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November 8, 2024

Ms. Lynn M. Retz
Executive Director
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027

Re: Docket No. 25-KGSG-190-TAR; In the Matter of the Application of Kansas Gas Service a Division of ONE Gas, Inc.'s ("Kansas Gas Service") Proposed Tariff Revision of its Credit/Debit Card Transaction Amounts; Notice of Effective Date of Reduction in Credit Card Processing Fee

Dear Ms. Retz:

The Kansas Corporation Commission's ("Commission") Payment Standards approved in Docket No. 04-GIMX-651-GIV establish general principles governing the use of credit, debit, and ATM card payments. Among others, the Commission must approve the use of these payment methods and any fees for using these payment methods must be reasonable. In October 2005, the Commission authorized Kansas Gas Service to accept credit, debit, and ATM card payments in Docket No. 05-KGSG-1012-TAR.

Kansas Gas Service is transitioning to a new payment processing vendor. As part of the transition, the convenience fee is being reduced to \$1.95 from \$1.99 per transaction. Pursuant to the Commission's Payment Standards, credit card fees incurred by customers must be reasonable, cost effective, reasonably related to the cost of processing transactions, and be revenue neutral to the utility.

On October 15, 2024, Kansas Gas Service filed an application with the Commission requesting that its Schedule GTC 12 be amended to reflect the reduction in processing fees. The purpose of this letter is to notify the Commission that the \$0.04 reduction in the credit card processing fee will become effective on November 9, 2024. To the extent that interim approval of the reduction in processing fee charged by the payment processing vendor is necessary, Kansas Gas Service seeks that interim approval.

Section 4.01.05.4(a) of Kansas Gas Service's tariffs allow the utility to contract with payment processing vendors to provide customers payment options for paying their gas bill. Payment processing vendors may charge the customer a fee so long as the customer is advised of processing fees prior to using the payment option and that fee is identified in the utility's tariff. The credit card processing company, and not Kansas Gas Service, is responsible for collecting the fee from the customer.

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Because the convenience fee is being reduced to \$1.95 from \$1.99 per transaction beginning November 9, 2024, Kansas Gas Service believes it would be unreasonable to continue to charge customers the additional \$0.04. Requiring customers to pay a fee greater than the cost of processing transactions contradicts the Commission's Payment Standards. Likewise, the Commission's Payment Standards make clear the Commission retains authority to disallow recovery of credit card costs not deemed reasonable or prudent. Implementing the reduced convenience fee on November 9, 2024, will not impact the Commission's jurisdiction over Kansas Gas Service's use of payment processing vendors or the fee charged to customers. As indicated above, a payment processing vendor has discretion to charge a fee. Because the fee is charged by the processing company and not the utility and will be done so in a manner to comply with the Commission's Payment Standards, there is no violation of the filed-rate doctrine or an issue of retro-active ratemaking with the reduced fee going into effect on November 9, 2024. Kansas Gas Service's other customers are not impacted in any way by customers paying the \$1.95 fee since that fee is solely between the third-party processing vendor and the customer using the service of that processing vendor to pay their gas bill.

To the extent the Commission determines that it must take some action on the application prior to the lower fee going into effect, Kansas Gas Service requests interim approval of the reduced fee beginning November 9, 2024, and when the Commission can issue an order on the application filed in the above-referenced docket. Kansas Gas Service has discussed this matter with Staff and the Citizens' Utility Ratepayer Board ("CURB") and neither have an objection to the reduced fee going into effect on an interim basis beginning on November 9, 2024, and remaining in effect until the Commission can issue an order on the application. Notwithstanding, Staff and CURB have not made a final decision on Kansas Gas Service's application.

Thank you for your assistance in bringing this matter to the Commission's attention. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Robert Elliott Vincent

Robert Elliott Vincent
Managing Attorney

cc: service list