

EXHIBIT A

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Complaint of Kansas Gas)
Service, a Division of ONE Gas, Inc., Against)
Westar Energy, Inc., Regarding Westar's Practice of) Docket No. 19-WSEE-061-COM
Offering Payments to Developers in Exchange for)
the Developers Designing All Electric Subdivisions.)

UNANIMOUS SETTLEMENT AGREEMENT

As a result of discussions between Kansas Gas Service, a Division of ONE Gas, Inc. (Kansas Gas Service or Company), the Staff of the Kansas Corporation Commission (Staff), Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy (Black Hills), and Westar Energy, Inc. (Westar) (collectively, the Parties), the Parties hereto submit to the Kansas Corporation Commission (Commission) for its consideration and approval the following Unanimous Settlement Agreement (Agreement):

I. BACKGROUND

1. On August 7, 2018, Kansas Gas Service, a division of ONE Gas, Inc. (KGS) filed a Formal Complaint against Westar Energy, Inc. (Westar), alleging Westar has violated its own Commission-approved "Policy for Residential Subdivisions" tariff through the implementation and operation of a program that offers payments to developers who agree to design residential subdivisions that only contain "Total Electric" housing.¹

2. On September 11, 2018, the Commission adopted Commission Staff's (Staff) Legal Memorandum and ordered the Formal Complaint to be served upon Westar for an Answer.²

¹See, Formal Complaint at p. 1 and Exhibit A (August 7, 2018).

²See, Order Adopting Legal Memorandum at p. 3 (Sept. 11, 2018).

3. On September 27, 2018, Westar filed its Answer opposing KGS' allegations³, followed by the filing of KGS's Reply to Westar's Answer on October 8, 2018.⁴

4. On October 30, 2018, the Commission granted Black Hills Energy's (Black Hills) Petition to Intervene.⁵

5. On November 6, 2018, the Commission issued its Protective Order and Discovery Order.

6. On April 17, 2019, the Parties filed a Joint Motion for Procedural Schedule, proposing a procedural schedule in this matter.⁶

7. On April 23, 2019, the Commission issued a procedural schedule.⁷

8. On April 24, 2019, KGS filed its direct testimony in support of its Complaint against Westar.⁸

9. On April 24, 2019, Black Hills filed its direct testimony in support of the Complaint against Westar.⁹

10. On May 30, 2019, Westar filed its direct testimony.¹⁰

³Answer of Westar Energy, Inc. (Sept. 27, 2018).

⁴Kansas Gas Service's Reply to Westar Energy's Answer (Oct. 8, 2018).

⁵*Order Granting Petition to Intervene*, Ordering Clause A (Oct. 30, 2018).

⁶Joint Motion for Procedural Schedule, pp. 2-3 (April 17, 2019).

⁷*Order Setting Procedural Schedule* (April 23, 2019).

⁸Direct Testimony of Janet L. Buchanan and Lyn Leet (April 24, 2019).

⁹Direct Testimony of Thomas D. Stevens (April 24, 2019).

¹⁰Direct Testimony of Larry Wilkus and Rebecca Fowler (May 30, 2019).

11. On June 25, 2019, Staff filed a Motion for Extension of Time and Request for Approval of Amended Procedural Schedule, asking the Commission to give Staff an additional three (3) weeks to pre-file its direct testimony and to amend the remainder of the procedural schedule.¹¹ On July 9, 2019, the Commission issued an order¹² granting the extension and amending the remainder of the procedural schedule as follows:

DATE	TIME	ACTION
July 22, 2019	5:00 p.m.	Staff Direct Testimony
August 12, 2019	5:00 p.m.	Complainant and Intervenor Rebuttal to Westar Complainant, Intervenor and Westar's Responsive Testimony to Staff
September 9, 2019	9:00 a.m.	Settlement Conference
September 16, 2019	5:00 p.m.	Motions and Discovery Cut-Off
September 16, 2019	5:00 p.m.	Deadline to Submit Settlement Agreement
September 19, 2019	5:00 p.m.	Testimony in Support of Settlement Agreement Due
September 27, 2019	9:00 a.m.	Prehearing Conference, 3 rd Floor Hearing Room
October 22, 2019 October 23, 2019	10:30 a.m. 9:00 a.m.	Evidentiary Hearing, 1 st Floor Hearing Room
November 15, 2019	5:00 p.m.	Initial Briefs/Proposed Findings of Fact and Conclusions of Law Due
December 3, 2019	5:00 p.m.	Responsive Briefs Due
December 31, 2019	N/A	Commission Order Due

12. On July 22, 2019 and July 23, 2019, Staff filed its direct testimony.¹³

¹¹Motion for Extension of Time and Request for Approval of Amended Procedural Schedule, ¶¶8-9 (June 25, 2019).

¹²*Order Granting Extension of Time and Amending Procedural Schedule* (July 9, 2019).

¹³Direct Testimony of Leo M. Haynos and Justin W. Prentiss (July 22, 2019) and Dr. Robert H. Glass (July 23, 2019).

13. On August 12, 2019, KGS and Westar each filed rebuttal testimony.¹⁴

14. On September 9, 2019, the Parties to this docket met in Topeka, Kansas for the settlement conference that had been scheduled pursuant to the Commission's amended procedural order. As a result of the settlement conference, the Parties have entered into a settlement agreement that resolves all issues raised in this Complaint case.

II. TERM OF SETTLEMENT

The Parties agree to the following settlement terms:

15. Westar agrees not to enter into any new agreements under the Total Electric Subdivision Heat Pump Program ("Electric Subdivision Rebate program") with developers upon the date of signatories' approval ("Agreement Date") of this Agreement. Westar agrees to discontinue its Electric Subdivision Heat Pump program upon approval of this Agreement by the Commission. Westar shall be allowed to fulfill its current obligations under existing agreements as of the Agreement Date for Electric Subdivision Rebate program with developers but shall not be allowed to modify or otherwise extend any of those agreements beyond their original expiration dates. In the event that Westar incurs expenses associated with fulfilling obligations under the existing agreements during the test year (or update period) associated with Westar's next general rate case, Westar agrees that it will identify and remove such expenses from the revenue requirement.

16. Westar agrees to report to the Parties to this Agreement, on an annual basis to be submitted to the Parties by January 31 each year for the previous year ending December 31, the status of its existing agreements under the Electric Subdivision Rebate program with developers, beginning with the date the Formal Complaint was filed until all agreements expire. Westar and its

¹⁴Rebuttal Testimony of Janet Buchanan and Lyn S. Leet (August 12, 2019) and Rebuttal Testimony of Larry Wilkus and Mark Cosby (August 12, 2019).

successors and assigns agree not to submit the Electric Subdivision Rebate program, or a program that contains similar terms to those included in the Electric Subdivision Rebate program, in the future for approval by the Commission, unless Westar and its successors and assigns can demonstrate in such submission that the public interest concerns raised by KGS, Black Hills, and Staff in this Formal Complaint case with respect to the Electric Subdivision Rebate program have been addressed.

17. Westar agrees to cease offering the HVAC Contractor Program and Builder Program to contractors and builders not already using the programs as of the Agreement Date. Westar may fulfill any outstanding rebate obligations to builders and contractors who are using the programs, through December 31, 2019 for installations or bids made prior to the date of this Agreement. Westar may, at Westar's option, make filings with the Commission for approval of the HVAC Contractor Program and the Builder Program. KGS and Black Hills will have the ability to intervene and participate in any such docket. The Staff shall have the opportunity to review any filings made by Westar and to submit its recommendations to the Commission with respect to said programs.

18. Westar agrees to record, as a regulatory liability, the amount being recovered from customers through rates for expenses related to the Electric Subdivision Rebate program, the HVAC Contractor Program, and the Builder Program ("Programs") beginning on the Agreement Date. The amount associated with the expenses for the Programs currently recovered through rates is \$789,778 and this is the amount that will be deferred on an annual basis, beginning on the Agreement Date.¹⁵

¹⁵ The breakdown of this amount by program is as follows:

19. For the Electric Subdivision Rebate program, Westar will defer the expenses related to rebates through the time Westar's next general rate case order is issued and will return the deferred amount to customers over a period of time set by the Commission in Westar's next general rate case. For the HVAC Contractor Program and the Builder Program, Westar will defer the expenses related to these two programs through either (1) the time of Westar's next general rate case or (2) the effective date of a Commission order approving an Application filed by Westar for approval of the HVAC Contractor Program and/or Builder Program, as applicable. Westar will return the deferred expense amount to customers over a period determined by the Commission. If Westar chooses not to seek approval from the Commission for recovery of the expenses of either the HVAC Contractor Program or the Builder Program in rates, Westar will ensure those expenses remain excluded from its base rates in the next general rate case. If Westar obtains approval of the HVAC Contractor Program or the Builder Program, Westar will adjust its treatment of the expenses related to these programs based on the Commission's findings in those orders.

20. All Parties agree that no penalties or sanctions should be assessed against Westar as part of this settlement in the above-referenced docket.

21. The Parties understand, acknowledge, and agree that this Agreement does not constitute an admission of liability or fault on the part of any of the Parties, or any acknowledgment of the merit or lack of merit of any claims asserted by or against any of them. The Parties reserve the right to make any and all arguments in support of or against Commission approval of future program filings and cost-recovery from customers for such programs in the event that Westar

Electric Subdivision Rebate program - \$299,300
HVAC Contractor Program – \$444,528
Builder Program - \$45,950

submits any separately docketed applications for approval of such programs.

22. Nothing in this Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that the utilities in this docket provide efficient and sufficient service at just and reasonable rates.

23. The Parties will jointly request the Commission issue an Order approving this settlement without further proceedings. If the Commission determines that a hearing on the settlement is necessary, the Parties agree that the evidentiary hearing presently set for October 22-23, 2019, can be converted to a hearing on the settlement.

24. This Agreement represents a negotiated settlement that fully resolves all of the issues in this docket among the Parties. The Parties represent that the terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into a final order without material modification, the Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

25. The provisions of this Agreement have resulted from negotiations among the Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Agreement in total, the Agreement shall be voidable and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such

event, this Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

26. To the extent this Agreement provides for information, documents or other data to be furnished to the Parties and Staff, such information, documents, or data shall be submitted via electronic mail to the individuals contained on the Commission's service list for this docket. Such information, documents, or data shall be marked and identified with the docket number of this proceeding.

IN WITNESS WHEREOF, the Parties have executed and approved this Unanimous Settlement Agreement, effective as of the 26th day of September, 2019, by subscribing their signatures below.

/s/ James G. Flaherty

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