

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

In the Matter of the Petition of Kansas Gas)
Service, a Division of ONE Gas, Inc. for)
Approval by the Commission to Change its) Docket No. 23-KGSG-281-TAR
Gas System Reliability Surcharge per K.S.A.)
66-2201 Through 66-2204)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission", respectively), and files its Report and Recommendation regarding Kansas Gas Service, a Division of ONEOK, Inc.'s ("KGS") Application for approval of its updated Gas System Reliability Surcharge ("GSRS").

Staff has reviewed all testimony, exhibits, and discovery responses from KGS in this Docket and has made further adjustments to reflect known and measurable updates to the GSRS Recoveries for 2022, as detailed in the Report and Recommendation. These adjustments result in a revised revenue requirement increase from KGS's previous GSRS filing of \$7,676,805 associated with \$77,535,300 in additional approved capital investment. Staff recommends the Commission approve the revised revenue requirement as filed in its Report and Recommendation. If approved, the GSRS will increase residential customer bills by \$0.78 monthly, or \$9.36 annually.

WHEREFORE, Staff submits its Report and Recommendation for Commission review and consideration and for such other relief as the Commission deems just and reasonable.

Respectfully submitted,
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REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Dwight D. Keen, Chair
Susan K. Duffy, Commissioner
Andrew J. French, Commissioner

FROM: Ashlyn Hefley, Utilities Engineer
Kristina Luke Fry, Managing Auditor
Jaren Dolsky, Rate Analyst
Leo Haynos, Chief Engineer
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance
Jeff McClanahan, Director of Utilities

DATE: October 25, 2022

SUBJECT: Docket No. 23-KGSG-281-TAR: In the Matter of the Petition of Kansas Gas Service, a Division of ONE Gas, Inc. for Approval by the Commission to Change its Gas System Reliability Surcharge per K.S.A. 66-2201 Through 66-2204.

EXECUTIVE SUMMARY:

On August 26, 2022, Kansas Gas Service (KGS) filed an Application for approval of its updated Gas System Reliability Surcharge (GSRS), which was originally based on a proposed revenue requirement increase of \$7,845,281 associated with \$78,993,911 of additional capital costs for eligible infrastructure system replacements. Staff has reviewed all testimony, exhibits, and discovery responses from KGS in this Docket and has made further adjustments to reflect known and measurable updates to GSRS Recoveries for the year 2022. These adjustments result in a revised revenue requirement increase from KGS's previous GSRS filing of \$7,676,805 associated with \$77,535,300 in additional approved capital investment. Staff recommends the Commission approve the revised revenue requirement as filed in this Report and Recommendation. If approved, the GSRS will increase residential customer bills by \$0.78 monthly, or \$9.36 annually.

BACKGROUND:

On August 26, 2022, KGS filed its request for an updated tariff schedule, labeled the GSRS. This tariff was designed to allow for the adjustment of KGS's rates and charges and provide for the recovery of \$27,213,963 of total GSRS revenue requirement associated with \$265,984,880 of capital costs for eligible infrastructure system replacements.¹

K.S.A. 66-2204 requires Staff to examine information from the utility and confirm that the underlying costs are in accordance with the statutory provisions of the Gas Safety and Reliability Policy Act. Staff is required to file a Report and Recommendation in this Docket by October 25, 2022. The Commission is required to

¹ KGS' filed accumulative GSRS request would result in a Revenue Requirement increase of \$7,845,281 associated with the additional capital costs totaling \$78,993,911.

issue a Final Order on the Application within 120 days of the filing date which, in this Docket, is by December 24, 2022.

History

The Gas Safety and Reliability Policy Act, K.S.A. 66-2201 through 66-2204, was enacted by the Kansas Legislature in July 2006 and revised in 2018. The statutory provisions allow natural gas public utilities to recover costs for infrastructure system investments through a monthly customer surcharge as long as the infrastructure investments do not increase revenue by directly connecting the infrastructure system to new customers. In order to be eligible for GSRS recovery, the infrastructure investments must also meet at least one of the five criteria listed in the definition of Natural Gas Utility Plant Projects found in K.S.A. 66-2202(f). Primarily, these criteria include projects extending the useful life of pipeline system components, projects for system security, and facility relocations due to public works projects, such as road improvement.

In its review of the Application, the Commission is required to confirm that the included replacement projects meet the provisions of the Act. The Commission is also charged with the obligation of confirming that the proposed surcharge has been properly calculated and is based solely on the projects that are eligible infrastructure investments. To make the determination of recommending a given project for inclusion in the GSRS, Staff reviews the projects descriptions to ensure the replaced facilities do not support increased revenues by connecting to new customers. That is to say, the investments allowed for GSRS recovery must only support gas delivery to existing customers. Additionally, the projects considered for GSRS recovery must satisfy at least one of the five criteria included in the definition of a Natural Gas Utility Plant Project as defined in K.S.A. 66-2202(f). Projects satisfying the conditions are then considered an infrastructure investment eligible for the recovery of costs. The five eligibility criteria are listed as follows:

- 1) Pipeline system components installed to replace, upgrade or modernize obsolete² facilities;
- 2) Projects extending the useful life or enhancing the integrity of pipeline system components, for example, projects undertaken to comply with state or federal safety requirements;
- 3) Facility relocations required due to public works projects;
- 4) System security costs including allocated corporate costs incurred by a natural gas public utility;
- and
- 5) Investments made in accordance with the utility's safety and risk management programs.

In addition to each project meeting the eligibility criteria, Staff evaluates the GSRS application to ensure it meets the financial criteria prescribed in K.S.A. 66-2203. In this case, Staff evaluates each GSRS Application to ensure the following financial conditions are met:

- The annualized GSRS revenues requested are below the lesser of \$1,000,000 or 0.5% of the natural gas public utility's base revenue level approved by the Commission in the natural gas public utility's most recent general rate proceeding;³
- The total annualized GSRS revenues do not exceed 20% of the utility's base revenue level approved by the Commission in the natural gas public utility's most recent general rate proceeding;⁴
- and

² "Obsolete facility" means a facility: (1) Comprised of materials that are no longer produced or supported by the manufacturer; (2) that shows signs of physical deterioration; or (3) does not meet current safety codes or industry standards.

³ K.S.A. 66-2203(a).

⁴ K.S.A. 66-2203(a).

- The utility has had a general rate proceeding decided or dismissed by issuance of a Commission Order within the past 60 months.⁵

If the GSRS Application satisfies at least one of the five project criteria and all of the financial criteria, the Commission is required to approve the Application.

ANALYSIS:

Pipeline Safety

KGS recommends the proposed rate base of \$71,718,446 be included in the proposed surcharge. There are two groups of projects being submitted in this filing, safety related system replacements and government mandated relocation projects. Exhibits JRR-1, JRR-2, JRR-3, JRR-4 and NLP-1 are attached to the Direct Testimony of KGS witness, Jordan R. Robl, and support the proposed capital costs. Exhibit JRR-1 includes 793 projects comprised of safety related system improvements. Exhibit JRR-2 consists of 156 public improvement projects (government mandated relocation projects) that have not been fully reimbursed to the natural gas utility. Exhibit JRR-3 summarizes blanket work orders related to service line replacements and projects completed to address safety concerns and/or in conjunction with government projects. Exhibit NLP-1 includes four projects related to physical and cyber security.

Safety Related System Replacements

There are eight categories of safety related projects included in JRR-1. Each category is based upon a similar code citation(s).⁶ For the Safety Related System Replacement Projects, Staff reviewed the synopsis of work and pipeline code compliance citation provided by KGS for each identified project. Based on our review, Staff recommends the Commission find \$1,396,317 associated with six projects be considered as ineligible for GSRS recovery. Staff's description of each of the ineligible projects and our explanation of the recommended disqualification are as follows:

KGS rebuilt and relocated the Axtell town border station (TBS) a small distance away from a ballpark. Job number 010107 installed 45 feet of 2 inch coated steel and 720 feet of 4 inch coated steel in conjunction with relocating the obsolete TBS. Although the Application states the project retired bare steel, conversations between Staff and KGS indicate the project retired coated steel installed in 1984. If the pipe retired was coated steel from 1984, Staff contends it was not obsolete. Staff also questions the installation of 4 inch steel rather than plastic for a system that operates at 20 pounds of pressure. KGS claims it wanted the structural integrity steel provides as it is the only line feeding the town.⁷ The pipe footage installed for this project appears to have been done in order to facilitate moving the TBS to a more desirable location. While Staff believes replacing the obsolete TBS is eligible for GSRS recovery, we contend the costs for relocating the TBS and installing additional piping to reconnect the new TBS to its former position is not eligible for GSRS recovery. Staff recommends the Commission disallow the \$94,980 in original costs associated with job number 010107 from the filing.

Job number 010123 installed pig launching equipment for the cleaning and inspection of a segment of transmission pipeline located in rural north central Kansas. A pig launcher allows access into the pipeline in order to place a pipeline pig or inline inspection (ILI) tool into the gas stream. The tool travels through the pipeline and evaluates the remaining wall thickness of the pipe to find corrosion defects or damage from external forces such as excavation equipment. If corrosion or damage of the pipe wall rises to a certain level, the "anomaly" is evaluated and scheduled for repair. KGS procedures for maintenance of steel

⁵ K.S.A. 66-2203(b).

⁶ These categories include: (1) 3-5-3 Program Replacement, (2) Bare Steel Main Replacement, (3) Bare Steel Service Line Replacement (4) Cathodic Protection, (5) Continuing Surveillance, (6) Physical Security, (7) Pipeline System Components, and (8) Pressure and Measurement (Obsolescence).

⁷ See Exhibit 1, KGS response to Staff Data Request 8.

transmission pipelines detail the required repairs for anomalies if the anomaly severity reaches a certain threshold but do not specify prioritization or a timeline.⁸ While this type of inspection is required for certain segments of pipeline, safety regulations do not require ILI inspections of all transmission pipelines. In this particular case, the evaluation of the pipeline segment where the pig launcher was recently installed is not required by regulation. KGS claims this project meets K.S.A. 66-2202(f)(2) because the pig launching equipment enhances the integrity of the pipeline. Staff points out the pig launching site only provides access to the pipeline to gain knowledge of its current condition. The integrity of the pipeline would be enhanced if the knowledge gained from the tool was then used to make any necessary repairs. KGS informed Staff that it plans to perform the inline inspection in 2024. However, KGS will not commit to repairing any anomalies found by the inline inspection because it does not yet know the extent or the magnitude of the anomalies that may be found or how such anomalies will be ranked in their risk prioritization scheme. There is no regulatory requirement for KGS to use the pig launching system or to fix the anomalies found in the inspection because the pipeline segment to be surveyed using the pig launching equipment is not in a moderate or high consequence area. Staff contends gaining knowledge of the condition of the pipeline (by use of the pig launcher) does not enhance the integrity of the pipeline unless that knowledge is used to fix the anomalies found during the inspection. Staff recommends the Commission disallow the \$1,233,016 in original costs associated with job number 010123 from the filing until KGS can explain how and when the data that will be gained from using the pig launcher will be used to enhance the integrity of the pipeline.

Job number 010310 retired 1,088 feet of yard line and installed 500 feet of 1.25 inch plastic service line due to a leak on the existing line. Per KGS Tariff, a customer is responsible for the cost of \$4.54 per foot in excess of 200 feet when the pipe diameter is 1.25 inches or less.⁹ The customer is responsible for 300 feet of the service line, therefore should be billed \$1,362. GSRS allows for KGS to recover the cost of the service line that has not been reimbursed to it, however, the customer contribution cost was not removed from the application. Staff recommends the Commission consider \$5,012 of the \$6,374 original cost to be eligible for recovery.

Staff determined through the discovery process that job number 010480 and 010482 should be removed from the filing consistent with Staff's position in docket no. 21-KGSG-094-TAR. In the two projects, KGS extended its main to resolve easement procurement issues when replacing a service line that crosses private property. Staff agrees main extension is the best operational approach, however the new installation of main should not be GSRS recoverable. Staff recommends the Commission disallow \$7,005 for job number 010480 and \$11,253 for job number 010482 from the GSRS filing.

In job number 010156, Kansas State University had plans to build a training facility over existing main, service line, and meter set. KGS installed 950 feet of main and a new service line. Staff considers the footage of main to be new and therefore should not be GSRS recoverable. Additionally, Staff believes the school should be responsible for the cost. Through conversations with KGS, Staff learned KGS sent an invoice to the university. KGS and Staff agree the original cost of \$45,497 should be removed from the GSRS filing.

Based upon the information provided, Staff accepts the remaining safety related system projects as eligible for GSRS recovery.

Government Mandated Relocation Projects

There are 156 government mandated relocation projects in Exhibit JRR-2. Staff reviewed the synopsis of work and the cost associated with each project as provided by KGS. Based upon the information provided, Staff accepts the relocation projects as eligible for GSRS recovery.

⁸ See Exhibit 2, Confidential KGS Procedure No.: OGSops2.1604R Section 7.2

⁹ See Exhibit 3, KGS's General Terms and Conditions for Gas Service section 7.04.03

Blanket Work Orders

Exhibit JRR-3 identifies projects that have been identified as blanket service line projects and non-service line related blanket projects. KGS describes blanket work orders as work orders used to account for costs of projects that are of relatively small dollar amounts and are homogenous. There is one blanket service line work order for 8,699 lines and one non-service line related blanket summary.

Based on Staff's analysis detailed above, Staff recommends the Commission find the total original cost of \$1,396,317 to be ineligible for capital cost recovery through this GSRS. Staff considers the full capital expenditure amount of \$37,795,537 in the blanket work orders and \$233,839 in cyber security as eligible for recovery.

Accounting

Staff recommends approval of \$7,676,805 in incremental GSRS revenue to be collected by KGS via the monthly charge. The difference between KGS's filed position and Staff's recommendation is due to the revenue recovery amount reflected, minor computational errors found during Staff's audit, and the removal of projects Staff considers ineligible for GSRS recovery, as discussed in detail in the Pipeline Safety portion of this report.

Staff utilized actual revenue recovery for months July and August 2022 and used an average of the known nine months to determine the estimate for the remaining three months. Pertaining to the errors, Staff found a minor error in the accumulated depreciation, the use of a wrong depreciation rate, and through discovery KGS stated that project 10101 was not GSRS eligible. Staff has discussed these three changes with the Company and it agreed with Staff's position. Finally, Staff's position reflects the projects removed and discussed previously in this report. This includes the removal of the original cost, accumulated depreciation, depreciation expense, and ADIT for each project.

RECOMMENDATION:

Staff recommends the Commission approve Staff's revised GSRS Revenue Requirement of \$27,045,487 resulting from the incremental increase of \$7,676,805 to be collected via the per customer surcharge listed in Staff Exhibit 6, as attached to this Report and Recommendation, with the following conditions:

- KGS must file a GSRS True-Up twelve months after the collection of rates from this filing; and
- Staff will review KGS' True-Up filing to ensure that the amounts recovered via the surcharge are appropriate and any over/under-recoveries will be refunded to or recovered from customers at that time.

Kansas Gas Service
A Division of ONE Gas

Gas System Replacement Surcharge

Exhibit 1

(A)		(B)		(C)		(D)	(E)	(F)	(G)
Line No.	Summary	GSRS Projects - Docket No. 20-KGSG- 090-TAR	GSRS Projects - Docket No. 21- KGSG-094-TAR	GSRS Projects - Docket No. 22- KGSG-112-TAR	Corporate Allocated Cyber Security	GSRS Safety & Public Improvement Projects	GSRS Blanket Work Orders	Grand Total	Source
1	Original Cost	\$ 37,636,607	\$ 73,017,490	\$ 76,336,872	\$ 168,341	\$ 39,571,423	\$ 37,795,537	\$ 264,526,268	Exhibit 3
2	Less: Accumulated Depreciation	\$ (3,769,092)	\$ (5,559,070)	\$ (3,914,215)	\$ (12,626)	\$ (932,921)	\$ (799,570)	\$ (14,987,493)	Exhibit 4
3	Net Plant in Service	\$ 33,867,515	\$ 67,458,419	\$ 72,422,657	\$ 155,715	\$ 38,638,502	\$ 36,995,967	\$ 249,538,775	
4	Less: Accumulated Deferred Income Taxes	\$ (3,123,216)	\$ (6,332,545)	\$ (6,072,686)	\$ (1,523)	\$ (375,475)	\$ (5,111,881)	\$ (21,017,324)	Exhibit 4
5	Net GSRS Rate Base	\$ 30,744,300	\$ 61,125,875	\$ 66,349,971	\$ 154,193	\$ 38,263,027	\$ 31,884,086	\$ 228,521,451	
6	Carrying Charge ⁽¹⁾	8.6012%	8.6012%	8.6012%	8.6012%	8.6012%	8.6012%	8.6012%	
7	Pre-Tax Required Return	\$ 2,644,379	\$ 5,257,559	\$ 5,706,894	\$ 13,262	\$ 3,291,079	\$ 2,742,414	\$ 19,655,587	Line 5 * Line 6
8	Depreciation Expense	\$ 1,098,457	\$ 2,133,175	\$ 2,241,579	\$ 33,668	\$ 1,046,805	\$ 1,205,393	\$ 7,759,076	Exhibit 5
9	GSRS Revenue Requirement (Annual)							<u>\$ 27,414,663</u>	Line 7 + 8
10	Plus (Minus): Over-Recovered Balance from Docket No. 22-KGSG-112-TAR							<u>\$ (369,176)</u>	Exhibit 2
11	Revised GSRS Annualized Revenue Requirement							\$ 27,045,487	Line 9 + 10

(1) Carrying Charge of 9.0984% gross of tax was established in Docket 18-KGSG-560-RTS. A change in the state income tax rate lowers the rate of return to 8.6012%.

**Kansas Gas Service
A Division of ONE Gas**

Gas System Reliability Surcharge

Exhibit 2

GSRS Over/Under Cumulative Recovery for 2021-2022

(A)		
Line No.		GSRS Recoveries
1	Sept - Nov 2021 Estimated Recoveries in 22-KGSG-112-TAR	\$2,978,550
2	Sept- Nov 2021 GSRS Recoveries	\$2,972,092
3	True-Up Actual/Estimate from 22-KGSG-112-TAR	(\$6,458)
4	December 2021 Recoveries	\$1,635,507
5	January 2022 Recoveries	\$1,658,162
6	February 2022 Recoveries	\$1,653,972
7	March 2022 Recoveries	\$1,648,156
8	April 2022 Recoveries	\$1,650,534
9	May 2022 Recoveries	\$1,649,939
10	June 2022 Recoveries	\$1,640,103
11	July 2022 Recoveries	\$1,638,081
12	August 2022 Recoveries	\$1,633,783
13	September - November Estimate*	\$4,936,079.04
14	<u>Total Cumulative GSRS Recoveries</u>	<u>\$19,737,858</u>
15	2021 GSRS Rev. Requirement	\$19,368,682
16	Total Amount Over Recovered through November 2022	<u><u>\$369,176</u></u>

**Kansas Gas Service
A Division of ONE Gas**

Gas System Reliability Surcharge

Exhibit 3

Plant in Service

(A)			(E)	(F)	(G)	(H)	(I)
Line No.	Account	Account Title	GSRS Projects Corporate Allocated Cyber Security	GSRS Safety & Public Improvement Projects	GSRS Blanket Work Orders	Less: Accumulated Depreciation	Net Plant
1	365.2	Rights of Way	-	178,275	-	6,229	364,648
2	366.1	Compressor Station Structures	-	-	-	81	877
3	366.2	Meas. and Reg. Station Structures	-	95,875	-	4,616	91,259
4	367	Mains	-	5,718,905	-	1,230,501	21,618,069
5	368	Compressor Station Equipment	-	14,337	-	3,229	37,499
6	369	Meas. And Reg. Station Equipment	-	844,463	-	84,880	1,564,795
7	374.2	Rights of Way	-	6,063	-	26	6,037
8	376	Mains - Plastic	-	16,296,321	-	3,014,595	53,238,604
9	376.5	Mains - Metallic	-	7,281,021	-	1,067,582	22,583,532
10	376.9	Mains - Cathodic Protection	-	154,350	851,710	579,245	3,690,322
11	378	Meas. and reg. sta. equip. - general	-	817,706	-	78,718	1,808,115
12	379	Meas. and reg. sta. equip. - city gate	-	123,048	-	37,697	1,026,654
13	380	Services - Plastic	-	6,815,290	26,734,508	7,018,430	99,494,324
14	380.5	Services - Metallic	-	42,226	-	(546,112)	666,575
15	381	Meters	-	25,677	10,209,319	1,993,411	39,056,183
16	381.5	AMR Communication Devices	-	-	-	-	-
17	382	Meter installations	-	146,089	-	18,312	345,783
18	383	House Regulators	-	99,750	-	9,031	267,164
19	390.1	Structures and Improvements	-	328,593	-	67,370	1,456,725
20	390.2	Leasehold Improvements	-	33,814	-	-	71,512
21	391.1	Office Furniture	-	-	-	1,231	9,153
22	391.6	Purchased Software	-	-	-	120,206	505,260
23	391.8	Computer Equipment	168,341	-	-	27,481	163,366
24	391.9	Cloud Computing	-	-	-	1,703	13,379
25	397	Communication Equipment	-	549,620	-	169,032	1,458,940
26	Total		\$ 168,341	\$ 39,571,423	\$ 37,795,537	\$ 14,987,493	\$ 249,538,775

Kansas Gas Service
A Division of ONE Gas

Gas System Reliability Surcharge

Exhibit 4

Accumulated Depreciation and Accumulated Deferred Income Tax

Accumulated Depreciation

(A)			(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line No.	Account Number	Account	GSRS Projects - Docket No. 20-KGSG-090-TAR	GSRS Projects - Docket No. 21-KGS-094-TAR	GSRS Projects - Docket No. 22-KGS-112-TAR	GSRS Projects Corporate Allocated Cyber Security	GSRS Safety & Public Improvement Projects	GSRS Blanket Work Orders	Total Accumulated Depreciation
1	365.2	Rights of Way	-	-	4,526	-	1,703	-	\$ 6,229
3	366.2	Meas. and Reg. Station Structures	-	-	-	-	4,616	-	\$ 4,616
4	367	Mains	218,729	330,541	544,903	-	136,328	-	\$ 1,230,501
5	368	Compressor Station Equipment	2,805	-	149	-	274	-	\$ 3,229
6	369	Meas. And Reg. Station Equipment	9,986	19,633	23,463	-	31,798	-	\$ 84,880
7	374.2	Rights of Way	-	-	-	-	26	-	\$ 26
8	376	Mains - Plastic	673,494	1,129,774	827,695	-	383,632	-	\$ 3,014,595
9	376.5	Mains - Metallic	136,018	617,616	190,291	-	123,657	-	\$ 1,067,582
10	376.9	Mains - Cathodic Protection	245,556	191,608	110,104	-	6,754	25,224	\$ 579,245
11	378	Meas. and reg. sta. equip. - general	14,580	24,325	26,854	-	12,958	-	\$ 78,718
12	379	Meas. and reg. sta. equip. - city gate	628	1,167	34,931	-	971	-	\$ 37,697
13	380	Services - Plastic	1,895,831	2,584,519	1,626,780	-	195,139	716,161	\$ 7,018,430
14	380.5	Services - Metallic	(259,482)	(137,344)	(100,408)	-	(1,441)	(47,436)	\$ (546,112)
15	381	Meters	765,614	669,846	451,931	-	399	105,621	\$ 1,993,411
17	382	Meter installations	749	8,557	5,286	-	3,720	-	\$ 18,312
18	383	House Regulators	726	3,152	3,280	-	1,874	-	\$ 9,031
19	390.1	Structures and Improvements	20,801	35,058	2,443	-	9,068	-	\$ 67,370
21	391.1	Office Furniture	-	-	1,231	-	-	-	\$ 1,231
22	391.6	Purchased Software	22,451	57,928	39,827	-	-	-	\$ 120,206
23	391.8	Computer Equipment	12,559	-	2,297	12,626	-	-	\$ 27,481
24	391.9	Cloud Computing	-	-	1,703	-	-	-	\$ 1,703
25	397	Communication Equipment	8,046	22,609	116,930	-	21,447	-	\$ 169,032
26	Total		\$ 3,769,092	\$ 5,559,070	\$ 3,914,215	\$ 12,626	\$ 932,921	\$ 799,570	\$ 14,987,493

Accumulated Deferred Income Tax Liability

(A)		(B)		(C)	(D)	(E)	(F)	
Line No.		GSRS Projects - Docket No. 20-KGSG-090-TAR	GSRS Projects - Docket No. 21-KGS-094-TAR	GSRS Projects - Docket No. 22-KGS-112-TAR	GSRS Projects Corporate Allocated Cyber Security	GSRS Safety & Public Improvement Projects	GSRS Blanket Work Orders	Total ADIT
1	Total	\$ (3,123,216)	\$ (6,332,545)	\$ (6,072,686)	\$ (1,523)	\$ (375,475)	\$ (5,111,881)	\$ (21,017,324)

**Kansas Gas Service
A Division of ONE Gas**

**Gas System Reliability Surcharge
Depreciation Expense**

Exhibit 5

GSRS Projects Corporate Allocated Cyber Security

(A)			(B)	(C)	(D)	(E)	(F)
Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
1	391.1	Office Furniture	-	-	-	5.00%	-
2	391.6	Purchased Software	-	-	-	7.69%	-
3	391.8	Computer Equipment	168,341	-	168,341	20.00%	33,668
4	397.0	Communication Equipment	-	-	-	6.67%	-
5		Total	168,341	-	168,341		33,668

GSRS Safety & Public Improvement Projects

(A)			(B)	(C)	(D)	(E)	(F)
Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
6	365.2	Rights of Way	178,275	-	178,275	1.41%	2,514
7	366.1	Compressor Station Structures	-	-	-	1.41%	-
8	366.2	Meas. and Reg. Station Structures	95,875	-	95,875	2.18%	2,090
9	367	Mains	5,718,905	(183,461)	5,535,444	2.38%	131,744
10	368	Compressor Station Equipment	14,337	-	14,337	3.53%	506
11	369	Meas. And Reg. Station Equipment	844,463	(41,232)	803,231	3.18%	25,543
12	374.2	Rights of Way	6,063	-	6,063	1.45%	88
13	376	Mains - Plastic	16,296,321	(95,935)	16,200,386	2.66%	430,930
14	376.5	Mains - Metallic	7,281,021	(309,179)	6,971,842	2.46%	171,507
15	376.9	Mains - Cathodic Protection	154,350	-	154,350	6.67%	10,295
16	378	Meas. and reg. sta. equip. - general	817,706	(74,596)	743,110	2.44%	18,132
17	379	Meas. and reg. sta. equip. - city gate	123,048	(85)	122,963	2.13%	2,619
18	380	Services - Plastic	6,815,290	(1,314,822)	5,500,468	3.69%	202,967
19	380.5	Services - Metallic	42,226	(63,386)	(21,160)	4.63%	(980)
20	381	Meters	25,677	-	25,677	2.84%	729
21	381.5	AMR Communication Devices	-	-	-	6.67%	-
22	382	Meter installations	146,089	(7,929)	138,160	3.20%	4,421
23	383	House Regulators	99,750	(4,306)	95,444	1.97%	1,880
24	390.1	Structures and Improvements	328,593	-	328,593	1.57%	5,159
25	390.2	Leasehold Improvements	33,814	-	33,814	0.00%	-
26	397	Communication Equipment	549,620	-	549,620	6.67%	36,660
27		Total	39,571,423	(2,094,931)	37,476,492		1,046,805

**Kansas Gas Service
A Division of ONE Gas**

**Gas System Reliability Surcharge
Depreciation Expense**

Exhibit 5

GSRS Blanket Work Orders

(A)			(B)	(C)	(D)	(E)	(F)
Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
28	367	Mains	-	-	-	2.38%	-
29	368	Compressor Station Equipment	-	-	-	3.53%	-
30	369	Meas. And Reg. Station Equipment	-	-	-	3.18%	-
31	374.2	Rights of Way	-	-	-	1.45%	-
32	376	Mains - Plastic	-	-	-	2.66%	-
33	376.5	Mains - Metallic	-	-	-	2.46%	-
34	376.9	Mains - Cathodic Protection	851,710	-	851,710	6.67%	56,809
35	378	Meas. and reg. sta. equip. - general	-	-	-	2.44%	-
36	379	Meas. and reg. sta. equip. - city gate	-	-	-	2.13%	-
37	380	Services - Plastic	26,734,508	-	26,734,507.76	3.69%	986,503
38	380.5	Services - Metallic	-	(1,405,341)	(1,405,341)	4.63%	(65,067)
39	381	Meters	10,209,319	(2,211,159)	7,998,159	2.84%	227,148
40	381.5	AMR Communication Devices	-	-	-	6.67%	-
41	382	Meter installations	-	-	-	3.20%	-
42	383	House Regulators	-	-	-	1.97%	-
43	390.1	Structures and Improvements	-	-	-	1.57%	-
44	397	Communication Equipment	-	-	-	6.67%	-
45		Total	37,795,537	(3,616,501)	34,179,036		1,205,393

**Kansas Gas Service
A Division of ONE Gas**

**Gas System Reliability Surcharge
Depreciation Expense**

Exhibit 5

GSRS Projects - Docket No. 22-KGSG-112-TAR

(A)			(B)	(C)	(D)	(E)	(F)
Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
46	365.2	Rights of Way	192,602	-	192,602	1.41%	2,716
47	366.1	Compressor Station Structures	-	-	-	2.95%	-
48	367	Mains	9,135,683	(246,200)	8,889,483	2.38%	211,570
49	368	Compressor Station Equipment	2,604	-	2,604	3.53%	92
50	369	Meas. And Reg. Station Equipment	400,902	(32,289)	368,613	3.18%	11,722
51	374.2	Rights of Way	-	-	-	1.45%	-
52	376	Mains - Plastic	16,977,877	(180,760)	16,797,117	2.66%	446,803
53	376.5	Mains - Metallic	4,591,277	(340,123)	4,251,154	2.46%	104,578
54	376.9	Mains - Cathodic Protection	1,064,850	-	1,064,850	6.67%	71,026
55	378	Meas. and reg. sta. equip. - general	541,482	(17,044)	524,438	2.44%	12,796
56	379	Meas. and reg. sta. equip. - city gate	900,572	(22,547)	878,025	2.13%	18,702
57	380	Services - Plastic	29,208,395	(1,082,353)	28,126,042	3.69%	1,037,851
58	380.5	Services - Metallic	54,370	(1,483,520)	(1,429,150)	4.63%	(66,170)
59	381	Meters	11,828,109	(1,123,252)	10,704,857	2.84%	304,018
60	381.5	AMR Communication Devices	-	-	-	6.67%	-
61	382	Meter installations	107,983	(9,675)	98,308	3.20%	3,146
62	383	House Regulators	95,848	(2,181)	93,666	1.97%	1,845
63	390.1	Structures and Improvements	77,520	-	77,520	1.57%	1,217
64	391.1	Office Furniture	10,385	-	10,385	5.00%	519
65	391.6	Purchased Software	191,039	-	191,039	7.69%	14,691
66	391.8	Computer Equipment	4,350	-	4,350	20.00%	870
67	391.9	Cloud Computing	15,083	-	15,083	7.69%	1,160
68	397	Communication Equipment	935,943	-	935,943	6.67%	62,427
69			76,336,872	(4,539,943)	71,796,930		2,241,579

**Kansas Gas Service
A Division of ONE Gas**

**Gas System Reliability Surcharge
Depreciation Expense**

Exhibit 5

GSRS Projects - Docket No. 21-KGSG-094-TAR

(A)			(B)	(C)	(D)	(E)	(F)
Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
70	366.1	Compressor Station Structures	958	-	958	2.95%	28
71	367	Mains	5,261,528	(47,757)	5,213,771	2.38%	124,088
72	368	Compressor Station Equipment	-	-	-	3.53%	-
73	369	Meas. And Reg. Station Equipment	306,141	(56,970)	249,170	3.18%	7,924
74	374.2	Rights of Way	-	-	-	1.45%	-
75	376	Mains - Plastic	15,625,900	(117,459)	15,508,441	2.66%	412,525
76	376.5	Mains - Metallic	9,877,744	(407,425)	9,470,319	2.46%	232,970
77	376.9	Mains - Cathodic Protection	1,123,300	-	1,123,300	6.67%	74,924
78	378	Meas. and reg. sta. equip. - general	350,074	(8,327)	341,747	2.44%	8,339
79	379	Meas. and reg. sta. equip. - city gate	28,132	(9,510)	18,622	2.13%	397
80	380	Services - Plastic	28,353,331	(1,116,928)	27,236,403	3.69%	1,005,023
81	380.5	Services - Metallic	20,255	(1,185,120)	(1,164,866)	4.63%	(53,933)
82	381	Meters	10,657,993	(1,125,057)	9,532,935	2.84%	270,735
83	381.5	AMR Communication Devices	-	-	-	6.67%	-
84	382	Meter installations	101,807	(6,893)	94,914	3.20%	3,037
85	383	House Regulators	68,445	(10,907)	57,537	1.97%	1,133
86	390.1	Structures and Improvements	743,299	-	743,299	1.57%	11,670
87	390.2	Leasehold Improvements	37,698	-	37,698	0.00%	-
88	391.6	Purchased Software	350,409	-	350,409	7.69%	26,946
89	391.8	Computer Equipment	-	-	-	20.00%	-
90	397	Communication Equipment	110,477	-	110,477	6.67%	7,369
91			73,017,490	(4,092,355)	68,925,135		2,133,175

Exhibit 5

(A)

(B)

(C)

(D)

(E)

(F)

Line No.	Account Number	Account	GSRS Gross Additions	Less: GSRS Retirements	Net Depreciable GSRS Plant	Depreciation Rate	Annualized Depreciation
92	367	Mains	2,732,453	(156,339)	2,576,114	2.38%	61,312
93	368	Compressor Station Equipment	23,787	(1,473)	22,314	3.53%	788
94	369	Meas. And Reg. Station Equipment	98,169	(6,437)	91,732	3.18%	2,917
95	374.2	Rights of Way	-	-	-	1.45%	-
96	376	Mains - Plastic	7,353,101	(59,438)	7,293,663	2.66%	194,011
97	376.5	Mains - Metallic	1,901,073	(301,319)	1,599,754	2.46%	39,354
98	376.9	Mains - Cathodic Protection	1,075,357	-	1,075,357	6.67%	71,726
99	378	Meas. and reg. sta. equip. - general	177,571	(7,220)	170,350	2.44%	4,157
100	379	Meas. and reg. sta. equip. - city gate	12,599	(4,400)	8,199	2.13%	175
101	380	Services - Plastic	15,401,231	(303,425)	15,097,806	3.69%	557,109
102	380.5	Services - Metallic	3,612	(1,645,964)	(1,642,352)	4.63%	(76,041)
103	381	Meters	8,328,496	(426,119)	7,902,377	2.84%	224,428
104	381.5	AMR Communication Devices	-	-	-	6.67%	-
105	382	Meter installations	8,217	(1,547)	6,670	3.20%	213
106	383	House Regulators	12,152	(1,832)	10,320	1.97%	203
107	390.1	Structures and Improvements	374,683	-	374,683	1.57%	5,883
108	391.6	Purchased Software	84,018	-	84,018	7.69%	6,461
109	391.8	Computer Equipment	18,157	-	18,157	20.00%	3,631
110	397	Communication Equipment	31,932	-	31,932	6.67%	2,130
111		Total	37,636,607	(2,915,513)	34,721,093		1,098,457
112		Total Depreciation Expense					7,759,076

Kansas Gas Service
A Division of ONE Gas

Gas System Reliability Surcharge
Development of GSRS Rate

Exhibit 6

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	Customer Class	Pro-Forma Revenue - Docket No. 18-KGSG-560-RTS	% of Revenue Requirement Responsibility	GSRS Revenue Requirement (Based upon ratio of pro-forma revenue to total revenue)	Customers Per - 18-KGSG-560-RTS Settlement - Appendix B	GSRS Annual Charge	GSRS Monthly Charge
1	Residential Sales RS	\$ 228,136,718	71.544%	19,349,448	583,049	\$ 33.19	\$ 2.77
2	General Sales Svc. Small	21,561,638	6.762%	1,828,753	36,896	\$ 49.57	\$ 4.13
3	General Sales Svc. Large	16,644,462	5.220%	1,411,702	11,621	\$ 121.48	\$ 10.12
4	General Sales Svc. Transport Eligible	2,383,361	0.747%	202,145	500	\$ 404.29	\$ 33.69
5	Small Generator Sales SGS	431,454	0.135%	36,594	676	\$ 54.13	\$ 4.51
6	Gas Irrigation Sales GIS	331,827	0.104%	28,144	214	\$ 131.51	\$ 10.96
7	Small Transportation STk	11,498,231	3.606%	975,224	3,497	\$ 278.87	\$ 23.24
8	Small Transportation STt	4,441,906	1.393%	376,741	1,211	\$ 311.10	\$ 25.92
9	Gas Irrigation Transportation GITt	1,705,800	0.535%	144,678	513	\$ 282.02	\$ 23.50
10	Large Volume Transportation LVTk Tier 1 #	1,750,052	0.549%	148,431	215	\$ 690.38	\$ 57.53
11	Large Volume Transportation LVTk Tier 2 #	1,684,737	0.528%	142,891	94	\$ 1,520.12	\$ 126.68
12	Large Volume Transportation LVTk Tier 3 #	1,496,729	0.469%	126,945	47	\$ 2,700.96	\$ 225.08
13	Large Volume Transportation LVTk Tier 4 #	8,916,005	2.796%	756,212	63	\$ 12,003.37	\$ 1,000.28
14	Large Volume Transportation LVTt Tier 1 #	693,253	0.217%	58,798	45	\$ 1,306.63	\$ 108.89
15	Large Volume Transportation LVTt Tier 2 #	785,386	0.246%	66,613	31	\$ 2,148.79	\$ 179.07
16	Large Volume Transportation LVTt Tier 3 #	637,325	0.200%	54,055	15	\$ 3,603.65	\$ 300.30
17	Large Volume Transportation LVTt Tier 4 #	13,969,184	4.381%	1,184,798	47	\$ 25,208.47	\$ 2,100.71
18	Wholesale Transportation WT t #	1,454,338	0.456%	123,350	28	\$ 4,405.35	\$ 367.11
19	Sales Service for Resale SSR	97,657	0.031%	8,283	8	\$ 1,035.35	\$ 86.28
20	CNG k system	163,179	0.051%	13,840	9	\$ 1,537.78	\$ 128.15
21	CNG t system	67,219	0.021%	5,701	2	\$ 2,850.59	\$ 237.55
22	Kansas Gas Supply D	25,235	0.008%	2,140	1	\$ 2,140.31	\$ 178.36

23	Total	\$ 318,875,695	100%	\$ 27,045,487
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24 1) Note: Residential Class Limited to annual increase of \$.80/month over the most recent GSRS filing.

	Annual Increase	Cumulative Rate
25 2020 GSRS Rate - Residential	\$ 0.43	\$ 0.43
26 2021 GSRS Rate - Residential	\$ 0.77	\$ 1.20
27 2022 GSRS Rate - Residential	\$ 0.78	\$ 1.98
28 2023 GSRS Rate - Residential	\$ 0.78	\$ 2.77
29 Total Residential Rate		\$ 2.77

30 # Includes flex revenue.

Exhibit 1: KGS Response to Staff Data Request 8
Kansas Gas Service, a Division of ONE Gas, Inc.
Docket Number 23-KGSG-281-TAR
Information Request

Data Request: 23-281 KCC-008
Issuer Organization: KCC
Request Date: 10-05-2022
Date Information Needed: 10-14-2022
Requested By: Ashlyn Hefley

Page 1 of 1

RE: DR 5.3 Follow up

Please provide the following: For job number 010107:

- a. Describe the transmission pipe entering the Axtell TBS.
- b. Please provide the length, age, and type of pipe of the lateral serving the TBS.
- c. What is the risk associated with risers coming through concrete?
- d. Did KGS consider just removing the concrete?
- e. Is the TBS in HCA or MCA?
- f. Why did KGS install 760' of 4" APCS as opposed to PE downstream of the TBS?

KGS Response:

- A. Line P0218 – 2" Lateral from line P0621
- B. The length of the line is approximately 6500 ft. The majority of the line was installed in 1984 with large sections replaced in 2012 and 2020: 1984 & 2012 is 0.154 WT X-42 ERW, 2020 is 0.218 WT X-52 ERW.
- C. Concrete is corrosive, can shield CP, and can also prevent the pipe from being inspected.
- D. Removing concrete around an active riser risks mechanical damage to the pipe and, in this case, would present a risk to the sole feed to Axtel. For these reasons, combined with the age of the setting, outdated design, outmoded equipment, and requests from the town of Axtel to relocate the setting, KGS chose to rebuild and relocate.
- E. No. However, proximity to a ball field was one of the factors considered in making the decision to relocate. The new location is still near the ball field but does not trigger an HCA and is unlikely future growth will change this classification.
- F. KGS considered installing PE, but as this is the only feed into town, KGS wanted the structural integrity steel provides (e.g., resiliency in the event of third-party strikes).

Prepared by: Jordan Robl

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 any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____



Date: _____

10/14/2022

THE STATE CORPORATION COMMISSION OF KANSAS

Index 7.2

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

SCHEDULE GTC7

All Rate Areas

Replacing Sheets 1-7, In Part

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

Sheet 2 of 5

General Terms and Conditions for Gas Service

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

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

7.04 **Service Lines and Yard Lines**7.04.01 **Leak Surveys**

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

7.04.02 **Service Line and Yard Line Maintenance**

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

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

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

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

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

SCHEDULE **GTC7**

All Rate Areas

Replacing Sheets 1-7, In Part

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

Sheet 3 of 5

General Terms and Conditions for Gas Service

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

- (2) For piping 1 ¼ inch in diameter or less, the Customer receiving service shall be billed for additional Service and/or Yard Line installation or replacement at the cost of \$4.54 per foot in excess of 200 feet. For piping greater than 1 ¼ inch in diameter, the customer receiving service shall be billed for actual construction costs minus an allowance of up to \$908 per service line. This allowance shall not exceed the actual construction costs.
 - (a) Customer shall also be billed for any construction costs including labor, overheads and material used in unusual construction conditions including but not limited to piping that is to be installed in frozen ground, rock, under paved areas or other obstructions, regardless of Service Line/Yard Line length.
 - (b) A copy of Company's estimate showing the costs of labor, overheads and material required to perform the work hereunder shall be furnished to customer upon request prior to construction, unless safety conditions are to be addressed and the response does not afford the opportunity to prepare an estimate.
- (3) All replacements of Customer-owned Service/Yard Lines shall be performed by Company or Company-authorized personnel and shall thereafter be owned, operated and maintained by Company.
- (4) Replacement of Customer-owned Service/Yard Lines will occur in accordance with Company's schedule and the requirements of regulatory authorities having jurisdiction herein.
- (5) **Billing and Payment Options**
 - (a) For installations or replacements of service lines 1 ¼ inch in diameter or less where the excess costs exceed \$500, Company may, after giving due consideration to the total costs and Customer's ability to make the required payment, enter into a special payment agreement with Customer to permit payment over a period of up to 36 months.
 - (b) For installations or replacements of service lines greater than 1¼ inch in diameter where costs exceed \$500, Company will present Customer a bill which will be due and payable upon receipt.

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

CERTIFICATE OF SERVICE

23-KGSG-281-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing was served via electronic service this 25th day of October, 2022, to the following:

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/s/ Ann Murphy

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