

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

In The Matter of The Application of Kansas)
Gas Service, a Division of ONE Gas, Inc. For)
Approval to Cease Providing Natural Gas) Docket No. 24-KGSG-³⁶⁹____-CCS
Service in a Portion of Barber County,)
Kansas.)

APPLICATION FOR APPROVAL TO CEASE SERVICE

Kansas Gas Service, a division of ONE Gas, Inc. (“Kansas Gas Service” or “Company”), pursuant to K.S.A. 66-131 and K.S.A. 66-1,200 *et seq.*, respectfully files this Application to cease providing natural gas service to a specific customer in Barber County, Kansas. In support thereof, Kansas Gas Service states the following to the State Corporation Commission of the State of Kansas (“Commission”):

I. DESCRIPTION OF KANSAS GAS SERVICE

1. Kansas Gas Service is a natural gas public utility operating in the state of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Kansas Gas Service’s principal place of business within the state of Kansas is located at: 7421 West 129th Street, Overland Park, Kansas 66213.

II. COMMUNICATION

2. The names, addresses, and phone numbers of the persons authorized to receive notices and communications with respect to this Application on behalf of Kansas Gas Service are:

Robert Elliott Vincent, #26028
Managing Attorney
Kansas Gas Service
A Division of ONE Gas, Inc.
7421 W. 129th Street
Overland Park, Kansas 66213
robert.vincent@onegas.com
Phone: 913-319-8615

Janet Buchanan
Director of Rates & Regulatory
Kansas Gas Service
A Division of ONE Gas, Inc.
7421 W. 129th Street
Overland Park, Kansas 66213
janet.buchanan@onegas.com
Phone: 913-319-8662

III. BACKGROUND

3. Kansas Gas Service currently operates as a natural gas public utility in Barber County, Kansas, including in and around the City of Medicine Lodge, Kansas.

4. In the ordinary course of business, and to comply with state and federal regulatory requirements, Kansas Gas Service must replace distribution infrastructure. Depending on the circumstances, Kansas Gas Service evaluates whether it is economically feasible (i.e., just and reasonable) to replace certain distribution assets. Kansas Gas Service has identified a situation where it is unreasonable to replace distribution assets and is requesting Commission approval to terminate service to a specific customer. Kansas Gas Service is not seeking Commission approval to abandon any of its service territory in connection with this filing – only the abandonment of the pipeline segment and service to the customer identified herein.

IV. REQUEST TO ABANDON SERVICE TO SPECIFIC CUSTOMER

5. Kansas Gas Service respectfully requests approval to terminate and abandon service to the following residential customer address (“Customer”), located on or around Isabel Road near highway US-160:

- a. 2867 SE US-160, Medicine Lodge, KS 67104.

6. Following Docket No. 11-KGSG-177-TAR (the “11-177 Docket”), Kansas Gas Service implemented a program to replace all unprotected bare steel residential service and yard lines. Kansas Gas Service is required to replace 10,000 unprotected bare steel residential service lines or yard lines each year until the remaining piping of this type is replaced. The Customer is served by a bare steel residential yard line, which Kansas Gas Service is required to replace.

7. In general, section 7.04.03(2) of Kansas Gas Service’s tariff provides customers served by piping 1 ¼ inch or less (i.e., typically residential customers) a 200-foot allowance for

service and yard line replacements. For piping greater than 1 ¼ inch, customers are billed actual construction costs minus an allowance of up to \$1,464 per service line.

8. The Customer is a residential customer who is served off a 2,000 foot 2 3/8 inch yard line. Pursuant to K.S.A. 66-1,157a, Kansas Gas Service has the responsibility to maintain this yard line from Kansas Gas Service's main to the outside wall of the individually metered and directly served customer. Because of the length of the yard line and operating pressure, K.A.R. 82-11-4 and K.A.R. 82-11-8, limits the portion of the yard line Kansas Gas Service must leak survey¹ and maintain.²

9. The Customer's existing yard line is a non-standard size, which deviates from the Company's current operations and maintenance standards. Current company standards require replaced yard lines to be either coated steel pipe or polyethylene of the same type, make, and grade used by Kansas Gas Service.³ Unfortunately, the Customer's existing yard line does not meet these requirements. If Kansas Gas Service only replaced a portion of the yard line, which is acceptable under K.A.R. 82-11-8, Kansas Gas Service would have to fabricate a particular coupling to join the unreplaced portion of the Customer's yard line to the Company's replaced facilities, and then maintain an inventory of replacement parts specific to the Customer.

10. In the alternative, Kansas Gas Service could require the Customer to pay to replace the entire yard line. If the Customer was required to pay the tariffed-rate of \$7.32, their cost to replace 1,800 feet of yard line beyond Kansas Gas Service's allowance would be approximately

¹ "For yard lines more than 300 feet in length and operating at a pressure less than 10 p.s.i. gage, only the portion within 300 feet of a habitable dwelling shall be leak surveyed in accordance with these regulations." K.A.R. 82-11-4(b)(34)(d).

² Operators are required to perform leak surveys in accordance with K.A.R. 82-11-4, but all other design, installation, testing, maintenance, and replacement requirements specified in other Kansas regulations applies only to the portion of the yard line within 150 feet of a building wall.

³ See OGSops2.1104R.

\$13,176. However, the replacement obligation created in the 11-177 Docket was for Kansas Gas Service to replace all unprotected bare steel residential service and yard lines. The docket did not contemplate the contribution, if any, customers would be required to make to retain service under the accelerated replacement program.⁴ When Kansas Gas Service revised its operations and maintenance procedures to meet the 11-177 Docket's order, Staff found the program met the Commission's requirements.⁵

11. Even so, if Kansas Gas Service replaced the entire yard line at no cost to the customer, the net revenue provided by the customer would not justify the replacement. In a recent 12-month period, the total gas usage from the Customer was approximately 23.3 Mcf. The net revenues to Kansas Gas Service (excluding cost of gas, securitization charges, and taxes) was approximately \$565. Accordingly, the most reasonable option to meet the 11-117 Docket's replacement obligations while meeting the Customer's service needs is to convert their service to an alternative energy source.

V. OFFER TO CUSTOMER

12. Kansas Gas Service will provide the Customer notice in the form of Exhibit A, which is attached hereto and incorporated by reference. Kansas Gas Service has provided the Customer two conversion options:

- a. Have Kansas Gas Service contract directly with local companies to convert the Customer's service to propane; or

⁴ See Staff Report and Recommendation, Docket No. 11-KGSG-177-TAR, p. 6 (Oct. 29, 2010) ("As Staff indicated previously in this report the federal code is a minimum standard, and by implementing a bare steel pipe replacement program KGS will effectively be raising the minimum standard applicable to KGS in the future. Staff believes this approach will promote pipeline safety and address the problem of replacement of aging infrastructure.

* * *

Staff agrees with KGS that the replacement option provides the safest and most economical solution for addressing active corrosion of unprotected bare steel service lines.").

⁵ See Staff Report and Recommendation, Docket No. 11-KGSG-177-TAR, p. 2 (May 16, 2011).

- b. Pay the customer directly the reasonable costs of converting to an alternative energy source.

13. Upon Commission approval, Kansas Gas Service will terminate service to the Customer. Kansas Gas Service will serve a copy of this Application on the Customer concurrent with its filing at the Commission. Kansas Gas Service will also submit a late-filed exhibit on the status of reaching financial settlement with the Customer.

VI. CONCLUSION

14. Kansas Gas Service currently provides service to one customer served off a non-standard yard line which Kansas Gas Service must replace. Replacing a limited portion of the yard line at no cost to the Customer requires Kansas Gas Service to create and maintain an inventory of customer-specific couplings. In the alternative, requiring the Customer to pay for the replacement of their entire line to satisfy the 11-177 Docket's replacement program runs counter to the program's original intent. Converting the Customer's service to an alternative energy source strikes the right balance of ensuring the Customer maintains a reliable energy source without the administrative or financial costs associated with replacing their yard line.

WHEREFORE, Kansas Gas Service respectfully requests the Commission approve Kansas Gas Service's Application, and any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent

Robert Elliott Vincent, KS Bar #26028

Kansas Gas Service,

A Division of ONE Gas, Inc.

7421 West 129th Street

Overland Park, Kansas 66213-2634

P: (913) 319-8615

E: robert.vincent@onegas.com

Attorney for Kansas Gas Service,

a Division of ONE Gas, Inc.



DATE

NAME

ADDRESS

CITY, STATE ZIP

Subject: Conversion of Natural Gas Service to an Alternative Energy Source
Service Address: 2867 SE US-160, Medicine Lodge, KS 67104

Dear **NAME**:

Unfortunately, we have to inform you that Kansas Gas Service, a Division of ONE Gas, Inc. (“Kansas Gas Service”) will no longer be able to provide natural gas service to your address. Kansas Gas Service routinely performs maintenance on its distribution system and evaluates whether maintenance projects are economically feasible. Kansas Gas Service has determined it is not economically feasible to replace distribution infrastructure serving you. Accordingly, Kansas Gas Service intends to convert your natural gas service to an alternative energy source (electric or propane).

To compensate you for converting your service, Kansas Gas Service proposes to either:

1. Contract with local companies to convert your natural gas appliances to propane; or
2. Pay you directly to cover the reasonable costs of converting to an alternative energy source.

If you choose to have Kansas Gas Service convert your natural gas appliances to propane, Kansas Gas Service will: (1) purchase and have installed a 500 gallon propane tank at your property, (2) have plumbing required to connect the propane tank to your premises installed, (3) fill the propane tank one time, and (4) convert or replace your existing natural gas appliances so they can burn propane.

If you choose to have Kansas Gas Service pay you directly to cover the costs of converting your natural gas appliances to an alternative energy source, Kansas Gas Service will issue you a payment to cover the reasonable costs of conversion. You will be required to submit two bids from local companies for the conversion costs. In addition, you will receive a Form 1099 from Kansas Gas Service for this payment. Kansas Gas Service will gross-up its payment to you to cover income tax.

Kansas Gas Service plans to seek permission to terminate and abandon providing service to your Service Address. This conversion is subject to receiving regulatory approval from the Kansas Corporation Commission. If the Kansas Corporation Commission approves this request, natural gas service will no longer be available at your address. Kansas Gas Service will compensate you for terminating and abandoning your natural gas service. You have the right to reject this offer, and to contact the Kansas Corporation Commission with any concerns.

Kansas Gas Service will continue to provide you natural gas service while your service is converted.

If you accept Kansas Gas Service's offer, then in exchange you and any of your successors in interest to the referenced address, agree, to the fullest extent allowed by law, to release, hold harmless and indemnify Kansas Gas Service from all liabilities, injuries, damages, costs, expenses, losses or causes of action, whether incurred, sustained, or initiated by you or a third party, relating to or arising from or out of Kansas Gas Service's disconnection of the natural gas service at the referenced address or the installation or use of any form of energy at the above-referenced address. You and your successors also agree not to object to Kansas Gas Service's application to the Commission to abandon service to the referenced address.

Thank you for your consideration. Please do not hesitate to contact me with any questions.

Sincerely,

Shawn Engstrom
Director, Field Operations
1021 E. 26th Street North
Wichita, Kansas 67219
P: 785-370-7478
E: shawn.engstrom@onegas.com



PLEASE MARK ONE

I choose to participate as follows:

_____ Option (1): To accept Kansas Gas Service's offer to convert my natural gas service and appliances to propane.

_____ Option (2): To accept Kansas Gas Service's offer to pay me directly to cover the costs of converting to an alternative energy source. I will provide estimates from two local companies for the conversion costs to Kansas Gas Service.

_____ Option (3): To decline Kansas Gas Service's offers of conversion.

By: _____
PRINTED NAME **SIGNATURE**

Service Address: 2867 SE US-160,
Medicine Lodge, KS 67104

This form must be signed by the customer(s) of record for the Service Address listed on the monthly bill.

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF JOHNSON)

I, Robert Elliott Vincent, of lawful age, being first duly sworn upon oath, states as follows: I am a Managing Attorney for Kansas Gas Service, a Division of ONE Gas, Inc. I have read the above *Application for Approval to Cease Service* and all the statements therein are true to the best of my knowledge, information and belief.



Robert Elliott Vincent

Affiant

SUBSCRIBED AND SWORN to before me on 10/24/23.



Notary public

My Appointment Expires:

6/5/26



CERTIFICATE OF SERVICE

I, Robert Elliott Vincent, hereby certify that a copy of the above and foregoing *Application Filing* was forwarded this 31st day of October 2023, addressed to:

LYNN RETZ, EXECUTIVE DIRECTOR
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