

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

IN THE MATTER OF THE INVESTIGATION ]  
INTO KANSAS GAS SERVICE COMPANY, ]  
A DIVISION OF ONE GAS INC. REGARDING] KCC DOCKET NO. 21-KGSG-332-GIG  
THE FEBRUARY 2021 WINTER WEATHER ]  
EVENTS, AS CONTEMPLATED BY ]  
DOCKET NO. 21-GIMX-303-MIS ]

TESTIMONY IN SUPPORT OF AMENDED NONUNANIMOUS SETTLEMENT  
AGREEMENT

JOSH FRANTZ

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

DECEMBER 1, 2021

1 **Q. Please state your name and business address.**

2 A. My name is Joshua (Josh) P. Frantz. My business address is 1500 SW Arrowhead Road,  
3 Topeka, Kansas 66604.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Citizens' Utility Ratepayer Board (CURB) as a Senior Regulatory  
7 Analyst.

8  
9 **Q. Please describe your educational and professional background.**

10 A. I earned a Bachelor of Business Administration degree from Washburn University in  
11 Topeka, Kansas. My undergraduate majors were finance, marketing, and management.  
12 Additionally, I earned a Master of Business Administration degree, also from Washburn  
13 University.

14 From August 2015 through April 2019, I was employed by the Kansas Corporation  
15 Commission (KCC or "Commission"). I began my employment with the KCC in the  
16 Utilities division as a Senior Research Economist and was ultimately promoted to  
17 Managing Rate Analyst. I have served in my current position as Senior Regulatory Analyst  
18 with CURB since April 2019.

19  
20 **Q. Have you previously testified before the Commission?**

21 A. Yes. On behalf of CURB, I testified in Docket Nos. 19-ATMG-525-RTS, 21-WCNE-103-

1 GIE, 21-BHCG-334-GIG, and 21-KGSG-332-GIG. During my prior employment as a  
2 member of KCC Staff (“Staff”), I offered testimony in seven proceedings before the  
3 Commission as well as over thirty Report and Recommendations for the Commission’s  
4 consideration. A list of those filings is available, upon request.

5  
6 **Q. What is the purpose of your testimony?**

7 A. My testimony supports the *Amended Nonunanimous Settlement Agreement*  
8 (“Agreement”)<sup>1</sup> initially presented within the *Joint Motion to Approve Amended*  
9 *Nonunanimous Settlement Agreement* (“Joint Motion”) regarding Kansas Gas Service’s  
10 (KGS or “Company”) request for waiver from certain Tariff penalty provisions applicable  
11 to marketers and Individually Balanced Transportation Customers (collectively  
12 generalized as “transport customers”).

13  
14 **Q. Please provide a brief background of this proceeding.**

15 A. In mid-February 2021, Winter Storm Uri (also referred to as the “Weather Event”) imposed  
16 extreme and unprecedented freezing weather conditions across the U.S. It caused  
17 widespread infrastructure and operational problems for facilities necessary for the  
18 production and delivery of natural gas, leading to sudden and sustained natural gas supply  
19 disruptions and substantially higher than normal wholesale natural gas prices.

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1 As of this writing, CURB has reviewed a draft version of the *Amended Nonunanimous Settlement Agreement* expected to be filed December 1, 2021, the same day this testimony is due.

1           In response to Winter Storm Uri, on February 15, 2021, the Commission issued its  
2           *Emergency Order* in Docket No. 21-GIMX-303-MIS (“Emergency Order”), which  
3           acknowledged the Governor’s State of Disaster Emergency Proclamation, the higher-than-  
4           normal wholesale natural gas prices, and the potential for service reliability issues related  
5           to prolonged cold weather.<sup>2</sup>

6           In its Emergency Order, the Commission ordered jurisdictional natural gas and  
7           electric utilities to do everything necessary to ensure continued provision of service.<sup>3</sup>  
8           Additionally, the Commission authorized jurisdictional natural gas and electric utilities to  
9           defer into a regulatory asset any extraordinary costs associated with ensuring that their  
10          customers, or the customers of interconnected Kansas utilities that are non-jurisdictional  
11          to the Commission, continued to receive utility service during Winter Storm Uri.<sup>4</sup> The  
12          Commission required the deferral accounts to be segregated by detailed cost category and  
13          to contain enough detail for the Commission to perform a subsequent review for prudence  
14          and reasonableness.<sup>5</sup> The Emergency Order also provided that the deferral is for  
15          accounting purposes only, and that decisions related to ratepayer recovery would be  
16          addressed in future proceedings.<sup>6</sup>

17          Soon after, the Commission opened company-specific dockets (with Docket 21-  
18          332 being assigned to KGS) to document issues raised in the Commission’s investigation

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2 See *Emergency Order*, ¶1, Docket No. 21-GIMX-303-MIS (Feb. 15, 2021).

3 *Emergency Order*, ¶3, Docket No. 21-GIMX-303-MIS (Feb. 15, 2021).

4 *Emergency Order*, ¶4, Docket No. 21-GIMX-303-MIS (Feb. 15, 2021).

5 *Emergency Order*, ¶4, Docket No. 21-GIMX-303-MIS (Feb. 15, 2021).

6 *Emergency Order*, ¶4, Docket No. 21-GIMX-303-MIS (Feb. 15, 2021).

1 of each major jurisdictional utility's reactions to and performance during Winter Storm  
2 Uri, as well as to record the eventual company-specific filings for financial impact plans.

3 On May 28, 2021, KGS filed a *Motion for Limited Waiver* ("Motion for Waiver")  
4 in this docket seeking Commission authorization to calculate and issue penalties in a  
5 manner that deviates from Section 11.06 of the KGS General Terms and Conditions for  
6 Gas Service ("Tariff") provisions.

7 On July 30, 2021, KGS filed its Plan to Minimize the *Financial Effects of the 2021*  
8 *Winter Weather Event* ("Financial Plan") in this docket.

9 On October 8, 2021, a *Nonunanimous Settlement Agreement* was filed in this  
10 docket, which provides for approval of a penalty multiplier waiver for transport customers,  
11 as well as a Negotiated Gas Cost Penalty representing the cost of gas procured by KGS on  
12 behalf of transport customers during the Weather Event, on a customer-specific basis. An  
13 *Amended Nonunanimous Settlement Agreement* will be filed containing amended  
14 provisions initially agreed upon in the *Financial Plan Settlement Agreement* filed on  
15 November 19, 2021.

16  
17 **Q. Which parties have been granted intervention in this docket?**

18 A. CURB; Symmetry Energy Solutions, LLC ("Symmetry"); BlueMark Energy, LLC;  
19 WoodRiver Energy, LLC; Bonavia Properties, LLC; Constellation NewEnergy-Gas  
20 Division, LLC; Atmos Energy Corp.; Freedom Pipeline, LLC; the Kansas Attorney  
21 General's Office ("Kansas AG's Office"); TempleLive Wichita, LLC; the Catholic

1 Diocese of Wichita; Central Christian Church of Wichita; the Natural Gas Transportation  
2 Customer Coalition; and Foley Rebuild Center LLC and Foley Equipment Company  
3 (collectively, "the Parties") all filed for, and were granted, intervention in this docket.  
4

5 **Q. Please describe KGS's Motion for Limited Waiver in this docket.**

6 A. On May 28, 2021, KGS filed a *Motion for Limited Waiver* ("Motion for Waiver") in this  
7 docket seeking Commission authorization to calculate and issue penalties in a manner that  
8 deviates from Section 11.06 of the KGS General Terms and Conditions for Gas Service  
9 ("Tariff") provisions. KGS sought authorization to remove the multipliers from the  
10 calculation of penalties incurred by transport customers for unauthorized volume violations  
11 of the Operational Flow Orders ("OFO") and/or Period Curtailment Orders ("POC")  
12 requirements.

13 In the absence of such a waiver, Section 11.06 of the Tariff, when triggered,  
14 requires KGS to calculate penalties for OFO violations by multiplying 2.5 times ("the OFO  
15 multiplier") the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas  
16 Pipelines (Oklahoma) ("Southern Star") by the amount of unauthorized volumes. During  
17 the more critical POC conditions, the Tariff requires KGS to calculate the penalties for  
18 POC violations by multiplying 10 times ("the POC multiplier") the daily midpoint stated  
19 on Gas Daily's Index for Southern Star by the amount of unauthorized volumes. By  
20 eliminating these multipliers, a transport customer whose gas use during Winter Storm Uri  
21 deviated from its authorized usage (factoring any applicable tolerance) would be charged

1 a penalty equal to the Southern Star Gas Daily Index price multiplied by the unauthorized  
2 natural gas volumes.

3  
4 **Q. Please briefly define and describe the roles of marketers and Individually Balanced  
5 Transportation Customers within the context of this docket.**

6 A. An Individually Balanced Transportation Customer is served from KGS's natural gas  
7 pipeline facilities, but is individually responsible (voluntarily) for procuring natural gas to  
8 meet their own needs. A marketer is a third-party who provides natural gas procurement  
9 services to an individual or group of transportation customers, serving the role of the  
10 customers' Agent.

11 Following the Commission's order to do everything necessary to ensure continued  
12 provision of service during Winter Storm Uri, the Company secured additional gas supplies  
13 for the continuation of service to transport customers who did not secure and/or deliver  
14 enough gas supply to meet their needs.

15  
16 **Q. What is the purpose of the Tariff's OFO/POC penalty provisions?**

17 A. When transport customers do not secure and/or deliver enough gas supply to meet their  
18 needs, there is a risk that KGS's resources will not be sufficient to maintain distribution  
19 system pressures and other operational needs. Thus, the penalty provisions essentially  
20 credit the Company for the cost of gas incurred to provide service to transport customers  
21 who consumed gas supplies they failed to provide during the OFO/POC.

1           The penalty provisions — in particular, the multiplier component — are in place to  
2           discourage transport customers from creating imbalances on the distribution system at  
3           critical times of operation.

4  
5   **Q.     What was the Company's justification for its request?**

6   A.     KGS cited to a similar request for waiver in Docket No. 21-BHCG-370-MIS, wherein Staff  
7           stated, “[P]enalties were never meant to be a profit center or to produce an unreasonable  
8           windfall for Sales customers.”<sup>7</sup> KGS implied that applying the multipliers to the  
9           extraordinary market gas prices incurred during Winter Storm Uri would result in such a  
10          scenario, and stated that removing the multiplier “would more closely reflect the estimated  
11          additional cost of gas procured by KGS to meet the usage of the transportation customers  
12          who did not comply with either the OFO and/or the POC.”<sup>8</sup>

13  
14   **Q.     Please briefly summarize CURB's position in response to the Motion for Waiver.**

15   A.     CURB filed its *Objection to Motion for Limited Waiver* (“Objection”) on June 4, 2021. It  
16          is important to recognize the Motion for Waiver and CURB's subsequent Objection were  
17          filed prior to the filing of KGS's *Plan to Minimize the Financial Effects of the 2021 Winter*  
18          *Weather Event*, which was filed on July 30, 2021. With that context, in CURB's Objection,  
19          CURB expressed concern that the Motion for Waiver was premature and recommended  
20          the Commission only consider the issues raised in the Motion for Waiver within the context

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7 *Motion for Limited Waiver*, ¶13, Docket No. 21-KGSG-332-GIG (May 28, 2021).

8 *Motion for Limited Waiver*, ¶13, Docket No. 21-KGSG-332-GIG (May 28, 2021).



1 of a larger financial plan filed by KGS, addressing Winter Storm Uri costs.<sup>9</sup>

2 CURB expressed several other initial concerns in its Objection. CURB's primary  
3 goal in this matter is to ensure gas sales customers (of which, CURB represents the  
4 residential and small commercial classes) do not subsidize transport customers through  
5 misassignment of costs. CURB found no evidentiary basis showing a calculation of the  
6 additional costs for transport customers incurred by KGS during Winter Storm Uri.<sup>10</sup>  
7 CURB felt KGS's initial proposed methodology from its Motion for Waiver of multiplying  
8 the Southern Star Gas Daily Index price by the unauthorized natural gas volumes was an  
9 oversimplified method of estimating the costs incurred, particularly when considering the  
10 previously unheard-of market conditions experienced during Winter Storm Uri. CURB  
11 argued that, at a minimum, KGS should be required to show the *actual* additional cost of  
12 gas procured to meet the usage of the transport customers who did not comply with either  
13 the OFO and/or the POC and that those additional gas costs should be borne by the pertinent  
14 customers.<sup>11</sup> Furthermore, CURB argued the Commission should be able to review the  
15 level of culpability associated with the OFO/POC violations and consider penalizing  
16 transport customers an additional amount (perhaps not as severe as the Tariff multipliers)  
17 to deter such behavior in the future.<sup>12</sup>

18 CURB also expressed concern that KGS's request may implicate the Filed Rate

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9 See *CURB's Objection to Motion for Limited Waiver*, ¶¶19–20, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

10 *CURB's Objection to Motion for Limited Waiver*, ¶8, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

11 *CURB's Objection to Motion for Limited Waiver*, ¶8, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

12 *CURB's Objection to Motion for Limited Waiver*, ¶14, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

1 Doctrine.<sup>13</sup> In light of Section 11.06, one could entertain the possibility that transport  
2 customers knew (or reasonably should have known) the terms of the Tariff and the risks of  
3 Tariff violations at the times of gas nominations and use.<sup>14</sup>

4  
5 **Q. Has a settlement agreement been reached among the Parties regarding the**  
6 **Company's Motion for Wavier?**

7 A. Yes, an agreement has been reached regarding the Company's Motion for Waiver. The  
8 only objecting Party is Symmetry. Any previous objection filed by any Party other than  
9 Symmetry should be considered withdrawn.<sup>15</sup>

10  
11 **Q. Please outline the key terms of the Agreement.**

12 A. The key terms of the agreement can be summarized as follows:

- 13 • For the month of February 2021, the OFO multiplier and the POC multiplier should be  
14 waived for all marketers and Individually Based Transportation Customers.
- 15 • All marketers and Individually Balanced Transportation Customers will be obligated to  
16 pay their respective Negotiated Gas Cost Penalties, which, in the aggregate, amounts to  
17 \$99,695,692, inclusive of carrying charges through December 2021.
  - 18 ○ The price component of the Negotiated Gas Cost Penalty calculation  
19 reflects KGS's weighted average cost of spot gas and/or Gas Daily Daily

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13 *CURB's Objection to Motion for Limited Waiver*, ¶16, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

14 *CURB's Objection to Motion for Limited Waiver*, ¶17, Docket No. Docket No. 21-KGSG-332-GIG (June 4, 2021).

15 *Joint Motion to Approve Settlement Agreement*, ¶20, Docket No. 21-KGSG-332-GIG (November 19, 2021).

1                   Callable purchases.

- 2                   ○ The volume component of the Negotiated Gas Cost Penalty calculation  
3                   reflects the difference between the customer's Section 11.06 Tariff required  
4                   authorized usage of natural gas (plus any applicable tolerance) and the  
5                   natural gas volumes delivered by the customer into the KGS system.

- 6                   • All monthly cash out dollars to be paid by marketers or Individually Balanced  
7                   Transportation Customers to KGS (or vice versa — to be paid by KGS to marketers or  
8                   Individually Balanced Transportation Customers) during February 2021 will be netted  
9                   against the Negotiated Gas Cost Penalties that are owed.
- 10                  • Once KGS has collected \$77,299,824 in Negotiated Gas Cost Penalties,<sup>16</sup> KGS will  
11                  credit any additional amount received, on a pro rata basis, to marketers or Individually  
12                  Balanced Transportation Customers that delivered natural gas during the February 2021  
13                  OFO and POC periods in excess of their Tariff required usage.
- 14                  • A carrying charge rate of 2.0% will be applied to all amounts owed by marketers and  
15                  Individually Balanced Transport Customers for the month of February 2021 until the  
16                  amounts are paid in full.
- 17                  • All penalty payments received by KGS from marketers as determined by the  
18                  Commission in the hearing on the Motion for Limited Waiver, that are received prior to  
19                  the filing of the separate application for a Finance Order will be used by KGS to reduce  
20                  the Qualified Extraordinary Costs to be recovered using the Securitized Utility Bonds.

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<sup>16</sup> Inclusive of carrying charges through December 2021.

1           Moreover, all penalty amounts received after that filing will be credited by KGS to  
2           KGS's sales customers through the COGR/ACA on an annual basis.

- 3           • In the event a subsequent federal, state court, or governmental agency issues a final  
4           order of general applicability finding the existence of market manipulation in the  
5           establishment of the Gas Daily Index during February 2021 that requires financial relief  
6           in the form of profit disgorgement, refunds, penalties or other civil suit relief, KGS will  
7           credit, on a pro rata basis, to marketers and Individually Balanced Transportation  
8           Customers any proceeds that KGS receives as a direct result of such proceeding that  
9           relate to Negotiated Gas Cost Penalties.
- 10          • In the event a marketer fails to pay in full its obligations under this Settlement, that  
11          marketer will be precluded from providing service in KGS territory pursuant to the  
12          Aggregation Agreement for so long as the Commission determines appropriate.
- 13          • Within thirty days of a final Commission Order approving this Settlement, KGS shall  
14          schedule a workshop for the purpose of exploring revised tariff provisions consistent  
15          with lessons learned during Winter Storm Uri.

16  
17 **Q.     Are the Negotiated Gas Cost Penalties consistent with the etymology of the word**  
18 **“penalty”?**

19 **A.**     No, although it may be accurate terminology for accounting purposes, I believe “penalty”  
20     is a misnomer when considering the calculation methodology for the Negotiated Gas Cost  
21     Penalties. The etymology of “penalty” implies punishment. However, the punitive

1 component of the Tariff OFO/POC penalty calculation is the multiplier, which will be  
2 waived if the Agreement is approved. The methodology for calculation of Negotiated Gas  
3 Cost Penalties described in the Agreement is reflective of only the actual cost of gas and  
4 carrying charges incurred by KGS on behalf of transport customers during the Weather  
5 Event.

6 In light of the extraordinary circumstances of Winter Storm Uri, I am comfortable  
7 supporting the Agreement even though the Negotiated Gas Cost Penalties are non-punitive.  
8 However, given the relative leniency of the Negotiated Gas Cost Penalties, I would urge  
9 the Commission and KGS to thoroughly pursue punitive measures and collection actions  
10 against customers who fail to fulfill their obligations under the Agreement. Furthermore,  
11 because the negotiated 2.0% rate for carrying charges is reasonably reflective of *short-term*  
12 financing rates, the Company should bill the Negotiated Gas Penalties in a manner that  
13 recovers the associated costs over a relatively short time span.

14  
15 **Q. What criteria does the Commission generally consider when reviewing non-**  
16 **unanimous settlement agreements?**

17 A. The Commission may accept a non-unanimous settlement agreement if the following five  
18 criteria are met: 1) the agreement conforms with applicable law; 2) there was an  
19 opportunity for opposing parties to be heard on their reasons for opposition to the  
20 agreement; 3) the agreement is supported by substantial competent evidence; 4); the  
21 agreement results in a just and reasonable outcome; and 5) the results of the agreement are

1 in the public interest.<sup>17</sup> I will discuss these criteria, in detail, as my testimony continues.

2  
3 **Q. Does the Agreement conform to applicable law?**

4 A. I have been advised by CURB's attorneys that the Agreement conforms to applicable law.  
5 However, since I am not an attorney, I defer further discussion of this criterion to CURB's  
6 Post-Hearing Brief.

7  
8 **Q. Was there an opportunity for opposing parties to be heard on their reasons for**  
9 **opposition to the Agreement?**

10 A. Yes, there have been and will be opportunities for any opposing parties to be heard  
11 regarding their opposition to the Agreement. All parties met and participated in settlement  
12 conferences held on August 18 at the KCC Office in Topeka and online September 23–24.  
13 Discussions among all Parties continued while the Agreement was collaboratively drafted.  
14 Furthermore, the procedural schedule allows for the filing of testimony in opposition to the  
15 Agreement. An Evidentiary Hearing and Post Hearing Briefs are also scheduled.

16  
17 **Q. Is the Agreement supported by substantial competent evidence?**

18 A. Yes, the Agreement is supported by substantial competent evidence in the record.

19 There was ample opportunity for intervention and extensive vetting of this matter  
20 through data requests ("DRs") and information sharing—to wit, over 100 DRs have been

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17 See *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS ¶11 (May 12, 2012).

1 issued in this proceeding. Furthermore, the Agreement is supported by my testimony and,  
2 I expect, will be supported by the testimony of other Signatories.

3 To my knowledge, it is undisputed that Winter Storm Uri prompted health and  
4 safety concerns, sudden and sustained natural gas supply disruptions, and widespread  
5 infrastructure and operational failures at facilities that were necessary for the delivery of  
6 natural gas. This has already been acknowledged by the Commission.

7 Furthermore, to my knowledge, it is undisputed that the Company had to secure  
8 additional gas supplies for the continuation of service to transport customers who did not  
9 secure and/or deliver enough gas supply to meet their needs.

10 Through the DR process and discussions with the Company and Staff, I am  
11 comfortable supporting that the calculation methodology of the Negotiated Gas Cost  
12 Penalties is reflective of the actual extraordinary cost of gas incurred by KGS to serve its  
13 transport customers during February 2021.

14  
15 **Q. Will the Agreement result in a just and reasonable outcome?**

16 **A.** Yes, I believe approval of the Agreement would result in a just and reasonable outcome.  
17 CURB's primary goal in this matter is to ensure residential and small commercial  
18 customers are not forced to subsidize transport customers through an unjust assignment of  
19 costs. In the case of an under-collection of penalties, gas sales customers would subsidize  
20 the additional gas cost incurred to serve transport customers who did not adequately supply  
21 natural gas to the KGS distribution system during the OFO/POC periods. However, CURB

1 also recognizes that penalties for one class of customers should not operate as an  
2 unreasonable source of profits for the Company nor as a windfall for other customer  
3 classes. Presently, the Tariff penalties inclusive of the multiplier may have the potential to  
4 create such a profit/windfall, and could place significant financial burdens on transport  
5 customers. I have some concern that such excessive penalties could result in unpayable  
6 charges — potentially even bankruptcy — for many transport customers, ultimately  
7 leaving sales customers worse off than if a lesser, reasonable penalty is negotiated.

8 I believe the calculation methodology of the Negotiated Gas Cost Penalties is  
9 reflective of the actual extraordinary cost of gas incurred by KGS to service its transport  
10 customers. Additionally, KGS agrees to credit transport customers should there be  
11 subsequent applicable financial relief in the form of profit disgorgement, refunds, penalties  
12 or other civil suit relief. Overall, the Agreement achieves a fair cost assignment among  
13 classes, and includes protective provisions in the case of future relief. Therefore, approval  
14 of the Agreement would result in a just and reasonable outcome.

15  
16 **Q. Are the results of the Agreement in the public interest?**

17 A. Yes, I believe the Agreement is in the public interest. There is a wide range of  
18 representation among the Parties: the Company; several marketers and transportation  
19 customers; CURB, representing residential and small commercial customers; and Staff,  
20 representing all interests including the public, generally. Although the Agreement is non-  
21 unanimous, the only objecting Party is Symmetry.



1           Furthermore, as already discussed, approval of the Agreement would achieve a fair  
2           cost assignment among classes, plus provide protective provisions for potential future  
3           relief. If the Agreement is approved, the Company would recover the extraordinary costs  
4           it incurred to provide gas to transport customers and those costs would be assigned in a  
5           balanced manner wherein one customer class does not subsidize another, while also  
6           averting the creation of a profit/windfall for the Company or any certain customer class.  
7           Therefore, I believe the Agreement is in the public interest, generally.

8  
9           **Q.    What do you recommend?**

10          A.    I believe the Agreement satisfies the Commission's established criteria for approval of a  
11          settlement agreement.  Therefore, I recommend the Commission reject KGS's initial  
12          Motion for Waiver and, instead, approve the Agreement as amended.

13  
14          **Q.    Does the Agreement resolve all issues in this docket?**

15          A.    No.  I feel it is important to emphasize that the Agreement only applies to the specific  
16          issues of KGS's Motion for Waiver and certain financial impacts of Winter Storm Uri  
17          pertaining to KGS's transport customers.  A separate non-unanimous settlement  
18          agreement, to which CURB is a signatory, has been filed in this docket regarding the  
19          proposed *Plan to Minimize the Financial Effects of the 2021 Winter Weather Event*.  
20          Furthermore, under the terms of the Agreement, if approved, KGS will schedule a  
21          workshop for the purpose of exploring revised tariff provisions and discussing lessons

1 learned during Winter Storm Uri.

2  
3 **Q. Do you have any additional concerns?**

4 A. Yes. I am concerned that if the Negotiated Gas Cost Penalties are not paid in full, this  
5 could result in an unfair cost assignment among classes, with the sales class bearing the  
6 cost of unpaid transport customer debts. The full amount of Extraordinary Costs for all  
7 customer classes is planned to be securitized through the issuance of Securitized Utility  
8 Tariff Bonds ("Securitized Bonds"); however, any amount received in the form of  
9 Negotiated Gas Cost Penalties prior to the issuance of Securitized Bonds will reduce the  
10 amount to be securitized. But transport customers will not be subject to the eventual  
11 surcharge associated with those Securitized Bonds so, therefore, any unpaid amount of  
12 Negotiated Gas Cost Penalties will be repaid only by sales customers. My intent now is  
13 only to make note of this concern on the record. CURB reserves the right to further explore  
14 this issue in the upcoming phase of this docket dedicated to the securitization process.

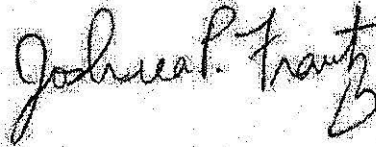
15  
16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

**VERIFICATION**

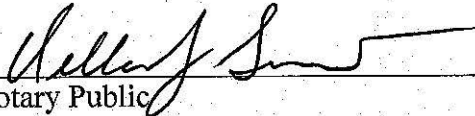
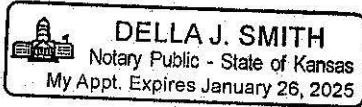
STATE OF KANSAS                    )  
  )  
COUNTY OF SHAWNEE            )            ss:

I, Josh Frantz, of lawful age and being first duly sworn upon my oath, state that I am a consultant for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



\_\_\_\_\_  
Josh Frantz

SUBSCRIBED AND SWORN to before me this 1<sup>st</sup> day of December, 2021.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2025.

**CERTIFICATE OF SERVICE**

21-KGSG-332-GIG

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 1<sup>st</sup> day of December, 2021, to the following:

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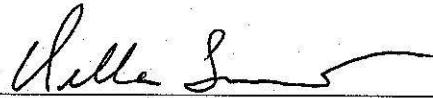
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