

In the Matter of the Application of Kansas)
Gas Service, a Division of ONE Gas, Inc. for)
Adjustment of its Natural Gas Rates in the) Docket No. 18-KGSG-560 - RTS
State of Kansas.)

DIRECT TESTIMONY
OF
DENNIS J. OKENFUSS
ON BEHALF OF KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.

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1 **I. Position and Qualifications**

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

3 A. My name is Dennis J. Okenfuss. My business address is 7421 W. 129th Street, Overland Park,
4 KS 66213.

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

6 A. I am the Vice President of Operations for Kansas Gas Service Company, a division of ONE Gas,
7 Inc., (“Kansas Gas Service”, or “KGS”, or the “Company”).

8 **Q. What are your responsibilities in your current position?**

9 A. As Vice-President of Operations, I have primary responsibility for leading Kansas Gas Service
10 Field Operations in those areas within Kansas that are served by the Company. These
11 responsibilities include:

- 12 • Construction and maintenance on our distribution systems;
- 13 • Field customer service;
- 14 • Meter reading;
- 15 • Collections; and
- 16 • Compliance-related activities.

17 I am also responsible for:

- 18 • Budgeting for operations and maintenance (“O&M”) and for capital expenditures;

- 1 • Leadership development; and
- 2 • Labor relations.

3 **Q. Please describe your education and professional experience.**

4 A. I earned a Bachelor of Science degree in civil engineering in 1984 from the University of
5 Missouri in Columbia and a Master of Business Administration degree in 1994 from Rockhurst
6 University, Kansas City, Missouri.

7 Currently, I serve as Vice President of Operations of Kansas Gas Service. I served in this
8 same role prior to ONE Gas becoming a standalone publicly traded company separated from
9 ONEOK, Inc. Previously, I held the title of Vice President of Administration of Kansas Gas
10 Service, responsible for business and economic development, community relations, natural
11 gas supply, labor relations, fleet and facilities, and customer services. Prior to that, I was
12 Manager of Business Development of Kansas Gas Service.

13 I began my career in the utility industry with KPL Gas Service in 1985 as a field engineer.
14 I served in various positions at KPL Gas Service and Western Resources in both the natural gas
15 and electric operations until the natural gas properties were acquired by ONEOK in 1997. I
16 was named director of human resources of Kansas Gas Service at that time.

17 **Q. Was this testimony prepared by you or under your supervision?**

18 **A.** Yes, it was.

19 **II. Executive Summary**

20 **Q. What is the purpose of your testimony?**

21 A. My testimony provides an overview of the Company's operations in Kansas with a focus on
22 the Company's efforts to continue to provide safe and reliable service. I identify the factors
23 driving the need for our requested rate increase, including a summary of the costs we have
24 incurred that are requiring KGS to file this rate case and a review of the steps that have been

1 taken to maintain our expenses at a level appropriate for providing safe and reliable service
2 to our customers. The detailed financial information underlying the request will be provided
3 by the Company's other witnesses. I also provide an update on the Company's compliance
4 activities and introduce the Company witnesses who will provide additional support for the
5 request.

6 **Q. Please provide a summary of the Company's request.**

7 A. KGS is requesting an overall revenue increase of approximately \$45.6 million. This request
8 proposes to increase our current base rates to \$42.7 million, and to move approximately \$2.9
9 million currently collected through the Gas System Reliability Surcharge ("GSRS") to base
10 rates. The request results in an approximate increase to the average residential customer of
11 \$5.67 per month (net of the current GSRS).

12 The Company is also requesting:

13 (1) the implementation of a revenue normalization adjustment ("RNA") mechanism to
14 stabilize revenues;

15 (2) the implementation of a cyber-security expense tracker and depreciation expense
16 tracker to defer amounts over or under that amount included in base rates until the
17 Company's next rate case;

18 (3) the sharing of savings generated by excess funding of the Company's pension
19 obligations;

20 (4) the adoption of the use of a 10-year rolling average rather than a 30-year decadal
21 normal (currently 1981 – 2010) to calculate normal temperature to better reflect current
22 weather patterns;

23 (5) the change of our tariffs to require electronic flow measurement for all new
24 transportation customers and those customers that have a change in character of service; and

1 (6) the change to some of our miscellaneous service fees to better reflect the actual cost of
2 providing such services.

3 Additionally, through the testimony of Mr. Dick Rohlf, KGS presents information on how
4 several of these proposals promote effective ratemaking by allowing KGS a reasonable
5 opportunity to recover an appropriate level of return through the schedule of rates charged
6 to customers.

7 **Q. Please identify the witnesses submitting testimony in this filing on behalf of KGS.**

8 A. In addition to my testimony, the Company's witnesses and the subjects addressed in the
9 testimony of each are identified below:

10

Jeff D. Branz	Director of Compensation and Benefits for ONE Gas	Addresses the reasonableness of ONE Gas compensation philosophy and structure and related costs of base pay, incentive plan benefits
Janet L. Buchanan	Director, Rates and Regulatory Reporting for KGS	Provides an explanation of components of the residential bill and residential bill history; provides support for the Revenue Normalization Adjustment mechanism; and provides a discussion of the effect of Tax Cuts and Jobs Act
Justin W. Clements	Rates Analyst II for KGS	Provides support for various direct adjustment; provides a discussion of the rate differential between the "t" and "k" systems; and provides Tariff Updates
Ashley D. Davidson	Rates Analyst II for ONE Gas	Provides an explanation of the Company's Corporate allocation methodology; and supports the corporate expense adjustments
Lorna M. Eaton	Manager, Rates and Regulatory for KGS	Provides confirmation of the Company's compliance with the Commission's filing requirements; provides an

		explanation of various direct adjustments; and provides support for a cyber-security expense tracker
Dr. Bruce H. Fairchild	Principal in Financial Concepts and Applications, Inc.	Provides support for capital structure, cost of debt and return on equity for KGS
Maxx J. Goad	Rates and Regulatory Analyst II for ONE Gas Corporate	Identifies and quantifies ONE Gas corporate capital investment, prepayments, and depreciation and amortization expense allocated to KGS
James E. Haught	Director-Environmental for ONE Gas	Provides support for the reasonableness of costs associated with environmental work performed at Manufactured Gas Plant sites managed by KGS
Jeffrey J. Husen	Controller, ONE Gas, Inc.	Provides support for portions of Section 11 of the filing and discusses the excess accumulated deferred income tax associated with the change in the corporate tax rate
Graham A. Jaynes	Rates Analyst I for KGS	Provides support for various direct adjustments
Mark W. Smith	Vice President, Treasury for ONE Gas	Provides background for ONE Gas' funding of pension costs; provide support for a sharing of savings generated by excess pension funding; and discusses the formation of the Utility Insurance Company and the reasonableness of the premiums paid by KGS
Paul H. Raab	Partner, energytools, llc.	Provides support for the weather and customer normalization adjustments; provides the class cost of service study; and supports the Company's proposed rate design
Dick F. Rohlfs	Consultant	Provides background on the history and goals of utility regulation; discusses the relationship between depreciation rates and system

		modernization; and supports the proposal for a depreciation tracker
Dr. Ronald E. White	President of Foster Associates Consultants, LLC.	Provides support for proposed depreciation rates

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III. Business Operations

Q. Please describe the Company’s system in Kansas and the impact of the Company’s operations on the state’s economy.

A. KGS (and its predecessors) has been providing natural gas utility service to Kansans since the early 1920’s. The Company is one of three divisions of ONE Gas, Inc., (“ONE Gas”) with its sister divisions being Texas Gas Service and Oklahoma Natural Gas. ONE Gas is a stand-alone, fully regulated natural gas utility established in January 2014 and is publicly traded on the New York Stock Exchange under the symbol “OGS.” ONE Gas is headquartered in Tulsa, Oklahoma and is the third largest publicly traded natural gas distribution utility in the United States. ONE Gas’ vision is to be a premier natural gas distribution company, creating exceptional value for our stakeholders – customers, employees, the communities we serve and investors. ONE Gas is committed to be an industry leader in both system safety and prevention of all injuries and vehicle incidents. ONE Gas’ goal in this respect is “zero harm” to employees, customers and communities.

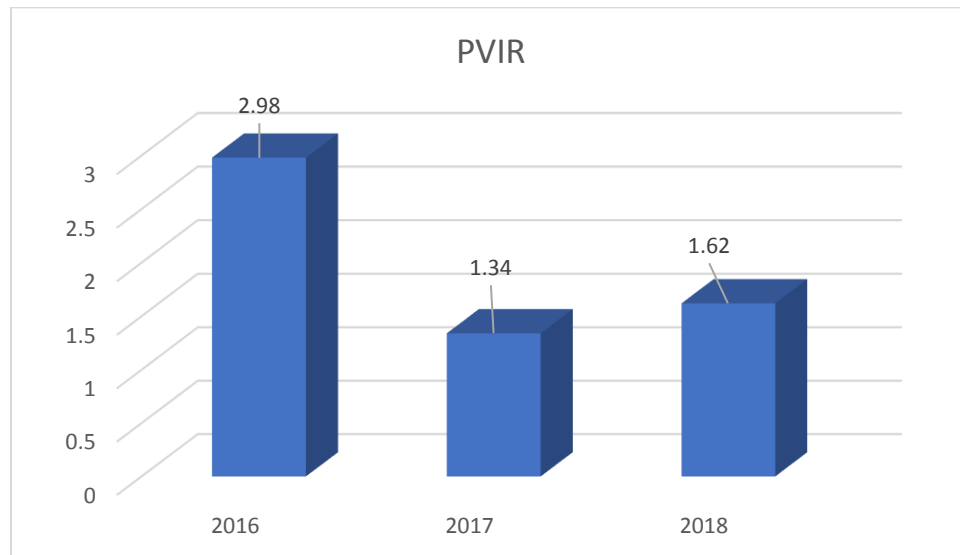
Kansas Gas Service has approximately 13,000 miles of transmission and distribution pipe servicing approximately 580,000 residential and 56,000 non-residential customers in more than 360 communities in Kansas. KGS and its predecessor utilities have served this area for approximately 92 years and have a considerable operational and economic presence in the state of Kansas. These system assets represent more than \$1.8 billion in total investment in utility plant-in-service in Kansas. A map showing KGS’s service area is attached hereto as

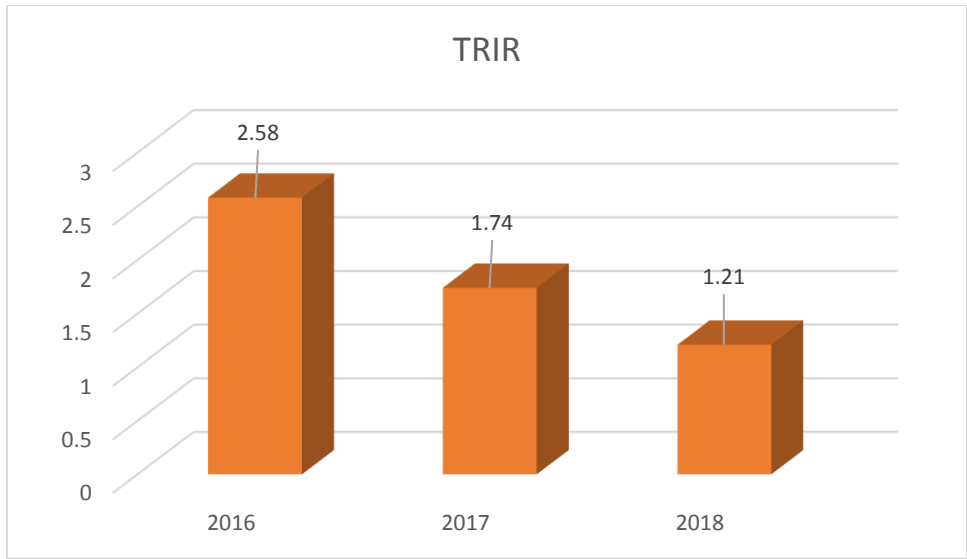
Exhibit DJO-1. The Company regularly employs approximately 1,000 people and a comparable

1 amount of contract labor within Kansas and has an approximate annual payroll of more than
2 \$75 million. More than \$20 million is remitted by KGS in annual property taxes to local taxing
3 authorities in Kansas. KGS provides safe and reliable gas service to its customers and plays an
4 important role in the communities that it serves.

5 **Q. Could you please discuss the Company's Safety Culture?**

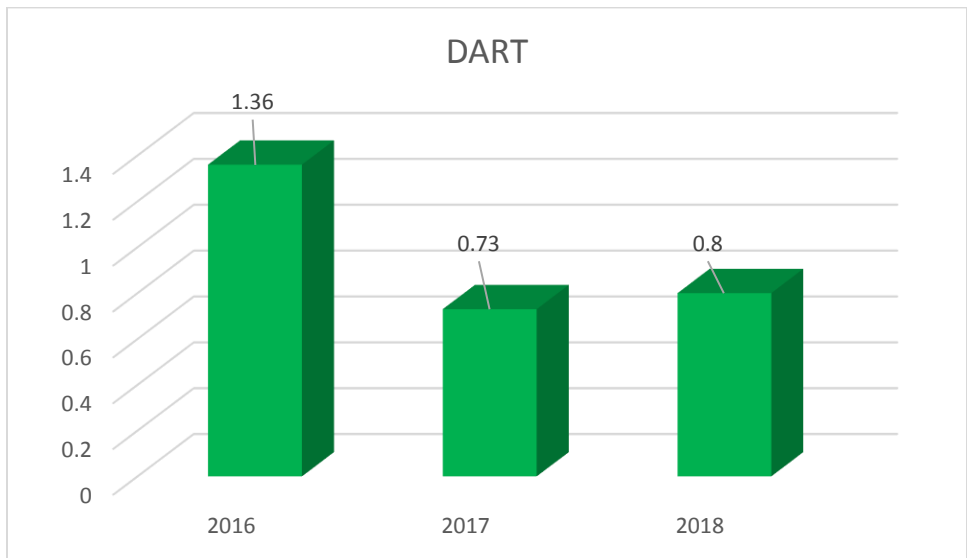
6 A. One of ONE Gas' goals is to be in the first quartile of industry peers with respect to three
7 important safety metrics: (1) preventable vehicle incident rate ("PVIR"); (2) total recordable
8 incident rate ("TRIR"); and (3) days away, restricted and transferred ("DART"). ONE Gas and
9 specifically, KGS, continues to see steady improvement in key indicators such as OSHA
10 reportable injuries as measured by the TRIR, DART and for PVIR. As indicated in the graphs
11 below, KGS has shown considerable improvement. The data provided for 2018 are through
12 April.





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KGS has several initiatives to improve safety, including training our employees in Smith System Safe Driving™ techniques, installation of cameras in vehicles to capture incidents and near misses for purposes of coaching employees on safe driving, and Behavior-Based Safety programs, which encourage employees to look out for one another and others. In addition, ONE Gas continually seeks to improve processes for risk assessment and risk mitigation as

1 part of its integrity management programs, as well as its procedures for ensuring full
2 compliance with all laws and regulations.

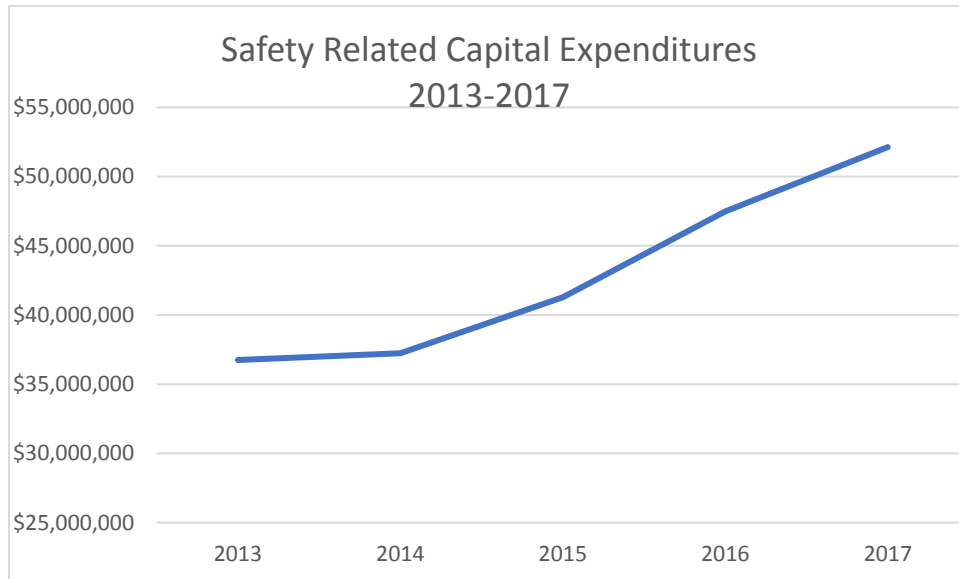
3 **Q. Please provide an overview of the Company's system safety initiatives and the impact of**
4 **those initiatives on the company's operations.**

5 A. KGS continues its solid commitment to provide safe and reliable service to our customers and
6 in promoting a culture of safety for all employees. The Commission has also taken a
7 leadership role in promoting natural gas pipeline safety in Kansas and has instituted
8 regulatory standards that have exceeded federal minimum requirements. Currently, the
9 Company has several aggressive infrastructure replacement programs to include the Bare
10 Steel Service Line program as presented in Docket No. 11-KGSG-177-TAR ("177 Docket") and
11 the Company's Cast Iron program as addressed in Docket No. 12-KGSG-721-TAR ("721
12 Docket").

13 Additionally, as part of the Settlement Agreement established in Docket No. 14-KGSG-
14 100-MIS ("100 Docket"), the Company has agreed to reductions of response times to natural
15 gas odor calls (times which are below those standards established by Pipeline and Hazardous
16 Materials Safety Administration ("PHMSA")) and a further reduction in the company's average
17 age of existing leaks in their leak inventory. I will discuss each of these issues in further details
18 below.

19 Recently, KGS filed a plan in Docket No. 18-KGSG-317-CPL ("317 Docket") to comply with
20 the Commission's decision in Docket No. 15-GIMG-343-GIG. Under this plan, KGS will
21 continue to meet the commitments made in the 177 Docket and 721 Docket. Additionally,
22 KGS will replace all bare steel mains in urban areas over the next 35 years beginning in 2019.

1 As you would expect, these initiatives have required increasing commitment of resources
2 and personnel. The chart below demonstrates the safety related capital investments the
3 company has made since 2013.



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5 Investor support will be crucial to our efforts under these initiatives. For future investments
6 to be made on reasonable terms, KGS needs to be able to recover its costs in a timely manner
7 and be given a fair opportunity to earn its authorized return.

8 **IV. Reasons for Filing This Application**

9 **Q. What factors have led KGS to file this Application for an increase in its rates?**

10 A. This application reflects the cumulative effect of changes in costs, investments and
11 consumption we have experienced since our last rate case. Specifically, KGS has had capital
12 expenditures of approximately \$179 million since the last rate case and has experienced
13 increases in operations and maintenance expenses such as increases in payroll expenses. In
14 this filing, KGS is also requesting a return on equity that it believes to be more reflective of
15 the return currently expected by investors for local distribution companies. Additionally, KGS
16 is proposing two tracker mechanisms, a cyber-security expense tracker and a depreciation

1 expense tracker, to track the difference between the level of expense approved for inclusion
2 in base rates and those expenses actually incurred between rate cases. Further, KGS is
3 presenting several proposals which it believes will promote more effective ratemaking (as
4 discussed in the testimony of Mr. Dick Rohlfs) to include a proposal to establish new
5 depreciation rates. Finally, this application is submitted to address the effect of the Tax
6 Reform and Jobs Act on KGS's rates.

7 **Q. How will the requested increase affect the overall cost of natural gas service provided to**
8 **residential customers served by KGS?**

9 A. Generally, even with the proposed revenue increase of 15.21% over the Company's currently
10 approved revenues, the average residential customer's bill will remain lower than it was 10
11 years ago. Company witness Janet Buchanan addresses this issue in more detail.

12 **V. Reasonableness of O&M Expenses**

13 **Q. Please describe the O&M expenses that are necessary to provide safe and reliable service.**

14 A. Natural gas distribution systems of the size and complexity similar to that of KGS's require
15 continuous maintenance efforts to provide the safe and reliable gas service and the effective
16 and efficient customer service that our customers and the Commission expect. This effort
17 necessitates that our Company's employees and contractors remain present and available in
18 the field performing tasks necessary for safety and regulatory compliance, such as:

- 19 • Cathodic protection;
- 20 • Distribution integrity (risk analysis);
- 21 • Leak survey;
- 22 • Leak monitoring;
- 23 • Leak repair; and
- 24 • Line locating.

1 Similarly, technicians perform tasks that include:

- 2 • Meter maintenance;
- 3 • Pressure regulation;
- 4 • Odorant testing;
- 5 • Service initiation; and
- 6 • Right-of-way maintenance.

7 These operational functions are also supported by back office functions necessary to operate
8 the natural gas distribution system in a safe and reliable manner and to provide outstanding
9 customer service. KGS must invest in its employees and has experienced reasonable and
10 necessary increases in personnel-driven expense items, such as wages, salaries and employee
11 benefits, which Company witnesses Lorna Eaton and Jeff Branz address in more detail in their
12 testimonies.

13 **Q. What steps has KGS taken to control its costs in delivering natural gas to its customers?**

14 A. KGS continuously looks for opportunities to control operating expenses. For example, KGS
15 continues to identify and adopt technological resources such as automated meter reading
16 technology, central dispatching, and an automated work flow management system
17 integrating several software solutions that improves operational processes for field
18 employees. Using a common work management system also enhances our risk mitigation
19 efforts around data capture and compliance by providing our employees with better tools and
20 information in the field and simplifying work by capturing information once and thus reducing
21 paperwork and opportunity for error.

22 KGS has also implemented a new route work optimization (“RWO”) dispatch method
23 which prioritizes and optimizes the field customer service orders and work. This process
24 enhances customer satisfaction as the Company is better able to focus on work requiring

1 customer contact first and work not requiring customer presence is done next. Miscellaneous
2 work that is unknown at the start of the day (such as a leak call) is reserved for special teams
3 not assigned customer contact work. This process also improves route assignments, reduces
4 drive time and improves the Company's ability to react to changing work as the day goes on.
5 While efficiencies are difficult to quantify, KGS is confident that the Company will see more
6 work completed in a more efficient manner, while improving upon customer satisfaction.

7 **Q. Has the Company incurred additional expense associated with the implementation of the**
8 **ROW process?**

9 A. No, KGS is simply taking advantage of the programming and system capabilities available in
10 the current PragmaCAD system utilized by KGS.

11 **Q. What efforts does KGS take to control O&M costs on an on-going basis?**

12 A. Executive Management works closely with local management to establish appropriate O&M
13 budgets. KGS routinely reviews its staffing levels and budget forecasts via recurring meetings
14 where any variances of actual expense from the forecasted amounts are identified and
15 explained, all in an effort to maintain a safe and reliable system and to provide effective
16 customer service while balancing the need to control O&M expenses.

17 **Q. Does the procurement process also control O&M expenses?**

18 A. Yes, it does. By utilizing a centralized purchasing department, the Company is able to take
19 advantage of volume discounts through approved vendors who may also provide products
20 and supplies to other ONE Gas' divisions. Direct purchases of materials are kept to a
21 minimum.

22 **Q. Is the level of O&M expense requested in this filing reasonable and necessary?**

23 A. Yes, it is. The level of O&M expense requested is necessary to continue the safe and reliable
24 operation of the system and to provide effective and efficient customer service.

1 **VI. Reasonableness of Capital Investment**

2 **Q. What is capital investment?**

3 A. Capital investment is money used for the acquisition and installation of equipment or facilities
4 that are expected to have an extended period of use prior to being replaced or retired.

5 **Q. Is it necessary for KGS to make capital investment in its system?**

6 A. Yes, it is necessary for KGS to make capital investments in the system.

7 **Q. Why are capital investments made in the system?**

8 A. Capital investment in infrastructure and other assets is necessary to maintain and expand the
9 natural gas system. Safety, reliability and growth are the primary driving forces behind most
10 capital investments made in the Kansas system.

11 **Q. Has the Company included a request for recovery of capital investment in this rate filing?**

12 A. Yes, the Company has included the capital investment made through the test year ending
13 December 31, 2017, as well as an adjustment for capital investment that will be placed in
14 service by December 31, 2018.

15 **Q. In terms of capital projects, approximately how much has the company invested in Kansas
16 since the last rate case filing?**

17 A. Capital expenditure investments in Kansas since our previous rate case approximate \$179
18 million.

19 **Q. Please describe the capital investment that has been and continues to be made in Kansas.**

20 A. Capital investment in infrastructure and other assets is necessary to maintain and expand the
21 natural gas system. Safety, reliability and growth are the primary driving forces behind most
22 capital investments made in the KGS system. These capital investments are made in the
23 system to: (1) add pipeline for serving new customers; (2) replace pipeline facilities that have
24 reached the end of their useful service lives; (3) relocate pipeline facilities as required by city,

1 county, and state roadway projects; and (4) comply with regulatory requirements established
2 at the federal, state, and local levels.

3 **Q. Please describe the process by which the company identifies the capital projects to be**
4 **undertaken.**

5 A. Projects are identified by the Company's Asset Management, Resource Management,
6 Engineering, and Operations personnel, who in turn work with federal, state, and local
7 governmental authorities, as well as private developers, to determine where new system
8 investments need to be made. For each proposed project, engineering alternatives are
9 evaluated, the preferred course of action selected, and average cost metrics are then applied
10 to develop and assign a cost estimate to each project.

11 On growth projects, the developers and owners of new development projects meet with
12 our Customer Development Representatives to facilitate their projects through the gas
13 installation process. The Engineering Department determines the technical needs and costs
14 associated with each project, which are communicated to the developer and finalized through
15 a set of engineering design plans and a gas installation agreement. Additionally, the gas
16 installation agreement and design plan are approved by Company management prior to being
17 sent to the customer for execution. Most of these growth projects require the developer to
18 provide an advance for the cost of the project. The advance will be refunded to the developer
19 as customers are connected. These refunds are made once a year over the term of the
20 agreement as the customers meet the usage or meter count commitment. The total amount
21 refunded, of course, may not exceed the amount of the original advance.

22 For relocation projects located in the public right-of-way, the projects are selected by the
23 state, county, or local officials based upon their roadway plans. KGS works closely with state,
24 county and municipal engineers to determine which of the Company's mains and service lines

1 will need to be relocated as a result of the applicable roadway plan. During the design of the
2 roadways, KGS engineers will suggest alternatives, if available, to minimize the impact on our
3 systems and customers. Once the design is completed, the Company works with agency
4 officials to meet their relocation schedules.

5 For replacement projects, the Company's Engineering and Operations personnel identify
6 potential projects. The Asset Management Department then optimizes potential projects
7 utilizing a risk-based approach, using Copperleaf C55 ("C55"), a premier risk-based asset
8 investment planning and management decision support software. This software aids the
9 Company in strategically planning and budgeting replacement projects based upon known
10 risks, the Company's leak survey records, soil types, and field experience. This system
11 provides a risk-based investment strategy that aligns with DOT integrity management
12 requirements and permits systematic evaluation of the distribution and transmission systems
13 to determine each pipeline segments likelihood and consequence of failure. C55 ranks safety-
14 related projects for risk mitigation, with projects with the highest risk mitigation being
15 prioritized for replacement or removal. The Asset Management Department then validates
16 the C55 recommendation with our local Engineering and Operations personnel prior to
17 finalize the capital plan and determine the sequence or priority of replacement.

18 General plant expenditures are reviewed to identify and prioritize investment projects
19 needed to maintain working equipment and structures, ensure safety, enhance efficiencies,
20 and meet regulatory requirements.

21 **Q. Is all capital investment established at the beginning of each fiscal year?**

22 A. No, it is our experience that some investment needs will arise during the year that are not
23 specifically known in advance. For example, leaks can occur on the system at any time of
24 year, and the Company must budget and allocate capital accordingly. Likewise, state, county,

1 and municipal officials make relocation requests throughout the year. For example, it is not
2 uncommon for a government agency to schedule a project then postpone or delay a project
3 until late in the year if funds are not available for the project earlier in the year. The projected
4 level of capital expenditures for these items is developed based on experience and through
5 working with the appropriate planning departments as projects arise. Growth budgets are
6 based on known projects and past experience. KGS's investments in General Plant are
7 identified through Company work processes and are subject to capital funding evaluation.

8 **Q. Does the Company have processes in place to control capital costs?**

9 A. Yes, it does. All the Company's processes for identifying, prioritizing, evaluating, reviewing,
10 and managing capital projects are designed to ensure that every capital investment in the
11 system is necessary and reasonable in cost. The Company also seeks to control costs by
12 obtaining competitive bids for those projects that are outsourced. Once a project has been
13 approved, the Company's capital budgeting process includes additional cost controls to
14 ensure that construction proceeds and stays within funded limits. Before the work on a
15 project begins, and before payments are made, required managerial approvals are obtained.
16 KGS's senior management also meets on a regular basis to review capital spending levels and
17 adjust as appropriate.

18 **Q. Does the procurement process also provide a control on capital costs?**

19 A. Yes, by utilizing a centralized purchasing department, the Company takes advantage of
20 volume discounts through approved vendors. Direct purchases of materials are kept to a
21 minimum.

22 **Q. Have any adjustments been made to capital investment expenses in this filing?**

23 A. Yes, the Company has proposed several adjustments to capital investment expenses which
24 are addressed by Company witnesses Lorna Eaton and Maxx Goad.

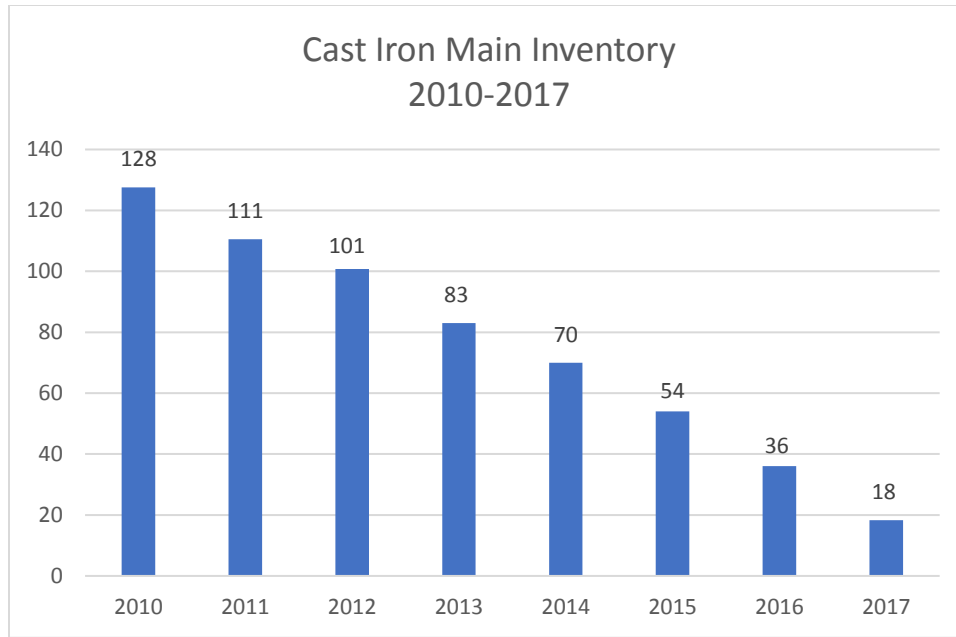
1 **Q. Is the capital investment included in the Company’s filing and booked to Plant used and**
2 **useful in providing utility service?**

3 A. Yes, all investments included in this filing are currently used and useful or will be used and
4 useful in providing utility service prior to those investments being included in rate base. As
5 will be discussed in the next section of testimony, a significant portion of direct capital
6 investment is related to the accelerated replacement of certain facilities for the safety and
7 reliability of the system.

8 **VII. Compliance Activities**

9 **Q. Please provide an update on the Company’s progress with its cast iron replacement**
10 **program which was addressed in the 100 Docket.**

11 A. In the 100 Docket, KGS agreed to continue its accelerated efforts to replace all identifiable
12 cast iron pipe in its system. KGS had been previously directed to establish a tracking process
13 for its plan to replace cast iron mains in the 721 Docket and had already begun replacing cast
14 iron. In the 100 Docket, KGS committed to removing all cast iron by 2024. Currently,
15 approximately 18 miles of cast iron remain in the Company’s system. KGS estimates that
16 replacement of the 18 miles of cast iron will cost approximately \$10 million. Based on the
17 Company’s average rate of removal of cast iron, KGS is confident that it will meet this
18 replacement goal. The chart below demonstrates KGS efforts to remove cast iron each year:



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Q. Please provide an update on the company’s progress with its bare or unprotected steel service line replacement program as addressed in the 177 Docket and 100 Docket.

A. In accordance with prior commission orders and approvals, KGS continues its efforts to replace all buried bare or unprotected steel service lines and yard lines used to provide service to our residential customers. As agreed in the 100 Docket, KGS has continued its accelerated replacement of bare and/or unprotected protected service lines at a rate of 10,000 or more lines per year. The Company estimates that removal of the remaining bare steel service lines will cost in the range of \$23 to \$26 million per year. The chart below provides the number of bare steel service lines replaced each year from 2013 through 2017.

Year	Bare Steel Service Lines Replaced
2013	10,316
2014	10,278
2015	10,451
2016	10,353
2017	10,742

1 The Company is currently on track to replace at least 10,000 bare steel service lines for 2018
2 and is on target to complete replacements by 2024.

3 **Q. Please provide an update on the status of the Company's response time to natural gas odor**
4 **calls.**

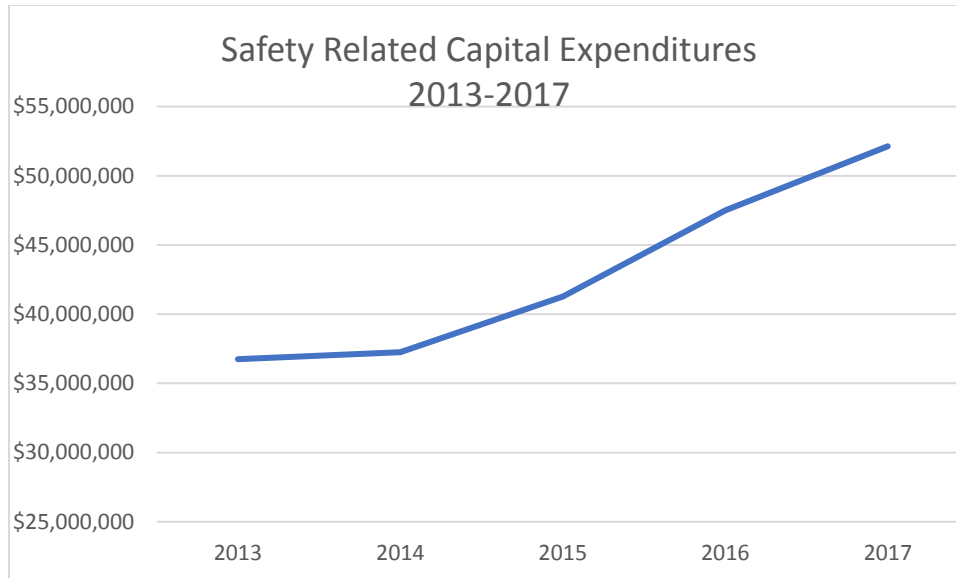
5 A. Pursuant to the Agreement in the 100 Docket, KGS collects and reports annually to
6 Commission Staff, all instances where the time to "Make Safe" any instance of an
7 unintentional release of natural gas, exceeds 90 minutes. In 2015, which was the first year
8 we tracked this specific data, we had only five recorded events that exceeded the 90-minute
9 threshold out of a total of 22,056 notifications of possible unintentional release of gas. In the
10 2016 through 2017 time-period, we had one recorded event that exceeded the 90-minute
11 threshold.

12 **Q. Please provide an update on the status of the Company's efforts to reduce the average age**
13 **of leaks in the KGS system as ordered in the 100 Docket.**

14 A. As addressed in the 177 Docket and again in the 100 Docket, KGS continues its efforts to
15 reduce the average age of Class 2 and Class 3 leaks on its system. Specifically, KGS continues
16 to replace any protected bare steel main segments which have experienced three or more
17 main leaks within a block (approximately 500 feet) over the past three years. KGS refers to
18 this program as its 3-5-3 program.

19 **Q. Can you please provide the Company's safety related capital expenditures for the last**
20 **several years as an illustration of KGS's commitment to the system safety?**

21 A. Yes. The chart below provides KGS's safety related capital expenditures.



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VIII. Performance Metrics

Q. KGS is subject to performance metrics. Can you please identify the standards and the results since the date the standards became effective?

A. Yes. As shown in Table DJO-1 below, KGS has met each operating standard established in the 100 Docket.

TABLE DJO-1 PERFORMANCE UNDER METRICS ESTABLISHED IN DOCKET NO. 14-KGSG-100-MIS					
	STANDARD METRIC	APRIL 2014 - MARCH 2015	APRIL 2015 - MARCH 2016	APRIL 2016 - MARCH 2017	APRIL 2017 - MARCH 2018
TOTAL ANSWERED CALL RATE	94.50%	95.31%	98.08%	97.37%	97.45%
ESTIMATED BILLS PER 1000 CUSTOMERS	224 ANNUAL BILLS OR LESS	120 BILLS	117 BILLS	116 BILLS	151 BILLS
AVERAGE RESPONSE TIME TO ODOR REPORTS	AVERAGE VARIES BY YEAR	28.6 MINUTES (METRIC AVERAGE = 29 MINUTES)	26.58 MINUTES (METRIC AVERAGE = 28.5 MINUTES)	26.77 MINUTES (METRIC AVERAGE = 28.0 MINUTES)	26.35 MINUTES (METRIC AVERAGE = 28.0 MINUTES)
AVERAGE AGE OF LEAKS IN INVENTORY	LESS THAN 18 MONTHS	10.7 MONTHS	10.9 MONTHS	6.2 MONTHS	8.3 MONTHS
KCC ELEVATED COMPLAINT CONTACTS WITHIN 24 HOURS	N/A	95.50%	98.80%	96.40%	100%

8

1 **Q. Has KGS met the odor report response time and the average age of leak metrics included**
2 **within the stipulation in the 100 Docket?**

3 A. Yes. The standard for the average response time to emergency calls were 29 and 28.5
4 minutes, respectively for the reporting periods ended March 31, 2015 and 2016, respectively.
5 KGS' actual response times for these periods were 28.6 and 26.6 minutes, respectively.
6 Similarly, the standard for the average response time to emergency calls was 28 minutes for
7 reporting periods ending in March 2017 and 2018. KGS' actual response times for these
8 periods were 26.77 and 26.35 minutes respectively.

9 The standard established for the average age of leaks in inventory was eighteen months.
10 The actual average age of leaks in KGS inventory were 10.7, 10.9, 6.2 and 8.3 months,
11 respectively for the periods ending March 31, 2015, 2016, 2017 and 2018.

12 **IX. Conclusion**

13 **Q. Does this conclude your direct testimony?**

14 A. Yes, it does.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

Dennis J. Okenfuss, being duly sworn upon his oath, deposes and states that he is Vice President of Operations for Kansas Gas Service, a division of ONE Gas, Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information, and belief.


Dennis J. Okenfuss

Subscribed and sworn to before me this 21 day of June 2018.




NOTARY PUBLIC

My appointment Expires:

June 21, 2018

