

that are non-jurisdictional to the Commission, continue to receive utility service during this weather event to defer those costs to a regulatory asset account.²

3. On June 18, 2021, the parties filed a Joint Motion for Approval of Stipulation Agreement (Agreement). In relevant part, the Agreement provides a stipulation of facts explaining American Energies Gas Service's (AEGS) operations and response to the 2021 Winter Weather Event.³ As a result of the event, AEGS customers consumed 23% more gas in the month of February 2021 as compared to February 2020. AEGS contracted with Kansas Municipal Gas Agency (KMGA) to supply gas so its customers' needs could be met during the event. AEGS purchased 910 MMBtu from (KMGA) at \$277.60 per MMBtu. The total cost was \$252,762.50, which is greater than AEGS' annual revenues received from customer billing.⁴ AEGS did not have the funding to pay the full amount of the KMGA bill and made only partial payments to KMGA. AEGS obtained a loan to pay the balance of the amount owed, and reached an agreement with Staff and CURB on a proposed plan to recover the extraordinary gas costs from customers.⁵ AEGS seeks to recover \$317,913.82, inclusive of carrying costs over the full five-year term, as provided in Exhibit C of the Agreement.

4. AEGS' proposed plan provides customers with two options to pay the extraordinary gas costs incurred as a result of the 2021 Winter Weather Event. The first option customers may select is payment over a 60-month period (equal monthly payments), which will include extraordinary gas costs, including carrying costs.⁶

² *Id.*, Ordering Clause, ¶ C.

³ Joint Motion for Approval of Stipulation and Agreement (Jun. 18, 2021).

⁴ *Id.*, ¶ 11.

⁵ *Id.*, ¶¶ 13-17.

⁶ *Id.*, ¶ 18. (The monthly payments for each customer are provided in Exhibit D of the Agreement.)

5. The second option customers may select is to pay the extraordinary gas costs in a one-time payment. If this option is selected, the customer will not pay any carrying costs.⁷

6. Upon approval, AEGS states it shall mail to each customer a letter explaining the two options and requesting the customer make an election. The description of the payment plan option will indicate the annual interest rate and the estimated total amount that would be collected over the 60-month period if only minimum payments were made. If the customer fails to make an election, the customer will automatically be placed on the 60-month payment option.⁸

7. Upon approval, AEGS will file a tariff authorizing either a one-time payoff without carrying charges, or a 60-month surcharge inclusive of carrying charges. If a customer elects the 60-month payment plan option, AEGS will track each customer's remaining balance and will provide on the utility bill the remaining balance due, interest rate, and the estimated total amount that would be collected over the life of the payment plan. This will be provided to customers on the utility bill on a quarterly basis or a customer may call AEGS to request this information at any time.⁹

8. At any time during the 60 months, a customer may pay the remaining balance due as stated on the bill less the unrecovered portion of the carrying charges. If the customer leaves AEGS' system before the full balance is paid, the customer shall be required to pay AEGS the remaining balance less the unrecovered portion of the carrying charges. If the customer fails to make any monthly payment, the customer will be in default, and AEGS shall be allowed to seek recovery of the remaining balance (inclusive of carrying charges) from that customer. Any amount ultimately unrecovered from a customer shall become bad debt and recovered through

⁷ The one-time payment amounts for each customer are provided in Exhibit D of the Agreement.

⁸ *Id.*, ¶ 20.

⁹ *Id.*, ¶ 21.

AEGS' purchased gas adjustment clause. AEGS agrees that any subsequent federal or state governmental relief in the form of profit disgorgement, civil suit relief, market manipulation findings, etc. will be allocated back to its customers in the same fashion as the extraordinary gas costs were recovered.¹⁰

9. AEGS is a Kansas limited liability company with its principal offices and place of business located in Kansas. AEGS holds certificates of convenience and necessity issued by the Commission to provide natural gas service to approximately 200 residential and commercial customers in Harvey, McPherson, and Marion counties, and to provide wholesale gas transportation service to Hesston, Kansas. AEGS' customers are connected to a gas gathering system owned and operated by American Energies Pipeline, LLC.¹¹

10. The law generally favors compromise and settlement of disputes between parties.¹² "Unanimous settlement agreements...shall be filed as pleadings and may be approved, rejected, or modified by the commission."¹³ When approving a settlement agreement, the Commission makes an independent finding the settlement is supported by substantial competent evidence on the record as a whole and constitutes a just and reasonable resolution of the issues.¹⁴

11. While the Commission approves the Agreement the Commission's investigation into record natural gas prices and potential system reliability issues is ongoing.

12. The Commission finds it is just and reasonable and in the public interest to approve the Agreement, detailing the customer rate plan for the recovery of extraordinary gas costs incurred during February 2021. Absent such a rate plan, AEGS' customers would face excessive bills and

¹⁰ *Id.*, ¶ 21.

¹¹ *Id.*, ¶ 8.

¹² *Krantz v. University of Kansas*, 271 Kan. 234, 241-42 (2001).

¹³ K.A.R. 82-1-230a(b).

¹⁴ *See Farmland Industries, Inc. v. State Corporation Comm'n of Kansas*, 24 Kan. App. 2d 172, 175-76 (1997); K.S.A. 77-621; K.A.R. 82-1-230a(b).

AEGS may be unable to make its loan payments. The Commission believes the proposed plan affords sufficient customer protections by using a process to ensure any relief afforded to AEGS from any federal or state investigation into price gouging or market manipulation is passed on to its customers in the same fashion as the extraordinary gas costs are recovered. Accordingly, the Commission grants the Joint Motion for Approval of Stipulation and Agreement, and approves the customer rate plan described therein.

THEREFORE, THE COMMISSION ORDERS:

A. The Joint Motion for Approval of Stipulation and Agreement is granted. AEGS is authorized to recover up to \$317,913.82, inclusive of carrying charges if the entire 60 months is necessary to recover the extraordinary gas costs.

B. AEGS shall submit a tariff authorizing it to recover under the customer one-time payment option, or a monthly surcharge under the 60-month payment option, as described in the Agreement.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹⁵

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 07/08/2021.



Lynn M. Retz
Executive Director

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¹⁵ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

21-AEGG-335-GIG

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of
electronic service on 07/08/2021.

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