

**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 to its Natural  
Gas Rates in the State of Kansas.**

**Docket No. 18-KGSG-560-RTS**

**DIRECT TESTIMONY AND SCHEDULES  
  
OF  
  
ROXIE MCCULLAR  
  
ON BEHALF OF  
  
KANSAS CORPORATION COMMISSION STAFF**

**October 29, 2018**

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**Introduction**

1  
2 **Q. Please state your name and business address.**

3 A. My name is Roxie McCullar. My business address is 8625 Farmington Cemetery  
4 Road, Pleasant Plains, Illinois 62677.

5 **Q. What is your present occupation?**

6 A. Since 1997, I have been employed as a consultant with the firm of William Dunkel  
7 and Associates and have regularly provided consulting services in regulatory  
8 proceedings throughout the country.

9 **Q. Please describe your educational and professional background.**

10 A. I have 20 years of experience consulting in regulatory rate cases and have addressed  
11 depreciation rate issues in over 20 proceedings in numerous jurisdictions nationwide.  
12 I am a Certified Public Accountant licensed in the state of Illinois. I am a Certified  
13 Depreciation Professional through the Society of Depreciation Professionals. I  
14 received my Master of Arts degree in Accounting from the University of Illinois in  
15 Springfield. I received my Bachelor of Science degree in Mathematics from Illinois  
16 State University in Normal.

17 **Q. Have you prepared an appendix that describes your previous experience?**

18 A. Yes. My previous experiences are shown on the attached Appendix A.

19 **Q. On whose behalf are you testifying?**

20 A. I am testifying on behalf of the Staff of the Kansas Corporation Commission  
21 (“Staff”).

1 Q. What is the purpose of your testimony?

2     A.     The purpose of my testimony is to address certain depreciation issues related to  
3     Kansas Gas Services (“KGS”) in Kansas.

4 **Q. Did you participate in a field visit of KGS's facilities in Kansas?**

5     A.     Yes. On September 13, 2018, I participated in field visits of several different KGS  
6     project locations.<sup>1</sup> At each location, Company personnel or outside contractors  
7     discussed the facilities and ongoing projects with me.

8 Summary

9     **Q.     Can you summarize your recommendations regarding depreciation rates for**  
10       **KGS?**

11 A. Yes. I recommend that the Staff proposed depreciation rates shown on Schedule  
12 RMM-1 be approved for KGS in Kansas.

13 The Staff proposed depreciation rates compared to the KGS proposed depreciation  
14 rates are summarized below:

15 **Table 1: Comparison of Composite Annual Depreciation Rates**

Functional Category	12/31/17 Investment	Current Approved Rates	KGS Proposed Rates	KGS	Staff	Staff	Staff
				Proposed Difference from Current	Proposed Rates	Proposed Difference from Current	Proposed Difference from KGS
Transmission Plant	275,431,816	2.00%	2.48%	0.49%	2.48%	0.49%	0.00%
Distribution Plant	1,444,149,082	2.56%	3.33%	0.77%	3.16%	0.60%	-0.17%
General Plant	108,136,443	4.34%	4.49%	0.15%	4.49%	0.15%	0.00%
<b>Total Gas Plant</b>	<b>1,827,717,341</b>	<b>2.58%</b>	<b>3.27%</b>	<b>0.69%</b>	<b>3.14%</b>	<b>0.56%</b>	<b>-0.13%</b>

<sup>1</sup> I visited various sites where active projects were underway.

1 The annualized accrual based on December 31, 2017, investments using the Staff  
2 proposed depreciation rates compared to KGS proposed depreciation rates are  
3 summarized below:<sup>2</sup>

4 **Table 2: Comparison of Annual Accrual Based on December 31, 2017 Investments**

Functional Category	12/31/17 Investment	Current Approved Accrual	KGS Proposed Accrual	KGS Proposed Difference from Current	Staff Proposed Accrual	Staff Proposed Difference from Current	Staff Proposed Difference from KGS
Transmission Plant	275,431,816	5,506,551	6,843,728	1,337,177	6,843,728	1,337,177	0
Distribution Plant	1,444,149,082	36,994,209	48,127,901	11,133,692	45,696,344	8,702,135	(2,431,557)
General Plant	108,136,443	4,694,559	4,854,373	159,814	4,854,373	159,814	0
<b>Total Gas Plant</b>	<b>1,827,717,341</b>	<b>47,195,319</b>	<b>59,826,002</b>	<b>12,630,683</b>	<b>57,394,445</b>	<b>10,199,126</b>	<b>(2,431,557)</b>

5 **Definition of Depreciation**

6 **Q. Could you please provide the definition of depreciation?**

7 A. Yes. The Federal Energy Regulatory Commission (“FERC”) definition contained in  
8 FERC Uniform System of Accounts (18 CFR part 101 (“FERC USOA”)) states:

9 “12.B. *Depreciation*, as applied to depreciable gas plant, means the  
10 loss in service value not restored by current maintenance, incurred in  
11 connection with the consumption or prospective retirement of gas  
12 plant in the course of service from causes which are known to be in  
13 current operation and against which the utility is not protected by  
14 insurance. Among the causes to be given consideration are wear and  
15 tear, decay, action of the elements, inadequacy, obsolescence, changes  
16 in the art, changes in demand and requirements of public authorities,  
17 and, in the case of natural gas companies, the exhaustion of natural  
18 resources.”<sup>3</sup>

<sup>2</sup> Schedule RMM-1 shows the annual accruals based on the 12/31/17 investment levels. However, in the future as the investments change, the depreciation rates will be applied to the then current investments, which will produce a different annual accrual amount.

<sup>3</sup> FERC Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act (18 CFR 201).

1 The FERC USOA definition of “depreciation” specifically states depreciation is a  
2 “loss in service value”.

3 **Q. Please provide a brief description of how remaining life depreciation rates are**  
4 **calculated.**

5 A. The remaining life depreciation rate formula is:

$$\text{Depreciation Rate} = \frac{(100\% - \text{Book Reserve \%} - \text{Future Net Salvage \%})}{\text{Average Remaining Life}}$$

6 In the formula above, the book reserve percent is the actual reserve on the Company’s  
7 books divided by the actual plant in service investment on the Company’s books at  
8 the time of the Depreciation Study.

9 The future net salvage percent and the average remaining life are estimates from the  
10 Depreciation Study. The Depreciation Study estimates the projected average service  
11 life of the assets, the retirement pattern of those assets, and the cost of removing or  
12 retiring those assets less any expected salvage from the sale, scrap, insurance,  
13 reimbursements, etc. of those assets. These estimates are referred to as depreciation  
14 parameters. The projected average service life and retirement pattern (survivor curve)  
15 are the two parameters that calculate the average remaining life. The estimated future  
16 net salvage percent is the estimated future cost of removing or retiring less any  
17 estimated future salvage from the sale, scrap, insurance, reimbursements, etc.

**Mass Property Future Net Salvage**

**Q. Do you have a recommendation regarding KGS’s proposed future net salvage percents for Distribution Plant?**

A. Yes. For Account 376.20, Mains-Plastic, I recommend future net salvage percents that differ from KGS’s proposal as shown in Table 3 below:

**Table 3: Comparison of Distribution Plant  
Future Net Salvage (“FNS”) Percent Proposals**

Account	Current Approved FNS%	KGS Proposed FNS%	Staff Proposed FNS%
Account 376.20, Mains-Plastic	-16%	-50%	-25%

**Q. Please explain what is meant by net salvage.**

A. NARUC’s *Public Utilities Depreciation Practices* defines net salvage as “the gross salvage for the property retired less its cost of removal.”<sup>4</sup> Gross salvage is defined as “the amount recorded for the property retired due to the sale, reimbursement, or reuse of the property.”<sup>5</sup> Cost of removal is defined as “the costs incurred in connection with the retirement from service and the disposition of depreciable plant. Cost of removal may be incurred for plant that is retired in place.”<sup>6</sup>

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<sup>4</sup> Page 322, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.

<sup>5</sup> Page 320, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.

<sup>6</sup> Page 317, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.

1   **Q.     What impact does net salvage have on depreciation rates?**

2   A.     Positive net salvage results in a lower depreciation rate, all other things being equal.

3         Negative net salvage results in a higher depreciation rate, all other things being equal.

4         As stated in NARUC's *Public Utilities Depreciation Practices*:

5                 "Positive net salvage occurs when gross salvage exceeds cost of  
6                 retirement, and negative net salvage occurs when cost of retirement  
7                 exceeds gross salvage."<sup>7</sup>

8         The estimated future net salvage is part of the annual depreciation accrual, which is  
9         credited to the depreciation reserve to cover the estimated future net salvage costs the  
10        company may incur associated with plant asset's retirement.

11   **Q.     Have you reviewed the recovery of future net salvage costs included in KGS's**  
12         **proposed depreciation rates and the actual net salvage costs KGS has incurred**  
13         **in the recent past?**

14   A.     Yes. Table 4 below is a comparison of the Distribution Plant actual net salvage costs  
15         incurred by KGS on average over the recent five-year period to future net salvage  
16         costs included in KGS's and the Staff's proposed depreciation accrual rates.

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<sup>7</sup> Page 18, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.



1 **Table 4: Comparison of Actually Incurred Net Salvage and**  
2 **Net Salvage in Proposed Depreciation Rates as of December 31, 2017 Investments<sup>8</sup>**

Account	Description	Average Annual Net Salvage Actually Incurred	Net Salvage Recovery Included in KGS's Proposed Depr Rates	KGS Proposed / Actually Incurred	Net Salvage Recovery Included in Staff's Proposed Depr Rates	Staff Proposed / Actually Incurred
		A	B	C=B/A	D	E=D/A
<b>DISTRIBUTION PLANT</b>						
374.20	Rights of Way	106	0	0.0	0	0.0
375.00	Structures and Improvements	0	4,896		4,839	
376.10	Mains - Metallic	4,166,246	2,627,837	0.6	2,597,556	0.6
<b>376.20</b>	<b>Mains - Plastic</b>	<b>780,608</b>	<b>3,719,951</b>	<b>4.8</b>	<b>1,952,849</b>	<b>2.5</b>
376.90	Mains - Cathodic Protection	0	0		0	
378.00	Meas. and Reg. Station Equip. - General	62,550	136,838	2.2	134,239	2.1
379.00	Meas. and Reg. Station Equip. - City Gate	73,426	45,584	0.6	45,335	0.6
380.10	Services - Metallic	6,387,887	802,254	0.1	814,393	0.1
380.20	Services - Plastic	5,666,703	6,343,077	1.1	6,265,602	1.1
381.00	Meters	55,488	159,712	2.9	154,883	2.8
381.50	AMR Communication Devices	0	0		0	
382.00	Meter Installations	563,334	1,024,717	1.8	1,006,575	1.8
383.00	House Regulators and Installations	40,140	23,806	0.6	22,339	0.6
386.00	Other Property - Customer Premises	0	0		0	
387.00	Other Equipment	0	0		0	
<b>TOTAL DISTRIBUTION PLANT</b>		<b>17,796,490</b>	<b>14,888,672</b>	<b>0.8</b>	<b>12,998,610</b>	<b>0.7</b>

3 **Q. Can you discuss the difference between KGS's and Staff's future net salvage**  
4 **percent proposals for Account 376.20, Mains-Plastic?**

5 **A. Yes.** For Account 376.20, Mains-Plastic, as shown on Table 4 above, KGS actually  
6 incurs \$780,608 on average per year, however, KGS proposes \$3,719,951 net salvage

<sup>8</sup> This table is based on 12/31/2017 investment levels. A similar comparison based on 12/31/2016 investment levels is included in Schedule RMM-2, attached.

1 annual accrual.<sup>9</sup> The annual accrual amount is an expense to be recovered from  
2 ratepayers in this rate case proceeding.<sup>10</sup>

3 For Account 376.20, Mains-Plastic, the annual accrual KGS is proposing for net  
4 salvage is over four times the annual amount KGS actually incurs for net salvage.

5 My proposed net salvage percents result in an annual accrual for cost of removal that  
6 is a good balance between the depreciation expense charged to current customers and  
7 the building of the book reserve to cover any of KGS's future net removal costs  
8 associated with the retirements in Account 376.20, Mains-Plastic.<sup>11</sup> Under my  
9 recommendation, the annual accrual for Account 376.20, Mains-Plastic net salvage  
10 would be \$1,952,849, which is still 2.5 times the average amount KGS actually  
11 incurs.<sup>12</sup>

12 **Q. Did KGS also consider the historical net salvage in the depreciation study net**  
13 **salvage analysis?**

14 A. Yes. The KGS depreciation study included the analysis of the historic ratio of  
15 incurred net salvage and related retirements.<sup>13</sup>

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<sup>9</sup> Annual accrual amount based on investments as of 12/31/17.

<sup>10</sup> The exact amount to be recovered from ratepayers will vary when calculated on investments other than the investment as of 12/31/17.

<sup>11</sup> I am not recommending or implying a change from the "accrual" basis to the "cash" basis for the recovery of future net salvage costs. In other words, I am not recommending or implying that the depreciation accrual no longer be credited to the Accumulated Provision for Depreciation or that the net salvage costs be "expensed".

<sup>12</sup> Annual accrual amount based on investments as of 12/31/17.

<sup>13</sup> Page 9, Exhibit REW-2.

1   **Q.     What is a concern regarding the historic net salvage ratios calculated in the**  
2       **depreciation study?**

3   A.     As pointed out in Wolf and Fitch’s *Depreciation Systems*:

4               “Salvage ratios are a function of inflation.”<sup>14</sup>

5       Additionally, Wolf and Fitch’s *Depreciation Systems*, points out that a net salvage  
6       ratio that includes inflated dollars in the numerator and historic dollars in the  
7       denominator is a ratio using different units, stating:

8               “One inherent characteristic of the salvage ratio is that the numerator  
9               and denominator are measured in different units; the numerator is  
10              measured in dollars at the time of retirement, while the denominator is  
11              measured in dollars at the time of installation. Inflation is an economic  
12              fact of life and although both numerator and denominator are  
13              measured in dollars, the timing of the cash flows reflects different  
14              price levels.”<sup>15</sup>

15       The calculation of the historic net salvage ratio includes the impact of high historic  
16       inflation rates, since the net salvage amount in the numerator is in current dollars and  
17       the cost of the plant (which may have been installed decades before) in the  
18       denominator is in historic dollars. In other words, due to inflation the amounts in  
19       numerator and denominator of the net salvage ratio are at different price levels.

20   **Q.     Is the fact that historic inflation is included in the net salvage ratio recognized in**  
21       **another depreciation text?**

22   A.     Yes. NARUC’s *Public Utilities Depreciation Practices*, regarding inflation states:

23               “The sensitivity of salvage and cost of retirement to the age of the  
24               property retired is also troublesome. Due to inflation and other factors,

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<sup>14</sup> Page 267, Wolf, Frank K. and W. Chester Fitch, *Depreciation Systems* Iowa State University Press, 1994.

<sup>15</sup> Page 53, Wolf, Frank K. and W. Chester Fitch, *Depreciation Systems* Iowa State University Press, 1994.

1                   there is a tendency for costs of retirement, typically labor, to increase  
2                   more rapidly than material prices.”<sup>16</sup>

3                   NARUC concludes that careful consideration should be given to the net salvage  
4                   estimate stating:

5                   “Cost of retirement, however, must be given careful thought and  
6                   attention, since for certain types of plant, it can be the most critical  
7                   component of the depreciation rate.”<sup>17</sup>

8       **Q.     Have other jurisdictions considered the impact of inflation in the setting of the**  
9       **future net salvage percent?**

10     A.     Yes. I am aware of several jurisdictions that have adopted future net salvage percents  
11             that recognize the inflated dollars included in the historic net salvage ratio. The  
12             Commissions in Connecticut,<sup>18</sup> District of Columbia,<sup>19</sup> Maryland,<sup>20</sup> New Jersey,<sup>21</sup>

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<sup>16</sup> Page 19, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.

<sup>17</sup> Page 19, *Public Utilities Depreciation Practices*, published by National Association of Regulatory Commissioners (NARUC), 1996.

<sup>18</sup> Connecticut Docket No. 16-06-04. In the December 14, 2016 Commission “Decision” the Commission accepted net salvage depreciation rates that produced “an annual accrual that is 1.2 times the annual incurred distribution plant net salvage costs” stating that the “distribution net salvage depreciation rates still comfortably cover the actual incurred net salvage costs.” (p. 46 of the December 14, 2016 “Decision”).

<sup>19</sup> Formal Case No. 1076, paragraph 252 of Order No. 15710. In Order No. 15710 the Public Service Commission of the District of Columbia stated: “Fairness and equity require that the Commission adopt a methodology that, to the extent possible, balances the interest of current and future ratepayers.” And went on to state: “Pepco should not be allowed to charge current customers for future inflation, nor should Pepco be allowed to charge current customers in higher-value current dollars for a future cost of removal amount that is calculated in lower-value future dollars.”

<sup>20</sup> Maryland Case No. 9092. In Order No. 81517 the Commission stated: “The Commission has carefully reviewed the record and finds that the Present Value Method should be adopted for the recovery of removal costs. The Straight Line Method recovers the same annual cost in nominal dollars from ratepayers today as it does at the time plant is removed from service. However, a dollar is worth substantially more today than it will be 20 to 40 years from now. Consequently, today’s ratepayers would pay more in “real” dollars under the Straight Line Method for the recovery costs of the plant they consume than would future ratepayers when net salvage is negative, as everyone projects.” (page 30 of Order No. 81517).

<sup>21</sup> New Jersey Docket No. ER02080506. In the May 17, 2004 Final Order the Board found: “As a result of this data and the underlying concept of FASB 143 as discussed in this matter, the Board FINDS it appropriate to revisit the concept of including estimated future net salvage in current depreciation rates. The Board HEREBY FINDS the recommendation of the Ratepayer Advocate and Staff to exclude estimated net salvage from depreciation rates to be appropriate. The Board FURTHER FINDS that the Ratepayer Advocate and Staff’s proposed utilization of a five-year average of actual salvage expense in depreciation expense is reasonable as it more closely aligns the amount recovered in base rates with the historical level of expenses incurred. The Board

1 and Pennsylvania<sup>22</sup> have adopted methods of setting the future net salvage percent  
2 that recognizes the time value of cost of removal due to inflation.

3 **Q. What is another factor to consider regarding future net salvage percent?**

4 A. Another factor I considered is the fact that a majority of the plastic mains in Account  
5 376.20 are retired in place. As KGS stated in response to discovery:

6 “While records are not retained to enable a specific calculation, it is  
7 generally believed that during the years 2012 – 2016, at least 75% of  
8 the plastic mains in Account 376.20 were retired in place.”<sup>23</sup>

9 Retiring the plastic mains reduces the amount of labor expense included in the cost of  
10 retiring a plastic main.

11 **Other Adjustments to KGS’s Proposed Depreciation Rates**

12 **Q. Does your silence on the other KGS proposed depreciation parameters imply**  
13 **your support of those parameters?**

14 A. No. It is my understanding that other parties to this proceeding may recommend  
15 adjustments to KGS’s proposed depreciation rates. I reserve the right to review, and if

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concur with Staff that the ten-year window of actual experience rather than the five-year rolling average proposed by the Ratepayer Advocate is appropriate.” (page 129-130 of the May 14, 2004 Final Order)

<sup>22</sup> Pennsylvania, Superior Court of Pennsylvania in Penn Sheraton Hotel v. Pennsylvania Public Utility Commission, 184 A.2d 324, 329 (Pa. Super. Ct. 1962). The court found: “Negative salvage attributed to existing plant is purely prospective; it is a cost which has not yet been incurred; it is uncertain when and if it will be incurred; and it is not a part of the original cost of construction of the facilities when first devoted to public service. To permit the recovery of prospective negative salvage is to permit the recovery of a total amount in excess of the original cost of construction prior to the actual expenditure of those costs and, in our opinion, represents the recovery of something in the nature of a future reproduction cost. The established law in this Commonwealth does not permit the recovery by annual depreciation of any such prospective excess. It is therefore the prospective nature of future negative salvage that prevents it from being considered either in accrued depreciation or in the allowance for annual depreciation; they must have a consistent basis under our law. Although prospective negative salvage is not entitled to consideration, the negative salvage actually incurred by the utility either upon the actual retirement of a property without replacement or upon the replacement of an item of property is of course entitled to consideration in a rate proceeding. It is then no longer prospective but actual. If the utility retires and removes a property without replacing it or replaces it after removal and incurs actual negative salvage in doing so, the expenditure should be capitalized and amortized by some reasonable method and for and over a reasonable length of time.”

<sup>23</sup> KGS response to KCC-102(a), attached as Schedule RMM-3.

1 reasonable comment, on any other parties' proposed adjustments to KGS's proposed  
2 depreciation rates.

3 **Conclusion**

4 **Q. Can you please summarize your recommendations?**

5 A. Yes. Based on the above testimony, I recommend that Staff's proposed depreciation  
6 rates shown on Schedule RMM-1 be adopted for KGS in Kansas.

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

8 A. Yes.

Roxie McCullar, CPA, CDP  
8625 Farmington Cemetery Road  
Pleasant Plains, IL

Roxie McCullar is a regulatory consultant, licensed Certified Public Accountant in the state of Illinois, and a Certified Depreciation Professional through the Society of Depreciation Professionals. She is a member of the American Institute of Certified Public Accountants, the Illinois CPA Society, and the Society of Depreciation Professionals. Ms. McCullar has received her Master of Arts degree in Accounting from the University of Illinois-Springfield as well as her Bachelor of Science degree in Mathematics from Illinois State University. Ms. McCullar has 20 years of experience as a regulatory consultant for William Dunkel and Associates. In that time, she has filed testimony in over 50 state regulatory proceedings on depreciation issues and cost allocation for universal service and has assisted Mr. Dunkel in numerous other proceedings.

### Education

Master of Arts in Accounting from the University of Illinois-Springfield, Springfield, Illinois

12 hours of Business and Management classes at Benedictine University-Springfield College in Illinois, Springfield, Illinois

27 hours of Graduate Studies in Mathematics at Illinois State University, Normal, Illinois

Completed Depreciation Fundamentals training course offered by the Society of Depreciation Professionals

#### Relevant Coursework:

- |   |  |
|---|--|
| - Calculus                              | - Discrete Mathematics                   |
| - Number Theory                         | - Mathematical Statistics                |
| - Linear Programming                    | - Differential Equations                 |
| - Finite Sampling                       | - Statistics for Business and Economics  |
| - Introduction to Micro Economics       | - Introduction to Macro Economics        |
| - Principles of MIS                     | - Introduction to Financial Accounting   |
| - Introduction to Managerial Accounting | - Intermediate Managerial Accounting     |
| - Intermediate Financial Accounting I   | - Intermediate Financial Accounting II   |
| - Advanced Financial Accounting         | - Auditing Concepts/Responsibilities     |
| - Accounting Information Systems        | - Federal Income Tax                     |
| - Fraud Forensic Accounting             | - Accounting for Government & Non-Profit |
| - Commercial Law                        | - Advanced Utilities Regulation          |
| - Advanced Auditing                     | - Advanced Corp & Partnership Taxation   |

### Current Position: Consultant at William Dunkel and Associates

Participation in the proceedings below included some or all of the following:

Developing analyses, preparing data requests, analyzing issues, writing draft testimony, preparing data responses, preparing draft questions for cross examination, drafting briefs, and developing various quantitative models.

Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2018	Kansas	Kansas Corporation Commission	18-KCPE-480-RTS	Kansas City Power & Light Company	Electric Depreciation Issues	Kansas Corporation Commission Staff
2018	Rhode Island	Rhode Island and Providence Plantations Public Utilities Commission	4800	SUEZ Water	Water Depreciation Issues	Division of Public Utilities and Carriers
2018	Rhode Island	Rhode Island and Providence Plantations Public Utilities Commission	4770	Narragansett Electric Company	Electric & Natural Gas Depreciation Issues	Division of Public Utilities and Carriers
2018	North Carolina	North Carolina Utilities Commission	E-7, SUB 1146	Duke Energy Carolinas, LLC	Electric Depreciation Issues	Public Staff - North Carolina Utilities Commission
2017	DC	District of Columbia Public Service Commission	FC1150	Potomac Electric Power Company	Electric Depreciation Issues	District of Columbia Public Service Commission
2017	North Carolina	North Carolina Utilities Commission	E-2, SUB 1142	Duke Energy Progress, LLC	Electric Depreciation Issues	Public Staff - North Carolina Utilities Commission
2017	Washington	Washington Utilities & Transportation Commission	UE-170033 & UG-170034	Puget Sound Energy	Electric & Natural Gas Depreciation Issues	Washington State Office of the Attorney General, Public Council Unit
2017	Florida	Florida Public Service Commission	160186-EI & 160170-EI	Gulf Power Company	Electric Depreciation Issues	The Citizens of the State of Florida
2016	Kansas	Kansas Corporation Commission	16-KGSG-491-RTS	Kansas Gas Service	Natural Gas Depreciation Issues	Kansas Corporation Commission Staff
2016	DC	District of Columbia Public Service Commission	FC1139	Potomac Electric Power Company	Depreciation Issues	District of Columbia Public Service Commission
2016	Arizona	Arizona Corporation Commission	E-01933A-15-0239 & E-01933A-15-0322	Tucson Electric Power Company	Electric Depreciation Issues	The Utilities Division Staff Arizona Corporation Commission



Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2016	Georgia	Georgia Public Service Commission	40161	Georgia Power Company	Addressed Depreciation Issues	Georgia Public Service Commission Public Interest Advocacy Staff
2016	DC	District of Columbia Public Service Commission	FC1137	Washington Gas & Light	Depreciation Issues	District of Columbia Public Service Commission
2015	Kansas	Kansas Corporation Commission	16-ATMG-079-RTS	Amos Energy	Natural Gas Depreciation Issues	Kansas Corporation Commission Staff
2015	Kansas	Kansas Corporation Commission	15-TWVT-213-AUD	Twin Valley Telephone, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2015	Kansas	Kansas Corporation Commission	15-KCPE-116-RTS	Kansas City Power & Light Company	Electric Depreciation Issues	Kansas Corporation Commission Staff
2015	Kansas	Kansas Corporation Commission	15-MRGT-097-AUD	Moundridge Telephone Company, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2014	Kansas	Kansas Corporation Commission	14-S&TT-525-KSF	S&T Telephone Cooperative Association, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2014	Kansas	Kansas Corporation Commission	14-WTCT-142-KSF	Wamego Telecommunications Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2013	Kansas	Kansas Corporation Commission	13-PLTT-678-KSF	Peoples Telecommunications, LLC	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2013	New Jersey	State of New Jersey Board of Public Utilities	BPU ER12121071	Atlantic City Electric Company	Electric Depreciation Issues	New Jersey Rate Counsel
2013	Kansas	Kansas Corporation Commission	13-JBNT-437-KSF	J.B.N. Telephone Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff

Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2013	Kansas	Kansas Corporation Commission	13-ZENT-065-AUD	Zenda Telephone Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2013	DC	District of Columbia Public Service Commission	FC1103	Potomac Electric Power Company	Depreciation Issues	District of Columbia Public Service Commission
2012	Kansas	Kansas Corporation Commission	12-LHPT-875-AUD	LaHarpe Telephone Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2012	Kansas	Kansas Corporation Commission	12-GRHT-633-KSF	Gorham Telephone Company	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2012	Kansas	Kansas Corporation Commission	12-S&TT-234-KSF	S&T Telephone Cooperative Association, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2011	DC	District of Columbia Public Service Commission	FC1093	Washington Gas & Light	Depreciation Issues	District of Columbia Public Service Commission
2011	Kansas	Kansas Corporation Commission	11-CNHT-659-KSF	Cunningham Telephone Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2011	Kansas	Kansas Corporation Commission	11-PNRT-315-KSF	Pioneer Telephone Association	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2010	Kansas	Kansas Corporation Commission	10-HVDT-288-KSF	Haviland Telephone Company, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2009	Kansas	Kansas Corporation Commission	09-BLVT-913-KSF	Blue Valley Tele-Communications, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff

Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2009	DC	District of Columbia Public Service Commission	FC1076	Potomac Electric Power Company	Depreciation Issues	District of Columbia Public Service Commission
2008	Kansas	Kansas Corporation Commission	09-MTLT-091-KSF	Mutual Telephone Company	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2007	Kansas	Kansas Corporation Commission	08-MRGT-221-KSF	Moundridge Telephone Company	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2007	Kansas	Kansas Corporation Commission	07-PLTT-1289-AUD	Peoples Telecommunications, LLC	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2007	Kansas	Kansas Corporation Commission	07-MDTT-195-AUD	Madison Telephone, LLC	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2007	Kansas	Kansas Corporation Commission	06-RNBT-1322-AUD	Rainbow Telecommunications Assn., Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2006	Kansas	Kansas Corporation Commission	06-WCTC-1020-AUD	Wamego Telecommunications Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2006	Kansas	Kansas Corporation Commission	06-H&BT-1007-AUD	H&B Communications, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2006	Kansas	Kansas Corporation Commission	06-ELKT-365-AUD	Elkhart Telephone Company, Inc.	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2005	Kansas	Kansas Corporation Commission	05-SCNT-1048-AUD	South Central Telephone Association, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2005	Utah	Public Service Commission of Utah	05-2302-01	Carbon/Emery Telecom, Inc.	Cost Study Issues & Depreciation Issues	Utah Committee of Consumer Services

Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2005	Kansas	Kansas Corporation Commission	05-TTHT-895-AUD	Totah Communications, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2005	Maine	Public Utilities Commission of the State of Maine	2005-155	Verizon	Depreciation Issues	Office of Public Advocate
2005	Kansas	Kansas Corporation Commission	05-TRCT-607-KSF	Tri-County Telephone Association	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2005	Kansas	Kansas Corporation Commission	05-CNHT-020-AUD	Cunningham Telephone Company, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2005	Kansas	Kansas Corporation Commission	05-KOKT-060-AUD	KanOkla Telephone Association, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2004	Kansas	Kansas Corporation Commission	04-UTAT-690-AUD	United Telephone Association, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2004	Kansas	Kansas Corporation Commission	04-CGTT-679-RTS	Council Grove Telephone Company	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2004	Kansas	Kansas Corporation Commission	04-GNBT-130-AUD	Golden Belt Telephone Association	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2004	Kansas	Kansas Corporation Commission	03-TWVT-1031-AUD	Twin Valley Telephone, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2003	Kansas	Kansas Corporation Commission	03-HVDT-664-RTS	Haviland Telephone Company	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2003	Kansas	Kansas Corporation Commission	03-WHST-503-AUD	Wheat State Telephone Company, Inc.	Cost Study Issues & Support Fund Adjustments	Kansas Corporation Commission Staff
2003	Kansas	Kansas Corporation Commission	03-S&AT-160-AUD	S&A Telephone Company	Cost Study Issues	Kansas Corporation Commission Staff

Previous Experience						
Year	State	Commission	Docket	Company	Description	On Behalf of
2002	Kansas	Kansas Corporation Commission	02-JBNT-846-AUD	JBN Telephone Company	Cost Study Issues	Kansas Corporation Commission Staff
2002	Kansas	Kansas Corporation Commission	02-S&TT-390-AUD	S&T Telephone Cooperative Association, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2002	Kansas	Kansas Corporation Commission	02-BLVT-377-AUD	Blue Valley Telephone Company, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-PNRT-929-AUD	Pioneer Telephone Association, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-BSST-878-AUD	Bluestem Telephone Company	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-SFLT-879-AUD	Sunflower Telephone Company, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-CRKT-713-AUD	Craw-Kan Telephone Cooperative, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	11-RNBT-608-KSF	Rainbow Telecommunications Association	Cost Study Issues, Allocation of FTTH Equipment, & Support Fund Adjustments	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-SNKT-544-AUD	Southern Kansas Telephone Company, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2001	Kansas	Kansas Corporation Commission	01-RRLT-518-KSF	Rural Telephone Service Company, Inc.	Cost Study Issues	Kansas Corporation Commission Staff
2000	Illinois	Illinois Commerce Commission	98-0252	Ameritech	Cost Study Issues	Government and Consumer Intervenors

**Kansas Gas Services Company**  
**Table 1: Summary of Depreciation Rates**  
**As of December 31, 2017**

Account	Description	12/31/17 Investment	Current Approved			KGS Proposed				Staff Proposed				
			Investment	Net Salvage	Accrual	Investment	Net Salvage	Accrual	Difference	Investment	Net Salvage	Accrual	Difference	Difference
			Accrual	Accrual	Rate	Accrual	Accrual	Rate	from Current	Accrual	Accrual	Rate	from Current	from Company
	A	B	C	D	E=C+D	F	G	H=F+G	I=H-E	J	K	L=J+K	M=K-E	N=L-H
<b>TRANSMISSION PLANT</b>														
365.20	Rights of Way	12,010,820	1.32%	-0.01%	1.31%	1.42%	-0.01%	1.41%	0.10%	1.42%	-0.01%	1.41%	0.10%	0.00%
366.10	Compressor Station Structures	4,751,256	1.76%	0.74%	2.50%	2.20%	0.75%	2.95%	0.45%	2.20%	0.75%	2.95%	0.45%	0.00%
366.20	Meas. and Reg. Station Structures	1,394,765	1.49%	0.45%	1.94%	1.67%	0.51%	2.18%	0.24%	1.67%	0.51%	2.18%	0.24%	0.00%
367.00	Mains	217,770,393	1.80%	0.05%	1.85%	1.92%	0.46%	2.38%	0.53%	1.92%	0.46%	2.38%	0.53%	0.00%
368.00	Compressor Station Equipment	18,464,522	2.25%	0.75%	3.00%	2.71%	0.82%	3.53%	0.53%	2.71%	0.82%	3.53%	0.53%	0.00%
369.00	Meas. and Reg. Station Equipment	21,040,060	2.31%	0.64%	2.95%	2.48%	0.70%	3.18%	0.23%	2.48%	0.70%	3.18%	0.23%	0.00%
<b>Total Transmission Plant</b>		<b>275,431,816</b>	<b>1.85%</b>	<b>0.15%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>0.49%</b>	<b>2.48%</b>	<b>0.49%</b>	<b>2.00%</b>	<b>0.49%</b>	<b>2.48%</b>	<b>0.49%</b>	<b>0.00%</b>
<b>DISTRIBUTION PLANT</b>														
374.20	Rights of Way	2,218,337	1.38%	0.00%	1.38%	1.46%	0.00%	1.46%	0.08%	1.45%	0.00%	1.45%	0.07%	-0.01%
375.00	Structures and Improvements	890,099	3.08%	0.53%	3.61%	3.35%	0.55%	3.90%	0.29%	3.30%	0.54%	3.84%	0.23%	-0.06%
376.10	Mains - Metallic	288,773,291	1.34%	0.33%	1.67%	1.58%	0.91%	2.49%	0.82%	1.56%	0.90%	2.46%	0.79%	-0.03%
376.20	Mains - Plastic	338,177,359	1.89%	0.37%	2.26%	2.12%	1.10%	3.22%	0.96%	2.08%	0.58%	2.66%	0.40%	-0.56%
376.90	Mains - Cathodic Protection	30,194,962	1.34%	0.33%	1.67%	← 15 Year Amortization →		6.46%	4.79%	← 15 Year Amortization →		6.46%	4.79%	0.00%
378.00	Meas. and Reg. Station Equip. - General	24,435,280	1.90%	0.44%	2.34%	1.91%	0.56%	2.47%	0.13%	1.89%	0.55%	2.44%	0.10%	-0.03%
379.00	Meas. and Reg. Station Equip. - City Gate	8,600,727	1.57%	0.36%	1.93%	1.63%	0.53%	2.16%	0.23%	1.60%	0.53%	2.13%	0.20%	-0.03%
380.10	Services - Metallic	31,584,806	1.62%	1.99%	3.61%	2.14%	2.54%	4.68%	1.07%	2.06%	2.58%	4.63%	1.02%	-0.05%
380.20	Services - Plastic	456,336,500	2.07%	1.04%	3.11%	2.36%	1.39%	3.75%	0.64%	2.32%	1.37%	3.69%	0.58%	-0.06%
381.00	Meters	122,855,513	2.48%	0.01%	2.49%	2.75%	0.13%	2.88%	0.39%	2.71%	0.13%	2.84%	0.35%	-0.04%
381.50	AMR Communication Devices	23,735,492	6.67%	0.00%	6.67%	← 15 Year Amortization →		6.67%	0.00%	← 15 Year Amortization →		6.67%	0.00%	0.00%
382.00	Meter Installations	92,316,838	1.98%	1.04%	3.02%	2.15%	1.11%	3.26%	0.24%	2.11%	1.09%	3.20%	0.18%	-0.06%
383.00	House Regulators and Installations	23,805,753	1.87%	0.07%	1.94%	1.90%	0.10%	2.00%	0.06%	1.88%	0.09%	1.97%	0.03%	-0.03%
386.00	Other Property - Customer Premises	224,125	0.25%	0.00%	0.25%	20.16%	0.00%	20.16%	19.91%	16.24%	0.00%	16.24%	15.99%	-3.92%
387.00	Other Equipment													
<b>Total Distribution Plant</b>		<b>1,444,149,082</b>	<b>1.95%</b>	<b>0.61%</b>	<b>2.56%</b>	<b>2.30%</b>	<b>1.03%</b>	<b>3.33%</b>	<b>0.77%</b>	<b>2.26%</b>	<b>0.90%</b>	<b>3.16%</b>	<b>0.60%</b>	<b>-0.17%</b>
<b>GENERAL PLANT</b>														
<b>Depreciable</b>														
390.10	Structures and Improvements	36,120,293	1.48%	0.04%	1.52%	1.53%	0.04%	1.57%	0.05%	1.53%	0.04%	1.57%	0.05%	0.00%
392.00	Transportation Equipment	30,565,567	5.86%	-1.13%	4.73%	6.00%	-1.09%	4.91%	0.18%	6.00%	-1.09%	4.91%	0.18%	0.00%
396.00	Power Operated Equipment	12,905,334	5.13%	-0.68%	4.45%	5.37%	-0.63%	4.74%	0.29%	5.37%	-0.63%	4.74%	0.29%	0.00%
<b>Total Depreciable</b>		<b>79,591,194</b>	<b>3.75%</b>	<b>-0.53%</b>	<b>3.23%</b>	<b>3.87%</b>	<b>-0.50%</b>	<b>3.37%</b>	<b>0.14%</b>	<b>3.87%</b>	<b>-0.50%</b>	<b>3.37%</b>	<b>0.14%</b>	<b>0.00%</b>
<b>Amortizable</b>														
391.10	Office Furniture and Equipment	5,429,965	5.00%	0.00%	5.00%	← 20 Year Amortization →		4.79%	-0.21%	← 20 Year Amortization →		4.79%	-0.21%	0.00%
391.25	Computer Equipment	6,369,882	12.19%	0.00%	12.19%	← 7 Year Amortization →		14.01%	1.82%	← 7 Year Amortization →		14.01%	1.82%	0.00%
393.00	Stores Equipment	179,301	5.00%	0.00%	5.00%	← 20 Year Amortization →		4.88%	-0.12%	← 20 Year Amortization →		4.88%	-0.12%	0.00%
394.00	Tools, Shop and Garage Equipment	10,670,287	6.51%	0.00%	6.51%	← 15 Year Amortization →		6.54%	0.03%	← 15 Year Amortization →		6.54%	0.03%	0.00%
395.00	Laboratory Equipment	185,795	6.67%	0.00%	6.67%	← 15 Year Amortization →		6.67%	0.00%	← 15 Year Amortization →		6.67%	0.00%	0.00%
397.00	Communication Equipment	5,354,142	6.42%	0.00%	6.42%	← 15 Year Amortization →		5.34%	-1.09%	← 15 Year Amortization →		5.34%	-1.09%	0.00%
398.00	Miscellaneous Equipment	355,877	5.00%	0.00%	5.00%	← 20 Year Amortization →		5.00%	0.00%	← 20 Year Amortization →		5.00%	0.00%	0.00%
<b>Total Amortizable</b>		<b>28,545,249</b>	<b>7.45%</b>	<b>0.00%</b>	<b>7.45%</b>	<b>7.62%</b>	<b>0.00%</b>	<b>7.62%</b>	<b>0.17%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>7.62%</b>	<b>0.17%</b>	<b>0.00%</b>
<b>Total General Plant</b>		<b>108,136,443</b>	<b>4.73%</b>	<b>-0.39%</b>	<b>4.34%</b>	<b>4.86%</b>	<b>-0.37%</b>	<b>4.49%</b>	<b>0.15%</b>	<b>4.86%</b>	<b>-0.37%</b>	<b>4.49%</b>	<b>0.15%</b>	<b>0.00%</b>
<b>TOTAL GAS UTILITY</b>		<b>1,827,717,341</b>	<b>2.10%</b>	<b>0.48%</b>	<b>2.58%</b>	<b>2.41%</b>	<b>0.87%</b>	<b>3.27%</b>	<b>0.69%</b>	<b>2.38%</b>	<b>0.76%</b>	<b>3.14%</b>	<b>0.56%</b>	<b>-0.13%</b>

**Kansas Gas Services Company**  
**Table 2: Summary of Annual Accrual Amounts**  
**As of December 31, 2017**

Account	Description	12/31/17 Investment	Current Approved			KGS Proposed				Staff Proposed				
			Investment	Net Salvage Accrual	Accrual Amount	Investment Accrual	Net Salvage Accrual	Accrual Amount	Difference from Current	Investment Accrual	Net Salvage Accrual	Accrual Amount	Difference from Current	Difference from Company
	A	B	C	D	E=C+D	F	G	H=F+G	I=H-E	J	K	L=J+K	M=K-E	N=L-H
<b>TRANSMISSION PLANT</b>														
365.20	Rights of Way	12,010,820	158,543	(1,201)	157,342	170,554	(1,201)	169,353	12,011	170,554	(1,201)	169,353	12,011	0
366.10	Compressor Station Structures	4,751,256	83,622	35,159	118,781	104,528	35,634	140,162	21,381	104,528	35,634	140,162	21,381	0
366.20	Meas. and Reg. Station Structures	1,394,765	20,782	6,276	27,058	23,293	7,113	30,406	3,348	23,293	7,113	30,406	3,348	0
367.00	Mains	217,770,393	3,919,867	108,885	4,028,752	4,181,192	1,001,744	5,182,936	1,154,184	4,181,192	1,001,744	5,182,936	1,154,184	0
368.00	Compressor Station Equipment	18,464,522	415,452	138,484	553,936	500,389	151,409	651,798	97,862	500,389	151,409	651,798	97,862	0
369.00	Meas. and Reg. Station Equipment	21,040,060	486,025	134,656	620,681	521,793	147,280	669,073	48,392	521,793	147,280	669,073	48,392	0
	<b>Total Transmission Plant</b>	<b>275,431,816</b>	<b>5,084,291</b>	<b>422,259</b>	<b>5,506,550</b>	<b>5,501,749</b>	<b>1,341,979</b>	<b>6,843,728</b>	<b>1,337,178</b>	<b>5,501,749</b>	<b>1,341,979</b>	<b>6,843,728</b>	<b>1,337,178</b>	<b>0</b>
<b>DISTRIBUTION PLANT</b>														
374.20	Rights of Way	2,218,337	30,613	0	30,613	32,388	0	32,388	1,775	32,132	0	32,132	1,519	(256)
375.00	Structures and Improvements	890,099	27,415	4,718	32,133	29,818	4,896	34,714	2,581	29,365	4,839	34,204	2,071	(510)
376.10	Mains - Metallic	288,773,291	3,869,562	952,952	4,822,514	4,562,618	2,627,837	7,190,455	2,367,941	4,494,444	2,597,556	7,092,000	2,269,486	(98,455)
376.20	Mains - Plastic	338,177,359	6,391,552	1,251,256	7,642,808	7,169,360	3,719,951	10,889,311	3,246,503	7,033,598	1,952,849	8,986,447	1,343,639	(1,902,864)
376.90	Mains - Cathodic Protection	30,194,962	404,612	99,643	504,255	1,949,485	0	1,949,485	1,445,230	1,949,485	0	1,949,485	1,445,230	0
378.00	Meas. and Reg. Station Equip. - General	24,435,280	464,270	107,515	571,785	466,714	136,838	603,552	31,767	460,816	134,239	595,055	23,270	(8,497)
379.00	Meas. and Reg. Station Equip. - City Gate	8,600,727	135,031	30,963	165,994	140,192	45,584	185,776	19,782	137,956	45,335	183,291	17,297	(2,485)
380.10	Services - Metallic	31,584,806	511,674	628,538	1,140,212	675,915	802,254	1,478,169	337,957	649,514	814,393	1,463,907	323,695	(14,262)
380.20	Services - Plastic	456,336,500	9,446,166	4,745,900	14,192,066	10,769,541	6,343,077	17,112,618	2,920,552	10,566,719	6,265,602	16,832,321	2,640,255	(280,297)
381.00	Meters	122,855,513	3,046,817	12,286	3,059,103	3,378,527	159,712	3,538,239	479,136	3,328,742	154,883	3,483,625	424,522	(54,614)
381.50	AMR Communication Devices	23,735,492	1,582,366	0	1,582,366	1,582,366	0	1,582,366	0	1,582,366	0	1,582,366	0	0
382.00	Meter Installations	92,316,838	1,827,873	960,095	2,787,968	1,984,812	1,024,717	3,009,529	221,561	1,949,416	1,006,575	2,955,991	168,023	(53,538)
383.00	House Regulators and Installations	23,805,753	445,168	16,664	461,832	452,309	23,806	476,115	14,283	446,785	22,339	469,125	7,293	(6,990)
386.00	Other Property - Customer Premises	224,125	560	0	560	45,184	0	45,184	44,624	36,395	0	36,395	35,835	(8,789)
387.00	Other Equipment								0	0	0	0	0	0
	<b>Total Distribution Plant</b>	<b>1,444,149,082</b>	<b>28,183,679</b>	<b>8,810,530</b>	<b>36,994,209</b>	<b>33,239,229</b>	<b>14,888,672</b>	<b>48,127,901</b>	<b>11,133,692</b>	<b>32,697,734</b>	<b>12,998,610</b>	<b>45,696,344</b>	<b>8,702,135</b>	<b>(2,431,557)</b>
<b>GENERAL PLANT</b>														
<b>Depreciable</b>														
390.10	Structures and Improvements	36,120,293	534,580	14,448	549,028	552,640	14,448	567,088	18,060	552,640	14,448	567,088	18,060	0
392.00	Transportation Equipment	30,565,567	1,791,142	(345,391)	1,445,751	1,833,934	(333,165)	1,500,769	55,018	1,833,934	(333,165)	1,500,769	55,018	0
396.00	Power Operated Equipment	12,905,334	662,044	(87,756)	574,288	693,016	(81,304)	611,712	37,424	693,016	(81,304)	611,712	37,424	0
	<b>Total Depreciable</b>	<b>79,591,194</b>	<b>2,987,766</b>	<b>(418,699)</b>	<b>2,569,067</b>	<b>3,079,590</b>	<b>(400,021)</b>	<b>2,679,569</b>	<b>110,502</b>	<b>3,079,590</b>	<b>(400,021)</b>	<b>2,679,569</b>	<b>110,502</b>	<b>0</b>
<b>Amortizable</b>														
391.10	Office Furniture and Equipment	5,429,965	271,461	0	271,461	260,037	0	260,037	(11,424)	260,037	0	260,037	(11,424)	0
391.25	Computer Equipment	6,369,882	776,436	0	776,436	892,114	0	892,114	115,678	892,114	0	892,114	115,678	0
393.00	Stores Equipment	179,301	8,965	0	8,965	8,753	0	8,753	(212)	8,753	0	8,753	(212)	0
394.00	Tools, Shop and Garage Equipment	10,670,287	694,470	0	694,470	698,032	0	698,032	3,562	698,032	0	698,032	3,562	0
395.00	Laboratory Equipment	185,795	12,386	0	12,386	12,386	0	12,386	0	12,386	0	12,386	0	0
397.00	Communication Equipment	5,354,142	343,981	0	343,981	285,688	0	285,688	(58,293)	285,688	0	285,688	(58,293)	0
398.00	Miscellaneous Equipment	355,877	17,794	0	17,794	17,794	0	17,794	0	17,794	0	17,794	0	0
	<b>Total Amortizable</b>	<b>28,545,249</b>	<b>2,125,493</b>	<b>0</b>	<b>2,125,493</b>	<b>2,174,804</b>	<b>0</b>	<b>2,174,804</b>	<b>49,311</b>			<b>2,174,804</b>	<b>49,311</b>	<b>0</b>
	<b>Total General Plant</b>	<b>108,136,443</b>	<b>5,113,259</b>	<b>(418,699)</b>	<b>4,694,560</b>	<b>5,254,394</b>	<b>(400,021)</b>	<b>4,854,373</b>	<b>159,813</b>	<b>5,254,394</b>	<b>(400,021)</b>	<b>4,854,373</b>	<b>159,813</b>	<b>0</b>
	<b>TOTAL GAS UTILITY</b>	<b>1,827,717,341</b>	<b>38,381,229</b>	<b>8,814,090</b>	<b>47,195,319</b>	<b>43,995,372</b>	<b>15,830,630</b>	<b>59,826,002</b>	<b>12,630,683</b>	<b>43,453,877</b>	<b>13,940,568</b>	<b>57,394,445</b>	<b>10,199,126</b>	<b>(2,431,557)</b>

**Kansas Gas Services Company**  
**Table 3: Staff Calculation of Depreciation Rates**  
**As of December 31, 2017**

Account	Description	12/31/17 Investment	Redistributed Reserve	Percent Reserve	Future Net Salvage Percent	Net Plant to be Recovered	Remaining Life	Total Annual	
								Rate	Accrual
	A	B	C	D=C/B	E	F	G	H	I
<b>DISTRIBUTION PLANT</b>									
374.20	Rights of Way	2,218,337	381,973	17.22%	0%	1,836,364	57.15	1.45%	32,132
375.00	Structures and Improvements	890,099	230,091	25.85%	-15%	793,523	23.20	3.84%	34,204
376.10	Mains - Metallic	288,773,291	93,027,612	32.21%	-50%	340,132,324	47.96	2.46%	7,092,000
376.20	Mains - Plastic	338,177,359	105,320,390	31.14%	-25%	317,401,309	35.32	2.66%	8,986,447
376.90	Mains - Cathodic Protection	30,194,962	13,890,861	46.00%	0%	16,304,101	8.16	6.62%	1,998,052
378.00	Meas. and Reg. Station Equip. - General	24,435,280	7,630,430	31.23%	-30%	24,135,434	40.56	2.44%	595,055
379.00	Meas. and Reg. Station Equip. - City Gate	8,600,727	2,575,437	29.94%	-30%	8,605,508	46.95	2.13%	183,291
380.10	Services - Metallic	31,584,806	7,383,282	23.38%	-50%	39,993,927	27.32	4.63%	1,463,907
380.20	Services - Plastic	456,336,500	162,871,114	35.69%	-50%	521,633,636	30.99	3.69%	16,832,321
381.00	Meters	122,855,513	31,805,152	25.89%	-5%	97,193,137	27.90	2.84%	3,483,625
381.50	AMR Communication Devices	23,735,492	10,310,289	43.44%	0%	13,425,203	8.48	6.67%	1,583,161
382.00	Meter Installations	92,316,838	38,267,165	41.45%	-50%	100,208,092	33.90	3.20%	2,955,991
383.00	House Regulators and Installations	23,805,753	5,677,483	23.85%	-5%	19,318,557	41.18	1.97%	469,125
386.00	Other Property - Customer Premises	224,125	186,274	83.11%	0%	37,851	1.04	16.24%	36,395
387.00	Other Equipment								
<b>Total Distribution Plant</b>		<b>1,444,149,082</b>	<b>479,557,553</b>	<b>33.21%</b>		<b>964,591,529</b>		<b>3.17%</b>	<b>45,745,705</b>



**Kansas Gas Services Company**  
**Table 4: Current and Proposed Parameters**  
**As of December 31, 2017**

Account	Description	Current					Company Proposed						Staff Proposed					
		Proj	Iowa	VG	Avg	Future	Proj	Iowa	VG	Avg	Avg	Future	Proj	Iowa	VG	Avg	Avg	Future
		Life	Curve	ASL	Life	Net	Life	Curve	ASL	Life	Sal	Salvage	Life	Curve	ASL	Life	Sal	Salvage
A		B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
TRANSMISSION PLANT																		
365.20	Rights of Way	70	R1.5	70.62	59.35	0.0%	70	R1.5	70.93	55.28	0.7%	0.0%	70	R1.5	70.93	55.28	0.7%	0.0%
366.10	Compressor Station Structures	45	L2	45.85	28.94	-25.0%	45	L2	45.96	27.86	-34.5%	-25.0%	45	L2	45.96	27.86	-34.5%	-25.0%
366.20	Meas. and Reg. Station Structures	55	S1.5	54.91	34.92	-30.0%	60	S0.5	60.37	41.64	-30.4%	-30.0%	60	S0.5	60.37	41.64	-30.4%	-30.0%
367.00	Mains	50	L1	50.63	39.45	0.0%	52	R1.5	52.43	38.88	-23.9%	-25.0%	52	R1.5	52.43	38.88	-23.9%	-25.0%
368.00	Compressor Station Equipment	35	SC	35.92	26.22	-30.0%	35	SC	37.19	25.35	-30.4%	-30.0%	35	SC	37.19	25.35	-30.4%	-30.0%
369.00	Meas. and Reg. Station Equipment	40	L0	40.54	32.71	-30.0%	40	L0	40.46	32.68	-28.2%	-30.0%	40	L0	40.46	32.68	-28.2%	-30.0%
DISTRIBUTION PLANT																		
374.20	Rights of Way	70	R1.5	70.48	59.54	0.0%	70	R1.5	70.67	57.15	0.0%	0.0%	70	R1.5	70.67	57.15	0.0%	0.0%
375.00	Structures and Improvements	30	L0	30.59	25.73	-15.0%	30	L0	31.38	23.20	-16.7%	-15.0%	30	L0	31.38	23.20	-16.7%	-15.0%
376.10	Mains - Metallic	70	R1.5	71.11	52.69	-13.0%	65	R1	66.77	47.96	-59.0%	-50.0%	65	R1	66.77	47.96	-59.0%	-50.0%
376.20	Mains - Plastic	50	R3	50.05	37.50	-16.0%	50	R3	50.09	35.32	-52.7%	-50.0%	50	R3	50.09	35.32	-28.2%	-25.0%
376.90	Mains - Cathodic Protection	70	R1.5	71.11	52.69	-13.0%	15	SQ	15.00	8.16	0.0%	0.0%	15	SQ	15.00	8.16	0.0%	0.0%
378.00	Meas. and Reg. Station Equip. - General	50	S0.5	59.57	40.56	-20.0%	55	R1.5	54.90	40.56	-29.0%	-30.0%	55	R1.5	54.90	40.56	-29.0%	-30.0%
379.00	Meas. and Reg. Station Equip. - City Gate	60	R2.5	59.57	40.56	-20.0%	65	R2.5	64.70	46.95	-33.3%	-30.0%	65	R2.5	64.70	46.95	-33.3%	-30.0%
380.10	Services - Metallic	50	R1.5	52.82	28.47	-43.0%	50	R1.5	53.24	27.32	-141.7%	-50.0%	50	R1.5	53.24	27.32	-141.7%	-50.0%
380.20	Services - Plastic	45	R3	45.17	30.99	-38.0%	45	R3	45.16	30.99	-60.8%	-50.0%	45	R3	45.16	30.99	-60.8%	-50.0%
381.00	Meters	38	R1.5	38.27	28.86	0.0%	38	R1.5	38.28	27.90	-4.6%	-5.0%	38	R1.5	38.28	27.90	-4.6%	-5.0%
381.50	AMR Communication Devices	15	SQ	15.00	11.38	0.0%	15	SQ	15.00	8.48	0.0%	0.0%	15	SQ	15.00	8.48	0.0%	0.0%
382.00	Meter Installations	48	R2.5	47.74	36.65	-50.0%	50	R3	49.54	33.90	-51.9%	-50.0%	50	R3	49.54	33.90	-51.9%	-50.0%
383.00	House Regulators and Installations	50	R1.5	50.89	34.23	-5.0%	55	R2	55.08	41.18	-5.0%	-5.0%	55	R2	55.08	41.18	-5.0%	-5.0%
386.00	Other Property - Customer Premises	50	R1.5	50.89	34.23	-5.0%	10	S3	13.58	1.04	0.0%	0.0%	10	S3	13.58	1.04	0.0%	0.0%
387.00	Other Equipment	10	S3	10.20	3.22	0.0%												
GENERAL PLANT																		
Depreciable																		
390.10	Structures and Improvements	60	R1.5	60.75	48.49	-5.0%	60	R1.5	60.93	44.09	-2.9%	-5.0%	60	R1.5	60.93	44.09	-2.9%	-5.0%
392.00	Transportation Equipment	14	L1.5	14.49	9.42	20.0%	15	L1.5	15.31	10.39	18.5%	20.0%	15	L1.5	15.31	10.39	18.5%	20.0%
396.00	Power Operated Equipment	12	L2	12.16	6.88	10.0%	15	L1	16.04	8.93	11.3%	10.0%	15	L1	16.04	8.93	11.3%	10.0%
Amortizable																		
391.10	Office Furniture and Equipment	20	SQ	20.00	12.24	0.0%	20	SQ	20.00	8.67	0.0%	0.0%	20	SQ	20.00	8.67	0.0%	0.0%
391.25	Computer Equipment	7	SQ	7.00	4.17	0.0%	7	SQ	7.00	2.86	0.0%	0.0%	7	SQ	7.00	2.86	0.0%	0.0%
393.00	Stores Equipment	20	SQ	20.00	6.47	0.0%	20	SQ	20.00	12.63	0.0%	0.0%	20	SQ	20.00	12.63	0.0%	0.0%
394.00	Tools, Shop and Garage Equipment	15	SQ	15.00	8.82	0.0%	15	SQ	15.00	8.23	0.0%	0.0%	15	SQ	15.00	8.23	0.0%	0.0%
395.00	Laboratory Equipment	15	SQ	15.00	12.39	0.0%	15	SQ	15.00	10.73	0.0%	0.0%	15	SQ	15.00	10.73	0.0%	0.0%
397.00	Communication Equipment	15	SQ	15.00	6.50	0.0%	15	SQ	15.00	4.22	0.0%	0.0%	15	SQ	15.00	4.22	0.0%	0.0%
398.00	Miscellaneous Equipment	20	SQ	20.00	11.20	0.0%	20	SQ	20.00	13.50	0.0%	0.0%	20	SQ	20.00	13.50	0.0%	0.0%

**Comparison of Actually Incurred Net Salvage and Net Salvage Accruals in Proposed Depreciation Rates  
As of December 31, 2016**

Account	Description	Average Annual Net Salvage Actually Incurred	Net Salvage Recovery Included in KGS's Proposed Depr Rates	KGS Proposed / Actually Incurred	Net Salvage Recovery Included in Staff's Proposed Depr Rates	Staff Proposed / Actually Incurred
		A	B	C=B/A	D	E=D/A
<b>DISTRIBUTION PLANT</b>						
374.20	Rights of Way	106	0	0.0	0	0.0
375.00	Structures and Improvements	844	4,828	5.7	4,765	5.6
376.10	Mains - Metallic	3,989,510	2,487,226	0.6	2,479,428	0.6
<b>376.20</b>	<b>Mains - Plastic</b>	<b>778,259</b>	<b>3,527,169</b>	<b>4.5</b>	<b>1,863,086</b>	<b>2.4</b>
376.90	Mains - Cathodic Protection	0	0		0	
378.00	Meas. and Reg. Station Equip. - General	59,022	132,266	2.2	130,019	2.2
379.00	Meas. and Reg. Station Equip. - City Gate	51,145	40,094	0.8	39,334	0.8
380.10	Services - Metallic	5,590,708	778,057	0.1	786,287	0.1
380.20	Services - Plastic	5,886,842	5,886,808	1.0	5,824,540	1.0
381.00	Meters	147,312	149,662	1.0	143,509	1.0
381.50	AMR Communication Devices	0	0		0	
382.00	Meter Installations	564,472	1,041,548	1.8	1,029,419	1.8
383.00	House Regulators and Installations	40,434	20,124	0.5	20,827	0.5
386.00	Other Property - Customer Premises	0	0		0	
387.00	Other Equipment	0	0		0	
<b>TOTAL DISTRIBUTION PLANT</b>		<b>17,108,654</b>	<b>14,067,782</b>	<b>0.8</b>	<b>12,321,215</b>	<b>0.7</b>

**Comparison of Actually Incurred Net Salvage and Net Salvage Accruals in Proposed Depreciation Rates  
As of December 31, 2017**

Account	Description	Average Annual Net Salvage Actually Incurred	Net Salvage Recovery Included in KGS's Proposed Depr Rates	KGS Proposed / Actually Incurred	Net Salvage Recovery Included in Staff's Proposed Depr Rates	Staff Proposed / Actually Incurred
		A	B	C=B/A	D	E=D/A
DISTRIBUTION PLANT						
374.20	Rights of Way	106	0	0.0	0	0.0
375.00	Structures and Improvements	0	4,896		4,839	
376.10	Mains - Metallic	4,166,246	2,627,837	0.6	2,597,556	0.6
376.20	Mains - Plastic	780,608	3,719,951	4.8	1,952,849	2.5
376.90	Mains - Cathodic Protection	0	0		0	
378.00	Meas. and Reg. Station Equip. - General	62,550	136,838	2.2	134,239	2.1
379.00	Meas. and Reg. Station Equip. - City Gate	73,426	45,584	0.6	45,335	0.6
380.10	Services - Metallic	6,387,887	802,254	0.1	814,393	0.1
380.20	Services - Plastic	5,666,703	6,343,077	1.1	6,265,602	1.1
381.00	Meters	55,488	159,712	2.9	154,883	2.8
381.50	AMR Communication Devices	0	0		0	
382.00	Meter Installations	563,334	1,024,717	1.8	1,006,575	1.8
383.00	House Regulators and Installations	40,140	23,806	0.6	22,339	0.6
386.00	Other Property - Customer Premises	0	0		0	
387.00	Other Equipment	0	0		0	
TOTAL DISTRIBUTION PLANT		17,796,490	14,888,672	0.8	12,998,610	0.7

# Kansas Corporation Commission

Docket Number 18-KGSG-560-RTS

## Information Request

Data Request: 18-560 KCC-102: Depreciation

Company Name: Kansas Gas Service, a Division of ONE Gas, Inc.

Request Date: 07/10/2018

Date Information Needed: 07/19/2018

Requested By: Roxie McCullar

Page 1 of 1

Please provide the following:

Regarding retirements of Mains.

(a) Is it a correct statement that the Plastic Mains in Account 376.20 are generally retired in place? If this is not a correct statement, provide the corrected statement and the support for the corrected statement.

(b) In total for the years 2012-2016 were at least 75% the Plastic Mains in Account 376.20 that retired during those years retired in place? If this is not a correct statement, provide the corrected statement and the support for the corrected statement.

(c) In total for the years 2012-2016 what percent of the Plastic Mains in Account 376.20 that were retired during those years retired in place?

(d) If the response to part (b) is other than an unqualified affirmative, explain the most frequent reason that the Plastic Mains were not retired in place, and explain how they were physically retired (for example dug up the entire length and physically removed)

KGS Response:

- (a) Yes, this a correct statement. Plastic mains in Account 376.20 are generally, but not always, retired in place.
- (b) While records are not retained to enable a specific calculation, it is generally believed that during the years 2012 – 2016, at least 75% of the plastic mains in Account 376.20 were retired in place.
- (c) KGS does not the retain records required to provide this calculation.
- (d) KGS responded to part (b) in the affirmative.

Prepared by: Randy Spector

### Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

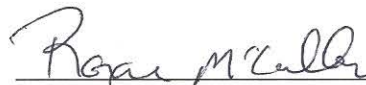
Signed: Randy Spector

Date: 7/18/18

VERIFICATION

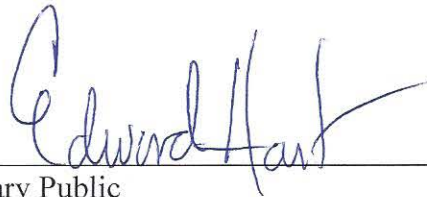
STATE OF ILLINOIS                    )  
  ) ss.  
COUNTY OF SANGAMON            )

Roxie McCullar of William Dunkel & Associates, being duly sworn upon her oath deposes and states that she is a Consultant for the Kansas Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Direct Testimony*, and that the statements contained therein are true and correct to the best of her knowledge, information and belief.



\_\_\_\_\_  
Roxie McCullar  
Consultant for Staff  
Kansas Corporation Commission  
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 26 day of October, 2018.



\_\_\_\_\_  
Notary Public

My Appointment Expires:

8/31/19



## **CERTIFICATE OF SERVICE**

18-KGSG-560-RTS

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Direct Testimony was served via electronic service this 29th day of October, 2018, to the following:

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## **CERTIFICATE OF SERVICE**

18-KGSG-560-RTS

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