

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)
of an Accounting Order to Track Expenses)
Associated with the Investigating, Testing,) Docket No. 17-KGSG-455-ACT
Monitoring, Remediating and Other Environmental)
Work Performed at the Manufactured Gas Plant)
Sites Managed By Kansas Gas Service.)

JOINT MOTION TO APPROVE UNANIMOUS SETTLEMENT AGREEMENT

Kansas Gas Service, a division of ONE Gas, Inc. ("Kansas Gas Service"), the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and the Citizens Utility Ratepayer Board ("CURB"), collectively Joint Movants, move the Commission for an order approving the attached Unanimous Settlement Agreement ("Settlement") pursuant to K.A.R. 82-1-230a. The Settlement provides for the Commission to issue an order adopting the recommendations included in Staff's Report and Recommendation filed in the above-captioned docket on April 24, 2025 ("Staff R&R") and including the request made by CURB that CURB reserves its right to address the sharing mechanism in any future filing where Kansas Gas Service seeks to raise the cap. In support of their Motion, Joint Movants state as follows:

1. On January 3, 2025, Kansas Gas Service filed for approval to increase the \$15 million cap on the Accounting Authority Order ("AAO") approved by the Kansas Corporation Commission ("Commission") on November 21, 2017, in this docket. The AAO authorizes the accumulation, deferral and recovery of costs incurred after January 1, 2017, associated with Kansas Gas Service's ongoing obligation to perform environmental investigating, testing, monitoring, remediating and other work on 12 specific manufactured gas facilities ("MGP Sites").

2. Kansas Gas Service requested the Commission for permission to increase the cap on the AAO from \$15 million to \$32 million, which represents the most updated cost estimate for

environmental work that Kansas Gas Service is performing at the MGP Sites under the direction and supervision of the Kansas Department of Health and Environment ("KDHE"). Kansas Gas Service indicated that all other terms contained in the October 12, 2017, Unanimous Settlement Agreement with Staff and CURB would remain the same.

3. The AAO allows recovery of the deferred environmental costs over a 15-year period after being approved in a general rate case, without inclusion of those costs in rate base and without recovery of a return on the deferred costs. As pointed out in the Staff R&R, the absence of a return on these balances over such a long amortization period effectively results in a sharing of the environmental costs.

4. Staff's R&R was filed on April 25, 2025. Staff continues to support the recovery of the MGP environmental costs over a 15-year recovery period without the accumulation of a return or inclusion in rate base. Staff points out that this effectively results in a sharing of these costs (60% customers and 40% shareholders) and continues the Commission's policy that has existed since the Commission approved this rate treatment in the July 14, 1993, Order in the Kansas Public Service rate case, Docket No. 185,507-U ("185,507-U Docket"). Staff recommends the Commission approve Kansas Gas Service's request to increase the AAO cap for MGP environmental costs from \$15 million to \$32 million, with all of the other terms in the October 12, 2017, Unanimous Settlement Agreement remaining in place.

5. On May 8, 2025, CURB filed its response to Staff's R&R. CURB does not object to the increase in the cap, however, it recommends that the Commission change its policy to effectively change the sharing of the MGP environmental costs from 60%/40% to 50%/50%.

6. On May 8, 2025, Kansas Gas Service filed its response to Staff's R&R and its reply to CURB's response to Staff's R&R. Kansas Gas Service agrees with the overall recommendation

included in Staff's R&R and requests that the Commission adopt Staff's recommendation. Kansas Gas Service does not agree with CURB's recommendation that the Commission change its policy to effectively change the cost sharing percentages.

7. Pursuant to the procedural schedule approved by the Commission in this matter, the Joint Movants have conferred and have reached agreement on the Settlement attached to this Joint Motion. The Settlement is a unanimous settlement agreement as that term is defined by K.A.R. 82-1-230a in that all parties to this docket have approved the Settlement and the Settlement addresses all issues raised by the January 3, 2025, filing by Kansas Gas Service, which seeks approval to increase the \$15 million cap on the AAO approved by the Commission in this docket.

WHEREFORE, the Joint Movants respectfully request that the Commission grant the relief requested herein.



James G. Flaherty, #11177
ANDERSON & BYRD, LLP
216 S. Hickory ~ P.O. Box 17
Ottawa, Kansas 66067
(785) 242-1234, telephone
(785) 242-1279, facsimile
jflaherty@andersonbyrd.com

Robert Elliott Vincent, #26028
KANSAS GAS SERVICE
7421 West 129th Street
Overland Park, Kansas 66213-2634
(913) 319-8615, telephone
(913) 319-8622, facsimile
robert.vincent@onegas.com

Attorneys for Kansas Gas Service,
a division of ONE Gas, Inc.

/s/ Carly R. Masenthin

Carly R. Masenthin, #27944
Litigation Counsel
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604
carly.masenthin@ks.gov
For Commission Staff

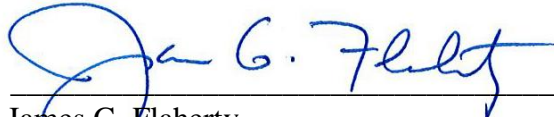
/s/ Joseph R. Astrab

Todd E. Love, Attorney #13445
Joseph R. Astrab, Attorney #26414
Citizens' Utility Ratepayer Board
1500 SW Arrowhead Road
Topeka, KS 66604
(785) 271-3200
(785) 271-3116 Fax
todd.love@ks.gov
joseph.astrab@ks.gov
Attorneys for CURB

VERIFICATION

STATE OF KANSAS
COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being first duly sworn on oath, states: That he is an attorney for Kansas Gas Service, a division of ONE Gas, Inc., and is duly authorized to make this affidavit; that he has read the foregoing Joint Motion to Approve Unanimous Settlement Agreement, knows the contents thereof; and that the facts set forth therein are true and correct.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 30th day of May, 2025.



Notary Public

Appointment/Commission Expires:



CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail, this 30th day of May, 2025, addressed to:

JOSEPH R. ASTRAB
Joseph.Astrab@ks.gov

TODD E. LOVE
Todd.Love@ks.gov

SHONDA RABB
Shonda.Rabb@ks.gov

DELLA SMITH
Della.Smith@ks.gov

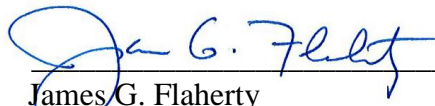
AARON BAILEY
aaron.bailey@ks.gov

BRIAN G. FEDOTIN
Brian.Fedotin@ks.gov

CARLY R. MASENTHIN
Carly.Masenthin@ks.gov

JUSTIN T. GRADY
Justin.Grady@ks.gov

PATRICK J. HURLEY
Patrick.Hurley@ks.gov



James G. Flaherty

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)	
of an Accounting Order to Track Expenses)	
Associated with the Investigating, Testing,)	Docket No. 17-KGSG-455-ACT
Monitoring, Remediating and Other Environmental)	
Work Performed at the Manufactured Gas Plant)	
Sites Managed By Kansas Gas Service.)	

UNANIMOUS SETTLEMENT AGREEMENT

Kansas Gas Service, a division of ONE Gas, Inc. ("Kansas Gas Service"), the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission" respectively) and the Citizens Utility Ratepayer Board ("CURB"), collectively "Parties" agree as follows:

I. INTRODUCTION

1. On January 3, 2025, Kansas Gas Service filed for approval to increase the \$15 million cap on the Accounting Authority Order ("AAO") approved by the Kansas Corporation Commission ("Commission") on November 21, 2017, in this docket. The AAO authorizes the accumulation, deferral and recovery of costs incurred after January 1, 2017, associated with Kansas Gas Service's ongoing obligation to perform environmental investigating, testing, monitoring, remediating and other work on 12 specific manufactured gas facilities ("MGP Sites").

2. Kansas Gas Service requested the Commission for permission to increase the cap on the AAO from \$15 million to \$32 million, which represents the most updated cost estimate for environmental work that Kansas Gas Service is performing at the MGP Sites under the direction and supervision of the Kansas Department of Health and Environment ("KDHE"). Kansas Gas Service indicated that all other terms contained in the October 12, 2017, Unanimous Settlement Agreement with Staff and CURB would remain the same.

3. The AAO allows recovery of the deferred environmental costs over a 15-year period after being approved in a general rate case, without inclusion of those costs in rate base and without recovery of a return on the deferred costs. As pointed out in the Staff R&R, the absence of a return on these balances over such a long amortization period effectively results in a sharing of the environmental costs.

4. Staff's R&R was filed on April 25, 2025. Staff continues to support the recovery of the MGP environmental costs over a 15-year recovery period without the accumulation of a return or inclusion in rate base. Staff points out that this effectively results in a sharing of these costs (60% customers and 40% shareholders) and continues the Commission's policy that has existed since the Commission approved this rate treatment in the July 14, 1993, Order in the Kansas Public Service rate case, Docket No. 185,507-U ("185,507-U Docket"). Staff recommends the Commission approve Kansas Gas Service's request to increase the AAO cap for MGP environmental costs from \$15 million to \$32 million, with all of the other terms in the October 12, 2017, Unanimous Settlement Agreement remaining in place.

5. On May 8, 2025, CURB filed its response to Staff's R&R. CURB does not object to the increase in the cap, however, it recommends that the Commission change its policy to effectively change the sharing of the MGP environmental costs from 60%/40% to 50%/50%.

6. On May 8, 2025, Kansas Gas Service filed its response to Staff's R&R and its reply to CURB's response to Staff's R&R. Kansas Gas Service agrees with the overall recommendation included in Staff's R&R and requests that the Commission adopt Staff's recommendation. Kansas Gas Service does not agree with CURB's recommendation that the Commission change its policy to effectively change the cost sharing percentages.

7. Pursuant to the procedural schedule approved by the Commission in this matter, the

Joint Movants have conferred and have reached agreement on the Settlement attached to this Joint Motion. The Settlement is a unanimous settlement agreement as that term is defined by K.A.R. 82-1-230a in that all parties to this docket have approved the Settlement and the Settlement addresses all issues raised by the January 3, 2025, filing by Kansas Gas Service, which seeks approval to increase the \$15 million cap on the AAO approved by the Commission in this docket.

II. TERMS OF THE SETTLEMENT AGREEMENT

8. RECOMMEND APPROVAL. The Parties agree to recommend that the Commission find this Settlement to be in the public interest and that the terms set forth below should be adopted by the Commission. The Parties stipulate and agree as follows:

9. APPROVAL OF RECOMMENDATIONS CONTAINED IN STAFF'S R&R. The Parties agree that the Commission should approve the recommendations contained in Staff's R&R filed in this docket on April 24, 2025. Specifically, Staff recommended that the Commission approve the Kansas Gas Service request to increase the cap for MGP environmental costs from \$15 million to \$32 million and that all other terms of the October 12, 2017, Unanimous Settlement Agreement remain unchanged.

10. CURB'S RESERVATION OF RIGHTS. The Parties agree that in addition to the other reservation of rights contained in the October 12, 2017, Unanimous Settlement Agreement, which remain unchanged as a result of this Settlement, CURB reserves its right to address the sharing mechanism in any future filing where Kansas Gas Service seeks to increase the cap for MGP environmental costs under the AAO.

11. MISCELLANEOUS PROVISIONS.

a. This Settlement fully resolves issues specifically addressed in this Agreement. The terms contained in this Settlement constitute a fair and reasonable resolution

of the issues addressed herein.

b. The terms in this Settlement have resulted from extensive negotiations among the Parties and are interdependent. In the event the Commission does not approve and adopt the terms of this Settlement in total, any Party has the option to terminate this Settlement and, if so terminated, none of the Parties shall be bound, prejudiced, or in any way affected by any of the terms contained in this Settlement, unless otherwise provided herein. If this Settlement is terminated under this provision, then, to the extent practical, the Parties agree to proceed with track two of the procedural schedule approved by the Commission.

c. The Parties agree to waive the remaining portion of the procedural schedule in this docket and allow this Settlement to be reviewed and decided by the Commission on an administrative basis.

d. Unless (and only to the extent) otherwise specified in this Settlement, the Parties shall not be prejudiced, bound, or affected in any way by the terms of this Settlement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Settlement in total or in any way conditions its approval of the same.

e. This Settlement does not prejudice or waive any Party's rights, positions, claims, assertions, or arguments in any proceeding in this docket, or any other proceedings before this Commission or in any court.

f. If the Commission approves this Settlement in its entirety and incorporates the same into its final order in this docket, the Parties intend to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

AGREED TO AND ACCEPTED this 30th day of May, 2025, by

/s/ James G. Flaherty

James G. Flaherty, #11177
ANDERSON & BYRD, LLP
216 S. Hickory ~ P. O. Box 17
Ottawa, Kansas 66067
(785) 242-1234, telephone
(785) 242-1279, facsimile
jflaherty@andersonbyrd.com

Robert Elliott Vincent, #26028
KANSAS GAS SERVICE
7421 West 129th Street
Overland Park, Kansas 66213-2634
(913) 319-8615, telephone
(913) 319-8622, facsimile
robert.vincent@onegas.com

Attorneys for Kansas Gas Service,
a division of ONE Gas, Inc.

/s/ Carly R. Masenthin

Carly R. Masenthin, #27944
Litigation Counsel
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604
carly.masenthin@ks.gov
For Commission Staff

/s/ Joseph R. Astrab

Todd E. Love, Attorney #13445
Joseph R. Astrab, Attorney #26414
Citizens' Utility Ratepayer Board
1500 SW Arrowhead Road
Topeka, KS 66604
(785) 271-3200
(785) 271-3116 Fax
todd.love@ks.gov
joseph.astrab@ks.gov
Attorneys for CURB