

In the Matter of the Application of )  
Kansas Gas Service, a Division )  
of ONE Gas, Inc. for Adjustment ) DOCKET NO. 16-KGSG-\_\_\_\_-RTS  
of its Natural Gas Rates in the )  
State of Kansas )

**DIRECT TESTIMONY**  
**OF**  
**ANNA KERN**  
**ON BEHALF OF**  
**KANSAS GAS SERVICE**  
**A DIVISION OF ONE GAS, INC.**

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## LIST OF EXHIBITS

Exhibit AK-1	Towers Watson 2015 Total Compensation Survey (included within Mr. Mustich's Testimony as Attachment A) (CONFIDENTIAL)
Exhibit AK-2	List of Peer Companies
Exhibit AK-3a	ONE Gas 2015 Employee Short-Term Incentive Plan (CONFIDENTIAL)
Exhibit AK-3b	ONE Gas 2015 Officer Short-Term Incentive Plan (CONFIDENTIAL)
Exhibit AK-4a	ONE Gas 2014 Equity Compensation Plan (CONFIDENTIAL)
Exhibit AK-4b	First Amendment to ONE Gas 2015 Equity Compensation Plan (CONFIDENTIAL)
Exhibit AK-5	American Gas Association 2015 Long-Term Incentive Survey Results
Exhibit AK-6	Southern Gas Association 2015 Long-Term Incentive Survey Results
Exhibit AK-7	Towers Watson 2015 Long-Term Incentives Policies and Practices Survey Report – U.S.
Exhibit AK-8	American Gas Association 2015 Short-Term Incentive Survey Results
Exhibit AK-9	Southern Gas Association 2015 Short-Term Incentive Survey Results

**DIRECT TESTIMONY**

**OF**

**ANNA KERN**

**KANSAS GAS SERVICE**

**DOCKET NO. 16-KGSG-\_\_\_-RTS**

1 **I. INTRODUCTION AND QUALIFICATIONS**

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

3 A. My name is Anna Kern. My business address is 15 E. 5<sup>th</sup> Street Tulsa,  
4 Oklahoma 74103.

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

6 A. I am employed by ONE Gas, Inc., (“ONE Gas”) as the Compensation Manager  
7 within the Human Resources department. Kansas Gas Service, which is the  
8 applicant in this case, is a division of ONE Gas.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**  
10 **EXPERIENCE.**

11 A. I hold a Bachelor of Arts degree in Business Administration from Coe College  
12 and a Master of Business Administration from Oklahoma State University. I have  
13 more than ten years’ experience in human resources and have been responsible  
14 for the ONE Gas Compensation Department since February 2014. Prior to this, I  
15 was the Compensation Manager with ONEOK, Inc. (“ONEOK”). I joined the  
16 ONEOK Compensation Department in 2007. My experience prior to ONEOK  
17 was in the areas of recruiting and executive search for a private firm. I also hold  
18 the following certifications: Professional in Human Resources, Certified  
19 Compensation Professional and Society of Human Resources Professional.

1 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR**  
2 **DIRECTION?**

3 A. Yes, it was.

4 **Q. HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR**  
5 **TESTIMONY?**

6 A. Yes. I have prepared and sponsor the exhibits listed in the table of contents.

7 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR**  
8 **DIRECTION?**

9 A. Yes, they were.

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

11 A. My testimony explains and provides information that supports the  
12 reasonableness of the ONE Gas compensation philosophy relating to base pay,  
13 short-term and long-term incentive plans.

14 **II. ONE GAS COMPENSATION PHILOSOPHY FOR NON-BARGAINING UNIT**  
15 **EMPLOYEES**

16 **Q. PLEASE EXPLAIN THE ONE GAS OVERALL COMPENSATION**  
17 **PHILOSOPHY.**

18 A. ONE Gas' goal is to provide a total compensation package, including base pay,  
19 short-term incentives ("STIs or STI"), long-term incentives ("LTIs or LTI") and  
20 benefits that is competitive in the marketplace and allows ONE Gas to attract,  
21 retain, and motivate a quality workforce. ONE Gas compares the value of its  
22 total compensation package with that of peer companies to confirm market  
23 competitiveness and ensure the ability to attract and retain employees. Where  
24 the data is available, ONE Gas targets the median (50<sup>th</sup> percentile) of the local  
25 market and peer companies in the locations in which it provides service. Being  
26 able to attract and retain a quality workforce is crucial to providing safe, reliable

1 and efficient service to the Company's customers. Therefore, ONE Gas reviews  
2 its total compensation package annually to ensure it remains competitive.

3 **Q. WHAT ARE THE COMPONENTS OF THE ONE GAS TOTAL COMPENSATION**  
4 **PACKAGE?**

5 A. The components of the ONE Gas total compensation package are base pay,  
6 STIs, LTIs and benefits (such as healthcare). For the purposes of this testimony  
7 I focus on the pay portions, and collectively refer to them as "pay."

8 **Q. HOW DOES ONE GAS ENSURE THAT ITS PAY PROGRAMS ARE**  
9 **REASONABLE?**

10 A. For non-executive employee pay, ONE Gas participates in national and industry-  
11 specific salary surveys to determine pay guidelines and short-term incentive  
12 targets for each position. These surveys are specific to the energy industry,  
13 targeted to certain business units within the energy industry, or from a general  
14 industry perspective. Pay information is submitted and reviewed on an annual  
15 basis, allowing ONE Gas to stay current with its pay guidelines. Most jobs are  
16 matched to multiple surveys that are conducted by independent third-party  
17 human resources or compensation consulting firms. ONE Gas relies on these  
18 types of surveys to establish pay (or market) guidelines that are competitive with  
19 its peers. A summary of ONE Gas' pay compared with market is included  
20 (Confidential Exhibit AK-1).

21 For executive pay, the Executive Compensation Committee of ONE Gas  
22 Board of Directors reviews market data of ONE Gas' peers. The peers are  
23 selected because of their similarities to ONE Gas, the size of their operations and  
24 the skills and experience required of their senior management. A listing of peer  
25 companies included in the review is contained in the ONE Gas Proxy Statement  
26 on page 45, which is included as Exhibit AK-2. ONE Gas seeks to pay

1 experienced executives at approximately the median level of total compensation  
2 for peer companies and other organizations with whom it competes for executive  
3 talent.

4 The Total Compensation Study completed by Towers Watson (Exhibit  
5 AK-1) states that, "Based on our review, we believe ONE Gas' compensation  
6 philosophy is well aligned with industry peers. ONE Gas' compensation  
7 philosophy is also well aligned with general industry companies."

8 **Q. WOULD YOU PROVIDE SOME EXAMPLES OF THE TYPES OF SURVEYS**  
9 **USED TO MONITOR MARKET-BASED PAY RELATED TO ONE GAS**  
10 **EMPLOYEES?**

11 A. Yes, two different types of surveys used to monitor market-based pay as it  
12 relates to employees, are:

13 (1) General industry surveys. These are:

- 14 • Towers Watson CSR Office and Business Support; and  
15 • AON Hewitt TCM Mid-Management and Professional.

16 (2) Industry specific surveys covering the natural gas distribution utility  
17 segment, such as:

- 18 • American Gas Association;  
19 • Mercer Energy Industry;  
20 • Southern Gas Association; and  
21 • Towers Watson Energy Services Mid-Management, Professional and  
22 Support.

1 **Q. IS THIS SAME PROCESS APPLIED TO EXECUTIVE COMPENSATION?**

2 A. Yes, ONE Gas uses the same market-based pay process for executives.  
3 Compensation is measured against the same or similar positions at peer  
4 companies as determined by the Executive Compensation Committee. This  
5 ensures that pay is competitive and sufficient to attract and retain qualified  
6 executives.

7 **Q. PLEASE DISCUSS THE PAY PROGRAMS THAT ARE PROVIDED TO**  
8 **EMPLOYEES.**

9 A. **Base Salary:** Base salary is designed to compensate employees based on the  
10 labor market for their position and the employee's proficiency level, experience,  
11 consistent performance level and the overall value the employee brings to the  
12 position. Workforce availability, employer needs, location, cost of living and  
13 economic conditions are all factors that can impact base salary. Base salary is  
14 reviewed at least annually for every employee.

15 **Short-Term Incentives:** STIs are variable pay that is at-risk based on both  
16 individual and Company performance. STIs provide employees with a direct  
17 financial interest in the delivery of superior service to customers and in the  
18 Company's performance and profitability. All regular, full-time active non-  
19 bargaining unit employees are eligible for STIs.

20 **Long-Term Incentives:** LTIs are equity grants made to eligible employees and  
21 executives. Since 2004, grants under the Company's LTI plans have consisted  
22 of restricted stock units and performance units. LTI awards are designed to  
23 enable the Company to attract, retain and reward certain key employees and  
24 executives who provide benefits to customers and shareholders and to give  
25 those participants an incentive to enhance long-term performance and value. A  
26 higher ratio of performance units to restricted stock incentive units is granted to

1 participants with more direct ability to impact the performance of the Company.  
2 Of the 159 active LTI participants, 86.8% are non-officers. In the last payout that  
3 vested in February 2016, 48.6% of the payout went to non-officer employees.

4 **Q. WHY DOES ONE GAS SPLIT ITS EMPLOYEE COMPENSATION INTO FIXED**  
5 **AND VARIABLE COMPONENTS RATHER THAN SIMPLY PAYING**  
6 **EMPLOYEES A BASE SALARY?**

7 A. ONE Gas structures its compensation plan to be consistent with market  
8 demands, since the majority of companies that ONE Gas competes with for  
9 talent, both regulated and non-regulated, have both fixed and variable  
10 components of compensation. This type of compensation plan creates an  
11 incentive for employees to achieve goals that benefit customers, shareholders  
12 and employees. Variable compensation requires individual employee and  
13 Company performance to meet certain criteria in order to realize the incentive  
14 award.

15 **Q. WHY IS IT APPROPRIATE TO VIEW ONE GAS' COMPENSATION PACKAGE**  
16 **IN TOTAL?**

17 A. ONE Gas compensation package should be viewed in total because the  
18 Company's base salaries are generally *below* the median of the market. On a  
19 combined basis, considering base salaries and incentive compensation, the  
20 Company is still *generally at or below* comparable energy company industry  
21 levels. An analysis showing that on average ONE Gas' salaries and incentives  
22 are generally below the median of market is included in Confidential Exhibit AK-1  
23 and states, "ONE Gas' pay competitiveness is estimated to be slightly below the  
24 market range for base salary and total cash compensation, but within the market  
25 range for total direct compensation."



1 **III. SHORT-TERM INCENTIVE PLAN**

2 **Q. WOULD YOU PLEASE EXPLAIN ONE GAS' ANNUAL EMPLOYEE**  
3 **INCENTIVE PLAN?**

4 A. The Annual Employee Incentive Plan provides for an annual cash incentive  
5 based on certain performance criteria that are established each year by the ONE  
6 Gas Board of Directors. The STI awards are calculated using an employee's  
7 base salary and an STI target for the position, expressed as a percentage of  
8 salary. An STI award is a one-time lump-sum annual payment that occurs if both  
9 threshold levels for individual and ONE Gas performance are attained. STI  
10 measures are diluted annual earnings per share, total recordable incident rate,  
11 preventable vehicle incident rate, and an individual performance modifier.  
12 Achieving these measures provides direct benefits to our customers,  
13 shareholders and employees, because they encourage employees to be good  
14 stewards of expenses, practice safe driving and operating behaviors, provide  
15 safe and reliable service and encourage decisions that help keep customer rates  
16 low. Incentive plans that are competitive with our peers (utility and non-utility)  
17 are necessary to attract, retain, and motivate a quality workforce. All ONE Gas  
18 and KGS regular full-time employees, except for those employees affiliated with  
19 the collective bargaining units, are eligible to participate in the employee annual  
20 STI Plan. The details of the STI Plan are set forth in Confidential Exhibits AK-3a  
21 and AK-3b.

22 **Q. WHAT IS THE INDIVIDUAL PERFORMANCE MODIFIER?**

23 A. Employees are evaluated on job-related goals and objectives established by the  
24 employee and their supervisor. These goals vary depending upon the  
25 employee's position. Individual employee goals may include productivity,  
26 efficiency, professional development, quality and reliability of service, and safety

1 metrics. An employee's individual performance modifier can range from 0% to  
2 125%. With STI, the Company offers the employees a direct financial interest in  
3 the performance and success of the Company. As a result of this goal setting,  
4 STI impacts customers because all KGS employees have a vested interest in  
5 managing expenses, meeting Company goals (both safety *and* financial in  
6 nature), and meeting their own performance goals. This incentive ultimately  
7 results in better overall customer satisfaction and lower rates because the  
8 Company's incentive program promotes an efficient workforce that is customer-  
9 focused.

10 **Q. WHY IS IT IMPORTANT TO HIGHLIGHT THE INDIVIDUAL PERFORMANCE**  
11 **MODIFIER?**

12 A. The individual performance factor is important because each employee's  
13 incentive amount is based on their individual performance. This means that  
14 there may be some employees who do not receive an incentive in a year that  
15 they do not meet performance expectations. Conversely, there may be some  
16 employees who receive a larger award if they exceed their performance  
17 expectations.

18 **Q. DO OTHER UTILITIES OFFER STI?**

19 A. Yes, the provision of STI is common among utilities. In fact, two other utilities in  
20 Kansas, Black Hills and Atmos, both offer STI and have been afforded some  
21 recovery of those costs in rates by the Commission Staff.<sup>1</sup>

22 **Q. IS IT IN THE CUSTOMER'S INTEREST TO INCLUDE CORPORATE AND**  
23 **FINANCIAL GOALS IN ADDITION TO OPERATIONAL AND SAFETY**  
24 **PERFORMANCE GOALS IN CALCULATING STI?**

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<sup>1</sup>Docket No. 16-ATMG-079-RTS, Direct Testimony of Staff Witness Kristina Luke Fry, pages 13-18;  
Docket No. 14-BHCG-502-RTS, Direct Testimony of Staff Witness John Bell, pages, 2-11..

1 A. Yes, it is. Absent some evidence that customers are receiving non-quality or  
2 unreliable service, customers benefit when ONE Gas meets its corporate and  
3 financial goals. Additionally, utilizing financial and operational criteria in the  
4 calculation of an STI award is common practice among industry peers.  
5 Corporate and financial goals, like earnings per share, encourage employees to  
6 run a cost-efficient business that ultimately saves customers money by reducing  
7 the bills they pay. Operational safety goals, like preventable vehicle incident  
8 rates, encourage employees to operate in a safe manner, which ultimately helps  
9 in keeping the customers and employees in our communities safe and reduces  
10 costs. We believe the combination of these criteria is key to safely providing  
11 reliable service to our customers at low rates, as well as a balanced approach for  
12 attracting, motivating, and retaining a high performing employee workforce  
13 appropriate for the needs and requirements of the organization, its service areas  
14 and all of its constituents.

15 **IV. LONG-TERM INCENTIVE PLAN**

16 **Q. WHAT IS THE PURPOSE OF THE LTI PROGRAM?**

17 A. LTI is the third pay component of the ONE Gas total compensation package. LTI  
18 pay, along with base pay and STI, is needed for certain positions in order to  
19 compete with peers in the market. LTI is required to attract, motivate and retain  
20 key employees, including executives and managers, and encourage them to  
21 make business decisions that create long-term value for all of our stakeholders,  
22 including customers. Generally, participants who receive LTI are those  
23 employees who are in a position to contribute significantly to the financial stability  
24 of ONE Gas or who perform services of major importance. Absent evidence that  
25 customers are not receiving quality and reliable service, encouraging employees  
26 to meet corporate and financial goals results in lower costs paid by customers.

1 LTI awards generally vest after three years to encourage long-term  
2 improvements and financial awareness in key employees and to provide an  
3 incentive for the employees to remain with ONE Gas.

4 **Q. PLEASE EXPLAIN THE ONE GAS LTI PLAN.**

5 A. ONE Gas has an Equity Compensation Plan, in which various types of LTI equity  
6 incentive awards are available to qualifying executives and certain key non-  
7 officer employees. This Plan is included as Confidential Exhibits AK-4a and AK-  
8 4b. The ONE Gas Board of Directors' Executive Compensation Committee  
9 oversees the Equity Compensation Plan and approves all LTI grants and awards.

10 LTI awards are approved and granted on an annual cycle, usually in the first  
11 quarter of each calendar year. In 2015, ONE Gas granted two forms of LTI  
12 compensation: restricted stock units and performance units. The grant values  
13 were based on position and base salary using the 50<sup>th</sup> percentile of survey data.  
14 In addition to position and base salary, employee performance, employee  
15 potential, long-term value to the Company and our desire to retain quality  
16 employees are considered in determining who is eligible.

17 Restricted stock units are granted for a term of three years from the date  
18 of grant, with the participant being vested and entitled to receive one share of  
19 ONE Gas common stock for each restricted stock unit granted after three years  
20 of employment following the grant date. Restricted stock is not based on the  
21 financial performance of ONE Gas, rather it is a form of compensation designed  
22 to encourage the retention of key employees.

23 Performance units granted in 2015 vest three years from the date of  
24 grant, at which time the participant is entitled to receive a percentage of the  
25 performance units granted in shares of ONE Gas common stock. The number of  
26 shares of common stock awarded will range from 0% to 200% of the number of

1 units granted based upon ONE Gas' performance as measured by three-year  
2 total shareholder return ("TSR") versus a designated peer group of 12 gas utility  
3 peer companies over the same three-year measurement period. If the ONE Gas  
4 TSR equals the 50<sup>th</sup> percentile of the TSR earned by the peer companies over  
5 the measurement period, participants will receive 100% of the performance units  
6 granted. A performance scale calibrates the potential number of performance  
7 units earned, with a 25<sup>th</sup> percentile TSR performance versus the peer group  
8 equating to an award of 50% of the performance units granted and a 90<sup>th</sup>  
9 percentile performance versus the peer group equating to a payment of 200% of  
10 the performance units granted. If the ONE Gas TSR falls below the 25<sup>th</sup>  
11 percentile TSR of the peer group, participants will not receive an award for any of  
12 the performance units granted at the start of the measurement period.

13 Company TSR performance versus the TSR performance of a designated  
14 peer group of companies is a common measure of long-term performance  
15 associated with utility performance plans such as the ONE Gas performance unit  
16 plan.

17 **Q. WHY IS IT APPROPRIATE FOR PERFORMANCE UNITS OF EXECUTIVES**  
18 **AND NON-OFFICER KEY EMPLOYEES TO BE LINKED TO CORPORATE**  
19 **GOALS?**

20 A. LTI is a very common component of key employee compensation among utilities  
21 as all 12 companies in our peer group have a LTI program. The 2015 American  
22 Gas Association Compensation Survey reports that 63% of the 60 respondents in  
23 their survey offer LTI (Exhibit AK-5). The 2015 Southern Gas Association survey  
24 found that 67% of companies responding offer LTI to non-officer management  
25 (Exhibit AK-6). (The survey does not address executives.)

1           The Towers Watson 2015 Long-Term Incentives, Policies and Practices  
2 Survey found that 70% of the 102 energy companies responding granted  
3 restricted LTI and 65% granted performance based LTI (Exhibit AK-7). In the  
4 energy group, the survey found that the most common measures of performance  
5 are:

6           Total Shareholder Return	70.5%
7           Earnings per Share	18.2%
8           Customer Satisfaction	8.0%
9           Return on Invested Capital	4.5%

10          Additionally, at least two other gas utilities in the state of Kansas, Black Hills and  
11 Atmos, offer LTI.

12           As the above demonstrates, the ONE Gas LTI plan design is very  
13 common among similar companies and is evaluated regularly to ensure the  
14 Company remains competitive with the market. LTI is designed to ensure that  
15 executives and key employees are making good decisions on behalf of the  
16 Company over the long term and absent evidence that customers are not  
17 receiving quality and reliable service, they align with the interests of the  
18 Company's customers and other stakeholders.

19 **Q. HOW DO CUSTOMERS BENEFIT FROM ONE GAS' LTI PLAN?**

20 A. Through being competitive in the market, LTI enables ONE Gas to attract and  
21 retain quality executives and key employees. This encourages employees to  
22 continuously improve performance, which directly benefits customers through a  
23 focus on safe, reliable and efficient service. Retaining key employees also  
24 improves system and operations knowledge and reduces the need (and cost) to  
25 recruit, hire and train new employees to replace those who might leave the  
26 Company if we did not compensate them competitively in the market.

1 **Q. WHAT EVIDENCE DOES ONE GAS HAVE THAT IT MUST OFFER A**  
2 **COMPREHENSIVE COMPENSATION PACKAGE, INCLUDING INCENTIVE**  
3 **COMPENSATION, TO ATTRACT, RETAIN AND MOTIVATE QUALIFIED**  
4 **EMPLOYEES?**

5 A. The utility industry has been providing incentive compensation to its employees  
6 for many years. The Southern Gas Association's and the American Gas  
7 Association's 2015 compensation surveys clearly indicate that almost all public  
8 utilities rely upon some form of incentive compensation as part of their overall  
9 compensation structure. The 2015 American Gas Association Compensation  
10 Survey reports that 75% of respondents in the survey that are Distribution  
11 companies offer STI to non-exempt employees, 81% to exempt employees, 94%  
12 to management, and 81% to executives (Exhibit AK-8). The 2015 Southern Gas  
13 Association survey found that 87% of companies responding offer STI to non-  
14 officer management (Exhibit AK-9). (As noted previously, this survey does not  
15 address executives.)

16 The Company believes that if it does not offer comprehensive  
17 compensation packages, the Company would see: (1) a departure of skilled  
18 employees; (2) reduced levels of service and customer satisfaction; and (3)  
19 increased difficulty recruiting new employees. Without some form of incentive  
20 compensation, the Company believes that highly motivated and high-performing  
21 employees will seek employment opportunities where employees with their skill  
22 sets are provided an opportunity to earn compensation above base pay levels.  
23 Variable pay plans provide the Company with effective tools for motivating  
24 employee performance and attracting and retaining qualified workers. Incentive  
25 compensation plans are designed to elicit productive behavior from plan  
26 participants, which in turn provides benefits to the customers the utility serves.

1 **V. CONCLUSION**

2 **Q. ARE THE COMPENSATION COSTS INCURRED BY ONE GAS**  
3 **REASONABLE?**

4 A. Yes, they are reasonable. ONE Gas targets the median (50<sup>th</sup> percentile) of the  
5 local market and peer groups in the locations in which it operates to set pay and  
6 benefits. By reducing or eliminating any element of our target total direct  
7 compensation, we would not be competitive in the market. Competitive pay  
8 plans are a necessary cost of doing business in order to attract and retain  
9 qualified employees, which ultimately, benefits the customer by ensuring the  
10 delivery of safe, reliable and efficient service.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes.





# ONE GAS, INC.

## FORM DEF 14A (Proxy Statement (definitive))

Filed 04/01/15 for the Period Ending 05/21/15

Address	15 EAST FIFTH STREET TULSA, OK 74103
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CIK	0001587732
Symbol	OGS
SIC Code	4924 - Natural Gas Distribution
Fiscal Year	12/31

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The Committee considered the independence of Meridian in light of Securities and Exchange Commission rules and NYSE listing standards regarding the independence of consultants to compensation committees. The Committee requested and received a letter from Meridian addressing the consulting firm's independence, including the following factors:

- (1) other services provided to us by the consultant;
- (2) fees paid by us as a percentage of the consulting firm's total revenue;
- (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest;
- (4) any business or personal relationships between the individual consultants involved in the engagement and any member of the Committee;
- (5) any company stock owned by the individual consultants involved in the engagement; and
- (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. The Committee discussed these considerations and concluded the work of the consultant did not raise any conflict of interest and the consultant was independent of the Committee and our company.

## MARKET BENCHMARKING

For its 2014 compensation decisions, the Committee asked Meridian to assist with the annual benchmarking and competitive assessment of our executive compensation program. The Committee reviewed independent executive compensation data compiled by Meridian to assess competitive executive compensation levels for our executive officers. The survey data provided annual base salary, annual incentive opportunities, LTI compensation opportunities and total compensation opportunities among participating companies.

The Committee considers a number of factors in structuring our compensation program and making compensation decisions. This includes considering the compensation practices of select peer companies in the natural gas utility industry. After considering recommendations from Meridian and management, these companies were chosen by the Committee because they have significant lines of business in the natural gas utility industry similar to our business and the size of their operations and the skills and experience required of their senior management to effectively operate their businesses are also similar to ours. The Committee believes referencing these peers is appropriate when reviewing our compensation program since we compete with these companies for executive talent. The Committee will review the composition of the peer group at least annually. We used the following peer group (our "Peer Group") when determining the 2014 compensation of our NEOs:

AGL Resources	Piedmont Natural Gas Company, Inc.
Atmos Energy Corporation	Questar Corporation
The Laclede Group, Inc.	South Jersey Industries, Inc.
New Jersey Resources Corporation	Southwest Gas Corporation
Northwest Natural Gas Company	WGL Holdings, Inc.

These peers were chosen as they are utility companies of similar character to our Company in areas such as revenue, market cap, and number of customers. Meridian presented peer-company specific data, average compensation and compensation at each quartile of the data to the Committee with respect to total compensation and major elements of compensation ( *i.e.* , salary, STIs and LTIs) for each of the NEO's. The Committee determined this is an appropriate peer group for the Company in making compensation decisions for the NEO's.

In May 2014, the Board voted to add Avista Corporation and Vectren Corporation to the benchmarking peer group for determining compensation. Meridian and the Committee believe that ONE Gas has a credible peer group.

PLAN SUMMARY  
ONE Gas, Inc.  
ANNUAL EMPLOYEE INCENTIVE PLAN  
JANUARY 2015

REDACTED

**ONE GAS, INC.**

**ANNUAL OFFICER INCENTIVE PLAN**

REDACTED

**ONE GAS, INC.**  
**EQUITY COMPENSATION PLAN**

REDACTED

**FIRST AMENDMENT TO ONE GAS, INC.  
EQUITY COMPENSATION PLAN**

REDACTED

**Policies and Practices****Long-Term Incentives****PREVALENCE OF ORGANIZATIONS WITH LONG-TERM INCENTIVE PLAN(S)**

	# of Organizations	% of Organizations	# of Responses
<b>Entire Sample Combined</b>	38	63.3%	60

**PREVALENCE OF VARIOUS LONG-TERM INCENTIVE PLAN TYPES PART 1**

	Non-Qualified Stock Option Plan	Incentive Stock Option Plan	Performance- Based Stock Options	Stock Appreciation Rights (SARs)	Restricted Stock Plan	Restricted Stock Unit Plan	Performance Contingent Restricted Stock Plan
<b>Entire Sample Combined</b>							
Executive	15.8%	10.5%	2.6%	10.5%	34.2%	28.9%	21.1%
Management, Excluding Executives	7.9%	2.6%	2.6%	5.3%	26.3%	21.1%	7.9%
Exempt, Non-Management	2.6%	0.0%	0.0%	2.6%	10.5%	2.6%	0.0%
<b>COMPANY TYPE</b>							
<b>Distribution</b>							
Executive	0.0%	0.0%	0.0%	0.0%	36.4%	9.1%	18.2%
Management, Excluding Executives	0.0%	0.0%	0.0%	0.0%	18.2%	9.1%	0.0%
Exempt, Non-Management	0.0%	0.0%	0.0%	0.0%	9.1%	0.0%	0.0%
<b>Integrated</b>							
Executive	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Management, Excluding Executives	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Exempt, Non-Management	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
<b>Combination</b>							
Executive	16.7%	8.3%	4.2%	12.5%	33.3%	37.5%	20.8%
Management, Excluding Executives	12.5%	4.2%	4.2%	8.3%	29.2%	29.2%	12.5%
Exempt, Non-Management	4.2%	0.0%	0.0%	4.2%	8.3%	4.2%	0.0%
<b>ORGANIZATION SIZE</b>							
<b>Under 1,000 FTEs</b>							
Executive	0.0%	0.0%	0.0%	0.0%	28.6%	14.3%	14.3%
Management, Excluding Executives	0.0%	0.0%	0.0%	0.0%	14.3%	14.3%	0.0%
Exempt, Non-Management	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	0.0%
<b>1,000 FTEs or More</b>							
Executive	19.4%	12.9%	3.2%	12.9%	35.5%	32.3%	22.6%
Management, Excluding Executives	9.7%	3.2%	3.2%	6.5%	29.0%	22.6%	9.7%
Exempt, Non-Management	3.2%	0.0%	0.0%	3.2%	9.7%	3.2%	0.0%

*Table continues on next page.*



## V. QUESTIONNAIRE – COMPENSATION PROGRAMS

	<u>Management (Non-Officers)</u>	<u>Non-Mgmt. Exempt</u>	<u>Non-Exempt Non-Union</u>	<u>Non-Exempt Union</u>
<b>D. LONG-TERM INCENTIVES</b>				
1. Do you have a Long-Term Incentive Plan (LTIP)?	67%	20%	7%	0%
<i>Definition of Long-Term Incentives: A grant (either a cash or stock plan) made in addition to an employee's normal salary to reward performance over a period of typically three years or more.</i>				
2. Type of plan:				
Incentive Stock Options (ISO)	10%	33%		
Performance Units (PU)	40%	33%		
Performance Shares (PS)	40%	0%		
Restricted Stock (RS)	40%	0%		
Restricted Stock Units (RSU)	40%	67%		
Other (cash)	10%	33%	100%	
3. What criteria do you use for eligibility?				
Base Salary	20%	33%		
Management Level	50%	N/A	N/A	
Discretionary	30%	33%		
All Employees Eligible	10%	33%	100%	

## LTI Prevalence

TYPE(S) OF LTI GRANTED IN MOST RECENT ANNUAL GRANT						
	% of Responses					# of Responses
	Stock Options	Restricted Stock/ Stock Units	Performance Shares	Performance Cash/Units	Stock Appreciation Rights (SARs)	
<b>Total Sample</b>	42.4%	68.7%	58.4%	23.6%	6.7%	902
<b>Industry Sector</b>						
Energy Services	14.7%	69.6%	64.7%	22.5%	1.0%	102
Financial Services	32.9%	62.7%	48.4%	33.5%	5.0%	161
High Tech	56.3%	71.5%	61.6%	17.9%	7.9%	151
Manufacturing	53.6%	68.8%	59.1%	22.1%	9.1%	394
Media/Entertainment	57.1%	90.5%	61.9%	9.5%	4.8%	21
Pharmaceutical/Biotechnology	58.5%	73.6%	52.8%	15.1%	9.4%	53
Retail/Wholesale Trade	46.0%	76.2%	58.7%	14.3%	6.3%	63
Services	42.6%	73.5%	64.8%	17.9%	6.2%	162
Health Care	25.0%	50.0%	40.0%	55.0%	5.0%	20
<b>Revenue Size</b>						
Under \$500 Million	32.5%	37.5%	20.0%	45.0%	5.0%	40
\$500 Million - \$1 Billion	43.8%	77.1%	47.9%	16.7%	6.3%	48
\$1 Billion - \$3 Billion	47.4%	70.9%	54.5%	25.4%	4.7%	213
\$3 Billion - \$6 Billion	34.6%	73.2%	64.1%	18.3%	11.1%	153
\$6 Billion - \$10 Billion	41.0%	71.0%	70.0%	19.0%	11.0%	100
\$10 Billion - \$20 Billion	45.5%	73.7%	68.6%	18.6%	6.4%	156
\$20 Billion or More	42.7%	62.0%	54.7%	29.7%	3.6%	192

**LTI Plan Design****Performance Plan Awards (continued)**

PERFORMANCE MEASURED IN DETERMINING PAYOUT					
	% of Responses				# of Responses
	Corporate	Division/Group	Individual	Other	
<b>Total Sample</b>	96.8%	13.0%	6.6%	2.4%	723
<b>Industry Sector</b>					
Energy Services	95.5%	12.5%	5.7%	6.8%	88
Financial Services	98.5%	9.9%	6.1%	2.3%	131
High Tech	98.3%	13.9%	6.1%	2.6%	115
Manufacturing	96.2%	13.7%	4.8%	1.9%	314
Media/Entertainment	93.3%	20.0%	6.7%	0.0%	15
Pharmaceutical/Biotechnology	97.1%	14.7%	5.9%	0.0%	34
Retail/Wholesale Trade	100.0%	14.6%	4.9%	0.0%	41
Services	96.9%	13.0%	9.9%	1.5%	131
Health Care	94.4%	22.2%	27.8%	0.0%	18
<b>Revenue Size</b>					
Under \$500 Million	100.0%	16.0%	20.0%	4.0%	25
\$500 Million - \$1 Billion	96.8%	6.5%	0.0%	6.5%	31
\$1 Billion - \$3 Billion	96.4%	12.0%	6.6%	1.8%	167
\$3 Billion - \$6 Billion	95.9%	15.7%	5.8%	1.7%	121
\$6 Billion - \$10 Billion	97.7%	14.0%	7.0%	2.3%	86
\$10 Billion - \$20 Billion	96.2%	11.3%	5.3%	2.3%	133
\$20 Billion or More	97.5%	13.8%	7.5%	2.5%	160

REVENUE/PROFIT PERFORMANCE METRICS USED							
	% of Responses						# of Responses
	Revenues	EPS	Net Income	EBIT/ Operating Income	EBITDA	Other	
<b>Total Sample</b>	18.5%	20.5%	6.0%	8.5%	10.1%	19.7%	730
<b>Industry Sector</b>							
Energy Services	4.5%	18.2%	4.5%	2.3%	10.2%	18.2%	88
Financial Services	20.8%	15.4%	10.0%	4.6%	2.3%	32.3%	130
High Tech	27.1%	24.6%	7.6%	8.5%	8.5%	18.6%	118
Manufacturing	20.3%	21.8%	6.3%	9.8%	11.4%	17.4%	316
Media/Entertainment	13.3%	40.0%	0.0%	13.3%	13.3%	13.3%	15
Pharmaceutical/Biotechnology	37.1%	25.7%	5.7%	5.7%	8.6%	25.7%	35
Retail/Wholesale Trade	28.3%	28.3%	4.3%	15.2%	15.2%	17.4%	46
Services	17.4%	21.2%	3.8%	11.4%	12.1%	15.9%	132
Health Care	22.2%	22.2%	0.0%	5.6%	16.7%	11.1%	18
<b>Revenue Size</b>							
Under \$500 Million	16.0%	4.0%	16.0%	8.0%	8.0%	32.0%	25
\$500 Million - \$1 Billion	12.9%	16.1%	0.0%	3.2%	12.9%	3.2%	31
\$1 Billion - \$3 Billion	19.6%	19.0%	7.1%	6.5%	15.5%	18.5%	168
\$3 Billion - \$6 Billion	16.9%	23.4%	7.3%	11.3%	9.7%	19.4%	124
\$6 Billion - \$10 Billion	23.9%	20.5%	3.4%	8.0%	12.5%	17.0%	88
\$10 Billion - \$20 Billion	17.0%	24.4%	4.4%	10.4%	9.6%	22.2%	135
\$20 Billion or More	18.2%	20.1%	6.3%	8.2%	3.8%	22.0%	159

**LTI Plan Design****Performance Plan Awards (continued)**

ACCOUNTING RETURN/MARGIN PERFORMANCE METRICS USED							
	% of Responses						# of Responses
	ROIC/RONA	ROE	Operating Margin	Net Profit Margin	Gross Margin	Other	
<b>Total Sample</b>	17.3%	8.2%	3.0%	1.2%	0.8%	12.2%	730
<b>Industry Sector</b>							
Energy Services	4.5%	10.2%	1.1%	0.0%	0.0%	13.6%	88
Financial Services	9.2%	31.5%	3.1%	1.5%	0.8%	27.7%	130
High Tech	27.1%	0.0%	1.7%	1.7%	1.7%	6.8%	118
Manufacturing	22.2%	1.6%	1.9%	1.3%	0.6%	7.0%	316
Media/Entertainment	0.0%	0.0%	0.0%	0.0%	0.0%	13.3%	15
Pharmaceutical/Biotechnology	8.6%	2.9%	0.0%	2.9%	0.0%	8.6%	35
Retail/Wholesale Trade	32.6%	2.2%	6.5%	0.0%	0.0%	10.9%	46
Services	15.9%	1.5%	4.5%	2.3%	2.3%	9.8%	132
Health Care	22.2%	11.1%	11.1%	0.0%	0.0%	5.6%	18
<b>Revenue Size</b>							
Under \$500 Million	16.0%	16.0%	4.0%	0.0%	0.0%	20.0%	25
\$500 Million - \$1 Billion	12.9%	12.9%	0.0%	3.2%	0.0%	3.2%	31
\$1 Billion - \$3 Billion	16.1%	7.7%	3.0%	2.4%	2.4%	11.9%	168
\$3 Billion - \$6 Billion	17.7%	2.4%	0.0%	0.8%	0.0%	15.3%	124
\$6 Billion - \$10 Billion	17.0%	5.7%	3.4%	0.0%	0.0%	9.1%	88
\$10 Billion - \$20 Billion	14.8%	9.6%	3.7%	0.7%	0.7%	4.4%	135
\$20 Billion or More	21.4%	11.3%	5.0%	1.3%	0.6%	18.9%	159

SHAREHOLDER VALUE PERFORMANCE METRICS USED							
	% of Responses						# of Responses
	Total Shareholder Return (TSR)	EVA/CVA/Economic Profit	CFROI	Operating Cash Flow	Free Cash Flow	Other	
<b>Total Sample</b>	42.5%	1.8%	0.1%	3.3%	5.2%	8.6%	730
<b>Industry Sector</b>							
Energy Services	70.5%	0.0%	0.0%	3.4%	1.1%	12.5%	88
Financial Services	29.2%	0.0%	0.0%	1.5%	0.0%	8.5%	130
High Tech	44.1%	1.7%	0.8%	5.1%	6.8%	10.2%	118
Manufacturing	46.8%	3.8%	0.3%	4.1%	6.0%	9.8%	316
Media/Entertainment	46.7%	0.0%	0.0%	6.7%	26.7%	6.7%	15
Pharmaceutical/Biotechnology	40.0%	2.9%	0.0%	5.7%	5.7%	17.1%	35
Retail/Wholesale Trade	10.9%	2.2%	0.0%	0.0%	6.5%	6.5%	46
Services	41.7%	0.0%	0.0%	4.5%	10.6%	5.3%	132
Health Care	11.1%	0.0%	0.0%	0.0%	5.6%	0.0%	18
<b>Revenue Size</b>							
Under \$500 Million	16.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25
\$500 Million - \$1 Billion	48.4%	0.0%	0.0%	0.0%	3.2%	9.7%	31
\$1 Billion - \$3 Billion	42.3%	1.2%	0.0%	1.2%	5.4%	7.7%	168
\$3 Billion - \$6 Billion	42.7%	3.2%	0.0%	1.6%	3.2%	6.5%	124
\$6 Billion - \$10 Billion	52.3%	1.1%	0.0%	3.4%	6.8%	11.4%	88
\$10 Billion - \$20 Billion	43.0%	0.7%	0.7%	3.0%	8.9%	8.1%	135
\$20 Billion or More	39.6%	3.1%	0.0%	8.2%	3.8%	11.3%	159

## LTI Plan Design

## Performance Plan Awards (continued)

STRATEGIC PERFORMANCE METRICS USED							
	% of Responses						# of Responses
	Market Share	Quality	Customer Satisfaction/Service	Employee Metrics	Strategic Milestones	Other	
<b>Total Sample</b>	1.9%	2.1%	3.7%	4.1%	3.3%	10.3%	730
<b>Industry Sector</b>							
Energy Services	1.1%	4.5%	8.0%	3.4%	9.1%	18.2%	88
Financial Services	4.6%	3.8%	7.7%	6.2%	5.4%	13.8%	130
High Tech	0.0%	0.8%	1.7%	4.2%	1.7%	4.2%	118
Manufacturing	1.3%	0.6%	0.6%	3.2%	1.6%	7.6%	316
Media/Entertainment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15
Pharmaceutical/Biotechnology	2.9%	0.0%	0.0%	0.0%	2.9%	8.6%	35
Retail/Wholesale Trade	2.2%	0.0%	2.2%	4.3%	0.0%	4.3%	46
Services	0.8%	0.0%	3.0%	3.8%	1.5%	6.8%	132
Health Care	5.6%	22.2%	16.7%	11.1%	11.1%	33.3%	18
<b>Revenue Size</b>							
Under \$500 Million	8.0%	12.0%	32.0%	16.0%	24.0%	28.0%	25
\$500 Million - \$1 Billion	6.5%	3.2%	6.5%	6.5%	6.5%	6.5%	31
\$1 Billion - \$3 Billion	0.6%	1.2%	1.8%	3.0%	4.2%	8.3%	168
\$3 Billion - \$6 Billion	1.6%	1.6%	2.4%	2.4%	1.6%	10.5%	124
\$6 Billion - \$10 Billion	2.3%	1.1%	1.1%	2.3%	0.0%	6.8%	88
\$10 Billion - \$20 Billion	0.7%	3.7%	2.2%	3.7%	2.2%	10.4%	135
\$20 Billion or More	2.5%	0.6%	4.4%	5.7%	2.5%	11.9%	159

MAXIMUM PAYOUT AS % OF TARGET							
	% of Responses						# of Responses
	Less Than 150%	150%	151% - 199%	200%	More Than 200%	No Maximum	
<b>Total Sample</b>	8.9%	20.4%	3.8%	58.5%	7.3%	1.1%	740
<b>Industry Sector</b>							
Energy Services	6.7%	22.5%	3.4%	65.2%	2.2%	0.0%	89
Financial Services	8.3%	28.8%	5.3%	50.0%	6.1%	1.5%	132
High Tech	8.3%	14.2%	3.3%	70.8%	3.3%	0.0%	120
Manufacturing	7.8%	12.2%	2.8%	66.9%	9.1%	1.3%	320
Media/Entertainment	26.7%	20.0%	0.0%	46.7%	6.7%	0.0%	15
Pharmaceutical/Biotechnology	11.1%	19.4%	0.0%	47.2%	16.7%	5.6%	36
Retail/Wholesale Trade	15.2%	28.3%	6.5%	39.1%	10.9%	0.0%	46
Services	10.4%	25.4%	4.5%	51.5%	6.7%	1.5%	134
Health Care	15.8%	36.8%	0.0%	42.1%	5.3%	0.0%	19
<b>Revenue Size</b>							
Under \$500 Million	15.4%	46.2%	0.0%	34.6%	3.8%	0.0%	26
\$500 Million - \$1 Billion	6.5%	22.6%	6.5%	58.1%	6.5%	0.0%	31
\$1 Billion - \$3 Billion	7.1%	22.4%	2.9%	58.2%	8.8%	0.6%	170
\$3 Billion - \$6 Billion	7.1%	18.3%	4.0%	62.7%	7.1%	0.8%	126
\$6 Billion - \$10 Billion	10.1%	16.9%	1.1%	61.8%	7.9%	2.2%	89
\$10 Billion - \$20 Billion	3.7%	22.1%	2.9%	61.8%	8.1%	1.5%	136
\$20 Billion or More	15.4%	16.0%	6.8%	54.9%	5.6%	1.2%	162

## Policies and Practices

## Bonuses and Other Variable Pay Programs

## Plan Prevalence

## BONUS AND/OR OTHER VARIABLE PAY PROGRAM(S) IN WHICH SOME OR ALL INCUMBENTS ARE ELIGIBLE

	% of Organizations with at Least One Plan	# of Responses	Prevalence of Various Plan Types (as a % of Organizations with Plans)						
			Bonus	Current Cash Profit Sharing	Team/ Small Group Incentives	Individual Incentives	Spot or Technical Achievement Awards	Gainsharing	Other Short-Term Incentives
<b>Entire Sample Combined</b>									
Executive	81.4%	59	91.8%	8.2%	10.2%	26.5%	24.5%	4.1%	6.1%
Management, Excluding Executives	81.7%	60	93.9%	6.1%	12.2%	24.5%	49.0%	2.0%	10.2%
Exempt, Non-Management	78.0%	59	87.8%	6.1%	12.2%	26.5%	51.0%	2.0%	10.2%
Nonexempt	78.3%	60	83.7%	8.2%	18.4%	22.4%	53.1%	2.0%	10.2%
<b>COMPANY TYPE</b>									
<b>Distribution</b>									
Executive	78.9%	19	81.3%	6.3%	12.5%	31.3%	31.3%	6.3%	0.0%
Management, Excluding Executives	80.0%	20	93.8%	6.3%	12.5%	31.3%	43.8%	6.3%	12.5%
Exempt, Non-Management	75.0%	20	81.3%	6.3%	12.5%	37.5%	43.8%	6.3%	12.5%
Nonexempt	75.0%	20	75.0%	6.3%	12.5%	31.3%	43.8%	6.3%	12.5%
<b>Integrated</b>									
Executive	100.0%	3	100.0%	0.0%	0.0%	33.3%	0.0%	0.0%	33.3%
Management, Excluding Executives	100.0%	3	66.7%	0.0%	0.0%	0.0%	33.3%	0.0%	33.3%
Exempt, Non-Management	100.0%	3	66.7%	0.0%	0.0%	33.3%	66.7%	0.0%	33.3%
Nonexempt	100.0%	3	66.7%	0.0%	33.3%	0.0%	66.7%	0.0%	33.3%
<b>Combination</b>									
Executive	79.4%	34	96.3%	11.1%	11.1%	22.2%	22.2%	3.7%	3.7%
Management, Excluding Executives	79.4%	34	96.3%	7.4%	14.8%	22.2%	51.9%	0.0%	3.7%
Exempt, Non-Management	75.8%	33	92.6%	7.4%	11.1%	18.5%	51.9%	0.0%	3.7%
Nonexempt	76.5%	34	88.9%	11.1%	18.5%	18.5%	55.6%	0.0%	3.7%
<b>ORGANIZATION SIZE</b>									
<b>Under 1,000 FTEs</b>									
Executive	66.7%	18	83.3%	0.0%	8.3%	33.3%	25.0%	0.0%	16.7%
Management, Excluding Executives	66.7%	18	83.3%	0.0%	8.3%	25.0%	33.3%	0.0%	25.0%
Exempt, Non-Management	64.7%	17	75.0%	0.0%	0.0%	41.7%	41.7%	0.0%	25.0%
Nonexempt	61.1%	18	66.7%	0.0%	8.3%	25.0%	41.7%	0.0%	25.0%
<b>1,000 FTEs or More</b>									
Executive	87.8%	41	94.6%	10.8%	10.8%	24.3%	24.3%	5.4%	2.7%
Management, Excluding Executives	88.1%	42	97.3%	8.1%	13.5%	24.3%	54.1%	2.7%	5.4%
Exempt, Non-Management	83.3%	42	91.9%	8.1%	16.2%	21.6%	54.1%	2.7%	5.4%
Nonexempt	85.7%	42	89.2%	10.8%	21.6%	21.6%	56.8%	2.7%	5.4%

Table continues on next page.

## V. QUESTIONNAIRE – COMPENSATION PROGRAMS

	<u>Management (Non-Officers)</u>	<u>Non-Mgmt. Exempt</u>	<u>Non-Exempt Non-Union</u>	<u>Non-Exempt Union</u>
<b>C. ANNUAL INCENTIVES (Percentages indicate “yes” responses)</b>				
1. Do you have an Annual (Short-Term) Incentive Plan?	87%	87%	87%	60%
<i>Definition of Annual Incentives: A lump-sum cash or stock payment made in addition to an employee's normal salary for a fiscal or calendar year. Annual Incentives are usually based on individual, company, and/or organizational unit performance. Does not include Holiday Bonuses.</i>				
2. Type of plan:				
Bonus	92%	92%	92%	89%
Lump Sum	15%	15%	15%	11%
Profit Sharing	8%	8%	8%	11%
3. What criteria do you use for eligibility?				
Base Salary	0%	0%	0%	0%
Salary Grade Midpoint	0%	0%	0%	0%
Job Title	8%	8%	8%	11%
Management Level	8%	N/A	N/A	N/A
Discretionary	15%	15%	15%	11%
Full-Time Employees Eligible	23%	23%	23%	33%
Salaried Employees Eligible	8%	8%	8%	11%
All are Eligible (subject to minimum service/hours requirement)	62%	62%	62%	56%