG- 610 -RTS
State of Kansas.)

**DIRECT TESTIMONY
OF
SEAN C. POSTLETHWAIT
ON BEHALF OF KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.**

MARCH 1, 2024

DIRECT TESTIMONY
OF
SEAN C. POSTLETHWAIT
ON BEHALF OF KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.
DOCKET NO. 24-KGSG-___-RTS

1 **I. Position and Qualifications**

2 **Q. Please state your name and business address.**

3 A. My name is Sean C. Postlethwait, and my business address is 7421 W. 129th Street,
4 Overland Park, Kansas 66213.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Vice President of Operations for Kansas Gas Service (“KGS” or the
7 “Company”), which is a division of ONE Gas, Inc. (“ONE Gas”).

8 **Q. Please describe your education and professional experience.**

9 A. As Vice President of Operations, I have primary responsibility for leading KGS’s Field
10 Operations in those areas within Kansas that are served by the Company. These
11 responsibilities include:

- 12 • Construction and maintenance on KGS’s distribution;
- 13 • Field customer service;
- 14 • Meter reading;
- 15 • Collections;
- 16 • Compliance-related activities; and
- 17 • Operations and maintenance (“O&M”) and capital budgets.

1 I have a Bachelor of Science Degree in Business and I began my career in the utility
2 industry as a maintenance worker with KG&E, Western Resources in 1990. I held this
3 position until 1997 when I accepted a position as a Tech Analyst with Westar/Kansas
4 Gas Service, responsible for engineering and design of new and replacement projects,
5 district regulator stations, and large meter installations. In 1998, I was promoted to a
6 supervisor position with KGS and became responsible for supervising Company and
7 contract crews. Between 1998 and 2008, I continued to assume positions of
8 increasing responsibility until being named as Director of South-East and South-
9 Central Kansas field operations where I was responsible for all required field
10 operations, including the safety, regulatory compliance and budget for the Company's
11 South-East and South-Central Kansas area. In 2013, and continuing through mid-
12 2018, I served the Company as Director of Field Services for the Outside Areas. In
13 this position, my area of responsibilities expanded to include 17 Outside Area divisions
14 located in Kansas and Northeast Oklahoma. In 2018, I held the position of Managing
15 Director of Field Operations before being promoted in 2019, to my current position of
16 Vice President of Operations.

17 **Q. Was this testimony prepared by you or under your direct supervision?**

18 A. Yes, it was.

19 **Q. Have you previously testified before the Kansas Corporation Commission**
20 **("Commission")?**

21 A. Yes.

22 **II. Executive Summary**

23 **Q. What is the purpose of your testimony?**

24 A. My testimony provides an overview of the Company's operations in Kansas with a
25 focus on the Company's efforts to continue to provide safe and reliable service. I

1 identify the factors driving the need for our requested rate increase, including a
2 summary of the most significant costs KGS has incurred and a review of the steps that
3 have been taken to maintain expenses at a level appropriate for providing safe and
4 reliable service to customers. The detailed financial information underlying the request
5 will be provided by the Company's other witnesses. I also provide an update on the
6 Company's compliance activities and introduce the Company witnesses who will
7 provide additional support for the request.

8 **Q. Please provide a summary of the Company's request.**

9 A. KGS is requesting an overall revenue increase of approximately \$93.1 million. This
10 request proposes to increase our current base rates \$58.1 million, and move
11 approximately \$35 million currently collected through the Gas System Reliability
12 Surcharge ("GSRS") to base rates. The request results in an approximate increase to
13 the average residential customer of \$7.87 per month (net of the current GSRS).¹

14 The Company is also requesting:

- 15 (1) renewal of a cyber-security expense tracker to defer amounts over or under
16 that amount included in base rates until the Company's next rate case;
- 17 (2) implementation of a performance-based ratemaking mechanism;
- 18 (3) adoption of a rate design that provides for two rate options for residential
19 customers;
- 20 (4) approval of new depreciation rates;
- 21 (5) realignment of small transportation service rates and the general sales service
22 transport eligible rates; and,
- 23 (6) miscellaneous language changes to the Company's tariffs.

¹ This increase is calculated using data from Section 17 of the Minimum Filing requirements and a GSRS charge of \$3.57 per month. This calculation does not distinguish between the proposed A and B residential rates discussed in the testimony of Mr. Paul H. Raab.

1 **Q. Please identify the witnesses submitting testimony in this filing on behalf of**
2 **KGS.**

3 A. In addition to my testimony, the Company's witnesses and the subjects addressed in
4 the testimony of each are identified below:

Janet L. Buchanan	Director of Rates and Regulatory Reporting for KGS	Provides an explanation of components of the residential bill and residential bill history, provides data related to customers with low income and provides support for a performance-based ratemaking mechanism
Keara J. Downum	Rates Analyst II for ONE Gas	Provides an explanation of the Company's Corporate allocation methodology, and supports the corporate expense adjustments
Kenneth W. Eakens	Director of Tax Compliance and Reporting for ONE Gas	Provides support for portions of Section 11 of the Minimum Filing Requirements and discusses issues related to the treatment of Accumulated and Excess Deferred Income Taxes.
Lorna M. Eaton	Manager of Rates and Regulatory for KGS	Addresses requirements related to Docket No. 19-KGSG-194-CON, supports the continuation of the cyber security tracker, provides support for various direct adjustments, and supports various tariff changes
Mindy R. Edwards	Rates Analyst II for ONE Gas	Identifies and quantifies ONE Gas corporate capital investment, prepayments, and depreciation and amortization expense allocated to KGS

Dr. Bruce H. Fairchild	Principal in Financial Concepts and Applications, Inc.	Provides support for the cost of debt and return on equity
Megan Z. Gough	Manager of Compensation for ONE Gas	Addresses the reasonableness of ONE Gas' compensation philosophy and structure and related costs of base pay, and incentive plan benefits
Todd R. Hohn	Vice President of Environmental Safety and Health for ONE Gas	Provides support for the reasonableness of costs associated with environmental work performed at Manufactured Gas Plant sites managed by KGS
Graham A. Jaynes	Supervisor of Rates and Regulatory for KGS	Provides a summary table of all adjustments and supporting witness, addresses compliance with K.A.R. 82-1-231, and provides support for various direct adjustments
Paul H. Raab	Partner, energytools, llc.	Provides support for the weather and customer normalization adjustments, provides the class cost of service study, and supports the Company's proposed rate design
Reid A. Simpson	Rates Analyst II for KGS	Provides support for various direct adjustments
Mark W. Smith	Vice President and Treasurer for ONE Gas	Provides support for Section 7 of the Minimum Filing Requirements and supports the Company's capital structure. Provides a background on financial markets and additional support for the return on equity.
Dr. Ronald E. White	President of Foster Associates Consultants, LLC.	Provides support for proposed depreciation rates

1 **III. Business Operations**

2 **Q. Please describe the Company's system in Kansas and the impact of the**
3 **Company's operations on the state's economy.**

4 A. KGS (and its predecessors) has been providing natural gas utility service to Kansans
5 since the early 1920's. The Company is one of three divisions of ONE Gas, with the
6 other divisions being Texas Gas Service and Oklahoma Natural Gas. ONE Gas is a
7 stand-alone, fully regulated natural gas public utility established in January 2014 and
8 is publicly traded on the New York Stock Exchange under the symbol "OGS." ONE
9 Gas is headquartered in Tulsa, Oklahoma and is one of the largest natural gas
10 distribution utilities in the United States. ONE Gas' vision is to be a premier natural
11 gas distribution company, creating exceptional value for our stakeholders –
12 customers, employees, the communities we serve and investors. ONE Gas is
13 committed to operating safely and in an environmentally responsible manner, all while
14 striving to provide exceptional service to our customers.

15 KGS provides safe and reliable gas service to its customers and plays an important
16 role in the communities that it serves. Kansas Gas Service has approximately 13,200
17 miles of transmission and distribution pipelines servicing approximately 592,000
18 residential and 56,000 non-residential customers in more than 360 communities in
19 Kansas. KGS and its predecessor utilities have served this area for over 100 years
20 and have a considerable operational and economic presence in the state of Kansas.
21 These system assets represent more than \$2.5 billion in total investment in utility plant-
22 in-service in Kansas. A map showing KGS's service area is attached hereto as Exhibit
23 SCP-1. The Company regularly employs approximately 1,000 people and a lesser
24 amount of contract labor within Kansas and has an approximate annual payroll of more

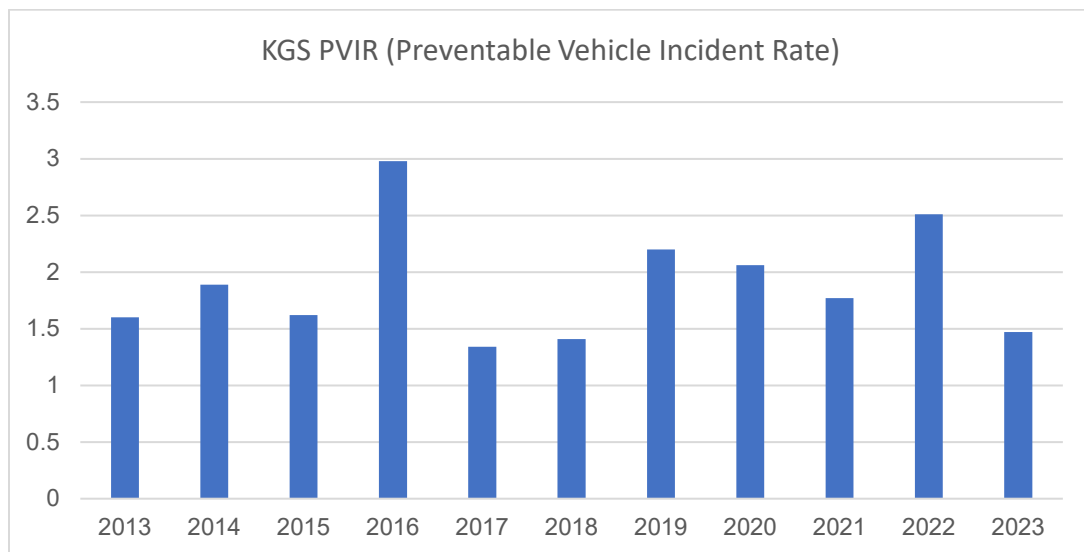
1 than \$85 million. More than \$40 million is paid by KGS in annual property taxes to
2 local taxing authorities in Kansas.

3 **Q. Is KGS active in the communities it serves?**

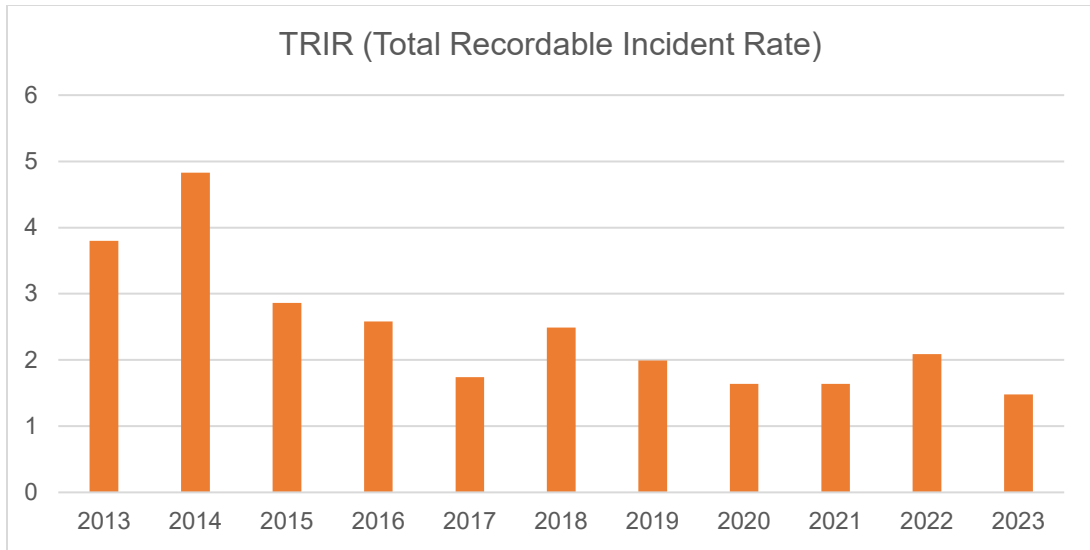
4 A. Yes. KGS employees are active in the communities the Company serves and
5 volunteer both as individuals and through Company organized volunteer activities.
6 From 2018 through 2023, KGS employees have volunteered over 1,800 hours in service
7 to organizations in communities served by the Company. Additionally, over that same
8 period, KGS and the ONE Gas Foundation have provided approximately \$850,000 in
9 charitable donations to organizations in the Kansas communities served by KGS.

10 **Q. Could you please discuss the Company's Safety Culture?**

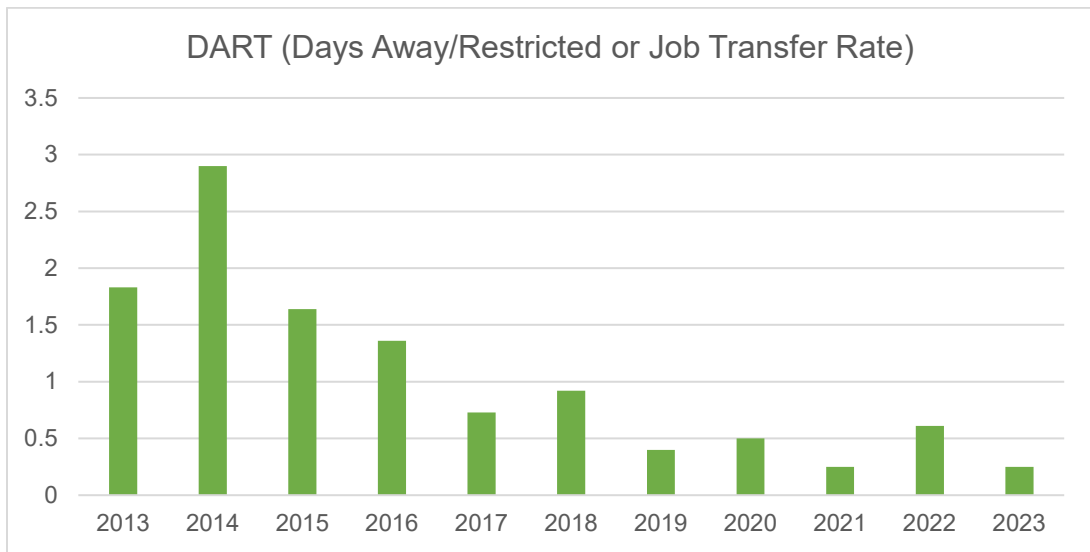
11 A. Safety is the Company's number one core value. It is one of ONE Gas' safety goals
12 to be in the first quartile of industry peers for three important safety metrics: (1)
13 preventable vehicle incident rate ("PVIR"); (2) total recordable incident rate ("TRIR");
14 and (3) days away, restricted and transferred ("DART"). ONE Gas and specifically,
15 KGS, continues to see steady improvement in key indicators as measured by the
16 TRIR, DART and steady performance for PVIR.



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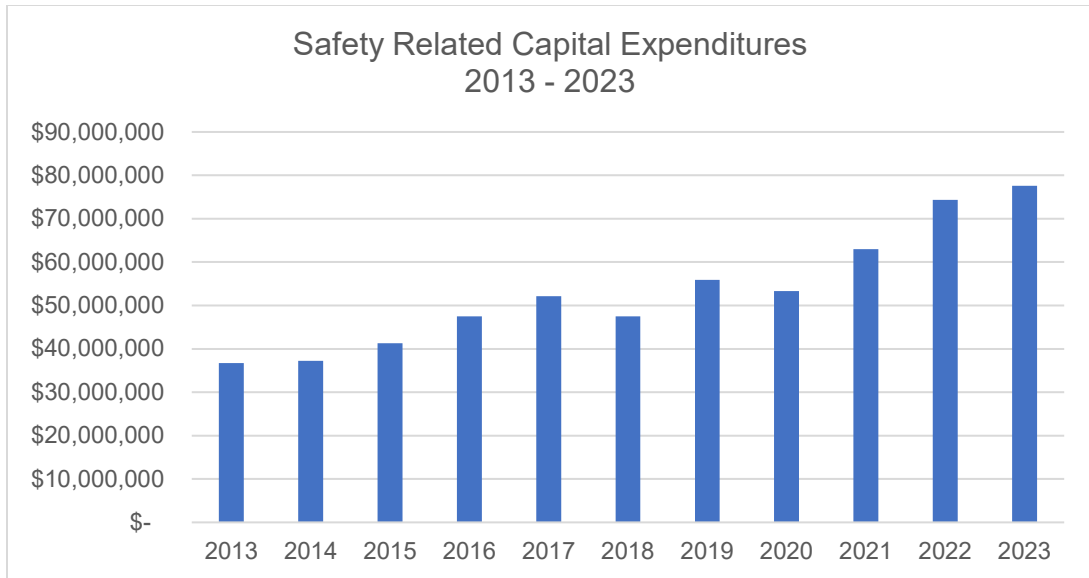
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KGS has several initiatives to improve safety, including training our employees in Smith System Safe Driving™ techniques, installation of cameras in vehicles to capture incidents and near misses for purposes of coaching employees on safe driving, and Behavior-Based Safety programs which encourage employees to look out for one another and others. In addition, ONE Gas continually seeks to improve processes for risk assessment and risk mitigation as part of its integrity management programs, as well as its procedures for ensuring full compliance with all laws and regulations.

1 **Q. Please provide an overview of the Company’s system safety initiatives and the**
2 **impact of those initiatives on the Company’s operations.**

3 A. KGS is committed to providing safe and reliable service to our customers and
4 promoting a culture of safety for all employees. The Commission has also taken a
5 leadership role in natural gas pipeline safety in Kansas by instituting regulatory
6 standards that have exceeded federal minimum requirements. Currently, the
7 Company has several aggressive infrastructure replacement programs which include
8 the Bare Steel Service Line program as presented in Docket No. 11-KGSG-177-TAR
9 (“177 Docket”) and the Company’s Cast Iron program as addressed in Docket No. 12-
10 KGSG-721-TAR (“721 Docket”). Annually, KGS files updates to its infrastructure
11 replacement plan in Docket No. 18-KGSG-317-CPL (“317 Docket”) to comply with the
12 Commission’s decision in Docket No. 15-GIMG-343-GIG. Under this plan, KGS
13 continues to meet the commitments made in the 177 Docket and 721 Docket as well
14 as working to replace all bare steel mains in urban areas.

15 As you would expect, these initiatives and others have required increasing
16 commitment of resources and personnel. The chart below demonstrates the safety
17 related capital investments KGS has made since 2013.



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Investor support will be crucial to our efforts under these initiatives. For future investments to be made on reasonable terms, KGS needs to be able to recover its costs in a timely manner and be given a fair opportunity to earn its authorized return.

IV. Reasonableness of O&M Expenses

Q. Please describe the O&M expenses that are necessary to provide safe and reliable service.

A. Natural gas distribution systems of the size and complexity of KGS’s system require not only continuous maintenance efforts to provide the safe and reliable gas service but also effective and efficient customer service that our customers and the Commission expect. This effort necessitates that our Company’s employees and contractors remain present and available in the field performing tasks necessary for safety and regulatory compliance, such as:

- Cathodic protection;
- Distribution integrity analysis (risk analysis);
- Leak survey;
- Leak monitoring;

- 1 • Leak repair; and
- 2 • Line locating/Damage Prevention.

3 Additionally, technicians perform tasks that include:

- 4 • Responding to customer calls;
- 5 • Meter maintenance;
- 6 • Pressure regulation;
- 7 • Odorant testing;
- 8 • Service initiation; and
- 9 • Right-of-way maintenance.

10 These operational functions are also supported by back-office functions necessary to
11 operate the natural gas distribution system in a safe and reliable manner and to
12 provide outstanding customer service. KGS must invest in its employees and has
13 experienced reasonable and necessary increases in personnel-driven expense items,
14 such as wages, salaries, and employee benefits, which Company witnesses Lorna
15 Eaton and Megan Gough address in more detail in their testimonies. Likewise, KGS
16 has added additional employees with more hiring underway. KGS must work to attract
17 talented individuals to perform a number of crucial activities. For example, KGS is
18 working to enhance line location activities in certain portions of the KGS service
19 territory, which improves the responsiveness and accuracy of locates. This directly
20 enhances safety and allows the communities KGS serves to continue to grow.

21 **Q. What steps has KGS taken to control its costs in delivering natural gas to its**
22 **customers?**

23 A. KGS continuously looks for opportunities to control operating expenses. For example,
24 KGS continues to identify and adopt technological resources such as automated meter
25 reading technology, central dispatching, and an automated workflow management

1 system integrating several software solutions that improves operational processes for
2 field employees. Using a common work management system also enhances our risk
3 mitigation efforts around data capture and compliance by providing our employees
4 with better tools and information in the field and simplifying work by capturing
5 information once and thus reducing paperwork and opportunity for error.

6 KGS has also implemented a route work optimization (“RWO”) dispatch method
7 which prioritizes and optimizes the field customer service orders and work. This
8 process enhances customer satisfaction as the Company is better able to focus on
9 work requiring customer contact first and work not requiring customer presence
10 performed next. Miscellaneous work that is unknown at the start of the day (such as
11 the need to respond to a leak call) is reserved for special teams not assigned to
12 customer contact work. This process also improves route assignments, reduces drive
13 time, and improves the Company’s ability to react to changing work as the day goes
14 on. Every day is unique, and the Company’s RWO allows KGS to tailor its response
15 to the events of the day. While efficiencies are difficult to quantify, KGS is confident
16 that the Company has seen work completed in a more efficient manner, while
17 improving upon customer satisfaction.

18 **Q. What efforts does KGS take to control O&M costs on an on-going basis?**

19 A. Executive management works closely with local management to establish
20 maintenance plans and to plan and review O&M budgets appropriate for those
21 maintenance efforts. KGS routinely reviews its staffing levels and budget forecasts
22 through recurring meetings where any variances of actual expense from the
23 forecasted amounts are identified and explained, all in an effort to maintain a safe and
24 reliable system and to provide effective customer service while balancing the need to
25 control O&M expenses.

1 **Q. Does the procurement process utilized by ONE Gas and KGS also control O&M**
2 **expenses?**

3 A. Yes, it does. By utilizing a centralized purchasing department, the Company is able
4 to take advantage of volume discounts through approved vendors who may also
5 provide products and supplies to other ONE Gas' divisions. Direct purchases of
6 materials are kept to a minimum.

7 **Q. Is the level of O&M expense requested in this filing reasonable and necessary?**

8 A. Yes, it is. The level of O&M expense requested is necessary to continue the safe and
9 reliable operation of the system and to provide efficient customer service.

10 **V. Reasonableness of Capital Investment**

11 **Q. What is capital investment?**

12 A. Capital investment is money used for the acquisition and installation of equipment or
13 facilities that are expected to have an extended period of use prior to being replaced
14 or retired.

15 **Q. Why are capital investments made in the system?**

16 A. Capital investment in infrastructure and other assets is necessary to maintain and
17 expand the natural gas system. Safety, reliability and growth are the primary driving
18 forces behind most capital investments made in the KGS system.

19 **Q. Has the Company included a request for recovery of capital investment in this**
20 **rate filing?**

21 A. Yes, the Company has included the capital investment made through the test year
22 ending September 30, 2023, as well as an adjustment for capital investment that will
23 be placed in service by September 30, 2024.

24 **Q. In terms of capital projects, approximately how much has the Company invested**
25 **in Kansas since the last rate case filing?**

1 A. Capital expenditure investments in Kansas since our previous rate case have been
2 approximately \$600 million.

3 **Q. Please describe the capital investment that has been, and continues to be, made**
4 **in Kansas.**

5 A. Capital investment in infrastructure and other assets is necessary to maintain and
6 expand the natural gas system. As I previously indicated, safety, reliability and growth
7 are the primary driving forces behind most capital investments made in the KGS
8 system. Capital investments are made in the system to: (1) replace pipeline facilities
9 that have reached the end of their useful service lives ; (2) comply with regulatory
10 requirements established at the federal, state, and local levels; (3) make system
11 reinforcement for periods of adverse weather and growth; (4) relocate pipeline facilities
12 as required by city, county, and state roadway projects; and (5) add pipeline for serving
13 new customers.

14 **Q. Please describe the process by which the Company identifies the capital**
15 **projects to be undertaken.**

16 A. Projects are identified by the Company's Asset Management, Resource Management,
17 Engineering, and Operations personnel, who in turn work with federal, state, and local
18 governmental authorities, as well as private developers, to determine where new
19 system investments need to be made. For each proposed project, engineering
20 alternatives are evaluated, the preferred course of action selected, and average cost
21 metrics are then applied to develop and assign a cost estimate to each project.

22 For replacement projects, the Company's Engineering and Operations personnel
23 identify potential projects. The Asset Management Department then optimizes
24 potential projects utilizing a risk-based approach, using Copperleaf C55 ("C55"), a
25 premier risk-based asset investment planning and management decision support

1 software. This software aids the Company in strategically planning and budgeting
2 replacement projects based upon known risks, the Company's leak survey records,
3 soil types, and field experience. This system provides a risk-based investment
4 strategy that aligns with federal integrity management requirements and permits
5 systematic evaluation of the distribution and transmission systems to determine each
6 pipeline segment's likelihood and consequence of failure. C55 ranks safety-related
7 projects for risk mitigation, with projects with the highest risk mitigation being prioritized
8 for replacement or removal. The Asset Management Department then validates the
9 C55 recommendation with our local Engineering and Operations personnel prior to
10 finalizing the capital plan and determining the sequence or priority of replacement.

11 For growth projects, the developers and owners of new development projects meet
12 with our Customer Development Representatives to facilitate their projects through the
13 gas installation process. The Engineering Department determines the technical needs
14 and costs associated with each project, which are communicated to the developer and
15 finalized through a set of engineering design plans and a gas installation agreement.
16 Additionally, the gas installation agreement and design plan are approved by
17 Company management prior to being sent to the customer for execution. Many of
18 these growth projects require the developer to provide an advance for the cost of the
19 project. The advance will be refunded to the developer as customers are connected.
20 These refunds are made once a year over the term of the agreement as the customers
21 meet the usage or meter count commitment. The total amount refunded, of course,
22 may not exceed the amount of the original advance.

23 For relocation projects located in the public right-of-way, the projects are selected
24 by the state, county, or local officials based upon their roadway plans. KGS works
25 closely with state, county, and municipal engineers to determine which of the

1 Company's mains and service lines will need to be relocated as a result of the
2 applicable roadway plan. During the design of the roadways, KGS engineers will
3 suggest alternatives, if available, to minimize the impact on our systems and
4 customers. Once the design is completed, the Company works with agency officials
5 to meet their relocation schedules.

6 General plant expenditures are reviewed to identify and prioritize investment
7 projects needed to maintain working equipment and structures, ensure safety,
8 enhance efficiencies, and meet regulatory requirements.

9 **Q. Is all capital investment established at the beginning of each fiscal year?**

10 A. No, it is our experience that some investment needs will arise during the year that are
11 not specifically known in advance. For example, leaks can occur on the system at any
12 time of year, and the Company must budget and allocate capital accordingly.
13 Likewise, state, county, and municipal officials make relocation requests throughout
14 the year. It is not uncommon for a government agency to schedule a project then
15 postpone or delay a project until late in the year if funds are not available for the project.
16 The projected level of capital expenditures for these items is developed based on
17 experience and through working with the appropriate planning departments as projects
18 arise. Growth budgets are based on known projects and past experience. KGS's
19 investments in General Plant are identified through Company work processes and are
20 subject to capital funding evaluation.

21 **Q. Does the Company have processes in place to control capital costs?**

22 A. Yes, it does. All of the Company's processes for identifying, prioritizing, evaluating,
23 reviewing, and managing capital projects are designed to ensure that every capital
24 investment in the system is necessary and reasonable in cost. The Company also
25 seeks to control costs by obtaining competitive bids for those projects that are

1 outsourced. Once a project has been approved, the Company's capital budgeting
2 process includes additional cost controls to ensure that construction proceeds and
3 stays within funded limits. Before the work on a project begins, and before payments
4 are made, required managerial approvals are obtained. KGS's senior management
5 also meets on a regular basis to review capital spending levels and adjust as
6 appropriate.

7 **Q. Does the procurement process also provide a control on capital costs?**

8 A. Yes, by utilizing a centralized purchasing department the Company takes advantage
9 of volume discounts through approved vendors. Direct purchases of materials are
10 kept to a minimum.

11 **Q. Have any adjustments been made to capital investment expenses in this filing?**

12 A. Yes, the Company has proposed several adjustments to capital investment expenses
13 which are addressed by Company witnesses Mr. Reid A. Simpson and Ms. Mindy R.
14 Edwards.

15 **Q. Is the capital investment included in the Company's filing and booked to Plant
16 used and useful in providing utility service?**

17 A. Yes, all investments included in this filing are currently used and useful or will be used
18 and useful in providing utility service prior to those investments being included in rate
19 base. As will be discussed in the next section of testimony, a significant portion of
20 direct capital investment is related to the accelerated replacement of certain facilities
21 for the safety and reliability of the system.

22 **VI. Compliance Activities**

23 **Q. Please provide an update on the Company's progress with its cast iron
24 replacement program which was addressed in the 721 Docket.**

1 A. In the 721 Docket, KGS had been directed to establish a tracking process for its plan
2 to replace cast iron mains and had already begun replacing cast iron. When ONEOK
3 spun-off the natural gas public utility portion of its business into a new company, ONE
4 Gas, this replacement program continued. In Docket No 14-KGSG-100-MIS (the “100
5 Docket), the Commission evaluated ONEOK’s proposed spinoff. In the 100 Docket,
6 KGS agreed to continue its accelerated efforts to replace all identifiable cast iron pipe
7 in its system and committed to removing all cast iron by 2024. In 2019, KGS completed
8 the replacement of cast iron mains in its legacy system ahead of schedule. All known
9 cast iron has been removed from the Company’s legacy system.²

10 **Q. Please provide an update on the Company’s progress with its bare or**
11 **unprotected steel service line replacement program as addressed in the 177**
12 **Docket and 100 Docket.**

13 A. In accordance with prior Commission orders and approvals, KGS continues its efforts
14 to replace all buried bare or unprotected steel service lines and yard lines used to
15 provide service to our residential customers. As agreed in the 100 Docket, KGS has
16 continued its accelerated replacement of bare and/or unprotected protected service
17 lines and yard lines at a rate of 10,000 or more lines per year. The table below
18 provides the number of bare steel service lines and yard lines replaced each year from
19 2013 through 2022.

² This does not include the Fort Riley distribution system. Since assuming the responsibility for operating the Fort Riley distribution system, KGS acquired an additional 0.16 miles of cast iron, the replacement of which was completed in 2023. KGS is working on a replacement plan for obsolete materials within the Fort Riley system.

1 The Company is currently on track to complete these replacements by the end of 2024.

Year	Bare Steel Service Lines Replaced
2013	10,316
2014	10,278
2015	10,451
2016	10,353
2017	10,742
2018	10,106
2019	10,653
2020	10,025
2021	10,302
2022	10,123
2023	10,074

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3 **Q. Please provide an update on the status of the Company’s response time to calls**
4 **concerning the unintentional release of natural gas.**

5 A. Pursuant to the Agreement in the 100 Docket, KGS collects and reports annually to
6 Commission Staff all instances where the time to “Make Safe” any instance of an
7 unintentional release of natural gas exceeds 90 minutes. In 2015, which was the first
8 year KGS tracked this specific data, the Company had only five recorded events that
9 exceeded the 90-minute threshold out of a total of 22,056 notifications of possible
10 unintentional releases of gas. For the calendar years 2018 through 2022, KGS has
11 averaged less than five recorded events per year that exceeded the 90-minute
12 threshold.

13 **Q. Please provide an update on the status of the Company’s efforts to reduce the**
14 **average age of leaks in the KGS system.**

15 A. As addressed in the 177 Docket and again in the 100 Docket, KGS continues its efforts
16 to reduce the average age of Class 2 and Class 3 leaks on its system. While no longer

1 subject to the performance metrics implemented in the 100 Docket, KGS continues to
2 replace any protected bare steel main segments which have experienced three or
3 more main leaks within a block (approximately 500 feet) over the past three years.
4 KGS refers to this program as its 3-5-3 program.

5 **VII. Conclusion**

6 **Q. Could you please summarize KGS's the rationale for KGS's request?**

7 A. Since KGS's last rate case, KGS has invested over \$600 million to deliver safe,
8 affordable, and reliable natural gas to its customers. Throughout this period, KGS has
9 worked to efficiently deploy capital and prudently incur expenses. Integrated in these
10 efforts are commitments made in prior dockets. KGS is proud to be Kansas' largest
11 natural gas public utility and honored to serve over 360 Kansas communities. With
12 that focus in mind, KGS must be afforded an opportunity to earn a reasonable return
13 on its investment. The data presented in this case supports that request. For years
14 to come, KGS will need to attract capital and talented employees to provide the
15 excellent level of customer service our stakeholders expect. The requests made in
16 this case help achieve that goal.

17 **Q. Does this conclude your direct testimony?**

18 A. Yes, it does.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

Sean C. Postlethwait, being duly sworn upon his oath, deposes and states that he is the Vice President, Operations for Kansas Gas Service, a Division of ONE Gas, Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information, and belief.

Sean C. Postlethwait

SEAN C. POSTLETHWAIT

Subscribed and sworn to before me this 22 day of February 2024.



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NOTARY PUBLIC

My appointment Expires:

June 21, 2026

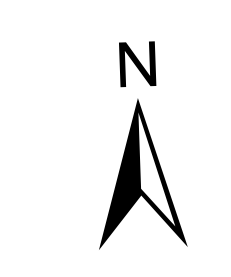
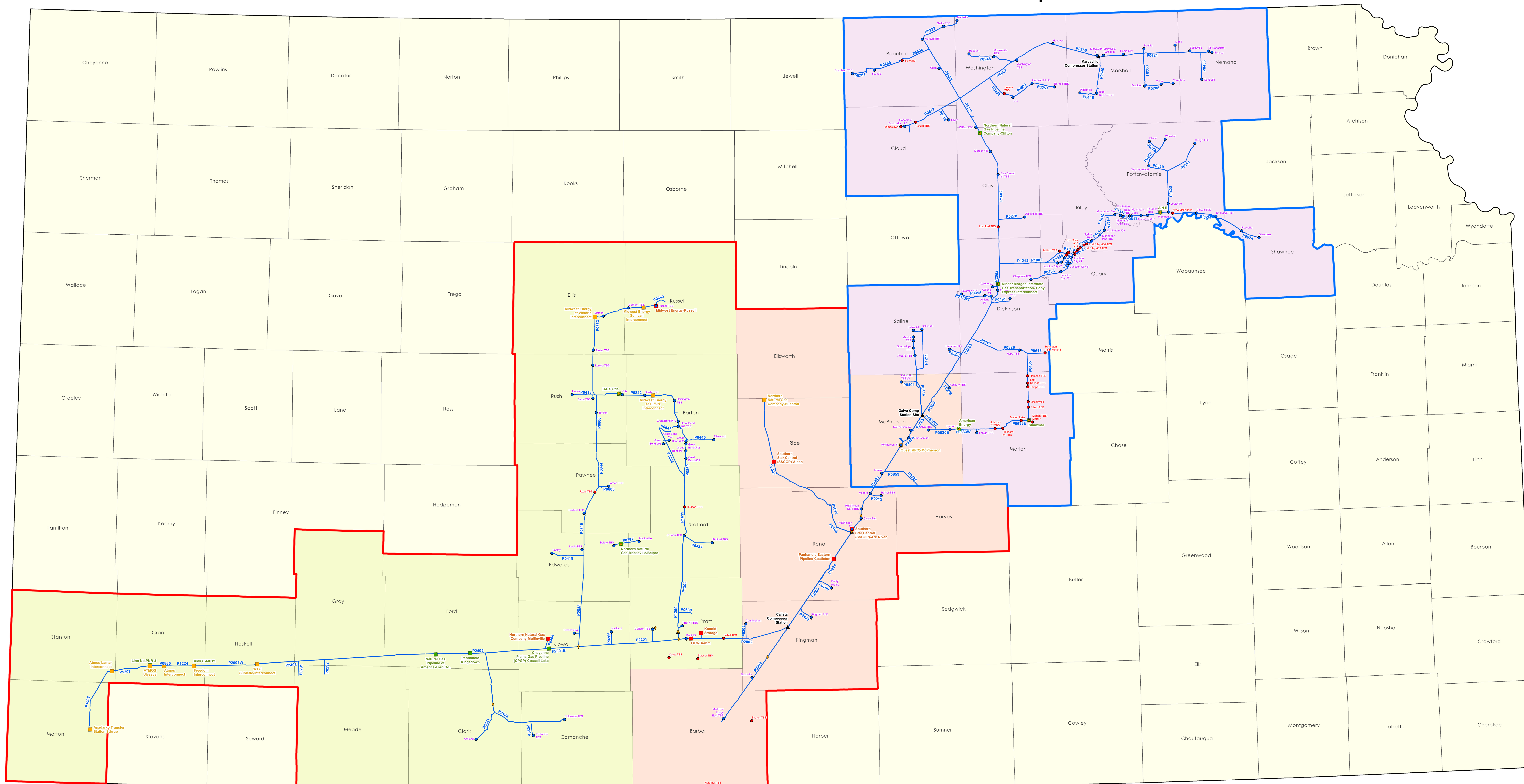



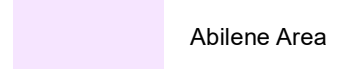



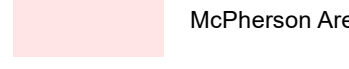



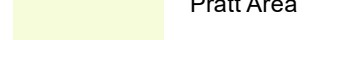
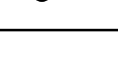


Exhibit SCP-1: KGS Service Area Map



-  Odorizers
-  Delivery
-  Transmission Lines
-  Abilene Area
-  COMPRESSOR
-  Receipt
-  North-3612
-  McPherson Area
-  Bi-Directional
-  Retail TBS
-  South-3685
-  Pratt Area
-  Wholesale TBS



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 Disclaimer: This map is for informational purposes only. It is not intended to be used as a legal document. The information is provided as is without warranty of any kind, express or implied, including but not limited to accuracy, completeness, or suitability for any purpose. The user assumes all liability for any use of this information.