

**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) Docket No. 24-KGSG-610-RTS
Adjustment of its Natural Gas Rates in the)
State of Kansas.)**

CROSS ANSWERING TESTIMONY

PREPARED BY

LANA J. ELLIS, Ph.D.

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

July 17, 2024

1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. What is your name?**

3 A. Lana J. Ellis.

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

5 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as
6 Deputy Chief of the Economics and Rates Section within the Utilities Division.

7 **Q. What is your business address?**

8 A. 1500 S.W. Arrowhead Road, Topeka, Kansas, 66604-4027.

9 **Q. Are you the same Lana J. Ellis who filed direct testimony in this Docket on**
10 **July 1, 2024?**

11 A. Yes.

12 **II. INTRODUCTION**

13 *Purpose*

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

15 A. The purpose of my testimony is to clarify the record by addressing CURB's
16 presentation of residential customer bill impacts of KGS's proposed A/B rate
17 design and offer Staff's methodology for calculating residential customer bill
18 impacts of KGS's and Staff's proposed rate designs.

19 **Q. How is your testimony organized?**

20 A. First, I will discuss CURB's presentation of residential customer bill impacts of
21 KGS's proposed A/B rate design. Then, I will discuss Staff's methodology for
22 calculating residential customer bill impacts of KGS's and Staff's proposed rate
23 designs.

TABLE 14 KGS Proposed Residential A/B Rates Weighted Average \$ Increase From Current Base Rates			
	A	B	All
Annual	\$126.84	\$157.38	\$139.39
Winter	\$81.22	\$35.82	\$62.57
Summer	\$15.96	\$64.20	\$35.78
Shoulder	\$29.67	\$57.37	\$41.05

While Mr. Watkins' analysis provides helpful information about KGS's proposed A/B rate design, it is important to understand that his analysis only includes the impact on base rates (excluding riders) of KGS's rate design proposal. Staff has taken a different approach to analyzing Residential bill impacts, as discussed in further detail below.

Staff's Methodology for Calculating Bill Impacts

KGS's Proposed Rates

Q. How has Staff chosen to analyze Residential bill impacts?

A. Staff created a matrix using bill components (charges) to calculate monthly bills based on different levels of customer usage. Staff has included the GSRS, the Cost of Gas, and the Ad Valorem Property Tax riders in its matrix. As a result, Staff's matrix provides a more complete view of the relative impact of increases in base rates due to increases in revenue requirement.

Q. What is the bill impact of KGS's proposed A rate using Staff's methodology?

A. Table 1 below shows the impact of KGS's proposed A rate across various consumption levels.

1 **Table 1: Impact of KGS's A Rate Proposed Rate Increase on Residential Customers**

CURRENT RATES	Rate	Monthly Commodity Consumption (Mcf)					
	(a)	2	4	6	8	10	12
		(b)	(c)	(d)	(e)	(f)	(g)
Service Charge	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18
GSRS ¹	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57
Total Fixed Charge		\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
Commodity Charge	\$ 2.34850	\$ 4.70	\$ 9.39	\$ 14.09	\$ 18.79	\$ 23.49	\$ 28.18
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 24.41	\$ 48.83	\$ 73.24	\$ 97.65	\$ 122.07	\$ 146.48
TOTAL BILL		\$ 46.16	\$ 70.58	\$ 94.99	\$ 119.40	\$ 143.82	\$ 168.23
PROPOSED RATES							
Service Charge	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
GSRS Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fixed Charge		\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Commodity Charge	\$ 4.38180	\$ 8.76	\$ 17.53	\$ 26.29	\$ 35.05	\$ 43.82	\$ 52.58
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 28.48	\$ 56.96	\$ 85.44	\$ 113.92	\$ 142.40	\$ 170.88
TOTAL BILL		\$ 48.48	\$ 76.96	\$ 105.44	\$ 133.92	\$ 162.40	\$ 190.88
Percent Increase		5.0%	9.0%	11.0%	12.2%	12.9%	13.5%
Notes: ¹ Gas System Reliability Surcharge; ² The GSRS was incorporated in base rates and the charges are reset to zero.							

2

3 **Q. What does Table 1 illustrate about the relative increase in customer bills from**
4 **KGS's A rate?**

5 A. Table 1 shows how KGS's A rate design shifts the revenue collection burden from
6 lower-usage customers to higher-usage customers. Moving from left to right, the
7 percent increase goes from 5.0% up to 13.5%. Noting that average (breakpoint)
8 usage is in column d, Table 1 also shows the bill impact on high-usage customers
9 who wrongly select the A rate (columns e, f, and g).

1 **Q. What is the bill impact of KGS's proposed B rate using Staff's methodology?**

2 A. Table 2 below shows the impact of KGS's proposed B rate across various
 3 consumption levels.

4 **Table 2: Impact of KGS's B Rate Proposed Rate Increase on Residential Customers**

CURRENT RATES	Rate	Monthly Commodity Consumption (Mcf)					
	(a)	2	4	6	8	10	12
		(b)	(c)	(d)	(e)	(f)	(g)
Service Charge	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18
GSRS ¹	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57
Total Fixed Charge		\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
Commodity Charge	\$ 2.34850	\$ 4.70	\$ 9.39	\$ 14.09	\$ 18.79	\$ 23.49	\$ 28.18
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 24.41	\$ 48.83	\$ 73.24	\$ 97.65	\$ 122.07	\$ 146.48
TOTAL BILL		\$ 46.16	\$ 70.58	\$ 94.99	\$ 119.40	\$ 143.82	\$ 168.23
PROPOSED RATES							
Service Charge	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
GSRS Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fixed Charge		\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
Commodity Charge	\$ 1.91600	\$ 3.83	\$ 7.66	\$ 11.50	\$ 15.33	\$ 19.16	\$ 22.99
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 23.55	\$ 47.10	\$ 70.64	\$ 94.19	\$ 117.74	\$ 141.29
TOTAL BILL		\$ 58.55	\$ 82.10	\$ 105.64	\$ 129.19	\$ 152.74	\$ 176.29
Percent Increase		26.8%	16.3%	11.2%	8.2%	6.2%	4.8%
Notes: ¹ Gas System Reliability Surcharge; ² The GSRS was incorporated in base rates and the charges are reset to zero.							

5
 6 **Q. What does Table 2 illustrate about the relative increase in customer bills from**
 7 **KGS's B rate?**

8 A. Table 2 shows how KGS's B rate shifts the revenue collection burden from higher-
 9 usage tail customers to lower-usage customers. Moving from the right-hand tail
 10 leftward, the percent increase goes from 4.8% up to 26.8%. Again noting that

average (breakpoint) usage is in column d, Table 2 also illustrates the impact of low-usage customers who wrongly choose the B rate (columns b and c).

Staff's Proposed Rates

Q. What is the bill impact of Staff's proposed Residential rate design using Staff's methodology?

A. Table 3 below shows the impact of Staff's proposed rate increase across various consumption levels.

Table 3: Impact of Staff's Proposed Rate Increase on Residential Customers

CURRENT RATES	Rate	Monthly Commodity Consumption (Mcf)					
	(a)	2	4	6	8	10	12
		(b)	(c)	(d)	(e)	(f)	(g)
Service Charge	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18	\$ 18.18
GSRS ¹	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57	\$ 3.57
Total Fixed Charge		\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
Commodity Charge	\$ 2.34850	\$ 4.70	\$ 9.39	\$ 14.09	\$ 18.79	\$ 23.49	\$ 28.18
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 24.41	\$ 48.83	\$ 73.24	\$ 97.65	\$ 122.07	\$ 146.48
TOTAL BILL		\$ 46.16	\$ 70.58	\$ 94.99	\$ 119.40	\$ 143.82	\$ 168.23
PROPOSED RATES							
Service Charge	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
GSRS Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fixed Charge		\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
Commodity Charge	\$ 2.89360	\$ 5.79	\$ 11.57	\$ 17.36	\$ 23.15	\$ 28.94	\$ 34.72
Cost of Gas	\$ 8.76990	\$ 17.54	\$ 35.08	\$ 52.62	\$ 70.16	\$ 87.70	\$ 105.24
WNA	\$ 0.89858	\$ 1.80	\$ 3.59	\$ 5.39	\$ 7.19	\$ 8.99	\$ 10.78
Gas Hedge Program Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Valorem	\$ 0.18960	\$ 0.38	\$ 0.76	\$ 1.14	\$ 1.52	\$ 1.90	\$ 2.28
Total Variable Charge		\$ 25.50	\$ 51.01	\$ 76.51	\$ 102.01	\$ 127.52	\$ 153.02
TOTAL BILL		\$ 47.25	\$ 72.76	\$ 98.26	\$ 123.76	\$ 149.27	\$ 174.77
Percent Increase							
		2.4%	3.1%	3.4%	3.7%	3.8%	3.9%
Notes: ¹ Gas System Reliability Surcharge; ² The GSRS was incorporated in base rates and the charges are reset to zero.							

Q. Comparing Table 3 to Tables 1 and 2, how does the effect of Staff's proposed rate design compare with KGS's proposed A/B rates?

A. Table 3 shows how the percent increase goes from 2.4% up to 3.9% as monthly usage increases from 2 Mcfs to 12 Mcfs under Staff's rate design. Combining

1 KGS's A and B rate increases for comparison, the A rate percent increase goes from
2 5% up to 11% percent at the breakpoint, then the B rate percent increase falls from
3 11.2% to 4.8%. This further illustrates the point that adopting KGS's proposed A/B
4 rates would help those residential consumers at the lower and upper consumption
5 level tails. But mid-distribution customers would pay more.

6 **IV. CONCLUSION**

7 **Q. Please summarize your conclusions.**

8 A. Because his bill impact analysis was constructed with individual customer
9 accounts, Mr. Watkins was able to identify actual annual and seasonal effects of the
10 proposed A/B rate design in percentage and absolute terms. Staff's rate-
11 component-based methodology, on the other hand, provides a bill impact analysis
12 that can be used to evaluate how residential customer bills would be impacted over
13 a range of expected usage levels.

14 **Q. Does this conclude your testimony?**

15 A. Yes. Thank you.

UNSWORN DECLARATION UNDER PENALTY OF PERJURY

Under penalty of perjury, I declare that I am Deputy Chief of Economics and Rates of the Utilities Division of the Kansas Corporation Commission, that I have read and am familiar with the foregoing Cross Answering Testimony, and that the statements contained herein are true and correct to the best of my knowledge, information and belief. Executed on July 17, 2024.



Lana Ellis
Deputy Chief of Economics and Rates
State Corporation Commission of the
State of Kansas

CERTIFICATE OF SERVICE

24-KGSG-610-RTS

I, the undersigned, certify that a true copy of the attached cross answering testimony of Lana Ellis has been served to the following by means of electronic service on July 17, 2024

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