

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the General Investigation     )  
Into the Operations of Kansas Gas Service,     )  
Inc., a Division of ONE Gas, Regarding the     ) Docket No. 17-KGSG-069-GIP  
Natural Gas Incident that Occurred at 918     )  
West 5<sup>th</sup> Street, Newton, Kansas.             )

**JOINT MOTION TO APPROVE SETTLEMENT AGREEMENT**

Kansas Gas Service, Inc., a Division of ONE Gas, Inc. (“KGS” or “Company”) and the Staff of the Kansas Corporation Commission (“Staff”) (collectively referred to as the “Joint Movants”) move the Commission for an order approving the attached Settlement Agreement (“Agreement”) pursuant to K.A.R. 82-1-230a. In support of their Motion, Joint Movants state as follows:

**I. PROCEDURAL BACKGROUND**

1. KGS is a jurisdictional public utility as defined by K.S.A. 66-104 and is providing natural gas utility service in Kansas pursuant to grants of authority from the Commission.
2. On August 25, 2016, Staff opened this docket to investigate an incident involving a natural gas fire in an open trench during a KGS contractor’s construction at 918 W. 5<sup>th</sup> Street in Newton, Kansas. The Commission entered its Order Opening the General Investigation on September 1, 2016.
3. On May 30, 2017, Staff issued KGS six Notices of Probable Violation (NOPV) associated with the above described natural gas incident.

4. On May 31, 2017, Staff issued KGS two Notices of Amendment (NOA) requesting KGS revise its existing procedure regarding the process of hot tapping and to include the replacement of bolt on service tees during a controlled gas release as a separate task in its Operator Qualification program.

5. KGS filed its response to the Staff issued NOPVs and NOAs on August 1 and September 20, 2017, respectively.

6. On November 9, 2017, Staff filed its Notice of Filing of Report and Recommendation, and on January 19, 2018, KGS filed its Response to Staff's Report and Recommendation.

7. On March 23, 2018, Staff filed its Reply to KGS' Response to Staff's Report and Recommendation. On May 1, 2018, KGS filed its Motion and Supplemental Response to Staff's Report and Recommendation.

8. On May 8, 2018, Staff filed its Response to Kansas Gas Service's Motion to Supplement.

9. On May 16, 2018, the Joint Movants began the process of negotiating settlement terms.

## **II. DISCUSSION**

10. The Joint Movants agree that KGS has provided Staff with satisfactory answers to three NOPVs.<sup>1</sup> The remaining NOPVs and NOAs are addressed within the Agreement, attached hereto as Exhibit A.

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<sup>1</sup> Staff accepts KGS's responses as satisfactory for NOPVs addressing 191.5; 191.9; and 192.605(a).

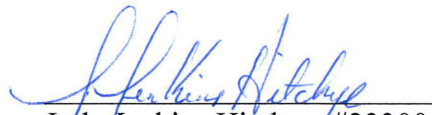
11. The Settlement provisions, which include the agreement of Kansas Gas Service to pay a civil penalty in the amount of \$28,000, reflect an agreement based on the aggregation of all information shared and reviewed during the general investigation and is a full and complete settlement of all outstanding issues in this docket.

**WHEREFORE**, for the reasons aforementioned, the Parties request the Commission grant this Joint Motion and that the Settlement Agreement be approved.

Respectfully presented,



Phoenix Anshutz, # 27617  
Litigation Counsel  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027  
Phone: 785-271-3312  
Email: [p.anshutz@kcc.ks.gov](mailto:p.anshutz@kcc.ks.gov)




Judy Jenkins Hitchye, #23300  
Managing Attorney  
Kansas Gas Service, a Division of ONE Gas,  
Inc.  
7421 W. 129<sup>th</sup> Street  
Overland Park, KS 66213  
Phone: 913-319-8615  
Email: [judy.jenkinshitchye@onegas.com](mailto:judy.jenkinshitchye@onegas.com)

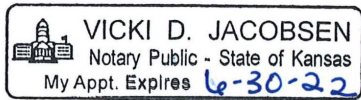
**VERIFICATION**

STATE OF KANSAS                    )  
                                                  ) ss.  
COUNTY OF SHAWNEE            )

Phoenix Z. Anshutz, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Joint Motion to Approve Settlement Agreement*, and attests that the statements therein are true and correct to the best of his knowledge, information and belief.

  
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Phoenix Z. Anshutz, S. Ct. # 27617  
Litigation Counsel  
The State Corporation Commission  
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 5<sup>th</sup> day of February, 2019



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

My Appointment Expires: June 30, 2022

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the General Investigation     )  
Into the Operations of Kansas Gas Service,    )  
Inc., a Division of ONE Gas, Regarding the    )  
Natural Gas Incident that Occurred at 918     )  
West 5<sup>th</sup> Street, Newton, Kansas.            )

Docket No. 17-KGSG-069-GIP

**UNOPPOSED SETTLEMENT AGREEMENT**

Kansas Gas Service, Inc., a Division of ONE Gas, Inc. (“KGS” or “Company”) and the Staff of the Kansas Corporation Commission (“Staff”) (collectively referred to as the “Joint Movants”) agree to the following terms of settlement of this matter, pending approval by the Kansas Corporation Commission.

**PROCEDURAL BACKGROUND**

1. On August 25, 2016, Staff opened this docket to investigate an incident involving a natural gas fire in an open trench during a KGS contractor’s construction at 918 W. 5<sup>th</sup> Street in Newton, Kansas.
2. The Commission entered its Order Opening the General Investigation on September 1, 2016.
3. KGS responded to Information Requests and provided personnel for interviews.

4. On May 30, 2017, Staff issued KGS six Notices of Probable Violation (NOPV) associated with the above described natural gas incident. Moreover, on May 31, 2017, Staff issued KGS two Notices of Amendment (NOA) requesting KGS revise its existing procedure regarding the process of hot tapping and to include the replacement of bolt on service tees during a controlled gas release as a separate task in its Operator Qualification program.

5. KGS provided its response to the Staff issued NOPVs and NOAs on August 1 and September 20, 2017, respectively.

6. On November 9, 2017, Staff filed its Notice of Filing of Report and Recommendation.

7. On January 19, 2018, KGS received an extension of time and subsequently filed its Response to Staff's Recommendation.

8. On May 1, 2018, KGS filed its Supplemental Response to Staff's Report and Recommendation.

9. On May 16, 2018, KGS and Staff met to discuss settlement.

10. To date, KGS has provided Staff with satisfactory answers to three NOPVs.<sup>1</sup> The remaining NOPVs and NOAs are addressed within this Agreement.

11. The Settlement Provisions below reflect the aggregation of all information gathered during the investigations into this concern and all discussions held between Staff and the Company throughout this process, and reflect a complete settlement of all outstanding items.

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<sup>1</sup> Staff accepts KGS's responses as satisfactory for NOPVs addressing 191.5; 191.9; and 192.605(a).

## SETTLEMENT PROVISIONS

In consideration of a payment by KGS of \$28,000 ("Settlement Amount"), the parties agree as follows:

12. Notification. KGS has agreed to implement corrective actions to ensure timely notifications of incidents including retraining internal staff and contractors regarding notification requirements and timing. These corrective actions have been completed and are deemed to be sufficient by Staff.

13. Personal Protective Equipment. KGS has met with Northern Pipeline (NPL), and NPL has initiated a Corrective Action Plan that was submitted to Staff, and is attached hereto as Exhibit B, styled as "June 2, 2016 – Newton Incident NPL Corrective Action Plan PHASE I." Staff concurs that these corrective actions, in conjunction with ongoing monitoring of compliance with procedures, sufficiently address this issue.

14. Fire Watch. In addition to the fire training implemented under the Corrective Actions referred to above and attached hereto, KGS required NPL to retrain its employees on the requirement for three-person crews to ensure a dedicated fire-watch for all of its employees who work on KGS assets. This training has been completed. Staff concurs that these actions were sufficient to resolve this issue.

15. Cathodic Protection Rectifier. KGS believes that the safety measure regarding cathodic protection as it relates to addressing the prevention of accidental ignition are not applicable for work performed on bare steel piping. Notwithstanding the Company's stated position in this matter, KGS is agreeable to conducting an analysis of this issue as it relates to both

bare steel and coated steel service lines and modifying the requirements of Standard 1185, if appropriate, on or before the end of 1st quarter 2019.

16. Compliance with Written Procedures. KGS acknowledges that its contractor's employees failed to follow KGS's, and the Contractor's, procedures for performing work in a gaseous environment. Staff agrees that KGS has taken appropriate action as outlined in the Corrective Action Plan previously referenced and attached hereto.

17. Operator and/or Contractor Training Programs. KGS recognizes the importance of ensuring that no work is performed in gaseous conditions on KGS assets without proper PPE and has retrained inspectors on a no-tolerance policy for lack of PPE. KGS agrees to modify its training program to include training on replacing a bolt-on service tee during a controlled release of gas. KGS will require NPL foremen to document work performed by its personnel while using PPE breathing apparatus that meets KGS and NPL requirements. As part of its field observation program ordered by the Commission in Docket 14-KGSG-566-GIP, KGS agrees to establish a formal observation of KGS employees' proper use of the PPE during the employee's apprentice period and to include this observation as part of the new-hire procedures.


18. Maintaining equipment necessary to safely perform a task in a hazardous atmosphere. KGS agrees to take additional steps to ensure that its contractors meet their contractual obligation to provide sufficient working fresh air. As part of the Corrective Action Plan, discussed above and attached hereto, KGS has required NPL to provide KGS with documentation of a sufficient number adequate working fresh air for all crews working on KGS assets. Additionally, KGS has re-trained its employees on the strict adherence to a stop work policy in the event of an equipment failure. KGS and Staff agree that these corrective actions are sufficient to resolve this issue.




19. Amendment of Procedures. Pursuant to Staff's request, KGS agrees to amend its procedure for replacing bolt-on service tees during a controlled release of gas and will submit the revised procedure to Staff for review. The amended procedure will remove references to "tapping" so as to clarify that the term "hot tapping" does not include replacing service tees in a controlled gas release environment.

20. Full Resolution of Issues. This Settlement Agreement fully resolves all issues specifically addressed in this document between the parties. The Parties further agree the terms of this Stipulated Settlement Agreement constitutes a fair and reasonable resolution of the issues addressed herein and agree to be bound by the same.

**IN WITNESS WHEREOF**, the Parties have executed and approved this Settlement Agreement, effective as of the 5<sup>th</sup> day of February 2019, by subscribing their signatures below.

  
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Phoenix Anshutz, # 27617  
Litigation Counsel  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027  
Phone: 785-271-3312  
Email: [p.anshutz@kcc.ks.gov](mailto:p.anshutz@kcc.ks.gov)

  
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Judy Jenkins Hitchye, #23300  
Managing Attorney  
Kansas Gas Service, a Division of ONE Gas, Inc.  
7421 W. 129<sup>th</sup> Street  
Overland Park, KS 66213  
Phone: 913-319-8615  
Email: [judy.jenkinshitchye@onegas.com](mailto:judy.jenkinshitchye@onegas.com)

## CERTIFICATE OF SERVICE

17-KGSG-069-GIP

I, the undersigned, certify that a true and correct copy of the above and foregoing Joint Motion to Approve Settlement Agreement was served via electronic service this 5th day of February, 2019, to the following:

PHOENIX ANSHUTZ, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3354  
p.anshutz@kcc.ks.gov

AMBER SMITH, CHIEF LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3167  
a.smith@kcc.ks.gov

JANET BUCHANAN, DIRECTOR- REGULATORY AFFAIRS  
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.  
7421W 129TH ST  
OVERLAND PARK, KS 66213-2713  
Fax: 913-319-8622  
janet.buchanan@onegas.com

JUDY JENKINS HITCHYE, MANAGING ATTORNEY  
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.  
7421W 129TH ST  
OVERLAND PARK, KS 66213-2713  
Fax: 913-319-8622  
judy.jenkins@onegas.com

RANDALL D. SPECTOR, DIRECTOR OF ENGINEERING &  
REGULATORY COMPLIANCE  
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.  
11401W 89TH ST  
OVERLAND PARK, KS 66214  
Fax: 913-319-8622  
randy.spector@onegas.com

  
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Vicki Jacobsen