

**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 by the Commission to Revise) Docket No. 23-KGSG-282-TAR
Section 7 of Kansas Gas Service's General)
Terms and Conditions.)

KANSAS GAS SERVICE'S REPLY TO CURB

Kansas Gas Service, a Division of ONE Gas, Inc., ("Kansas Gas Service" or "Company") respectfully replies to the Response of the Citizens' Utility Ratepayer Board ("CURB") filed on April 13, 2023. In support thereof, Kansas Gas Service states the following to the State Corporation Commission of the State of Kansas ("Commission"):

1. CURB's concerns primarily center on how Kansas Gas Service will charge existing customers for the relocation, reconnection, upgrade, or abandonment of Company facilities. In short, by shifting to an Average Embedded Cost methodology instead of project-specific costs, CURB is concerned certain customers may pay more (or less) than their project's "true cost."¹ CURB is concerned the Company's proposal negatively impacts customers by running counter to cost-causation principles,² and may contribute to escalating averages.³

2. Kansas Gas Service's proposal is not a new concept. Other Kansas utilities currently use an Average Embedded Cost methodology for calculating facility installation allowances. In fact, Kansas Gas Service's proposed methodology directly mirrors another natural gas utility's Commission-approved tariff. CURB participated in prior utility proceedings endorsing this methodology,⁴ and to Kansas Gas Service's knowledge has not previously raised a concern about cost-causation or escalating costs.

¹ CURB's Response to Staff's Report and Recommendation, ¶7 (Apr. 13, 2023).

² See *id.*

³ See *id.* at ¶18.

⁴ See e.g., Docket No. 22-ATMG-506-TAR.

3. Kansas Gas Service's proposal enhances customer certainty on project costs. As noted by CURB, Kansas Gas Service's tariff requires customers to pay actual costs for unusual construction conditions.⁵ Beyond this requirement, upon a customer's request Kansas Gas Service must provide an estimate of costs *prior* to construction.⁶ Kansas Gas Service's proposal creates a baseline cost for normal construction conditions and retains a customer's ability to have an estimate provided before construction begins.

4. CURB's recommendation for additional reporting undoes the efficiency rationale underpinning Kansas Gas Service's request and appears to be arbitrary. The administrative effort needed to track customer-requested projects and service line abandonments is, for all intents and purposes, the same effort required to bill customers these costs. Likewise, CURB has not recommended other Kansas utilities provide project specific information "prior to implementing the [average embedded cost] for the next year."⁷ There is no reasonable rationale for CURB's ad-hoc recommendation.

5. Kansas Gas Service appreciates CURB's concerns and the opportunity to respond to them. The use of Average Embedded Costs for calculating facility installation allowances is a regulatory endorsed practice, which can reduce administrative burdens. CURB's additional requirements would nullify the efficiencies gained by moving towards an Average Embedded Cost methodology for certain installations, replacements, relocations, and abandonments. If the Commission adopts CURB's recommendation, Kansas Gas Service respectfully requests an opportunity to withdraw its proposal without prejudice.

⁵ See *id.* at ¶9.

⁶ See Kansas Gas Service General Terms and Conditions § 7.04.03(2)(b). Note: Kansas Gas Service is not required to provide an estimate if a safety condition is being addressed and the situation does not afford an opportunity to prepare an estimate.

⁷ See CURB's Reply, ¶12.

Respectfully submitted,

/s/ Robert Elliott Vincent

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VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF JOHNSON)

The undersigned, upon oath first duly sworn, states that she is the attorney for Kansas Gas Service, a division of ONE Gas, Inc., that he has read the foregoing **Reply to CURB**, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of her knowledge and belief.



Robert Elliott Vincent

Subscribed and sworn to before me this 15th day of April, 2023.



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 *Reply* to *CURB* was forwarded this 18th day of April 2023, addressed to:

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