

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

In the Matter of Staff Recommendation for)
Kansas Gas Service, a Division of ONE Gas,)
Inc., to Show Cause why the Commission Should) Docket No. 21-KGSG-398-SHO
Not Impose Penalties for Violation of Natural)
Gas Pipeline Safety Regulations.)

PUBLIC¹
SUPPLEMENTAL RESPONSE TO SHOW CAUSE ORDER

Kansas Gas Service, a Division of ONE Gas, Inc. (“Kansas Gas Service” or “Company”) submits the following Supplemental Response to the Order to Show Cause issued on April 20, 2021 (“Order”)² in the above-captioned matter. In support thereof, Kansas Gas Service states the following to the State Corporation Commission of the State of Kansas (“Commission”):

I. CONDENSED BACKGROUND

1. On April 22, 2021, the Commission issued its Order to Kansas Gas Service. The Order required Kansas Gas Service to show cause why Kansas Gas Service should not:

- a. Be required to perform an assessment of its locator training program;³
- b. Modify its Operation and Maintenance (“O&M”) procedures to incorporate the Company’s damage prevention improvement plan regarding the evaluation of contractor performance; and⁴
- c. Be assessed a \$90,000 civil penalty for failure to follow the Company’s O&M procedures regarding 54 instances where timely and accurate locates of natural gas pipelines were not provided.⁵

¹ Pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a, portions of this Supplemental Response are deemed confidential. Paragraphs 10, 11, and 16 contain statements regarding contract negotiations which have not been made public. Public disclosure of these negotiations could harm the Company in ongoing or future contract negotiations, which carry unknown risks associated with pricing, terms, procurement, and party participation.

² Order to Show Cause (Apr. 22, 2021).

³ See *id.* at p. 4, Ordering Clause A.

⁴ See *id.*

⁵ See *id.* at p. 4, Ordering Clause B.

2. The Order and its requirements were supported by a Report and Recommendation (“R&R”) submitted by Commission Staff (“Staff”).⁶ Staff’s R&R contained five core recommendations:

- a. Assess 54 \$1,000 civil penalties (i.e., \$54,000) against Kansas Gas Service for untimely or inaccurately locating underground facilities;
- b. 36 of the 54 civil penalties were the fault of Kansas Gas Service’s contracted underground utility locator. For each of these instances, assess Kansas Gas Service an additional \$1,000 civil penalty due to deficiencies in evaluating contractor training (for a combined total civil penalty of \$90,000);
- c. Require Kansas Gas Service to evaluate its underground utility locator training program to ensure it provides training at least equivalent to the Company’s in-house training;
- d. Memorialize the gains made in Kansas Gas Service’s recent locator evaluation program by including those initiatives as requirements in Company O&M procedures; and
- e. Hold a portion of the civil penalty, described above, in abeyance until April 2022, to further evaluate Kansas Gas Service’s expansion of damage prevention initiatives.⁷

3. On May 21, 2021, Kansas Gas Service filed its Response to the Order (“Response”).⁸ Kansas Gas Service acknowledged the Commission’s jurisdiction, the Company’s commitment to safety principles codified in Kansas statutes, as well as efforts taken to reduce damage and increase public awareness of pipeline safety.⁹

II. SUPPLEMENTAL RESPONSE

A. Modification of O&M Procedures

4. Kansas Gas Service reviewed O&M procedure OGSops2.1404R, which is the damage prevention procedure relevant to this proceeding. Kansas Gas Service agrees its recently

⁶ Report and Recommendation – Utilities Division (Dated Apr. 1, 2021) (confidential version) (R&R).

⁷ See R&R, p. 8.

⁸ Kansas Gas Service’s Response to Show Cause Order (May 21, 2021) (Response).

⁹ See *id.* at ¶ 3.

pioneered initiatives should be memorialized in Company documents. However, Kansas Gas Service disagrees where these initiatives should be memorialized. Good cause exists to not memorialize locator evaluation initiatives in O&M procedures.

5. Kansas Gas Service's O&M procedures should remain person/party/entity agnostic. The purpose of OGSops2.1404R is to ensure the Company's facilities can be timely and accurately located prior to excavation activities occurring. Phrased differently, OGSops2.1404R helps ensure the Company's underground facilities will not be damaged from excavation activities.

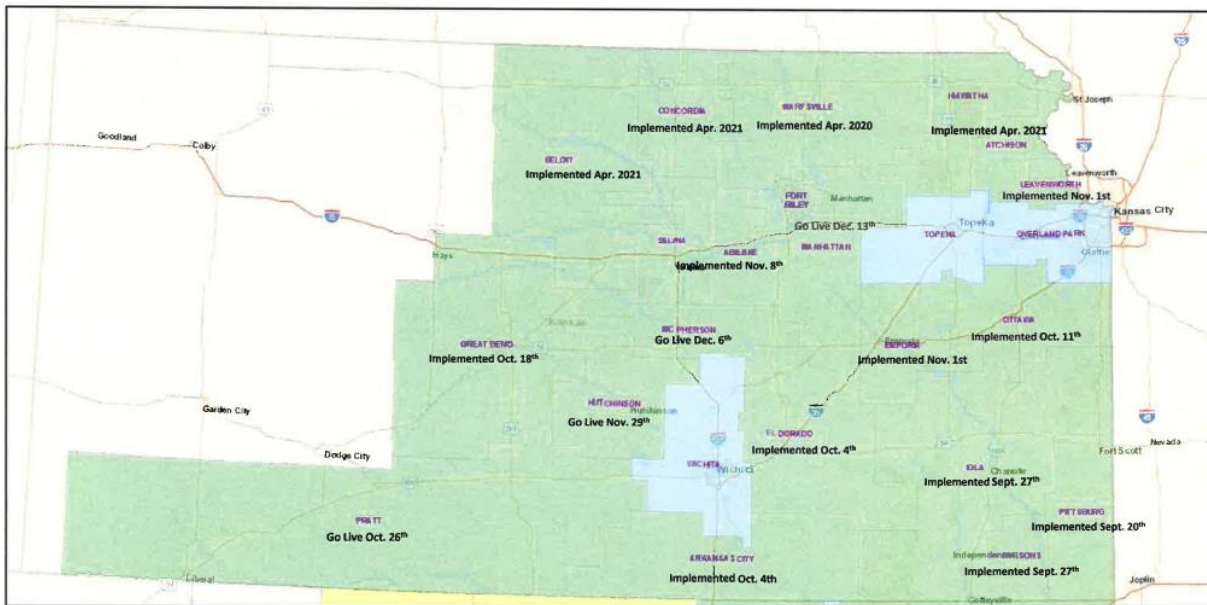
6. Kansas Gas Service agrees the same standard applies whether in-house or contract locators mark Company facilities. However, detailing initiatives in Company O&M procedures does not necessarily enhance the Company's oversight over third-party locating services. Additional contractual rights are necessary to strengthen Company oversight, incorporate initiatives, establish evaluation metrics, and implement training criteria. Therefore, the Company is recommending these items, where necessary, be incorporated into Master Service Agreements. This ensures Kansas Gas Service has a direct and enforceable contractual right with contract locators. Refining Master Service Agreements to contain specific standards not only establishes more direct oversight, but also creates a cause of action in the event a third party fails to meet a contractual requirement. In addition, relying on contractual obligations allows the Company to refine its initiatives as tangible evaluation data becomes available.

7. In response to the Commission's Order and Staff's R&R, Kansas Gas Service is currently in the process of revising its Master Service Agreements for contracted utility locating services. These revisions will help ensure Staff's concerns regarding fault ownership and performance are remedied. Kansas Gas Service will provide a copy of the revised Master Service Agreements upon the conclusion of negotiations with the agreement's counterparty.

B. Further Enhancements

8. Kansas Gas Service is working to further address the Commission and Staff's concerns by revising how the Company's underground facilities are located. The most significant revision centers on bringing facility location services in-house. As of December 13, 2021, Kansas Gas Service employees now locate Company facilities in most of the Company's geographic service territory. The geographic scope of this effort is readily apparent in the following map.

Kansas (KGS) – Line Locate Responsibility (2022)



9. The areas in green represent Kansas Gas Service's service territory where utility locates are performed in-house by Company employees. The areas in blue represent Kansas Gas Service's service territory where utility locates are performed using contract locator services.

10. ** [REDACTED]

[REDACTED]

[REDACTED]

11. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]**

12. While the Company continues to utilize third party contractors to perform utility locating services, additional resources are being dedicated to completing delayed locate requests. Upon receiving notice of a late or non-responsive locate ticket, Company personnel work to complete the ticket quickly. The Company has deployed capital and added staff to help ensure locates are performed timely and accurately. The Company has added 13 full time employees to perform utility locate requests. Additionally, the Company has spent over \$1.7 million to purchase 349 line locators.¹⁰ Of these 349 line locators, 258 are currently deployed and the additional 91 are scheduled to arrive by the end of the year.

13. Kansas Gas Service recognizes and appreciates the Commission and Staff's pursuit of accurate and timely underground facility locates. The Company is rising to meet this challenge by: (1) taking certain location work in-house, (2) hiring personnel, (3) deploying significant amounts of capital, and (4) ** [REDACTED] ** Compared to

¹⁰ *I.e.*, the equipment necessary to locate underground facilities.

last year, total damages have declined 8%. Moving forward, the Company continues to examine how it can further satisfy the core tasks identified by the Commission and Staff.

C. Outreach Updates

14. Kansas Gas Service acknowledged \$36,000 of the proposed \$90,000 civil penalty would be held in abeyance until April 2022 to assess the Company's corrective actions. This abeyance leaves Kansas Gas Service subject to an initial civil penalty of \$54,000.¹¹ Kansas Gas Service requested the Commission reduce the civil penalty to \$27,000 (i.e., one-half).¹² Kansas Gas Service would spend the reduced amount (i.e., \$27,000) on education efforts (e.g., training for excavators on positive response and tolerance zones).¹³

15. As part of the Company's excavation safety outreach campaign, Kansas Gas Service utilized social media networks, emails, and digital billboards. Kansas Gas Service boosted two social media posts, reaching over 14,000 people. The Company's social media efforts resulted in significant user engagement and reactions, with additional comments and shares. Kansas Gas Service sent nearly 12,000 emails to excavators, which were opened by a significant number of recipients. Finally, Kansas Gas Service ran advertisements on 10 digital billboards in Wichita, Topeka, and Kansas City. In total, 426,444 spots ran between August 12 and October 4, 2021. Moving forward, Kansas Gas Service plans to continue public awareness campaigns regarding excavation safety.

III. CONCLUSION

16. Safety is the leading core value of Kansas Gas Service. Kansas Gas Service agrees mechanisms should be created to strengthen ownership over contracted utility locating services.

¹¹ See *id.* at ¶ 5.

¹² See *id.*

¹³ See *id.*

The most appropriate mechanism to implement contractor oversight is the Company's Master Service Agreement for third party utility locators. Specific policies should apply uniformly regardless of the entity performing the covered task. The Company is revising key Master Service Agreements to address the Commission and Staff's core concerns. As such, no additional modifications to the Company's O&M procedures are necessary. Additionally, Kansas Gas Service is actively taking ownership of locating functions. Moving forward, Company personnel will perform locates in the majority of Kansas Gas Service's geographic service territory.

**

** Likewise, the Company is increasing headcount, deploying significant amounts of capital, and continuing to evaluate the use of in-house personnel to aid in locating underground facilities.

WHEREFORE, Kansas Gas Service respectfully requests: (1) the Commission grant the Company's proposed modifications contained in Kansas Gas Service's Response filed May 21, 2021, (2) conclude no modifications to the Company's O&M procedures are required, and (3) for any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent
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VERIFICATION

STATE OF KANSAS)
)
COUNTY OF JOHNSON).

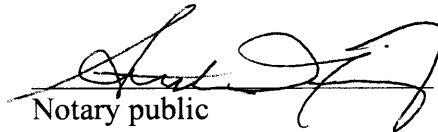
I, Robert Elliott Vincent, of lawful age, being first duly sworn upon oath, states as follows: I am a Managing Attorney for Kansas Gas Service, a Division of ONE Gas, Inc. I have read the above *Supplemental Response* and all the statements therein are true to the best of my knowledge, information and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



Robert Elliott Vincent

Affiant

SUBSCRIBED AND SWORN to before me on 12/14/21.


Notary public

My Appointment Expires:

6/5/22



CERTIFICATE OF SERVICE

I, Robert Elliott Vincent, hereby certify that a copy of the above and foregoing *Supplemental Response* was forwarded this 14th day of December, 2021, addressed to:

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