

**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. 23-KGSG-⁷¹⁹-TAR
Approval of Revisions to Certain Tariffs)
Controlling Transportation Service.)

APPLICATION FOR APPROVAL OF REVISIONS TO CERTAIN TARIFFS
CONTROLLING TRANSPORTATION SERVICE

Kansas Gas Service, a Division of ONE Gas, Inc. (“Kansas Gas Service” or “Company”), pursuant to K.S.A. 66-117, respectfully files this Application to revise certain tariffs controlling Transportation Service¹ provided by Kansas Gas Service. In support thereof, Kansas Gas Service states the following to the State Corporation Commission of the State of Kansas (“Commission”).

I. DESCRIPTION OF KANSAS GAS SERVICE

1. Kansas Gas Service is a natural gas public utility operating in the state of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Kansas Gas Service’s principal place of business within the state of Kansas is located at: 7421 West 129th Street, Overland Park, Kansas 66213.

II. COMMUNICATION

2. The names, addresses, and phone numbers of the persons authorized to receive notices and communications with respect to this Application on behalf of Kansas Gas Service are:

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¹ Unless otherwise indicated, capitalized terms have the same meaning as contained in Kansas Gas Service’s Commission-approved tariffs.

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III. CONDENSED BACKGROUND

3. In February of 2021, Winter Storm Uri descended on the United States. This storm resulted in significant demand for natural gas, pushing wholesale prices of natural gas 10 to 100 times higher than normal.² In Docket No. 21-KGSG-332-GIG (the “21-332 Docket”) the Commission reviewed Kansas Gas Service’s performance during the storm, as well as the Company’s plan to minimize the storm’s financial impact on customers.

4. Early in the 21-332 Docket, Kansas Gas Service requested a limited waiver of its Pipeline System Restrictions and Priorities tariff.³ This tariff contains the terms and conditions for Critical Use Periods (i.e., when Standard or Emergency Operational Flow Orders are in effect), as well as Periods of Curtailment (i.e., when Kansas Gas Service limits, in whole or in part, the use of Company facilities). Likewise, this tariff details how Kansas Gas Service may impose penalties for Unauthorized Deliveries during a Critical Use Period (“CUP”) or Period of Curtailment (“POC”). Depending on the price of natural gas and severity of the CUP or POC, penalties ratchet up using a multiplier. Recognizing the extraordinary price of natural gas, and the resulting extraordinary price

² Emergency Order, 21-GIMX-303-GIG Docket, p. 1, ¶1 (Feb. 15, 2021) (Emergency Order).

³ Kansas Gas Service Motion for Limited Waiver (May 28, 2021).

of penalties, Kansas Gas Service sought Commission approval to waive the multiplier part of its penalty calculation.

5. On March 3, 2022, the Commission issued its order approving a unanimous settlement agreement on Kansas Gas Service’s waiver.⁴ Among other things, the settlement required Kansas Gas Service to schedule a workshop to “explore revising its tariff in accordance with lessons learned during Winter Storm Uri.”⁵ Kansas Gas Service’s Application is a direct result of four workshops held between April and September of 2022.

IV. INTRODUCTION OF WITNESS: MS. LORNA EATON – MANAGER RATES AND REGULATORY

6. Lorna M. Eaton is the Manager of Kansas Gas Service’s Rates and Regulatory Department and is the witness providing direct testimony supporting Kansas Gas Service’s Application. A Company veteran with over 20 years of experience, Ms. Eaton has held a variety of roles within the Company and routinely submits testimony to the Commission. A graduate of Kansas State University, Ms. Eaton’s accounting, financial planning, and regulatory experience were incredibly useful as the Company navigated and recovered from Winter Storm Uri. Ms. Eaton’s testimony covers all aspects of the Company’s Application, and sponsors exhibits containing red-lined and clean versions of proposed tariffs.⁶ The revisions sponsored by Ms. Eaton apply to both Transportation Customers and their Agents (e.g., marketers, suppliers, etc.).⁷ Accordingly, unless the context otherwise requires, Ms. Eaton refers to both Transportation Service⁸ Customers and Agents as “Transportation Customers.”

⁴ Order Approving Unanimous Settlement Agreement on Waiver of the Penalties Under Kansas Gas Service’s Tariff (Mar. 3, 2022) (“Waiver Order”).

⁵ See Waiver Order, ¶ 18; See *also* Waiver Order Attachment A, ¶ 24.

⁶ “Tariffs are those terms and conditions which govern the relationship between a utility and its customers.” *Danisco Ingredients USA, Inc. v. Kansas City Power & Light Co.*, 267 Kan. 760, 765, 986 P.2d 377, 381 (1999). Each of Kansas Gas Service’s tariffs contain and Index and Schedule designations. For consistency, Kansas Gas Service’s Application refers to individual tariffs using their Index Number and primary Schedule purpose.

⁷ See e.g., KGS Index 1, Schedule GTC 1, § 1.01, defining Agent and Marketer Agent.

⁸ See KGS Index 1, Schedule GTC 1, § 1.26.02 defining Transportation Service; see *also* KGS Index 1, Schedule GTC 1, § 1.11 defining Customer.

V. REQUEST TO REVISE TARIFFS

7. Kansas Gas Service respectfully requests the Commission approve revisions to five of the Company's tariffs. The revisions are briefly summarized as:

- a. Index 15 – Contents;
 - i. Administrative or *de minimis* revisions
- b. Index 1 – Definitions;
 - i. Revised definition of “Over-Delivery”
 - ii. Create Definition of “Platts Gas Daily”
 - iii. Revised definition of “Under-Delivery”
- c. Index 10 – Requirements for Transportation Service;
 - i. Administrative or *de minimis* revisions
 - ii. Clarify Transportation Customer nomination receipt locations
 - iii. Revise Cash Out Price calculation and application
 - iv. Clarify customer transitions between Sales and Transportation Service
- d. Index 11 – Pipeline System Restrictions and Priorities; and
 - i. Administrative or *de minimis* revisions
 - ii. Establish guidance and expectations for “Plant Protection” curtailments
 - iii. Expand customers eligible for Priority Category One service
 - iv. Revise and initiate sunset of Required Daily Quantity (“RDQ”)-Balancing
 - v. Clarify penalties for Unauthorized Usage during a CUP or POC
 - vi. Limit penalties for Unauthorized Usage during a CUP or POC
 - vii. Update pipeline names used in index publications
- e. Index EFMR – Electronic Flow Measurement (“EFM”) Rider
 - i. Administrative or *de minimis* revisions
 - ii. Require all new and existing Transportation Customers use EFM equipment
 - iii. Require use of cellular communications in certain circumstances
 - iv. Provide Transportation Customers two options for paying for EFM equipment

A. Administrative and *De Minimis* Revisions

8. Kansas Gas Service proposes revising its Table of Contents tariff to incorporate the Company's substantive revisions, discussed herein. Red-lined and clean versions of Kansas Gas

Service's proposed revisions to its Table of Contents tariff are attached to Ms. Eaton's testimony as Exhibit 1.

9. Kansas Gas Service's proposed tariffs include a series of small administrative, grammatical, and legibility revisions. These revisions improve the comprehension of the Company's terms and conditions without altering their application or applicability. All proposed revisions are contained in a tariff's corresponding, red-lined exhibit.

B. Index 1 – Definitions

10. Kansas Gas Service proposes three substantive changes to its definitions tariff: (1) "Over-Delivery," (2) "Under-Delivery," and (3) "Platts Gas Daily." Red-lined and clean versions of Kansas Gas Service's proposed revisions to its definitions tariff are attached to Ms. Eaton's testimony as Exhibit 2.

11. Ms. Eaton notes Kansas Gas Service's definitions of Over- (and Under-) Delivery take the Company's perspective. In industry terms, Kansas Gas Service **receives** gas from a Transportation Customer, transports the customer's own gas across the Company's distribution system, and **delivers** the customer's gas to them at their premises. When a Transportation Customer consumes more natural gas than they supplied to Kansas Gas Service, Kansas Gas Service "Over-Delivers" to the Transportation Customer. Likewise, when a Transportation Customer consumes less gas than they supplied to Kansas Gas Service, Kansas Gas Service "Under-Delivers." The revised definitions of "Over-Delivery" and "Under-Delivery" present these terms in an easier to understand way and align with the Company's proposed revisions to Index 11 – Pipeline System Restrictions and Priorities, discussed below.

12. Kansas Gas Service proposes to add a definition for "Platts Gas Daily." Platts Gas Daily publishes the prices used for a variety of transportation billing processes. Adding this definition will allow the Company to continually use this publication in the event it is sold to a successor.

C. Index 10 – Requirements for Transportation Service

13. Kansas Gas Service proposes three substantive revisions to the Company's general transportation requirements tariff: (1) clarifying where nominations are received, (2) how cash out prices are calculated and applied, and (3) how customers transition back and forth between Sales and Transportation Service. Red-lined and clean versions of Kansas Gas Service's proposed revisions to its transportation requirements tariff are attached to Ms. Eaton's testimony as Exhibit 3.

14. Kansas Gas Service proposes to clarify where nominations are received into the Company's system. Individually balanced transportation customers nominate based on where their premises are located. Agents, who Kansas Gas Service allows to aggregate nominations for customers, execute an Aggregation Agreement. KGS's Aggregation Agreement requires an Agent's nominations be designated for, and received, at particular locations. Kansas Gas Service proposes to integrate this specific contractual requirement into the Company's tariff.

15. Kansas Gas Service proposes to create a new method for calculating how Transportation Customers are "Cashed Out." Every month, Transportation Customers compensate (or are compensated by) Kansas Gas Service for system imbalances. A system imbalance occurs when a customer's retainage adjusted receipts differ from their deliveries (i.e., the gas put on Kansas Gas Service's system is different than the amount delivered to the customer). To determine the level of compensation, Kansas Gas Service calculates a single "Cash Out Price" multiplied by the MMBtu of the imbalance. A small multiplier is added depending on the severity of the imbalance. Kansas Gas Service proposes to revise this calculation, and create two Cash Out Prices (i.e., "High" and "Low"). Kansas Gas Service further proposes to Cash Out customers using High or Low Cash Out Prices depending on the type of imbalance (i.e., long, or short on retainage adjusted receipts) based on average gas prices published in Platts Gas Daily.

D. Index 11 – Pipeline System Restrictions and Priorities

16. Kansas Gas Service proposes six substantive revisions to the Company's Pipeline System Restrictions and Priorities tariff to: (1) provide guidance and define "Plant Protection" usage during a POC, (2) expand the number of customers eligible for the highest curtailment priority – Priority Category One, (3) clarify and simplify RDQ-balancing terms, recognizing the Company proposes to require EFM equipment for all Transportation Customers, (4) clarify when penalties may be imposed for Unauthorized Usage during a CUP or POC, (5) limit the penalty amount imposed during a CUP or POC, and (6) update pipeline names. Red-lined and clean versions of Kansas Gas Service's proposed revisions to its restrictions and priorities tariff are attached to Ms. Eaton's testimony as Exhibit 4.

17. Kansas Gas Service proposes to clarify the meaning of "Plant Protection" usage and outline how Transportation Customers should respond to requests to curtail usage to this level. Ms. Eaton highlights how this reduced consumption level should be sufficient to avoid catastrophic damage to Transportation Customers' equipment or prevent the loss of inventory but requires a temporary suspension of certain natural gas dependent commercial processes. Importantly, Plant Protection usage does not include continued production or commercial activities necessary to avoid economic damages.

18. Kansas Gas Service proposes to increase the number of customers (Sales and Transportation) within its highest Curtailment Priority Category – Priority Category One. Kansas Gas Service proposes to include all customers where the curtailment of service would endanger human life or safety. For example, Ms. Eaton details how Kansas Gas Service would also prioritize service to certain Transportation Customers (e.g., an assisted senior living facility) to protect human life during a significant event.

19. Kansas Gas Service proposes to refine and simplify the Company's RDQ-balancing requirements. As Ms. Eaton notes, RDQ customers are Transportation Customers who have chosen

not to use a meter equipped with EFM technology. Ms. Eaton's testimony highlights the challenges RDQ-balancing presents during widespread supply disruptions, both operational and conservation related. For these reasons, Kansas Gas Service proposes to clarify an RDQ customer's responsibilities during a CUP or POC. Recognizing the Company proposes to require all Transportation Customers to use EFM meters, Ms. Eaton notes all RDQ provisions would naturally sunset once Kansas Gas Service converts all Transportation Customers to EFM meters.

20. Kansas Gas Service proposes to clarify when it may impose penalties for Unauthorized Usage during a CUP or POC. Ms. Eaton testifies penalties should only apply if a Transportation Customer's actions worsen the stress experienced on the Company's distribution system. For example, if Kansas Gas Service has issued an Over-Delivery Operational Flow Order (e.g., similar to the order issued during Winter Storm Uri) a Transportation Customer would not be penalized for supplying Kansas Gas Service more gas than the customer consumed. For Transportation Customers, this determination of over/under would be based on either EFM consumption information, or RDQ receipts and monthly meter reads.

21. Kansas Gas Service proposes to limit the financial penalty imposed for Unauthorized Usage during a CUP or POC. Presently, Kansas Gas Service's penalties ratchet up depending on severity, and are calculated using the *greater of* a set price or multiplied index price. Ms. Eaton notes Kansas Gas Service's penalty provisions do not function as profit centers or windfalls between customer classes and are designed to ensure one customer class is not harmed by another's actions. Recalling the extreme prices experienced during Winter Storm Uri (and potential for extreme penalties) Ms. Eaton outlines Kansas Gas Service's approach to balancing Transportation Customer obligations with unreasonable financial penalties. Kansas Gas Service proposes to use the *lesser of*:

- a. a multiple of the Southern Star Central Gas Pipeline midpoint price published in Platts Gas Daily (which varies depending on the severity of the event); or
- b. the Southern Star Central Gas Pipeline midpoint price published in Platts Gas Daily plus an established financial cap.

22. Kansas Gas Service proposes to update the Platts Gas Daily labeling for the pipeline (Southern Star Central Gas Pipeline) used to calculate penalties. This revision does not change which pipeline Kansas Gas Service uses to calculate penalties, but simply updates the pipeline's labeling.

E. Schedule EFMR – Electronic Flow Measurement Rider

23. Kansas Gas Service proposes three substantive revisions to the Company's EFM Rider tariff: (1) require all new and existing Transportation Customers to use EFM equipment, (2) require Transportation Customers to utilize cellular communications if their customer-provided communication facilities fail to operate correctly, and (3) provide Transportation Customers the option of paying for EFM equipment up-front, or through a monthly equipment fee. Red-lined and clean versions of Kansas Gas Service's proposed revisions to its EMFR tariff are attached to Ms. Eaton's testimony as Exhibit 5.

24. After reviewing key lessons learned from Winter Storm Uri, Kansas Gas Service has determined all Transportation Customers must use EFM equipment. Ms. Eaton notes how Winter Storm Uri made clear Kansas Gas Service and its customers need access to near real-time usage data. Not only does broadening access to information improve visibility into customer usage, but Transportation Customers also take control of their required nominations during critical events. In fact, Ms. Eaton compares the ability to respond to Winter Storm Uri's catastrophic prices to EFM equipment costs. If a Transportation Customer had been able to reduce their usage by just two (2) MMBtus on Winter Storm Uri's highest price day, the savings would have covered half the cost of an EFM meter. Ms. Eaton notes the operational need for consumption information on a near real-time basis (hourly or daily), as well as the need to apportion monetary responsibility for system stress. Kansas Gas Service has not excluded any rate classes from the proposed EFM requirement.

25. Because Kansas Gas Service did not previously mandate the use of EFM equipment, a substantial number of the Company's Transportation Customers must be converted to EFM

technology. Accordingly, Kansas Gas Service proposes to require all new Transportation Customers use EFM equipment. Kansas Gas Service proposes to transition all RDQ-balanced Transportation Customers to EFM equipment within three years.

26. Kansas Gas Service is using this opportunity to modernize other portions of its EFMR tariff. For example, if a Transportation Customer-maintained communication facility (e.g., a dedicated phone circuit) does not adequately transmit meter data, Kansas Gas Service may require the customer to use Company-maintained cellular equipment.

27. Kansas Gas Service has been able to secure EFM equipment at a significantly reduced price. EFM equipment is now \$2,400 per meter – \$800 less than before. Notwithstanding, Kansas Gas Service recognizes the budgetary impact requiring EFM equipment can impose. RDQ-balanced Transportation Customers transitioning to EFM equipment are provided two payment options. Transportation Customers can decide to pay a one-time installation charge of \$2,400 or a recurring monthly fee of \$30.54. As Ms. Eaton notes, the installation cost is in addition to standard fees and charges (e.g., maintenance charges, cellular connection charges).

VI. CONCLUSION

28. Winter Storm Uri was an unprecedented event which pushed the limits of natural gas markets and system operations. While Kansas Gas Service's performance during the storm is a testament to the resiliency of its distribution system, subsequent investigations indicate there is room to improve the Company's tariffs. This Application presents a series of reasonable, targeted revisions which modernize the Company's tariffs, provide guidance to customers, limit exponential penalties, and improve visibility when all stakeholders need it most.

WHEREFORE, Kansas Gas Service respectfully requests the Commission approve Kansas Gas Service's Application, approve the tariffs sponsored by Ms. Eaton, and any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent

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Attorney for Kansas Gas Service,
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VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF JOHNSON)

The undersigned, upon oath first duly sworn, states that he is the attorney for Kansas Gas Service, a division of ONE Gas, Inc., that he has read the foregoing **Application**, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.



Robert Elliott Vincent

Subscribed and sworn to before me this 31st day of March, 2023.



Notary Public

My Appointment Expires:



In The Matter of The Application of Kansas)
Gas Service, a Division of ONE Gas, Inc.) DOCKET NO. 23-KGSG-____-TAR
For Approval of Revisions to Certain Tariffs)
Controlling Transportation Service.)

DIRECT TESTIMONY
OF
LORNA M. EATON
ON BEHALF OF
KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.

MARCH 31, 2023

DIRECT TESTIMONY

OF

LORNA M. EATON

KANSAS GAS SERVICE

DOCKET NO. 23-KGSG-___-TAR

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Lorna M. Eaton. My business address is 7421 West 129th Street, Overland
3 Park, Kansas, 66213.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Kansas Gas Service, a Division of ONE Gas, Inc., (“KGS” or the
6 “Company”), as a Manager in the Rates and Regulatory Department.

7 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
8 **EXPERIENCE.**

9 A. I began my employment with Kansas Gas Service in 2000 as an Accountant in the
10 General Accounting Department and moved to the Financial Planning Department as
11 a Budget Analyst. In 2010, I joined the Rates and Regulatory Department as a Rates
12 Analyst and began my current position in June 2015. I earned a Bachelor of Science
13 degree in Geology from Kansas State University.

14 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT**
15 **SUPERVISION?**

16 A. Yes, it was.

17 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

18 A. Yes. Exhibits 1, 2, 3, 4, and 5 contain clean and redline versions of the Company’s
19 proposed tariffs. Exhibit 6 is a copy of the Aggregation Agreement.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS CORPORATION**
2 **COMMISSION?**

3 A. Yes. I have provided written testimony on numerous occasions. A list of dockets where
4 I have submitted testimony is available upon request.

5 **I. INTRODUCTION**

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. My testimony supports KGS's request to revise six tariff schedules controlling the
8 Company's Transportation Service.¹ Pursuant to the Unanimous Settlement
9 Agreement² approved by the Kansas Corporation Commission ("Commission") in
10 Docket No. 21-KGSG-332-GIG (the "21-332 Docket"), KGS held workshops to explore
11 revising tariff provisions consistent with lessons learned during Winter Storm Uri.³
12 KGS held four virtual workshops between April and September of 2022⁴, to broadly
13 examine the Company's transportation tariffs with Staff, CURB, natural gas marketers,
14 and Individually Balanced Transportation Customers⁵, which all engaged in significant
15 dialogue covering several key aspects of Transportation Service. Stakeholders used
16 this opportunity to raise concerns on how KGS's transportation tariffs operate,

¹ Transportation Service is defined as, "Gas delivery for which a Customer is responsible for procuring a supply of gas adequate for the customer's needs. Company's responsibility under transportation service is conditioned by Company's Rate Schedules and these GTC, specifically Section 10, Requirements for Transportation Service and Section 11, Pipeline System Restrictions & Priorities." KGS GT&C 1.26.02 (Effective Jan. 1, 2017).

² Parties to the settlement included: KGS, Commission Staff, the Citizens' Utility Ratepayer Board ("CURB"), transportation service customers, and transportation agents (i.e., marketers).

³ See Order Approving Unanimous Settlement Agreement on Waiver of the Penalties Under Kansas Gas Service's Tariff, Docket No. 21-KGSG-332-GIG, Attachment A, p. 7 (Mar. 3, 2022).

⁴ Virtual workshops we conducted via Microsoft Teams on: April 20, 2022; May 9, 2022; June 13, 2022; and September 19, 2022.

⁵ *Individually Balanced Transportation Customer* – is a customer being served from Kansas Gas Service's natural gas pipeline facilities and who is individually responsible for procuring a supply of gas adequate for its needs. See, Motion for Limited Waiver, ¶13, c, as filed in KCC Docket No. 21-KGSG-332-GIG, May 28, 2021.

1 including the interplay between Transportation and Sales Service,⁶ and how the
2 application of the tariffs during significant events (like Winter Storm Uri) can impact the
3 customers' and Company's system operations. Stakeholders also used this
4 opportunity to raise and discuss several services KGS could introduce to enhance the
5 Transportation Service offered by the Company. In particular, stakeholders engaged
6 in detailed discussions on:

- 7 • The eligibility requirements of Transportation Service;
- 8 • Electronic Flow Measurement ("EFM") equipment;
- 9 • The calculation and use of Required Daily Quantity ("RDQ") nominations;
- 10 • Aggregation groups;
- 11 • Monthly Cash Out terms;
- 12 • Critical Use Periods (i.e., when an operational flow order has been issued);
- 13 and
- 14 • Periods of Curtailment.

15 **Q. DID YOU ATTEND THESE WORKSHOPS?**

16 A. Yes. I attended and participated in all four workshops.

17 **Q. WHICH TARIFFS IS KGS PROPOSING TO REVISE?**

18 A. As a result of the workshops, KGS is recommending substantive changes to the
19 following General Terms and Conditions ("GTC") and schedules:⁷

- 20 • GTC1: Definitions;
- 21 • GTC10: Requirements for Transportation Service;

⁶ Sales Service is defined as, "Gas delivery for which Company is responsible for procuring an adequate supply of gas to meet a customer's needs. Company's responsibility under sales service is conditioned by Company's Rate Schedules and these GTC, specifically Section 11 Pipeline System Restrictions & Priorities." KGS GT&C 1.26.01 (Effective Jan. 1, 2017).

⁷ KGS is including corresponding changes to Contents Schedule (Index 15) to incorporate revisions made to other schedules, as needed.

- GTC11: Pipeline System Restrictions and Priorities; and
- EFMR: Electronic Flow Measurement Rider.

Q. DOES KGS'S APPLICATION IN THIS DOCKET INCLUDE ALL THE SUGGESTIONS MADE BY STAKEHOLDERS DURING THE WORKSHOPS?

A. No.

Q. WHY NOT?

A. KGS is prioritizing targeted, operational revisions to its transportation tariffs. The workshops were conducted to gather information from industry participants and to incorporate key lessons learned from Winter Storm Uri into the Company's tariffs. The meetings were well attended, and the amount of information and opinions gathered was considerable. Certain proposals offered by stakeholders, though worthy of discussion, were more market or service focused. For example, some stakeholders discussed their desire to see KGS take on the responsibility of forecasting how much natural gas a Transportation Customer should nominate. Additionally, stakeholders recommended and discussed the idea of KGS creating and managing an imbalance-trading program wherein parties could trade imbalances (long or short) with one another. Beyond the significant financial and technological investment these ideas would require, these proposals would significantly alter how KGS interfaces with Transportation Customers. While these proposals exceed the scope of the Company's targeted revisions, KGS thanks its stakeholders for their participation in the workshops and the candid discussion.

Q. HOW DID KGS RESPOND TO THESE PROPOSALS IN THIS FILING?

A. KGS listened and reviewed all the suggestions that were provided by stakeholders during the workshops. Although KGS is not recommending all proposals presented be adopted, the workshops proved enlightening to how each party experienced Winter

1 Storm Uri. At the conclusion of the workshops, KGS reviewed all the proposals and
2 recommendations and determined the Company could incorporate some, but not all,
3 of the suggestions through the proposed tariff changes.

4 **Q. WILL THE EXCLUSION OF SOME OF THE STAKEHOLDER PROPOSALS**
5 **RECEIVED PREVENT THEM FROM BEING CONSIDERED IN THE FUTURE?**

6 A. Not necessarily. KGS considers the tariff changes being proposed in this docket as an
7 appropriate first step in updating the Company's tariffs. KGS may make
8 recommendations for additional improvements to its tariffs as the Company becomes
9 comfortable with the potential impacts and risks such recommendations would have
10 on all its customers and its operations.

11 **Q. CAN YOU SUMMARIZE THE CHANGES THAT ARE BEING PROPOSED?**

12 A. KGS is proposing to:

- 13 • Clarify where a Transportation Customer's nominations are to be received;
- 14 • Revise how the monthly Cash Out price is calculated;
- 15 • Clarify how customer requests to switch between Transportation Service and
16 Sales Service rate classes are executed;
- 17 • Add a mechanism allowing Transportation Service customers to retain
18 Transportation Service while changing Agents;⁸
- 19 • Revise how penalties are calculated for unauthorized use during Critical Use
20 Periods or Periods of Curtailment; and
- 21 • Require all Transportation Service customers to use EFM meters.

⁸ KGS's GTC 1.01 defines Agent as Company Agent or Marketer Agent. KGS GTC 1.01.02 defines Marketer Agent as, "An agent authorized by the Customer to perform transportation service-related activities for the Customer. A gas marketer must meet criteria established under Section 10 Requirements for Transportation Service." My testimony refers to Marketer Agent as "Agent."

1 **Q. BEFORE WE BEGIN, CAN YOU DEFINE TRANSPORTATION SERVICE AS USED**
2 **IN THIS FILING?**

3 A. KGS offers two broad types of natural gas service: sales and transportation. The key
4 difference between these services is found in who procures the end use customer's
5 fuel. For Sales Service Customers, referred to in my testimony as "Sales Customers,"
6 KGS is responsible for procuring an adequate supply of gas to meet a customer's
7 needs. An example of a Sales Customer is a residential customer. In accordance with
8 KGS's Cost of Gas Rider ("COGR") tariff, KGS bills Sales Customers its cost of gas,
9 including the costs for transportation on intrastate and interstate pipelines and the
10 storage of the gas, without markup.

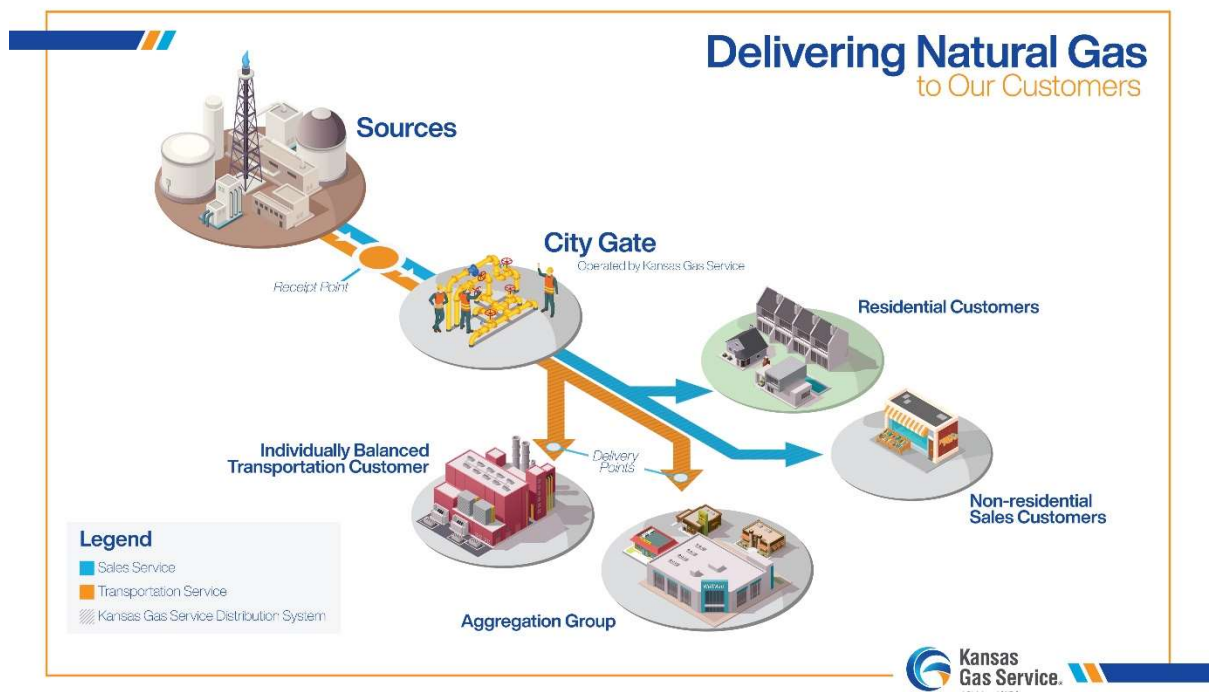
11
12 On the other hand, some larger volume customers prefer to procure their own gas
13 supplies and transportation of those gas supplies on intrastate and interstate pipelines
14 at rates they (or their Agents) negotiate. For Transportation Service Customers, the
15 Customer is responsible for procuring a supply of gas adequate for the customer's
16 needs and the transportation of those gas supplies on intrastate and interstate
17 pipelines to the KGS system. Transportation Service Customers may secure this
18 supply themselves, or authorize an Agent (i.e., a marketer or supplier) to procure gas
19 for them. In general, Kansas Gas Service's proposals in this docket have the same
20 impact on Transportation Service Customers or Agents. For ease of reference, I refer
21 to both Transportation Service Customers and Agents as "Transportation Customers."

22
23 Transportation Customers simply use KGS's distribution system to "transport" their
24 own gas to them. Kansas Gas Service receives gas from a Transportation Customer,
25 transports the customer's own gas through the Company's distribution system, and

1 delivers the gas to the Transportation Customer. Transportation Customers are
2 responsible for all gas costs, and separately pay their Agent directly for the supply of
3 gas. In short, Transportation Customers pay KGS to transport the customer's own gas
4 across the Company's distribution system.

5

6 Below is an example of how sales and transportation gas moves throughout the
7 Company's distribution system.



8

9 **II. CHANGES TO INDEX 10: REQUIREMENTS FOR TRANSPORTATION SERVICE**

10 **Q. WHAT CHANGES ARE BEING PROPOSED FOR INDEX 10: REQUIREMENTS**
11 **FOR TRANSPORTATION SERVICE?**

12 **A.** KGS is proposing changes to four sections in Index 10:

- 13
- Section 10.04 Aggregation Groups
 - 14 • Section 10.05 Nominations;
 - 15 • Section 10.09 Cash Outs; and

1 • Section 10.13 Change to Transportation Service.

2 **Q. PLEASE DESCRIBE THE CHANGE TO SECTION 10.04 AGGREGATION**
3 **GROUPS.**

4 A. KGS is adding language to this section to ensure that the Company is given additional
5 notice for all changes to an Aggregation Group. A corresponding change is being
6 proposed in Section 10.13 Change to or from Transportation Service which is
7 discussed later in my testimony.

8 **Q. PLEASE DESCRIBE THE CHANGE TO SECTION 10.05 NOMINATIONS.**

9 A. KGS is proposing to clarify where nominations are received into the Company's
10 system by including an existing contractual term as a tariff requirement. Transportation
11 Service customers nominate gas into KGS's system. Agents may aggregate their
12 customers' usage for balancing purposes, provided the Agent executes an
13 Aggregation Agreement with the Company. KGS's Aggregation Agreement requires
14 an Agent's nominations to be designated for, and received, at particular locations.
15 KGS's revision to Section 10.05 clarifies this process by including the contractual term
16 from the Aggregation Agreement (i.e., the specifically identified receipt points in Exhibit
17 B of the Aggregation Agreement) in the tariff itself. This requirement ensures, for
18 system integrity purposes, KGS receives gas into its system at the proper location for
19 delivery to Transportation Customers. KGS' current Aggregation Agreement is
20 attached as Exhibit 6.

21 **Q. WHAT CHANGES IS KGS PROPOSING TO THE CASH OUT PROVISIONS IN**
22 **SECTION 10.09?**

23 A. KGS is proposing to change how monthly and final billing Cash Out prices are
24 determined. However, the Company is not proposing changes to the general
25 mechanics of the Cash Out process.

1 **Q. WHAT IS A “CASH OUT?”**

2 A. In general, a Cash Out is the monetary value of system imbalances which includes a
3 financial incentive to encourage Transportation Customers to remain in balance.

4 **Q. BRIEFLY EXPLAIN THE CASH OUT PROCESS?**

5 A. According to the Company’s tariff, a Transportation Customer is required to balance
6 the volume of natural gas they place on the system with the amount of natural gas
7 being consumed.⁹ In industry terms, receipts must match deliveries. If there is an
8 imbalance, either the Transportation Customer or the Company is compensated for
9 the imbalance. This process is referred to as the “Cash Out” process.¹⁰

10 **Q. WHY IS IT IMPORTANT FOR TRANSPORTATION CUSTOMERS TO BE IN**
11 **BALANCE?**

12 A. As I discussed earlier, KGS does not provide a bundled service for our Transportation
13 Customers. Transportation Customers handle acquiring their own gas supply. KGS
14 transports the customer’s own gas across the Company’s distribution system – from
15 where it is received to where it is delivered (i.e., the end use location). If a
16 Transportation Customer is out of balance daily, KGS must either acquire additional
17 gas to account for any of the customer’s shortages or place the customer’s excess gas
18 into storage to balance the system.

19 **Q. HOW DOES THE CASH OUT MECHANISM WORK?**

20 A. The Cash Out mechanism is triggered if a Transportation Customer’s imbalance
21 exceeds 5% of actual usage or 25 MMBtu per customer, whichever is greater. The
22 Cash Out mechanism takes a Cash Out Price and multiplies it by a multiplier which

⁹ See, GTC 10 *Requirements for Transportation Service* at Section 10.08 (now proposed as 10.07).

¹⁰ “Differences between deliveries and retainage-adjusted receipts shall be reconciled, on a monthly basis between Company and a customer or the customer’s agent.” KGS GT&C 10.09.01.

1 varies depending on the degree of the Transportation Customer’s imbalance. For
 2 example, if during the course of the month a Transportation Customer supplies less
 3 gas to the system than they use from the system (i.e., they consume more than they
 4 put on KGS’s system), the Transportation Customer pays the Company for the
 5 difference in gas consumed at the price determined by the mechanism. However, if
 6 the Transportation Customer supplies more gas to the system than they used during
 7 the month, the Company is required to purchase the unused volumes from the
 8 Transportation Customer at the price determined by the mechanism. The following
 9 table illustrates how the Cash Out mechanism functions:

10 **TABLE 1 – Current Cash Out Price Calculation**

11 ***Over-Delivery Imbalance (Use of More Gas than Placed on KGS’s System)***

Imbalance (Receipts Less than Deliveries)	Multiplier	X	Cash Out Price
Less than 5% of actual usage or 25 MMBtu	Mechanism Not Triggered		
5% to 10% of actual usage	1.15	X	Cash Out Price
Greater than 10% of actual usage	1.30	X	Cash Out Price

12 ***Under-Delivery Imbalance (Use of Less Gas than Placed on KGS’s System)***

Imbalance (Receipts Exceed Deliveries)	Multiplier	X	Cash Out Price
Less than 5% of actual usage or 25 MMBtu	Mechanism Not Triggered		
5% to 10% of actual usage	0.85	X	Cash Out Price
Greater than 10% of actual usage	0.70	X	Cash Out Price

13 **Q. IS KANSAS GAS SERVICE PROPOSING TO CHANGE THE CASH OUT**
 14 **MULTIPLIER?**

15 A. No. Kansas Gas Service is proposing to revise the Cash Out Price.

16 **Q. HOW ARE CASH OUT PRICES CURRENTLY DETERMINED?**

17 A. For any particular month, KGS calculates the Cash Out price by taking the daily
 18 arithmetic average (i.e., simple average) of midpoint prices, as published in Platts Gas
 19 Daily, for four designated pipelines. This creates a “Daily Midpoint Average.” At the

1 end of the month, KGS averages the Daily Midpoint Averages to create a “Monthly
 2 Midpoint Average.” The Monthly Midpoint Average is the current Cash Out Price. The
 3 following table shows how the Cash Out price was calculated for December 2022.
 4 After averaging the Daily Midpoint Averages for four pipelines over the month of
 5 December 2022, the Cash Out Price was set at \$5.7046.

6 **TABLE 2 - December 2022 Cash Out Price Calculation – Actual Calculation**

	Southern Star	ANR Pipeline Co.	NGPL, Midcontinent	Panhandle	Daily Midpoint Avg.
DEC	Midpoint	Midpoint	Midpoint	Midpoint	Midpoint
12/1/2022	5.760	5.835	5.550	5.520	5.666
12/2/2022	5.655	5.470	5.235	5.190	5.388
12/3/2022	4.585	4.860	4.270	4.250	4.491
12/4/2022	4.585	4.860	4.270	4.250	4.491
12/5/2022	4.585	4.860	4.270	4.250	4.491
12/6/2022	4.130	4.355	4.065	4.025	4.144
12/7/2022	4.110	4.195	4.085	3.955	4.086
12/8/2022	4.145	4.240	4.035	3.945	4.091
12/9/2022	4.565	4.525	4.470	4.315	4.469
12/10/2022	4.965	4.825	4.615	4.600	4.751
12/11/2022	4.965	4.825	4.615	4.600	4.751
12/12/2022	4.965	4.825	4.615	4.600	4.751
12/13/2022	5.435	5.730	5.270	5.265	5.425
12/14/2022	5.865	6.020	5.660	5.645	5.798
12/15/2022	5.700	5.665	5.420	5.400	5.546
12/16/2022	6.185	6.150	5.675	6.095	6.026
12/17/2022	6.770	6.465	5.150	5.655	6.010
12/18/2022	6.770	6.465	5.150	5.655	6.010
12/19/2022	6.770	6.465	5.150	5.655	6.010
12/20/2022	6.240	5.930	4.880	5.320	5.593
12/21/2022	6.230	5.640	4.565	4.750	5.296
12/22/2022	29.725	12.985	7.655	9.575	14.985
12/23/2022	9.885	8.545	5.370	7.205	7.751
12/24/2022	9.885	8.545	5.370	7.205	7.751
12/25/2022	9.885	8.545	5.370	7.205	7.751
12/26/2022	9.885	8.545	5.370	7.205	7.751
12/27/2022	9.885	8.545	5.370	7.205	7.751
12/28/2022	4.180	4.370	3.250	3.180	3.745
12/29/2022	3.530	4.035	3.115	2.530	3.303
12/30/2022	3.480	3.520	2.675	2.580	3.064
12/31/2022	3.480	3.520	2.675	2.580	3.064
Monthly Mid Avg.	6.777	5.995	4.819	5.228	5.7046

7 **Q. HOW IS KGS PROPOSING TO CHANGE THIS CALCULATION?**

1 A. KGS is proposing to Cash Out Transportation Customers using daily high and low
 2 averages. Under KGS's proposal, the Company will still calculate a Daily Midpoint
 3 Average based on the same four pipelines. At the end of every month, KGS will review
 4 the Daily Midpoint Average and then use the highest or lowest Daily Midpoint Average
 5 to Cash Out Transportation Customers. The following table illustrates this change.

6 **TABLE 3 – Proposed Cash Out Price Calculation**

7 ***Over-Delivery Imbalance (Use of More Gas than Placed on KGS's System)***

Imbalance (Receipts Less than Deliveries)	Multiplier	X	Cash Out Price
Less than 5% of actual usage or 25 MMBtu	Mechanism Not Triggered		
5% to 10% of actual usage	1.15	X	Highest Cash Out Price
Greater than 10% of actual usage	1.30	X	Highest Cash Out Price

8 ***Under-Delivery Imbalance (Use of Less Gas than Placed on KGS's System)***

Imbalance (Receipts Exceed Deliveries)	Multiplier	X	Cash Out Price
Less than 5% of actual usage or 25 MMBtu	Mechanism Not Triggered		
5% to 10% of actual usage	0.85	X	Lowest Cash Out Price
Greater than 10% of actual usage	0.70	X	Lowest Cash Out Price

9
 10 Compared to the same December 2022 Cash Out example from above, a
 11 Transportation Customer who did not deliver enough gas to KGS would be subject to
 12 a Cash Out price of \$14.985, and a Transportation Customer who supplied too much
 13 gas would be subject to a Cash Out price of \$3.064. For convenience, I mirrored the
 14 highlighting in **Table 3** to illustrate which prices would be used with KGS's proposal.

1

TABLE 4 - December 2022 Cash Out Price Calculation – Proposed Calculation

	Southern Star	ANR Pipeline Co.	NGPL, Midcontinent	Panhandle	Daily Midpoint Avg.
DEC	Midpoint	Midpoint	Midpoint	Midpoint	Midpoint
12/1/2022	5.760	5.835	5.550	5.520	5.666
12/2/2022	5.655	5.470	5.235	5.190	5.388
12/3/2022	4.585	4.860	4.270	4.250	4.491
12/4/2022	4.585	4.860	4.270	4.250	4.491
12/5/2022	4.585	4.860	4.270	4.250	4.491
12/6/2022	4.130	4.355	4.065	4.025	4.144
12/7/2022	4.110	4.195	4.085	3.955	4.086
12/8/2022	4.145	4.240	4.035	3.945	4.091
12/9/2022	4.565	4.525	4.470	4.315	4.469
12/10/2022	4.965	4.825	4.615	4.600	4.751
12/11/2022	4.965	4.825	4.615	4.600	4.751
12/12/2022	4.965	4.825	4.615	4.600	4.751
12/13/2022	5.435	5.730	5.270	5.265	5.425
12/14/2022	5.865	6.020	5.660	5.645	5.798
12/15/2022	5.700	5.665	5.420	5.400	5.546
12/16/2022	6.185	6.150	5.675	6.095	6.026
12/17/2022	6.770	6.465	5.150	5.655	6.010
12/18/2022	6.770	6.465	5.150	5.655	6.010
12/19/2022	6.770	6.465	5.150	5.655	6.010
12/20/2022	6.240	5.930	4.880	5.320	5.593
12/21/2022	6.230	5.640	4.565	4.750	5.296
12/22/2022	29.725	12.985	7.655	9.575	14.985
12/23/2022	9.885	8.545	5.370	7.205	7.751
12/24/2022	9.885	8.545	5.370	7.205	7.751
12/25/2022	9.885	8.545	5.370	7.205	7.751
12/26/2022	9.885	8.545	5.370	7.205	7.751
12/27/2022	9.885	8.545	5.370	7.205	7.751
12/28/2022	4.180	4.370	3.250	3.180	3.745
12/29/2022	3.530	4.035	3.115	2.530	3.303
12/30/2022	3.480	3.520	2.675	2.580	3.064
12/31/2022	3.480	3.520	2.675	2.580	3.064
Monthly Mid Avg.	6.777	5.995	4.819	5.228	5.7046

2

3

Q. WHY IS KGS PROPOSING TO CHANGE THE PRICE RELATED TO THE MONTHLY CASH OUT PROVISION?

4

5

A. There are costs associated with balancing KGS's distribution system, some of which are caused by Transportation Customers being out of balance. The changes proposed by KGS seek to reduce potential subsidization between Transportation Customers and

6

7

1 Sales Customers when Transportation Customer nominations do not match the
2 Transportation Customer's usage during a specific month.

3 **Q. CAN YOU EXPAND ON WHAT THESE COSTS ARE?**

4 A. On any given day, KGS supplies natural gas to its Sales Customers. In the ordinary
5 course of business, the gas supplied on a given day will deviate slightly from what
6 Sales Customers actually use. Meaning, the amount of gas a Sales Customer uses
7 may not match up perfectly with the amount of gas KGS procured to meet their
8 forecasted demand based on information available to KGS at the time of procurement
9 (e.g., anticipated weather, temperatures, and historical usage data). To make up for
10 this difference, and to ensure the system remains balanced, KGS uses no-notice
11 storage. Put simply, no-notice storage is the load-following tool KGS uses to help
12 address these variations. KGS pays for the ability to withdraw from, or inject into,
13 storage fields without providing any advanced notice to the storage provider.

14 **Q. HOW CAN A TRANSPORTATION CUSTOMER'S USAGE IMPACT THESE**
15 **COSTS?**

16 A. When a Transportation Customer puts more gas on KGS's system than they use, KGS
17 must place that gas into storage. When KGS places this excess gas in storage, it
18 incurs a fee from the storage provider. Likewise, when a Transportation Customer
19 uses more gas than they have supplied to the system, KGS must acquire additional
20 volumes to keep the system in balance. These additional volumes can come from
21 storage or gas suppliers. On any given day, KGS uses no-notice storage (and other
22 services) to balance its entire natural gas system used by both Sales and
23 Transportation Customers.

1 **Q. WHO PAYS FOR THE COST ASSOCIATED WITH NO-NOTICE STORAGE?**

2 A. Sales Customers pay for these costs. The costs associated with no-notice storage are
3 collected through the COGR, which Transportation Customers do not pay.

4 **Q. WHY ARE A PORTION OF THESE COSTS NOT COLLECTED FROM**
5 **TRANSPORTATION CUSTOMERS?**

6 A. There are three primary reasons. First, and most important, Transportation Customers
7 are required by KGS's tariff to procure a supply of gas adequate for their needs. This
8 should include upstream services to bring gas to the city gate (e.g., transport and
9 storage). Because Transportation Service is not a bundled service, , the responsibility
10 remains with Transportation Customers to secure all these essential services. KGS
11 does not offer, charge for, or have the mechanisms necessary to provide these
12 services to its Transportation Customers. Second, KGS acquires gas supplies for its
13 Sales Customers and uses the contracted no-notice storage to aid in meeting its
14 service obligations to its Sales Customers. Finally, a Transportation Customer's usage
15 is supposed to remain in balance with the quantities nominated and supplied to KGS.
16 Currently, KGS's tariff does not require EFM equipment for each Transportation
17 Customer. The inability of the Company to see real time usage data for Transportation
18 Customers makes it impossible for KGS to know which customer may be out of
19 balance and causing stress on the system on any particular day. While a
20 Transportation Customer is expected to maintain uniform daily rates of gas deliveries,
21 variations in consumption impact how KGS balances its system. However, as noted
22 above, the Company does not have the data necessary to allocate these costs to
23 Transportation Customers, whatever these costs may be. Therefore, the Cash Out
24 process is designed to incentivize Transportation Customers to remain in balance and

1 prevent Sales Customers from carrying the burden of the entire system's balancing
2 costs.

3 **Q. DOES THE CURRENT CASH OUT PRICE ENSURE TRANSPORTATION**
4 **CUSTOMERS REMAIN BALANCED?**

5 A. No.

6 **Q. WHY NOT?**

7 A. KGS must balance its system moment-to-moment, while the Cash Out process occurs
8 month-to-month. For example, assume a Transportation Customer decides not to
9 nominate any gas on KGS for a day. To keep the system in balance and running, KGS
10 will supply additional volumes to make up for this shortfall. As long as the
11 Transportation Customer supplies enough gas by the end of the month to make up for
12 their shortfall, their monthly imbalance will be zero MMBtu. KGS and its Sales
13 Customers would have incurred all the costs associated with the shortfall. In fact, to
14 reach a neutral position by month's end, the Transportation Customer would need to
15 over-nominate certain days of the month. KGS will incur fees to withdraw gas from
16 storage for the shortfall, fees to inject gas into storage for the surplus, and assess the
17 Transportation Customer \$0.00 because they were in balance by the end of the month.

18 **Q. HOW DO THE COMPANY'S PROPOSED TARIFF REVISIONS ADDRESS THIS**
19 **POTENTIAL SUBSIDIZATION CONCERN?**

20 A. By increasing (and decreasing) the prices Transportation Customers pay (or are paid)
21 for imbalances at Cash Out, KGS believes the added financial risk associated with
22 imbalances will incentivize accurate nominations.

23 **Q. COULD KGS TAKE STEPS TO MORE FULLY ADDRESS THIS CONCERN?**

24 A. Yes, but not today. KGS could request Commission approval to move to daily
25 balancing for Transportation Customers. However, KGS is not requesting the

1 Commission take this additional step at this time. Daily Balancing would require
2 additional infrastructure (i.e. EFM, information technology) be deployed and mandated
3 before any daily balancing could be considered. Restructuring the Cash Out Price to
4 align with the lowest and highest average daily price for the month incentivizes
5 Transportation Customers to better align their nominations with usage. KGS believes
6 this step will encourage Transportation Customers to refrain from using the KGS
7 system to balance their gas supply needs.

8 **Q. DOES KGS RETAIN ANY MONETARY BENEFIT ASSOCIATED WITH THE**
9 **CHANGE IN THE CASH OUT PRICE?**

10 A. No. Any dollars that KGS either receives or pays out for the cash out mechanism flows
11 through the COGR for the benefit of KGS's Sales Customers.

12 **Q. CAN TRANSPORTATION CUSTOMERS RECEIVE A MONETARY BENEFIT USING**
13 **THE COMPANY'S CURRENT CASH OUT PRICE?**

14 A. Yes, because KGS's current Cash Out price is based on a monthly average. If a
15 Transportation Customer is able to secure gas priced at less than 70% of this average,
16 they can make money by over supplying KGS. This is because KGS's current Cash
17 Out Price is the Monthly Midpoint Average multiplied by 0.70.

18 **Q. HAS THE COMPANY EVER EXPERIENCED THIS?**

19 A. It appears so. KGS has experienced instances where, depending on the price of
20 natural gas, certain Transportation Customer nominations overwhelm the system.
21 KGS has had to cut the amount of natural gas a Transportation Customer was
22 nominating into KGS's system because it did not align with their expected
23 consumption. However, because KGS does not have the technology deployed to see
24 daily consumption, KGS cannot determine if these events are to: (1) eliminate

1 imbalances before month-end, or (2) take advantage of price arbitrage between the
2 KGS Cash Out Price and calculated Monthly Midpoint Average.

3 **Q. DOES THE COMPANY'S PROPOSED CASH OUT PRICE ADDRESS THIS?**

4 A. Yes. Because Transportation Customers would be compensated at 70% of the Lowest
5 Cash Out price, there would be little if any monetary incentive to oversupply KGS's
6 system.

7 **Q. ARE THERE ANY OTHER CHANGES TO SECTION 10.09?**

8 A. Yes. KGS is taking this opportunity to update the Platts Gas Daily labeling for the
9 pipelines used to calculate the Cash Out price. However, the Company is not changing
10 which pipelines are included in the Cash Out calculation.

11 **Q. WHAT CHANGES TO SECTION 10.13 IS THE COMPANY PROPOSING?**

12 A. Section 10.13 specifies the procedure for a customer moving from Sales Service to
13 Transportation Service. KGS is requesting to increase the timeframe between when a
14 customer provides notice to move to Transportation Service and when the move is
15 administratively completed. In addition, KGS is proposing to expand this section to
16 clarify how the Company handles routine events Transportation Customers encounter
17 from time to time (e.g., customer Agent changes, or return to Sales Service).

18 **Q. WHY IS KGS PROPOSING TO INCREASE THE TIME NECESSARY TO PROCESS
19 A REQUEST TO BEGIN TRANSPORTATION SERVICE IN SECTION 10.13.01?**

20 A. KGS recognizes customers see value in Transportation Service, and wants to allow
21 customers to transition to this service as fast and easy as possible. From time to time,
22 the number of requests overwhelms KGS's ability to move customers from Sales
23 Service to Transportation Service. While KGS's tariffs allow requests to roll over into
24 the following month (i.e., there is an Administrative Limit on how many requests are
25 processed), the Company recognizes this delay can be disappointing. To better serve

1 a customer's own planning process and better position them to initiate Transportation
2 Service on a date-certain, KGS proposes expanding the time to complete the
3 transition. Not only does an extended transition period ensure the customer's
4 Transportation Service is more likely to be initiated on a given date, but the extension
5 also allows the Company more time to complete any internal reviews, paperwork, and
6 finalize Sales Service billings. This also establishes a timeline controlling when an
7 Agent can terminate their agreement with a Transportation Customer.

8 **Q. WHAT ARE THE CHANGES BEING PROPOSED IN THE NEW SECTION 10.13.04?**

9 A. KGS is proposing to add a new Section 10.13.04 captioned as "Customer Agent
10 Change." Upon advance notice and approval by the Company, a Transportation
11 Customer's obligation to nominate its natural gas requirements would be temporarily
12 suspended. During the agreed upon grace period, KGS will procure the Transportation
13 Customer's natural gas requirements at the then current COGR rate.

14 **Q. WHY IS KGS RECOMMENDING TO ADD THE NEW SECTION 10.13.04 -**
15 **CUSTOMER AGENT CHANGE?**

16 A. There are a variety of reasons a Transportation Customer and their agent may decide
17 to discontinue their business relationship. While KGS plays no role in this decision,
18 KGS understands a Transportation Customer should be afforded an opportunity to
19 secure a new Agent.

20 **Q. CAN A CHANGE IN A TRANSPORTATION CUSTOMER'S RELATIONSHIP WITH**
21 **THEIR AGENT IMPACT KGS?**

22 A. Yes. Transportation Service Customers and their Agents enter into agreements, which
23 contain their own termination provisions, and which KGS may not be familiar with. KGS
24 has experienced instances where a transportation agreement was terminated, and
25 KGS received notice one day prior to the start of a new month. This gives KGS one

1 day to contact the customer, see if they would like to continue transportation service,
2 determine if they have secured a new Agent, etc. In fact, when KGS contacts these
3 customers they themselves may not yet be aware their Agent has terminated their
4 agreement.

5 **Q. WHY DOES KGS BELIEVE IT IS REASONABLE TO UPDATE ITS TARIFF TO**
6 **OFFER TRANSPORTATION CUSTOMERS AN OPPORTUNITY TO SECURE A**
7 **NEW AGENT?**

8 A. There are several provisions of KGS's tariff which govern the rate schedule applicable
9 to a customer. For example, KGS General Terms and Conditions outline how
10 customers choose the rate schedule they would like to receive service under, and how
11 often they can change this decision.¹¹ In particular, KGS General Terms and
12 Conditions, Section 2.09, prohibits a customer from changing to another rate schedule
13 within a 12-month period unless there is a substantial change in the character or
14 condition of the customer's service. Under the current tariff, if a customer chooses to
15 move from Sales Service to Transportation Service, or vice versa, all else being equal
16 they cannot change to a different rate schedule for a year.

17 **Q. HOW DO THESE PROVISIONS IMPACT TRANSPORTATION CUSTOMERS?**

18 A. If a customer loses their Agent, the customer's rate selection is impacted even if they
19 had no say in the matter. In this sense, the customer did not choose to switch from
20 Transportation Service and should not have to wait a year to resume Transportation
21 Service. To be clear, if the customer terminates the agreement and reverts to Sales
22 Service, the 12-month waiting period applies. In this instance, it is the *customer's*
23 choice to change their rate selection.

¹¹ See KGS General Terms and Conditions, Sections 2.08 (Choice by Customer) and 2.09 (Change of Rates), respectively.

1 **Q. HOW DOES KGS PROPOSE TO CLARIFY THIS PROCESS?**

2 Section 10.13.04 describes the process that will be followed when there is a temporary
3 gap in the natural gas supply a Transportation Customer is required to obtain. It allows
4 a Transportation Customer to continue to receive service from the Company under a
5 transportation tariff for a limited amount of time until the customer can secure a new
6 gas supply. This new section allows the Company to bill the customer at the
7 Commission-approved COGR rate for the gas that the customer uses during the short
8 interim period. If the customer cannot find a new gas supply within 30 days, the
9 customer will revert to taking service as a General Sales Service customer. At that
10 point, the standard 12-month wait time to return to Transportation Service would apply.

11 **Q. PLEASE DESCRIBE THE ADDITION OF 10.13.05?**

12 A. This new section outlines how a Transportation Customer may move from a
13 transportation tariff to receiving service under a General Sales Service tariff. The
14 customer will begin receiving service under a General Sales Service tariff on the first
15 day of the month that is at least 30 calendar days after giving notice to the Company
16 of the desire to move to Sales Service. For example, if a customer requested to take
17 service under the General Sales Service tariff on March 20th, the conversion to Sales
18 Service would be effective May 1.

19 **III. CHANGES TO INDEX 11: PIPELINE SYSTEM RESTRICTIONS AND**
20 **PRIORITIES**

21 **Q. CAN YOU BRIEFLY DESCRIBE THE PURPOSE OF THIS TARIFF SECTION?**

22 A. Section 11 describes the responsibilities of customers (Sales or Transportation) during
23 a Critical Use Period or a Period of Curtailment and the actions the Company may
24 take to address threats to the distribution system's integrity. In short, this tariff controls
25 how the Company responds to significant events impacting its distribution system.

1 **Q. WHAT IS A CRITICAL USE PERIOD?**

2 A. A Critical Use Period is a period of time where the Company requires customers to
3 take action to reduce threats to the Company's distribution system. There are two tiers
4 of Critical Use Periods: (1) Standard Operational Flow Order ("OFO") and (2)
5 Emergency OFO. During a Standard OFO, customers must take *preemptive* measures
6 to reduce threats to the system's integrity. During an Emergency OFO, customers
7 must take *immediate* action to reduce threats to the system's integrity.

8 **Q. WHAT ACTIONS SHOULD A CUSTOMER TAKE DURING A CRITICAL USE**
9 **PERIOD?**

10 A. The most important action is ensuring their consumption matches their "Authorized
11 Usage." During a Critical Use Period, a Transportation Customer's Authorized Usage
12 is equal to their confirmed nominations, adjusted for retainage. By preemptively (or
13 immediately) monitoring consumption and communicating with their Agents,
14 Transportation Service Customers can take the steps required to reduce threats to the
15 system. Put simply, during a Critical Use Period, Transportation Customers should be
16 taking steps to ensure their receipts and deliveries are in balance.

17 **Q. WHAT IS A PERIOD OF CURTAILMENT?**

18 A. A Period of Curtailment ("POC") is more severe than a Critical Use Period. During a
19 POC, the Company can require Sales and Transportation Customers to limit their use
20 of the Company's facilities to protect public health and safety. The Company prioritizes
21 service to certain customers and has the sole discretion to set a customer's authorized
22 usage level. In fact, during Supply Emergencies, KGS has the ability to curtail a
23 Transportation Customer and purchase the Transportation Customer's gas to serve
24 higher priority customers *even if* the Transportation Customer supplied the appropriate
25 amount of gas to meet its own needs.

1 **Q. WHAT CHANGES ARE KGS PROPOSING TO INDEX 11: PIPELINE SYSTEM**
2 **RESTRICTIONS AND PRIORITIES?**

3 A. KGS is proposing substantive changes to three sections in Index 11:

- 4 • 11.04 Period of Curtailment;
- 5 • 11.05.03 Required Daily Quantity Balancing; and
- 6 • 11.06.02 Penalties During OFOs and POCs.

7 In addition, Kansas Gas Service is implementing minor grammatical revisions which
8 improve the tariffs readability, but do not impact its operation.

9 **Q. WOULD YOU PLEASE EXPLAIN THE PROPOSED REVISIONS TO SECTION**
10 **11.04, PERIOD OF CURTAILMENT?**

11 A. KGS is proposing two substantive revisions to this tariff term. First, KGS is adding a
12 definition of Plant Protection to provide additional guidance to our customers on the
13 appropriate level of usage during a POC. Second, KGS is adding a group of customers
14 to its Priority Category One curtailment list.

15 **Q. CAN YOU EXPLAIN THE COMPANY'S PLANT PROTECTION GUIDANCE?**

16 A. During periods of extreme stress on the KGS system, it may be necessary to require
17 certain customers (non-residential) to temporarily limit their gas consumption. Today,
18 KGS's tariff gives the Company sole discretion to set a customer's authorized usage
19 during a POC. One way in which KGS informs customers it is reducing their authorized
20 usage level is to require customers to reduce their usage to "Plant Protection" levels.
21 The guidance proposed by KGS helps establish a uniform, baseline understanding of
22 what this request entails.

23 **Q. WHY DOES KGS NEED TO PROVIDE GUIDANCE ON WHAT PLANT**
24 **PROTECTION MEANS?**

1 A. Different customers have different interpretations on what an appropriate minimal
2 amount of usage is for their particular set of circumstances. The guidance offered by
3 KGS is designed to create a common understanding of what this reduced usage level
4 should be. In short, KGS believes Plant Protection usage is only the amount of natural
5 gas usage necessary for a customer to avoid catastrophic damage to equipment or
6 prevent the loss of inventory. Importantly, Plant Protection usage does not allow for
7 the continued operation of gas-powered heating and equipment for any other
8 purposes. This includes continued production or the avoidance of other potential
9 economic damages (i.e., potential reduction in future sales). At a high level, Plant
10 Protection permits only the minimum usage necessary to prevent a non-residential
11 customer's facility from suffering cold weather-related damage. While under Plant
12 Protection, the customer's natural gas-powered or supported manufacturing and/or
13 commercial processes are temporarily suspended until the restriction is lifted by the
14 Company.

15 **Q. CAN YOU DESCRIBE HOW THE COMPANY PRIORITIZES SERVICE TO**
16 **CUSTOMERS?**

17 A. During a POC, which is the most extreme curtailment event, KGS divides its customers
18 into three categories. The highest priority – *Priority Category One* – are residential
19 Sales Service customers and other customers where curtailment would endanger
20 human life or safety. Customers in *Priority Category Two* includes Sales Service or
21 Transportation Service customers the curtailment of which would endanger property.
22 The Company's tariffs strongly encourage these customers to consider the use of

1 alternate fuel backup systems where feasible.¹² Customers in *Priority Category Three*
2 are those “customers not included in the other priority categories.”¹³

3 **Q. IS THE COMPANY PROPOSING CHANGES TO THE PRIORITY CATEGORIES?**

4 A. Yes. KGS proposes to broaden *Priority Category One* to clearly include all customers
5 (Sales or Transportation) where the curtailment of service would endanger human life.
6 An example would be an assisted senior living facility who is a Transportation
7 Customer. While this customer is not a residential Sales Service Customer, curtailing
8 their usage during periods of system stress could endanger human health and safety.

9 **Q. PLEASE EXPLAIN WHAT IS COVERED IN SECTION 11.05: UNAUTHORIZED**
10 **DELIVERIES?**

11 A. Section 11.05 sets out various definitions and parameters for Individually Balanced
12 Transportation Customers and Agents during Critical Use Periods and POCs as it
13 relates to nominations, receipts, and the subsequent delivery of natural gas to the end-
14 use customer.

15 **Q. PLEASE DEFINE DELIVERY AND RECEIPTS OF GAS?**

16 A. In the context of the Company’s tariffs, the “delivery” of gas to a customer refers to the
17 amount of natural gas that KGS delivers to an end-use customer at the usage location
18 or premises (i.e., the customer’s meter). The “receipt” of gas refers to the supply of
19 gas put onto the KGS system by the Transportation Customer. As discussed earlier,
20 Transportation Customers are responsible for procuring their own gas from their own
21 suppliers and arranging for its receipt onto the KGS system. KGS then transports and
22 delivers this gas to the end-use Transportation Customer at their premises. The

¹² See, GTC 11.04.03, Priority Category Two.

¹³ *Id.*

1 arrangements to have the gas put onto the KGS system are most often handled by
2 Agents (usually a natural gas marketer). In short:

3 (1) KGS "receives" gas from a Transportation Customer;

4 (2) KGS transports the customer's gas across KGS's system; and

5 (3) KGS "delivers" the customer's gas to them at their premises.

6 **Q. WHAT IS AN UNAUTHORIZED DELIVERY?**

7 A. An unauthorized delivery occurs when, during a Critical Use Period or POC, a
8 Transportation Customer uses more or less gas than authorized by the Company.

9 **Q. WHAT DOES THAT MEAN – "AUTHORIZED BY THE COMPANY?"**

10 A. A customer's Authorized Usage varies depending on the event. During a Critical Use
11 Period, KGS Section 11.03.03 defines authorized usage as the customer's confirmed
12 nomination, adjusted for retainage. When an Operational Flow Order is in effect, a
13 Transportation Customer is only "authorized" to use their confirmed nomination,
14 adjusted for retainage. During a POC, KGS Section 11.04.01 gives KGS the sole
15 discretion to determine what a customer's Authorized Usage is. If a Transportation
16 Customer deviates from their authorized usage level (i.e., an unauthorized delivery)
17 they may become subject to penalties.

18 **Q. WHO PAYS FOR THE UNAUTHORIZED DELIVERY PENALTIES?**

19 A. Per KGS Section 11.06.03, penalties for individually balanced customers are billed to
20 and collected from the customer. Penalties for aggregation groups are billed to and
21 collected from the Agent representing the aggregated customers.

22 **Q. PLEASE DESCRIBE OVER-DELIVERY AS THE TERM IS USED IN INDEX 11?**

23 A. Over-Delivery is defined in KGS's GTC as the condition resulting when deliveries of
24 natural gas to an end-use customer are greater than the usage level authorized by the

1 Company.¹⁴ Over-Delivery in simpler terms means a Transportation Customer uses
2 more volume than they nominated (and confirmed) onto the system. If a customer is
3 required to put in a specific amount of gas during a Critical Use Period or POC, also
4 called a required daily quantity (“RDQ”), then Over-Delivery occurs when the
5 Transportation Customer does not nominate (or the Company does not otherwise
6 receive) the required RDQ volumes onto the system. An Over-Delivery Critical Use
7 Period or POC is generally called when conditions are colder than normal or supplies
8 on the system are lower than normal. In those cases, it is important for Transportation
9 Customers to only use the amount of gas KGS receives into its system on their behalf.
10 Otherwise, KGS will need to pull more gas from storage or purchase gas to maintain
11 system integrity. Despite having OFOs in place, the KGS system experienced stress
12 related to Over-Deliveries during Winter Storm Uri.

13 **Q. PLEASE DESCRIBE UNDER-DELIVERY AS USED IN INDEX 11?**

14 A. An Under-Delivery is the opposite of an Over-Delivery. An Under-Delivery is the
15 condition when the deliveries of natural gas to a customer are less than those received
16 onto the system on behalf of the Transportation Customer.¹⁵ In other words, the end-
17 use Transportation Customer uses less gas than what is placed on the system for
18 them to use. An Under-Delivery Critical Use Period or POC would likely occur during
19 warm weather periods when end use customers are using less gas than usual. In this
20 case, it is important for the Transportation Customer not to deliver more natural gas to
21 the system. When a Customer is required to put on a specific amount of gas during a
22 critical period, in the situation of an Under-Delivery, they would be required to put on
23 30% of their assigned RDQ. If more gas is delivered than authorized, KGS’s system

¹⁴ See, GTC Section 1 (Definitions) part 1.22.

¹⁵ See, GTC 1 (Definitions) part 1.34.

1 can become over-pressurized. KGS would need to inject this additional gas into
2 storage to balance the system. In times of warm weather, KGS may not have the ability
3 to add additional gas to storage as both the daily amount that KGS is permitted to put
4 into storage and the total amount of capacity KGS has available in storage are limited.

5 **Q. PLEASE DESCRIBE THE CHANGES TO SECTION 11.05.03 - REQUIRED DAILY**
6 **QUANTITY (RDQ) BALANCING, BEING PROPOSED BY KGS.**

7 A. KGS is proposing two primary changes to Section 11.05.03. First, and as discussed
8 in more detail below, KGS is proposing to require Transportation Customers to use
9 EFM meters. KGS's revisions to 11.05.03 reflect the Company's approach to
10 converting customers from RDQ to EFM. Second, KGS is proposing a series of
11 clarifying edits to the RDQ provisions. Overall, these revisions simplify the application
12 of the RDQ provisions without materially amending them.

13 **Q. WHAT IS AN "RDQ CUSTOMER" AS USED IN THIS TESTIMONY?**

14 A. A RDQ Transportation Customer is a customer who does not use a meter equipped
15 with EFM technology. Because of this, an RDQ Transportation Customer agrees to
16 deliver a specific amount of gas to KGS during a Critical Use Period or POC.

17 **Q. WHY IS IT IMPORTANT THAT AN RDQ TRANSPORTATION CUSTOMER**
18 **DELIVER A SPECIFIC QUANTITY OF GAS DURING PERIODS OF SYSTEM**
19 **STRESS?**

20 A. As I noted earlier, KGS must balance its system moment-to-moment. This is even
21 more important during a Critical Use Period or POC. However, since RDQ
22 Transportation Customers do not use EFM, neither KGS nor the Transportation
23 Customers have readily available and accessible information on current usage. In
24 industry terms, KGS does not have "telemetry" for these customers. For this reason,
25 the RDQ Transportation Customer and the Company agree up front, and adjust on an

1 annual basis, an authorized usage level to be used during Critical Use Periods or
2 POCs.

3 **Q. WHY IS THE COMPANY PROPOSING TO ELIMINATE THE RDQ OPTION AND**
4 **REQUIRE ALL TRANSPORTATION CUSTOMERS TO USE EFM?**

5 A. Winter Storm Uri revealed flaws in the RDQ process impacting both Transportation
6 Customers and KGS. Many Transportation Customers were unable to supply their
7 RDQ. At the same time, KGS was making public calls for conservation and some RDQ
8 customers indicated they did make efforts to reduce usage. This type of scenario
9 creates a situation where a customer must deliver a certain quantity of gas or face
10 penalties – even if they responded to calls for conservation and reduced their
11 consumption. Put differently, the RDQ can operate as an obstacle to conservation
12 calls.

13 **Q. HOW DOES KGS PROPOSE TO ADDRESS THESE ISSUES?**

14 A. KGS proposes to address these issues by requiring EFM meters for all Transportation
15 Customers. Not only would this technology give KGS more insight into how its system
16 and customers respond to significant events, it would also allow customers to respond
17 to conservation requests and to make reasonable usage adjustments based on
18 upstream supply information without worry of potential unintended tariff impacts.

19 **Q. KGS'S TARIFF ALLOWS FOR A TEMPORARY RDQ ADJUSTMENT NOW. WHY IS**
20 **THIS PROVISION NOT SUFFICIENT TO ADDRESS THESE ISSUES?**

21 A. The Temporary RDQ provision, Section 11.05.03(6), allows a customer to request a
22 temporary RDQ adjustment up to 72 hours after a significant event has passed. This
23 after-the-fact tweaking of RDQ aids the customer in avoiding potential penalties, but
24 does not effectively assist KGS in managing widespread supply disruptions like those
25 the Company experienced during Winter Storm Uri. Since RDQ customers do not have

1 EFM meters, there is no way for the Company to verify an RDQ customer has actually
2 reduced usage.

3 **Q. WOULD YOU PLEASE SUMMARIZE THE PROPOSED CHANGES AND HOW**
4 **THEY AFFECT THE RDQ CUSTOMERS?**

5 A. During Critical Use Periods, it is important the gas receipts onto KGS's system meet
6 the deliveries of Transportation Customers' needs and remain balanced on a daily
7 basis. Currently, the majority of the Transportation Customers do not have EFM
8 meters that allow for hourly or daily reads of deliveries to the customer. Under the
9 current tariff, during Critical Use Periods, if a Transportation Customer does not have
10 an EFM meter they are required to cause KGS to receive a predetermined amount of
11 natural gas (the RDQ) on a daily basis. Proposed changes to Section 11.05.03 simplify
12 the language as it relates to RDQ requirements and the definitions of "Unauthorized
13 Over-Deliveries" and "Unauthorized Under-Deliveries" for customers that are subject
14 to RDQ. These provisions would become obsolete and would naturally sunset once
15 KGS converts all Transportation Customers to EFM meters.

16 **Q. PLEASE CONTINUE WITH THE DESCRIPTION OF THE CHANGES TO SECTION**
17 **11.06.01.**

18 A. KGS is clarifying how penalties are assessed for Unauthorized Usage during a Critical
19 Use Period or POC. During a Critical Use Period or POC, deliveries to a customer
20 must stay within a set tolerance level. For customers with EFM meters, this tolerance
21 zone is plus or minus 5% of their authorized daily levels. As noted above, the
22 authorized level is the customers confirmed nomination, adjusted for retainage. In
23 short, Transportation Customers with EFM meters must stay within 5% of their
24 confirmed nomination, adjusted for retainage. If a Transportation Customer does not

1 have EFM installed (i.e., they are an RDQ customer), they must nominate their RDQ
2 amount assigned by the Company plus retainage.

3

4 KGS's proposed changes clarify the Company's intent that penalties only apply if a
5 Transportation Customer's actions worsen the stress being experienced on the
6 Company's system. For example, if KGS issues a Standard OFO declaring an *Over-*
7 *Delivery* critical period (similar to the OFO KGS issued during Winter Storm Uri), a
8 Transportation Customer would *not* face a penalty if they nominate and deliver onto
9 the KGS system *more* gas than they actually use. This is because an Over-Delivery
10 critical period is signaling potential (or actual) supply constraints and KGS's need to
11 protect its gas supplies to avoid initiating curtailment measures. Under these
12 circumstances, a customer would not face a penalty if they nominated more than their
13 actual usage or their RDQ during that particular period.

14

15 Likewise, KGS is also proposing a similar revision to Under-Delivery (i.e., too much
16 gas on the system) penalties. During a period of Under-Delivery, an EFM
17 Transportation Customer is required to nominate *no more* than their actual usage, plus
18 retainage. Similarly, an RDQ customer is required to nominate *no more* than 30% of
19 their assigned RDQ, plus retainage. Nominations above those amounts are subject to
20 penalty. As explained above, an Under-Delivery OFO or POC is typically called when
21 there is an excess of gas on the system usually due to warmer than normal weather.

22 **Q. ARE THERE ANY OTHER ACTIONS THE COMPANY IS TAKING TO REVISE**
23 **THESE PENALTY PROVISIONS?**

1 A. KGS is refining the definitions of Over-Delivery and Under-Delivery in the definition
2 portion of its GTCs. While this revised definition does not alter the terms' meanings, it
3 presents them in a simpler to understand way and aligns with the Company's revisions
4 to Section 11.

5 **Q. PLEASE DISCUSS THE CHANGES TO 11.06.02: PENALTIES DURING OFOs AND**
6 **POCs.**

7 A. KGS is revising the penalty amounts the Company may assess during Critical Periods
8 and POCs. Following Winter Storm Uri, the current penalty formula and extremely high
9 cost of natural gas encountered during the storm led KGS to request a limited waiver
10 of the penalty multiplier. The changes proposed to Section 11.06.02 restructure the
11 penalty provisions to prevent an exponential rise in penalty amounts during extreme
12 pricing events. Overall, the goal of these revisions is to ensure Transportation
13 Customers accurately nominate during extreme events but are not subject to
14 excessive penalties. After all, the penalty provisions of KGS's tariff are designed to
15 ensure Sales Customers are not harmed if Transportation Customers underperform
16 during Critical Use Periods or POCs – that is take unauthorized deliveries. These
17 penalties do not, nor should they, operate as profit centers or windfalls from one
18 customer group to another. The changes KGS is proposing help ensure this balance
19 exists.

20 **Q. HOW IS KGS ADDRESSING THE EXTREME PRICE EVENT THAT OCCURRED**
21 **DURING THE WINTER STORM URI IN THE PENALTY PROVISIONS?**

22 A. KGS recognizes the extreme natural gas prices which impacted Kansas, and resulted
23 in the spot price on the Southern Star Index going above \$600 per MMBtu, would have
24 also produced extreme hardship for Transportation Customers if KGS assessed the
25 Section 11 penalties as written. For example, the current Standard OFO penalty is the

1 greater of \$5 or 2 ½ times the daily midpoint as stated on the Platts Gas Daily index
2 for Southern Star. That means, if the daily midpoint index price was \$600 per MMBtu,
3 the penalty for each unauthorized MMBtu would be \$1,500. Under the same scenario,
4 for a POC, the penalty is 10 times the daily midpoint – \$6,000 per MMBtu. Those
5 penalties are extreme, which is why KGS filed a motion for a limited waiver of the
6 penalty multiplier in the 21-332 Docket.

7

8 The proposed changes reflect KGS balancing the need to ensure Transportation
9 Customers nominate and deliver the correct volumes during events of extreme
10 weather (or other operational challenges) against the potential financial impact an
11 unreasonable penalty may have on the same Transportation Customers. Through the
12 workshops and other discussions, KGS believes the best solution for striking this
13 balance is to place a cap on the price used to calculate penalties.

14 **Q. PLEASE EXPLAIN THE PROPOSED CAPS FOR PRICES USED IN CALCULATING**
15 **THE PENALTIES OUTLINED IN SECTION 11.06.02.**

16 A. KGS is proposing to cap the penalty portion used to calculate Critical Use Period and
17 POC penalties. This cap protects Sales Service customers by ensuring they are made
18 financially whole if a Transportation Customer takes unauthorized deliveries and
19 protects Transportation Customers by eliminating potential severe penalties. KGS
20 proposes the following penalty caps per MMBtu of Unauthorized Deliveries:

	The Lesser Of	
	Multiplier	Financial Cap
Standard Operational Flow Order	2.5 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star	\$15 + the daily midpoint stated on Platts Gas Daily's Index for Southern Star
Emergency Operational Flow Order	5 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star	\$50 + the daily midpoint stated on Platts Gas Daily's Index for Southern Star
Period of Curtailment	10 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star	\$100 + the daily midpoint stated on Platts Gas Daily's Index for Southern Star

1 For example, assume KGS called a Standard OFO and the daily midpoint price was
2 \$7.50. Using a 2.5x multiplier, the penalty per MMBtu would be \$18.75. Using a
3 financial cap of \$15.00 plus the daily midpoint price, the penalty per MMBtu would be
4 \$22.50. KGS proposes to use the lesser amount, so a Transportation Customer would
5 be assessed \$18.75 for each MMBtu of unauthorized usage – the multiplier resulted
6 in a lower penalty. On the other hand, assume KGS called a Standard OFO and the
7 daily midpoint price was \$20.00. Using a 2.5x multiplier, the penalty per MMBtu would
8 be \$50.00. Using a financial cap of \$15.00 plus the daily midpoint price, the penalty
9 per MMBtu would be \$35.00. KGS proposes to use the lesser amount, so a
10 Transportation Customer would be assessed \$35.00 for each MMBtu of unauthorized
11 usage – the financial cap resulted in a lower penalty.

12
13 A final example, assume KGS called a Standard OFO but the daily midpoint price had
14 skyrocketed to \$100.00. Using a 2.5x multiplier, the penalty per MMBtu would be
15 \$250.00. Using a financial cap of \$15.00 plus the daily midpoint price, the penalty per
16 MMBtu would be \$115.00. KGS proposes to use the lesser amount, so a
17 Transportation Customer would be assessed \$115.00 for each MMBtu of unauthorized
18 usage – the financial cap prevented an exponential and unreasonable penalty.

1 As illustrated in these examples, under the proposed changes, if the prices become
2 extreme (as they did during Winter Storm Uri) a Transportation Customer is still
3 incentivized to put on the correct amount of gas (the penalty costs more than the
4 midpoint price). However, the Transportation Customer would not be subject to an
5 extreme penalty such as what would have occurred during Winter Storm Uri absent
6 the Commission's approval of the Company's requested waiver.

7 **Q. ARE THERE OTHER PENALTIES THAT CAN BE ASSESSED TO THE**
8 **TRANSPORTATION CUSTOMERS?**

9 A. Yes. Section 10.11 specifies that if the delivery of the gas to the Transportation
10 Customer causes KGS to incur demand charges, standby charges, reservation
11 changes, penalties from our upstream suppliers then these charges shall be billed to
12 the customer.

13 **Q. ARE THERE ANY OTHER CHANGES TO INDEX 11.**

14 A. Yes. KGS is updating the Platts Gas Daily labeling for the pipelines that are used in
15 calculating the penalty provision. There are other small administrative or clarifying
16 changes throughout the Index.

17 **IV. PROPOSED CHANGES TO ELECTRONIC FLOW MEASUREMENT RIDER**

18 **Q. IS KGS REQUESTING ANY CHANGES TO INDEX 42 ELECTRONIC FLOW**
19 **MEASUREMENT RIDER?**

20 A. Yes. KGS is requesting EFM equipment be required for all Transportation Customer
21 meters regardless of the size of the customer. KGS is proposing that EFM meters will
22 be installed within 3 years of the effective date of the tariff. This change primarily
23 affects smaller Transportation Customers who elected to nominate an RDQ rather
24 than purchase an EFM.

1 **Q. WHY IS THE COMPANY PROPOSING TO REQUIRE EFM ON ALL**
2 **TRANSPORTATION CUSTOMER METERS?**

3 A. Winter Storm Uri proved it is important for the Company and its customers to have
4 more real-time visibility into customer usage. Likewise, as discussed earlier, the RDQ
5 itself can act as a barrier to conservation requests. In fact, this lack of flexibility was
6 raised by Transportation Customers during the workshops. Requiring all
7 Transportation Customers to use EFM meters will allow all customers to have more
8 control over the required nominations to the KGS system during critical periods. Not
9 only will this bolster the Company's visibility into customer usage when it matters most,
10 tying nominations directly to end-use customers allows customers to react to
11 conservation requests without worry they will face a penalty because they did not
12 supply their RDQ of gas. The changes will also provide additional information to
13 smaller Transportation Customers of their actual usage during periods of normal
14 operation and better align nominations with usage on a more regular basis.

15 **Q. IS KGS PROPOSING ANY CHANGES TO THE MONTHLY FEE FOR EFM?**

16 A. No. KGS is not updating the monthly costs related to EFM maintenance at this time.
17 Once a customer has EFM equipment installed on their premises, they will be billed
18 the amounts specified in the "Net Monthly Bill" section of the EFMR tariff ("EFMR
19 Rate"). KGS will need three years to install EFM equipment on all current
20 Transportation Customer meters. Once every Transportation Customer has EFM
21 equipment, KGS will propose to incorporate the EFM maintenance cost into base rates
22 during a subsequent base rate case.

23 **Q. IS KGS PROPOSING CHANGES TO THE REIMBURSEMENT AMOUNTS**
24 **ASSOCIATED WITH EFM EQUIPMENT FOR THEIR CUSTOMERS?**

1 A. Yes. The costs related to EFM equipment has decreased and KGS is now able to
2 deploy EFM equipment that is less expensive than it was during prior discussions on
3 this issue.¹⁶ Under the proposed changes, a Transportation Service customer will have
4 the option of paying \$2,400 to install the EFM meter or to instead pay \$30.54 per month
5 for the installation costs. This charge would be in addition to the monthly EFMR Rate
6 discussed previously. The \$30.54 monthly equipment charge will continue to be
7 assessed to each Transportation Customer that chooses not to pay the upfront
8 equipment costs for EFM, even after the monthly EFMR Rate is rolled into base rates.

9 **Q. IN DOCKET 18-KGSG-560-RTS (“DOCKET 18-560”), KGS REQUESTED THAT**
10 **ALL NEW TRANSPORTATION CUSTOMERS BE REQUIRED TO INSTALL EFM**
11 **BUT ULTIMATELY AGREED TO NOT IMPLEMENT THE REQUIREMENT IN THE**
12 **SETTLEMENT OF THAT DOCKET. HAS ANYTHING CHANGED SINCE THEN?**

13 A. Yes. Docket 18-560 was almost five years ago, and circumstances in the market have
14 changed. During Winter Storm Uri the natural gas markets in Kansas experienced the
15 highest daily gas prices ever seen. Despite these high prices and conservation efforts
16 small Transportation Customers may have engaged in, the customers without EFM
17 were still required to nominate to the KGS system the agreed upon RDQ amount. I
18 do not know the economic impact that each of these small customers may have faced
19 in the aftermath of the storm. However, if they had been able to reduce the required
20 nominations on the highest priced day by just 2 MMBtus then the small customers may
21 have saved over \$1,200 – half the cost of an EFM meter KGS is requesting all
22 Transportation Customers install. Additionally, technology has improved over the last
23 five years and the cost related to EFM equipment has decreased making it more
24 affordable for the Transportation Customers.

¹⁶ Prior discussions on this issue were had with the parties to KCC Docket No. 18-KGSG-560-RTS.

1 **Q. COULD KGS INCLUDE THE COSTS OF THE EFM METERS INTO BASE RATES**
2 **INSTEAD OF CHARGING EACH CUSTOMER AN INSTALLATION FEE?**

3 A. Yes. However, it was expressed at the transportation workshops large Transportation
4 Customers who have already paid for their EFM meters would be subsidizing the small
5 customers who have not yet paid for the installation of EFM equipment. By requiring
6 all Transportation Customers to pay for their installation (either through a one-time
7 cost or an on-going monthly fee) this subsidization would not occur.

8 **Q. IS THAT THE CONCLUSION OF YOUR TESTIMONY.**

9 A. Yes, it is.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

Lorna M. Eaton, being duly sworn upon her oath, deposes and states that she is Manager, Rates and Regulatory Department for Kansas Gas Service, a Division of ONE Gas, Inc.; that she has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information, and belief.

Lorna M Eaton
Lorna M. Eaton

Subscribed and sworn to before me this 28th day of March 2023.

[Signature]
NOTARY PUBLIC

My appointment Expires:
6/5/26



THE STATE CORPORATION COMMISSION OF KANSAS

Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas

SCHEDULE CONTENTS
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Sheet 1 of 9

No supplement or separate understanding shall modify the tariff as shown herein.

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Issued: <u>November 29, 2016</u>	16-KGSG-491-RTS Approved Kansas Corporation Commission December 28, 2016 /S/ Amy L. Green
Effective: <u>January 1, 2017</u>	
By: <u>/S/</u> David N. Dittmore, Director – Regulatory Affairs	

THE STATE CORPORATION COMMISSION OF KANSAS

Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas

SCHEDULE CONTENTS
Replacing Sheets 1-~~108~~, In Part
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No supplement or separate understanding shall modify the tariff as shown herein.

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General Terms and Conditions for Gas Service

13.06 Definitions and Conditions

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No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

1. Definitions

- 1.01 **Agent:** A person, partnership, public/private firm, or corporation authorized by another entity to perform services on their behalf.
 - 1.01.01 **Company Agent:** A person or agency employed or appointed by Company to act as its representative for the purpose of providing service or otherwise exercising the authorities described in Company’s Commission-approved Tariffs.
 - 1.01.02 **Marketer Agent:** An agent authorized by the Customer to perform transportation service-related activities for the Customer. A gas marketer must meet criteria established under Section 10 Requirements for Transportation Service.
- 1.02 **Ancillary Line:** The exterior piping installed and owned by customer and connected to the yard line or house piping to supply fuel to any exterior appliance or apparatus.
- 1.03 **Arrears:** The first day of the arrearage period is the first day after the due date on the bill.
- 1.04 **Central Clock Time (CCT):** Central Standard Time throughout the year, as adjusted for Central Daylight Time.
- 1.05 **Character of Service:** The qualities inherent in the classification and nature of service.
 - 1.05.01 **Classification of Service:** The category of service provided to the Customer. A change in the classification of service may be marked by, but is not exclusively limited to, movement from Residential to Nonresidential service or by a change from small to large Nonresidential service.
 - 1.05.02 **Nature of Service:** The manner by which service is received. Fundamental modifications to parameters including, but not limited to, delivery pressure or the size of the meter or required distribution piping constitute a change in the nature of service.
- 1.06 **Commission:** The State Corporation Commission of the State of Kansas or any successor of such Commission having jurisdiction over the subject matter herein.
- 1.07 **Company:** Kansas Gas Service, a division of ONE Gas, Inc. or its properly designated Agent.
- 1.08 **Confidentiality:** Company’s treatment of customer-specific information. This information, which shall include all billing statement information, usage data and agent information, shall not be released to any other party without the customer’s consent, except that neither notice nor Customer consent shall be required when customer-

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No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

specific information is released in response to a request of the Commission or its staff. This section shall not prevent Company from providing information regarding Customer status when requested by law enforcement or emergency personnel acting in an official capacity or when customer-specific information is released by court order, subpoena, or other order or requirement issued by a duly constituted authority, or when release of such information is necessary to provide service. Company shall not be required to notify the Customer or obtain the customer’s consent in these instances.

- 1.09 **Contiguous Premises:** Properties, sharing at least one common point or local boundary, upon which all buildings and/or natural gas consuming devices are owned or occupied by the same Customer, and upon which all natural gas service is utilized to supply one or more connected natural gas loads which Company considers to be components of a unified operation. Streets, alleys, and other rights-of-way intersecting the customer’s properties are not considered property occupied or used by others.
- 1.10 **Curtailment:** Company’s complete or partial limiting of delivery services to a Customer or customers otherwise entitled to receive such services.
- 1.11 **Customer:** An end-user of natural gas for which Company has approved an application for service supplied under Company’s Tariffs.
 - 1.11.01 **Residential:** A Customer receiving natural gas Sales Service at a Single Location, principally for the maintenance or improvement of the quality of life in a household, home, or place of dwelling having separate kitchen, sleeping and living facilities and permanent provisions for sanitation, or at a detached garage on the same premises as customer’s home. The primary use of utility service shall be limited to comfort space conditioning, water heating, food preparation, and other non-profit household uses. Uses shall also include:
 - (1) Premises, served through one meter, that have been converted from one to no more than five single-family dwelling units, each having separate kitchen facilities, and
 - (2) Premises in which four or fewer sleeping rooms are rented or available for rent.
 - 1.11.02 **Nonresidential:** A Customer served at a single location for which the primary activity cannot be defined as residential. Nonresidential customers may include, but shall not necessarily be limited to, those using service for wholesale and retail trade, professional and miscellaneous business services; hotels and other lodging places; garages located on property not contiguous to the customer’s residential dwelling; clubs; single-metered

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apartment houses; commercial office buildings; warehouses; theaters and auditoriums; water pumping plants; laundries; greenhouses; public buildings; universities, colleges and schools; hospitals, institutions for the care or detention of persons; and airfields, military and naval posts. Nonresidential customers may also include those using service to change raw or unfinished materials into other forms or products. Meters serving the common use of multiple customers or units, whether Residential or Nonresidential, shall be considered Nonresidential.

- 1.12 **Customer-Owned Distribution Network:** The customer-owned lines located downstream from a Company-owned Master Meter. Such networks include, but are not limited to, institutional, educational and health care campuses, mobile home parks, military complexes, industrial facilities, commercial complexes, irrigation systems and oil and natural gas leases.
- 1.13 **Delivery Point:** The point on Company’s system at which it delivers natural gas that is has transported.
- 1.14 **Delivery Systems:** The areas into which Company's delivery facilities are divided.
 - 1.14.01 **"k" System:** Company's local distribution facilities connected to interstate pipelines not affiliated with Company and providing service to customers living in and around the communities listed in the Index.
 - 1.14.02 **"t" System:** Company's affiliated and integrated transmission and local distribution facilities providing service to customers living in and around the communities listed in the Index.
- 1.15 **Diversion:** The obtaining of natural gas service not authorized by Company by way of interference, redirecting, or bypass of the meter to prevent measurement. Diversion shall include, but is not limited to, installing solid pipe or flexible steel tubing, hoses or other connection in or around a gas service riser.
- 1.16 **Fraud:** The misrepresentation or omission of facts or the giving of false and/or misleading information, the reliance on which would result in a customer’s obtaining or maintaining utility service, or avoiding payment for past, present or future service, or obtaining a refund. Fraud shall include, but is not limited to, any verbal or documentary representation by which a prospective or current customer, or the customer’s agent, provides:
 - (1) False names or identification information not legally assigned to such person.
 - (2) False or altered residency, either past, present or future.

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No supplement or separate understanding shall modify the tariff as shown herein.

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- (3) False or altered ownership or lease documentation
- (4) False or insufficiently funded non-cash payments, through means including but not limited to:
 - (a) A false and/or unauthorized electronic fund transfers.
 - (b) False and/or unauthorized credit card or debit card information, to include the cancellation of a prior transaction without which disconnection of service would have occurred.
- 1.17 **Gas Day:** A 24-hour period from 9:00 a.m. to 9:00 a.m. Central Clock Time unless stated otherwise in an agreement with a specific pipeline. The Gas Day shall be used to determine receipt and delivery of gas by Company. It shall also be the basis for projecting the customer’s requirement and nominating monthly usage.
- 1.18 **Gas Supply:** The total natural gas volumes purchased by Company to be available to meet the needs of its Sales Service customers.
- 1.19 **Master Meter:** A Company-owned meter providing service to a Customer-Owned Distribution Network.
- 1.20 **Nomination:** A customer’s request to deliver a specified amount of gas through Company’s local distribution facilities. A nomination is a daily MMBtu quantity and must include a beginning and ending date.
- 1.21 **Operational Flow Order (OFO):** A directive instructing customers to control their usage to avoid either Under-Deliveries or Over-Deliveries to protect the integrity of any portion of Company’s system or to insure compliance with upstream transporters’ requirements.
- 1.22 **Over-Delivery:** The condition resulting when an end-use transportation customer takes deliveries of natural gas which is greater than the amount received onto the KGS system.~~deliveries of natural gas to a customer are greater than the usage level authorized by Company.~~
- 1.23 **Period of Curtailment (POC):** A period of time during which Company limits delivery service to sales and/or transportation customers.
- 1.24 Platt’s Gas Daily: S&P Global Commodity Insights Platt’s Gas Daily, its successors and assigns.
- 1.24.1.25 Point of Delivery: For inside meter settings, point of delivery shall be a point 12 inches exterior to the point at which the service line enters the building wall. For outside meter settings, point of delivery shall be Company’s meter outlet, unless Company owns and maintains the line extending from the meter to the building in which case the point

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of delivery shall be a point 12 inches exterior to the building wall.

~~1.25~~1.26 **Receipt Point:** A mutually agreeable location on Company’s system where a transportation service customer provides for Company to receive gas.

~~1.26~~1.27 **Service**

~~1.26.01~~1.27.01 **Sales Service:** Gas delivery for which Company is responsible for procuring an adequate supply of gas to meet a customer's needs. Company's responsibility under sales service is conditioned by Company's Rate Schedules and these GTC, specifically Section 11 Pipeline System Restrictions & Priorities.

~~1.26.02~~1.27.02 **Transportation Service:** Gas delivery for which a Customer is responsible for procuring a supply of gas adequate for the customer’s needs. Company’s responsibility under transportation service is conditioned by Company’s Rate Schedules and these GTC, specifically Section 10, Requirements for Transportation Service and Section 11, Pipeline System Restrictions & Priorities.

~~1.27~~1.28 **Service Line:** For outside meter settings, it is the pipe installed from Company's main to the inlet of Company's meter. For inside meter settings, the Service Line extends from Company's main to the building wall.

~~1.28~~1.29 **Single Location:** A customer's Contiguous Premises.

~~1.29~~1.30 **Supplier:** A person, partnership, public/private firm, or corporation which provides and delivers natural gas to a Company Receipt Point on behalf of Company, a transportation customer, or the customer’s agent.

~~1.30~~1.31 **Supply Emergency:** A system condition in which Company’s available gas supply is insufficient to meet the requirements of its critical-needs Sales Service customers. A supply emergency may be caused by insufficient supply or inadequate capacity, either on Company’s system or on that of any connected interstate pipeline.

~~1.31~~1.32 **Tampering:** Obtaining natural gas service not authorized by Company by altering the service regulator or other acts which prevent meters and/or regulators from accurately measuring the amount of gas consumed, or the use of an unassigned meter to obtain unauthorized service. Tampering shall include, but is not limited to:

- (1) Making a tap connection to any service, distribution or transmission line owned by Company;
- (2) Defacing, puncturing, removing, reversing or altering any meter or any connections for the purpose of securing unauthorized or unmeasured

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No supplement or separate understanding shall modify the tariff as shown herein.

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service;

- (3) Preventing any such meters from properly measuring or registering; or
- (4) Taking, receiving, using or converting to such person's own use any service which has not been measured.

~~1.321.33~~ **Tariffs:** Company documents, on file with the Commission, which define the terms and conditions under which Company provides service to customers.

~~1.32.01~~~~1.33.01~~ **General Terms and Conditions for Gas Service (GTC):** The operational practices and methods for service to customers. The GTC applies to all service agreements between Company and a Customer and to all Rate Schedules and Surcharge/Rider Schedules approved by the Commission. These GTC in no way supersede or modify any rules, regulations, and lawful orders of the Commission. If there appears to be any conflict, the rules, regulations, and/or lawful orders of the Commission shall control. These GTC are also intended to be consistent with the service agreements, Rate Schedules, and Surcharge/Rider Schedules of Company. The more specific provisions of a service agreement, Rate Schedule, or Surcharge/Rider Schedule shall control if there appears to be any inconsistency. No representative, Agent, or employee of Company shall have authority to amend, modify, alter, or waive any of these GTC except as directed by the Commission. Certain requirements of these GTC may be waived by the Commission in individual cases upon written request by Company and a showing that compliance with the requirement would not serve the interests of Company or the Customer.

~~1.32.02~~~~1.33.02~~ **Rate Schedules:** Rates and specific conditions for service. Rate schedules are subject to change as provided by law.

~~1.32.03~~~~1.33.03~~ **Surcharge/Rider Schedules:** Rates and/or conditions for service applicable to certain customers, but which must refer to and rely upon a rate schedule or the customer's complete requirements.

~~1.331.34~~ **Under-Delivery:** The condition resulting when an end-use transportation customer takes deliveries of natural gas which is less than the amount received onto the KGS system. ~~deliveries of natural gas to a Customer are less than those received into Company's system on behalf of the Customer.~~

~~1.341.35~~ **Yard Line:** Used in conjunction with outside meter settings, excluding Master Meters, to designate the underground piping installed from the outlet of Company's meter to the building wall.

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General Terms and Conditions for Gas Service

1. Definitions

- 1.01 **Agent:** A person, partnership, public/private firm, or corporation authorized by another entity to perform services on their behalf.
 - 1.01.01 **Company Agent:** A person or agency employed or appointed by Company to act as its representative for the purpose of providing service or otherwise exercising the authorities described in Company’s Commission-approved Tariffs.
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- 1.02 **Ancillary Line:** The exterior piping installed and owned by customer and connected to the yard line or house piping to supply fuel to any exterior appliance or apparatus.
- 1.03 **Arrears:** The first day of the arrearage period is the first day after the due date on the bill.
- 1.04 **Central Clock Time (CCT):** Central Standard Time throughout the year, as adjusted for Central Daylight Time.
- 1.05 **Character of Service:** The qualities inherent in the classification and nature of service.
 - 1.05.01 **Classification of Service:** The category of service provided to the Customer. A change in the classification of service may be marked by, but is not exclusively limited to, movement from Residential to Nonresidential service or by a change from small to large Nonresidential service.
 - 1.05.02 **Nature of Service:** The manner by which service is received. Fundamental modifications to parameters including, but not limited to, delivery pressure or the size of the meter or required distribution piping constitute a change in the nature of service.
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General Terms and Conditions for Gas Service

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1.10 **Curtailement:** Company’s complete or partial limiting of delivery services to a Customer or customers otherwise entitled to receive such services.

1.11 **Customer:** An end-user of natural gas for which Company has approved an application for service supplied under Company’s Tariffs.

1.11.01 **Residential:** A Customer receiving natural gas Sales Service at a Single Location, principally for the maintenance or improvement of the quality of life in a household, home, or place of dwelling having separate kitchen, sleeping and living facilities and permanent provisions for sanitation, or at a detached garage on the same premises as customer’s home. The primary use of utility service shall be limited to comfort space conditioning, water heating, food preparation, and other non-profit household uses. Uses shall also include:

- (1) Premises, served through one meter, that have been converted from one to no more than five single-family dwelling units, each having separate kitchen facilities, and
- (2) Premises in which four or fewer sleeping rooms are rented or available for rent.

1.11.02 **Nonresidential:** A Customer served at a single location for which the primary activity cannot be defined as residential. Nonresidential customers may include, but shall not necessarily be limited to, those using service for wholesale and retail trade, professional and miscellaneous business services; hotels and other lodging places; garages located on property not contiguous to the customer’s residential dwelling; clubs; single-metered

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apartment houses; commercial office buildings; warehouses; theaters and auditoriums; water pumping plants; laundries; greenhouses; public buildings; universities, colleges and schools; hospitals, institutions for the care or detention of persons; and airfields, military and naval posts. Nonresidential customers may also include those using service to change raw or unfinished materials into other forms or products. Meters serving the common use of multiple customers or units, whether Residential or Nonresidential, shall be considered Nonresidential.

- 1.12 **Customer-Owned Distribution Network:** The customer-owned lines located downstream from a Company-owned Master Meter. Such networks include, but are not limited to, institutional, educational and health care campuses, mobile home parks, military complexes, industrial facilities, commercial complexes, irrigation systems and oil and natural gas leases.
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- 1.14 **Delivery Systems:** The areas into which Company's delivery facilities are divided.
 - 1.14.01 **"k" System:** Company's local distribution facilities connected to interstate pipelines not affiliated with Company and providing service to customers living in and around the communities listed in the Index.
 - 1.14.02 **"t" System:** Company's affiliated and integrated transmission and local distribution facilities providing service to customers living in and around the communities listed in the Index.
- 1.15 **Diversion:** The obtaining of natural gas service not authorized by Company by way of interference, redirecting, or bypass of the meter to prevent measurement. Diversion shall include, but is not limited to, installing solid pipe or flexible steel tubing, hoses or other connection in or around a gas service riser.
- 1.16 **Fraud:** The misrepresentation or omission of facts or the giving of false and/or misleading information, the reliance on which would result in a customer’s obtaining or maintaining utility service, or avoiding payment for past, present or future service, or obtaining a refund. Fraud shall include, but is not limited to, any verbal or documentary representation by which a prospective or current customer, or the customer’s agent, provides:
 - (1) False names or identification information not legally assigned to such person.
 - (2) False or altered residency, either past, present or future.

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- (3) False or altered ownership or lease documentation
- (4) False or insufficiently funded non-cash payments, through means including but not limited to:
 - (a) A false and/or unauthorized electronic fund transfers.
 - (b) False and/or unauthorized credit card or debit card information, to include the cancellation of a prior transaction without which disconnection of service would have occurred.
- 1.17 **Gas Day:** A 24-hour period from 9:00 a.m. to 9:00 a.m. Central Clock Time unless stated otherwise in an agreement with a specific pipeline. The Gas Day shall be used to determine receipt and delivery of gas by Company. It shall also be the basis for projecting the customer’s requirement and nominating monthly usage.
- 1.18 **Gas Supply:** The total natural gas volumes purchased by Company to be available to meet the needs of its Sales Service customers.
- 1.19 **Master Meter:** A Company-owned meter providing service to a Customer-Owned Distribution Network.
- 1.20 **Nomination:** A customer’s request to deliver a specified amount of gas through Company’s local distribution facilities. A nomination is a daily MMBtu quantity and must include a beginning and ending date.
- 1.21 **Operational Flow Order (OFO):** A directive instructing customers to control their usage to avoid either Under-Deliveries or Over-Deliveries to protect the integrity of any portion of Company’s system or to insure compliance with upstream transporters’ requirements.
- 1.22 **Over-Delivery:** The condition resulting when an end-use transportation customer takes deliveries of natural gas which is greater than the amount received onto the KGS system.
- 1.23 **Period of Curtailment (POC):** A period of time during which Company limits delivery service to sales and/or transportation customers.
- 1.24 **Platt’s Gas Daily:** S&P Global Commodity Insights Platt’s Gas Daily, its successors and assigns.
- 1.25 **Point of Delivery:** For inside meter settings, point of delivery shall be a point 12 inches exterior to the point at which the service line enters the building wall. For outside meter settings, point of delivery shall be Company's meter outlet, unless Company owns and maintains the line extending from the meter to the building in which case the point of delivery shall be a point 12 inches exterior to the building wall.

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General Terms and Conditions for Gas Service

- 1.26 **Receipt Point:** A mutually agreeable location on Company's system where a transportation service customer provides for Company to receive gas.
- 1.27 **Service**
 - 1.27.01 **Sales Service:** Gas delivery for which Company is responsible for procuring an adequate supply of gas to meet a customer's needs. Company's responsibility under sales service is conditioned by Company's Rate Schedules and these GTC, specifically Section 11 Pipeline System Restrictions & Priorities.
 - 1.27.02 **Transportation Service:** Gas delivery for which a Customer is responsible for procuring a supply of gas adequate for the customer's needs. Company's responsibility under transportation service is conditioned by Company's Rate Schedules and these GTC, specifically Section 10, Requirements for Transportation Service and Section 11, Pipeline System Restrictions & Priorities.
- 1.28 **Service Line:** For outside meter settings, it is the pipe installed from Company's main to the inlet of Company's meter. For inside meter settings, the Service Line extends from Company's main to the building wall.
- 1.29 **Single Location:** A customer's Contiguous Premises.
- 1.30 **Supplier:** A person, partnership, public/private firm, or corporation which provides and delivers natural gas to a Company Receipt Point on behalf of Company, a transportation customer, or the customer's agent.
- 1.31 **Supply Emergency:** A system condition in which Company's available gas supply is insufficient to meet the requirements of its critical-needs Sales Service customers. A supply emergency may be caused by insufficient supply or inadequate capacity, either on Company's system or on that of any connected interstate pipeline.
- 1.32 **Tampering:** Obtaining natural gas service not authorized by Company by altering the service regulator or other acts which prevent meters and/or regulators from accurately measuring the amount of gas consumed, or the use of an unassigned meter to obtain unauthorized service. Tampering shall include, but is not limited to:
 - (1) Making a tap connection to any service, distribution or transmission line owned by Company;
 - (2) Defacing, puncturing, removing, reversing or altering any meter or any connections for the purpose of securing unauthorized or unmeasured service;

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No supplement or separate understanding shall modify the tariff as shown herein.

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- (3) Preventing any such meters from properly measuring or registering; or
- (4) Taking, receiving, using or converting to such person's own use any service which has not been measured.

1.33 **Tariffs:** Company documents, on file with the Commission, which define the terms and conditions under which Company provides service to customers.

1.33.01 **General Terms and Conditions for Gas Service (GTC):** The operational practices and methods for service to customers. The GTC applies to all service agreements between Company and a Customer and to all Rate Schedules and Surcharge/Rider Schedules approved by the Commission. These GTC in no way supersede or modify any rules, regulations, and lawful orders of the Commission. If there appears to be any conflict, the rules, regulations, and/or lawful orders of the Commission shall control. These GTC are also intended to be consistent with the service agreements, Rate Schedules, and Surcharge/Rider Schedules of Company. The more specific provisions of a service agreement, Rate Schedule, or Surcharge/Rider Schedule shall control if there appears to be any inconsistency. No representative, Agent, or employee of Company shall have authority to amend, modify, alter, or waive any of these GTC except as directed by the Commission. Certain requirements of these GTC may be waived by the Commission in individual cases upon written request by Company and a showing that compliance with the requirement would not serve the interests of Company or the Customer.

1.33.02 **Rate Schedules:** Rates and specific conditions for service. Rate schedules are subject to change as provided by law.

1.33.03 **Surcharge/Rider Schedules:** Rates and/or conditions for service applicable to certain customers, but which must refer to and rely upon a rate schedule or the customer's complete requirements.

1.34 **Under-Delivery:** The condition resulting when an end-use transportation customer takes deliveries of natural gas which is less than the amount received onto the KGS system.

1.35 **Yard Line:** Used in conjunction with outside meter settings, excluding Master Meters, to designate the underground piping installed from the outlet of Company's meter to the building wall.

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SCHEDULE **GTC10**
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No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

10. Requirements for Transportation Service

- 10.01 **Company's Responsibility:** Company shall deliver to a customer volumes of gas which are thermally equivalent to the volumes of gas received for the customer at a receipt point, less any amount retained by Company according to Section 10.06 Retainage.
- 10.02 **Customer's Responsibility:** A customer, by taking service under a transportation service rate schedule, warrants and agrees that:
 - 10.02.01 Gas received by Company for the customer shall be free from all adverse claims, liens, and encumbrances.
 - 10.02.02 Company shall be held harmless and indemnified by the customer from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas,
 - 10.02.03 Company shall not be responsible in any way for damages or claims relating to the customer's gas or the facilities of the customer or others containing such gas prior to receipt into Company's facilities or after delivery to the customer, and
 - 10.02.04 The customer's gas shall at all times remain vested in the customer.
- 10.03 **Customer's Agent:** Company-approved agents shall be allowed to deliver gas to Company's system for a transportation service customer.
 - 10.03.01 **Agent's Responsibilities:** An agent arranging for delivery of gas for a transportation service customer must receive Company approval prior to delivering gas to Company's system. Agents receiving Company approval and choosing aggregated balancing as described in Section 10.04 Aggregation shall enter into a signed agreement with Company, which shall acknowledge the agent's responsibilities under Section 10.09 Cash Out and Section 11.06 Penalties for Unauthorized Usage.
 - 10.03.02 **Affidavit:** A customer to be represented must provide Company with an affidavit identifying its agent. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company.
 - 10.03.03 **Billing:** Company shall provide to a customer's agent a duplicate monthly billing statement upon the customer's written request. Company may accept payment from the customer's agent; however, the customer shall continue to

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be responsible for all charges on the account. In the event of any billing dispute, Company shall notify the customer directly and shall not be required to notify the customer’s agent.

10.04 **Aggregation:** Customers’ agents shall be allowed to aggregate their customers’ usages for purposes of balancing.

10.04.01 **Aggregation Areas:** Company shall establish aggregation areas within geographic, operational, administrative, and/or other appropriate parameters.

10.04.02 **Aggregation Groups:** An agent shall establish its customers within each aggregation area into a group or groups. Customers not assigned to an aggregation group shall be individually balanced.

10.04.03 **Changes to Aggregation Groups:** Company must receive all changes to aggregation groups, in writing, by the first prior to the last working day of at the month. Changes received by the first working day of the month shall become effective according to the affidavit effective date, which shall not be prior to the next bill period. on the first day of the following month except that aggregation ~~Aggregation~~ groups shall be ~~as~~ designated prior to the first effective ~~day~~ date of an Operational Flow Order (OFO) or Period of Curtailment (POC).

10.05 **Nominations:**

10.05.01 **Nomination Delivery Location:** Customer or the customer’s agent shall deliver its gas into the company’s system at the points of receipt designated by the Company.

~~10.05~~10.05.02 **Nomination Cycles:** A customer or the customer’s agent shall provide to the Company’s nomination website, the customer’s Standard and/or intraday Nomination using the following nomination cycles. All times listed below are Central Clock Time (CCT). For March 31, 2016, the new day-ahead nomination timelines will apply for those nominations effective April 1, 2016:

- (1) **The Timely Nomination Cycle:** 1:00 p.m. for nominations leaving the control of the nominating party; 1:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 9:00 a.m. the next Gas Day.
- (2) **The Evening Nomination Cycle:** 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 9:00 a.m. the next Gas Day.

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- (3) **The Intraday 1 Nomination Cycle:** 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Company, scheduled quantities effective at 2:00 p.m. the same Gas Day.
 - (4) **The Intraday 2 Nomination Cycle:** 2:30 p.m. for nominations leaving control of the nominating party; 2:45 p.m. for receipt of nominations by Company, scheduled quantities effective at 6:00 p.m. the same Gas Day.
 - (5) **The Intraday 3 Nomination Cycle:** 7:00 p.m. for nominations leaving control of the nominating party; 7:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 10:00 p.m. the same Gas Day.
- 10.06 **Retainage:** Retainage is a quantity of gas necessary to compensate Company for lost and unaccounted for gas and gas used in Company's operations. Retainage shall be stated as a percentage of a customer's gas received by Company and shall be determined annually by Company.
- 10.07 **Daily Quantity of Transportation Service Gas:** A customer or the customer's agent shall maintain, as nearly as practicable, uniform daily rates of gas delivery. The customer shall take delivery of gas at the same uniform rate as the gas is received by Company. However, should variations between deliveries to the customer and receipts by the Company cause operational problems on Company's system, Company may discontinue receipt of gas until such variations are corrected.
- 10.08 **Quality of Transportation Service Gas:** The gas procured by a customer or the customer's agent for receipt by Company shall conform to the standards prescribed in Company's applicable rate schedules and these GT&C.
- 10.08.01 **Merchantable Quality:** The gas shall at all times be merchantable gas of a quality required by Company's system to which the gas is being delivered. The gas shall be free from any foreign materials (e.g. dirt, dust, gums, iron particles, water, other entrained liquids, or other impurities) which might render it unmerchantable or interfere with the proper operation of pipelines, meters, regulators, or other facilities through which it flows or is used. Company may refuse to receive gas not meeting the quality requirements of Section 9.03.01 Quality of Gas Received. Receipt by Company of any gas not meeting these quality requirements shall not obligate Company to continue the receipts, nor shall it remove the customer's obligation to provide Company with gas meeting those specifications.
- 10.08.02 **Determination of Quality:** A customer shall bear all expenses connected with the determination of the quality of the customer's gas received by Company if the customer or the customer's agent arranges for the purchase of gas from a

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supplier from which Company does not currently receive gas directly into Company's delivery system. Company shall not be obligated to deliver this gas until an agreement exists between Company and the supplier, which Company shall not unreasonably withhold, setting forth the terms of interconnection, quality standards, and the respective rights of Company and the supplier in connection with deliveries of gas.

10.09 **Cash Out:** Monthly volumes of gas delivered to a transportation service customer should, to the extent practicable, match Company's receipts for the customer less any amount retained by Company according to Section 10.06 Retainage. Agents may balance the aggregated volumes of gas for groups of customers they represent, according to the terms of Section 10.04 Aggregation.

10.09.01 **Monthly Cash Out:** Differences between deliveries and retainage-adjusted receipts shall be reconciled on a monthly basis between Company and a customer or the customer's agent.

- (1) If Company's retainage adjusted receipts for the customer are less than deliveries to the customer, the customer or the customer's agent shall pay:
 - (a) No charge for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
 - (b) 1.15 times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 5%, up to and including 10% of actual usage, and
 - (c) 1.3 times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage.
- (2) If Company's retainage adjusted receipts for the customer exceed deliveries to the customer, the customer or the customer's agent shall receive:
 - (a) No payment for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
 - (b) 0.85 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 5% of actual usage, up to and including 10%, and

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- (c) 0.7 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage

10.09.02

Cash Out at Final Billing: In the event a final bill for transportation service is rendered, regardless of the cause for termination of the transportation service, Company shall cash out the customer or the customer’s agent. If Company’s retainage adjusted cumulative final receipts for the customer are less than cumulative final deliveries to the customer, the customer or the customer’s agent shall pay:

- (1) 1.0 times the Highest Cash Out Price for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer.
 - (a) 1.15times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 5% up to and including 10% of actual usage, and
 - (b) 1.3 times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage.
- (2) If Company’s retainage adjusted cumulative final receipts for the customer exceed cumulative final deliveries to the customer, the customer or the customer’s agent shall receive:
 - (a) 1.0 times the Lowest Cash Out Price for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer.
 - (b) 0.85 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 5% of actual usage, up to and including 10%, and
 - (c) 0.7 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage.

10.09.03 Cash Out Price: These prices will be applicable to the cash out of imbalances on any pipeline serving the Company’s service territory.

- (1) Highest Cash Out Price shall be defined as the highest average daily midpoint price of the applicable month as published in Platts Gas Daily for the pipelines referenced in 10.09.03(3) below.
- (2) Lowest Cash Out Price shall be defined as the lowest average

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daily midpoint price of the applicable month as published in Platts Gas Daily for the pipelines referenced in 10.09.03(3) below.

(3) In calculating the Highest and Lowest Cash Out Price, Company shall use the following daily prices for the pipelines listed below, or their successors and assigns, as published in Platts Gas Daily for:

~~The monthly Cash Out Price shall be determined as the arithmetic average of the midpoint prices published in Gas Daily for each day of the month, for:~~

~~(3) (a) Southern Star Central Gas Pipelines (Texas, Oklahoma, Kansas)~~

~~(4) (b) Panhandle Eastern Pipe Line Company ((Texas, Oklahoma)~~

~~(5) (c) ANR Pipeline Company (Oklahoma), and~~

~~(6) (d) NGPL atural Gas Pipeline Company of America (Midcontinent).~~

If the Cash Out Price is not published for any of the above, the average will be calculated on the prices which are published.

10.10 **Capacity Limitations:** A customer may have delivery of gas curtailed in the event of system supply emergencies or capacity limitations. Company's obligation to deliver a customer's gas shall be as stated in Section 11, Priority of Service. The determination of delivery system capacity limitations shall be at Company's sole discretion. The customer may request Company to make reasonable enlargements to its delivery system, if capacity limitations restrict the volume of gas which the customer may desire to be delivered. Company shall fulfill these requests provided the actual cost, including indirect costs, of delivery system enlargements are borne by the customer. The expanded facilities shall remain the property of Company, free and clear of any lien or equity by the customer. Nothing contained herein shall be construed as obligating Company to construct any extensions or expansions of its facilities.

10.11 **Limitation of Transportation Service and Other Charges:** Delivery of a customer's gas shall be available only where permitted by the gas supply contracts and rate schedules under which gas is supplied to Company. Any delivery conditions or limitations imposed on Company by the contracts and rate schedules shall be applicable to delivery of gas to the customer. Should delivery of gas cause the incurrence of demand charges, standby charges, reservation charges, penalties or like charges from Company's gas suppliers or transporters, and these charges are in addition to charges for gas actually received by

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Company and not anticipated by the rate schedule or rider schedule under which the customer takes service, these charges shall be billed to the customer. Additionally, should a change in the customer's service characteristics cause the charges anticipated above to be recovered from other customers, these charges shall be billed to the customer. Any disputes regarding the customer's responsibility for these charges shall be referred to the Commission for resolution.

- 10.12 **Third Party Metering:** If a customer's gas is received by Company through meters which are not owned and operated by Company or the customer, the customer or the customer's agent shall, at the earliest practicable time, but not later than 10 days following the end of the billing period, cause the supplier to furnish Company a statement showing the amount of transportation service gas, in Mcf and dekatherm per day, delivered to Company for the customer during the billing period. The customer or the customer's agent, upon request, shall cause to be furnished to Company all charts, or satisfactory copies thereof, upon which the statement provided for above were based. Any original charts furnished shall be returned within 30 days. By accepting gas, the customer agrees to maintain records of the volumes of gas received by Company for the customer and to allow Company to inspect the records upon request during the customer's regular business hours.
- 10.13 **Change ~~from Sales to~~ or from Transportation Service:** Company shall use its best efforts to promptly affect all monthly transitions to or from customer requests to change from a sales service tariff to a transportation service tariff.
 - 10.13.01 **Valid Request:** Company shall consider a valid request to have been made upon receipt of a properly completed Transportation Affidavit, in accordance with Section 10.03.02 Affidavit. ~~Company must receive Affidavit by the 20th day of the month preceding the month in which the initiation of transportation service is requested.~~ Company must receive all Customer or Customer's Agent notices in writing, as well as a Transportation Affidavit, if applicable, for all account transitions by the 1st day of the month preceding the month in which the initiation to enter or leave transportation service is requested.
 - 10.13.02 **Administrative Limit:** Company shall consider its internal, external, and administrative limitations and shall determine the number of Affidavits it can process each month, which shall be the Administrative Limit.
 - 10.13.03 **Monthly Additions:** Should the number of received Affidavits exceed the Administrative Limit, Company shall prorate any remaining processing capacity among all agents submitting Affidavits on the day. Company shall list

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customers according to an agent’s preferred ranking, if provided, unless operational concerns prevent the desired priority. Affidavits properly received and not processed in the current month shall be given priority in the following month in the order received by Company and ahead of any subsequent Affidavits.

10.13.04 **Customer Agent Change:** In the event Customer’s source of gas supply is terminated by the Customer’s Agent due to non-payment or other reasons, and the Customer requests to continue receiving service under the transportation tariff, Customer may, upon the first of the month after 30 calendar days advance notice to Company, continue service from Company under the transportation tariff applicable to Customer. In addition to the applicable transportation tariff charges, Customer will be billed the current COGR for the monthly deliveries of gas to the Customer. If the Customer is unable to secure a new Agent by the next monthly deadline, the Customer may obtain service from Company under the general sales tariff applicable to the Customer. Prior to commencing sales service, Company may require a new or modified deposit as described in 3.02.02.

10.13.05 **Return to Sales:** In the event that a customer no longer chooses to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may require a new or modified deposit as described in 3.02.02.

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10. Requirements for Transportation Service

10.01 **Company's Responsibility:** Company shall deliver to a customer volumes of gas which are thermally equivalent to the volumes of gas received for the customer at a receipt point, less any amount retained by Company according to Section 10.06 Retainage.

10.02 **Customer's Responsibility:** A customer, by taking service under a transportation service rate schedule, warrants and agrees that:

10.02.01 Gas received by Company for the customer shall be free from all adverse claims, liens, and encumbrances.

10.02.02 Company shall be held harmless and indemnified by the customer from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas,

10.02.03 Company shall not be responsible in any way for damages or claims relating to the customer's gas or the facilities of the customer or others containing such gas prior to receipt into Company's facilities or after delivery to the customer, and

10.02.04 The customer's gas shall at all times remain vested in the customer.

10.03 **Customer's Agent:** Company-approved agents shall be allowed to deliver gas to Company's system for a transportation service customer.

10.03.01 **Agent's Responsibilities:** An agent arranging for delivery of gas for a transportation service customer must receive Company approval prior to delivering gas to Company's system. Agents receiving Company approval and choosing aggregated balancing as described in Section 10.04 Aggregation shall enter into a signed agreement with Company, which shall acknowledge the agent's responsibilities under Section 10.09 Cash Out and Section 11.06 Penalties for Unauthorized Usage.

10.03.02 **Affidavit:** A customer to be represented must provide Company with an affidavit identifying its agent. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company.

10.03.03 **Billing:** Company shall provide to a customer's agent a duplicate monthly billing statement upon the customer's written request. Company may accept payment from the customer's agent; however, the customer shall continue to

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be responsible for all charges on the account. In the event of any billing dispute, Company shall notify the customer directly and shall not be required to notify the customer’s agent.

- 10.04 **Aggregation:** Customers’ agents shall be allowed to aggregate their customers’ usages for purposes of balancing.
 - 10.04.01 **Aggregation Areas:** Company shall establish aggregation areas within geographic, operational, administrative, and/or other appropriate parameters.
 - 10.04.02 **Aggregation Groups:** An agent shall establish its customers within each aggregation area into a group or groups. Customers not assigned to an aggregation group shall be individually balanced.
 - 10.04.03 **Changes to Aggregation Groups:** Company must receive all changes to aggregation groups, in writing, by the first working day of the month. Changes received by the first working day of the month shall become effective according to the affidavit effective date, which shall not be prior to the next bill period. Aggregation groups shall be designated prior to the first effective date of an Operational Flow Order (OFO) or Period of Curtailment (POC).
- 10.05 **Nominations:**
 - 10.05.01 **Nomination Delivery Location:** Customer or the customer’s agent shall deliver its gas into the company’s system at the points of receipt designated by the Company.
 - 10.05.02 **Nomination Cycles:** A customer or the customer's agent shall provide to the Company’s nomination website, the customer’s Standard and/or intraday Nomination using the following nomination cycles. All times listed below are Central Clock Time (CCT). For March 31, 2016, the new day-ahead nomination timelines will apply for those nominations effective April 1, 2016:
 - (1) **The Timely Nomination Cycle:** 1:00 p.m. for nominations leaving the control of the nominating party; 1:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 9:00 a.m. the next Gas Day.
 - (2) **The Evening Nomination Cycle:** 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 9:00 a.m. the next Gas Day.
 - (3) **The Intraday 1 Nomination Cycle:** 10:00 a.m. for nominations leaving

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control of the nominating party; 10:15 a.m. for receipt of nominations by Company, scheduled quantities effective at 2:00 p.m. the same Gas Day.

- (4) **The Intraday 2 Nomination Cycle:** 2:30 p.m. for nominations leaving control of the nominating party; 2:45 p.m. for receipt of nominations by Company, scheduled quantities effective at 6:00 p.m. the same Gas Day.
- (5) **The Intraday 3 Nomination Cycle:** 7:00 p.m. for nominations leaving control of the nominating party; 7:15 p.m. for receipt of nominations by Company, scheduled quantities effective at 10:00 p.m. the same Gas Day.

- 10.06 **Retainage:** Retainage is a quantity of gas necessary to compensate Company for lost and unaccounted for gas and gas used in Company's operations. Retainage shall be stated as a percentage of a customer's gas received by Company and shall be determined annually by Company.
- 10.07 **Daily Quantity of Transportation Service Gas:** A customer or the customer's agent shall maintain, as nearly as practicable, uniform daily rates of gas delivery. The customer shall take delivery of gas at the same uniform rate as the gas is received by Company. However, should variations between deliveries to the customer and receipts by the Company cause operational problems on Company's system, Company may discontinue receipt of gas until such variations are corrected.
- 10.08 **Quality of Transportation Service Gas:** The gas procured by a customer or the customer's agent for receipt by Company shall conform to the standards prescribed in Company's applicable rate schedules and these GT&C.
 - 10.08.01 **Merchantable Quality:** The gas shall at all times be merchantable gas of a quality required by Company's system to which the gas is being delivered. The gas shall be free from any foreign materials (e.g. dirt, dust, gums, iron particles, water, other entrained liquids, or other impurities) which might render it unmerchantable or interfere with the proper operation of pipelines, meters, regulators, or other facilities through which it flows or is used. Company may refuse to receive gas not meeting the quality requirements of Section 9.03.01 Quality of Gas Received. Receipt by Company of any gas not meeting these quality requirements shall not obligate Company to continue the receipts, nor shall it remove the customer's obligation to provide Company with gas meeting those specifications.
 - 10.08.02 **Determination of Quality:** A customer shall bear all expenses connected with the determination of the quality of the customer's gas received by Company if the customer or the customer's agent arranges for the purchase of gas from a supplier from which Company does not currently receive gas directly into

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Company's delivery system. Company shall not be obligated to deliver this gas until an agreement exists between Company and the supplier, which Company shall not unreasonably withhold, setting forth the terms of interconnection, quality standards, and the respective rights of Company and the supplier in connection with deliveries of gas.

10.09 **Cash Out:** Monthly volumes of gas delivered to a transportation service customer should, to the extent practicable, match Company's receipts for the customer less any amount retained by Company according to Section 10.06 Retainage. Agents may balance the aggregated volumes of gas for groups of customers they represent, according to the terms of Section 10.04 Aggregation.

10.09.01 **Monthly Cash Out:** Differences between deliveries and retainage-adjusted receipts shall be reconciled on a monthly basis between Company and a customer or the customer's agent.

- (1) If Company's retainage adjusted receipts for the customer are less than deliveries to the customer, the customer or the customer's agent shall pay:
 - (a) No charge for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
 - (b) 1.15 times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 5%, up to and including 10% of actual usage, and
 - (c) 1.3 times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage.
- (2) If Company's retainage adjusted receipts for the customer exceed deliveries to the customer, the customer or the customer's agent shall receive:
 - (a) No payment for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
 - (b) 0.85 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 5% of actual usage, up to and including 10%, and

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- (c) 0.7 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage

10.09.02

Cash Out at Final Billing: In the event a final bill for transportation service is rendered, regardless of the cause for termination of the transportation service, Company shall cash out the customer or the customer’s agent. If Company’s retainage adjusted cumulative final receipts for the customer are less than cumulative final deliveries to the customer, the customer or the customer’s agent shall pay:

- (1) 1.0 times the Highest Cash Out Price for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer.
 - (a) 1.15times the Highest Cash Out Price for each MMBtu of imbalance which is greater than 5% up to and including 10% of actual usage, and
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 - (b) 0.85 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 5% of actual usage, up to and including 10%, and
 - (c) 0.7 times the Lowest Cash Out Price for each MMBtu of imbalance which is greater than 10% of actual usage.

10.09.03 **Cash Out Price:** These prices will be applicable to the cash out of imbalances on any pipeline serving the Company’s service territory.

- (1) **Highest Cash Out Price** shall be defined as the highest average daily midpoint price of the applicable month as published in Platts Gas Daily for the pipelines referenced in 10.09.03(3) below.
- (2) **Lowest Cash Out Price** shall be defined as the lowest average

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daily midpoint price of the applicable month as published in Platts Gas Daily for the pipelines referenced in 10.09.03(3) below.

(3) In calculating the Highest and Lowest Cash Out Price, Company shall use the following daily prices for the pipelines listed below, or their successors and assigns, as published in Platts Gas Daily for:

- (a) Southern Star
- (b) Panhandle (Texas-Oklahoma)
- (c) ANR, Oklahoma, and
- (d) NGPL (Midcontinent).

If the Cash Out Price is not published for any of the above, the average will be calculated on the prices which are published.

10.10 **Capacity Limitations:** A customer may have delivery of gas curtailed in the event of system supply emergencies or capacity limitations. Company's obligation to deliver a customer's gas shall be as stated in Section 11, Priority of Service. The determination of delivery system capacity limitations shall be at Company's sole discretion. The customer may request Company to make reasonable enlargements to its delivery system, if capacity limitations restrict the volume of gas which the customer may desire to be delivered. Company shall fulfill these requests provided the actual cost, including indirect costs, of delivery system enlargements are borne by the customer. The expanded facilities shall remain the property of Company, free and clear of any lien or equity by the customer. Nothing contained herein shall be construed as obligating Company to construct any extensions or expansions of its facilities.

10.11 **Limitation of Transportation Service and Other Charges:** Delivery of a customer's gas shall be available only where permitted by the gas supply contracts and rate schedules under which gas is supplied to Company. Any delivery conditions or limitations imposed on Company by the contracts and rate schedules shall be applicable to delivery of gas to the customer. Should delivery of gas cause the incurrence of demand charges, standby charges, reservation charges, penalties or like charges from Company's gas suppliers or transporters, and these charges are in addition to charges for gas actually received by Company and not anticipated by the rate schedule or rider schedule under which the customer takes service, these charges shall be billed to the customer. Additionally, should a change in the customer's service characteristics cause the charges anticipated above to be recovered from other customers, these charges shall be billed to the

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customer. Any disputes regarding the customer's responsibility for these charges shall be referred to the Commission for resolution.

10.12 **Third Party Metering:** If a customer's gas is received by Company through meters which are not owned and operated by Company or the customer, the customer or the customer's agent shall, at the earliest practicable time, but not later than 10 days following the end of the billing period, cause the supplier to furnish Company a statement showing the amount of transportation service gas, in Mcf and dekatherm per day, delivered to Company for the customer during the billing period. The customer or the customer's agent, upon request, shall cause to be furnished to Company all charts, or satisfactory copies thereof, upon which the statement provided for above were based. Any original charts furnished shall be returned within 30 days. By accepting gas, the customer agrees to maintain records of the volumes of gas received by Company for the customer and to allow Company to inspect the records upon request during the customer's regular business hours.

10.13 **Change to or from Transportation Service:** Company shall use its best efforts to promptly affect all monthly transitions to or from a transportation service tariff.

10.13.01 **Valid Request:** Company shall consider a valid request to have been made upon receipt of a properly completed Transportation Affidavit, in accordance with Section 10.03.02 Affidavit. Company must receive all Customer or Customer's Agent notices in writing, as well as a Transportation Affidavit, if applicable, for all account transitions by the 1st day of the month preceding the month in which the initiation to enter or leave transportation service is requested.

10.13.02 **Administrative Limit:** Company shall consider its internal, external, and administrative limitations and shall determine the number of Affidavits it can process each month, which shall be the Administrative Limit.

10.13.03 **Monthly Additions:** Should the number of received Affidavits exceed the Administrative Limit, Company shall prorate any remaining processing capacity among all agents submitting Affidavits on the day. Company shall list customers according to an agent's preferred ranking, if provided, unless operational concerns prevent the desired priority. Affidavits properly received and not processed in the current month shall be given priority in the following month in the order received by Company and ahead of any subsequent Affidavits.

10.13.04 **Customer Agent Change:** In the event Customer's source of gas supply is terminated by the Customer's Agent due to non-payment or other

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reasons, and the Customer requests to continue receiving service under the transportation tariff, Customer may, upon the first of the month after 30 calendar days advance notice to Company, continue service from Company under the transportation tariff applicable to Customer. In addition to the applicable transportation tariff charges, Customer will be billed the current COGR for the monthly deliveries of gas to the Customer. If the Customer is unable to secure a new Agent by the next monthly deadline, the Customer may obtain service from Company under the general sales tariff applicable to the Customer. Prior to commencing sales service, Company may require a new or modified deposit as described in 3.02.02.

10.13.05

Return to Sales: In the event that a customer no longer chooses to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may require a new or modified deposit as described in 3.02.02.

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11. Pipeline System Restrictions and Priorities

11.01 Conditions Requiring Restriction in Service

11.01.01 **Service Restriction:** Company may fully or partially restrict service to customers when, in Company's sole determination, restriction is necessary to protect the supply and/or delivery of gas to customers with higher priority uses.

11.01.02 **Operational Request:** Company may fully or partially restrict customer to accommodate for operational repairs and maintenance on Company's pipeline system.

11.02 **Notice:** Notice of an operational request may be provided as Company warrants and a Critical Notice of a service restriction shall be provided as far in advance as practicable and may be changed by Company as conditions warrant. Critical Notice shall be given to each affected customer by either telephone, in writing, facsimile or, electronic mail. Customers shall designate one or more person for Company to contact on operational matters at any time on a 24-hour a day, 365 days a year basis. Such contact person must have adequate authority and expertise to handle such operational matters. If Company is unable to contact any Customer because the contact person(s) is unavailable or the Customer has failed to provide such contact, the Customer shall be solely responsible for any consequences arising from such failure of communications.

Notification of the customer's agent shall fulfill the requirement of this paragraph whenever the customer's usage is aggregated for balancing under Section 10.04 Aggregation.

During emergency situations, Company may use commercial radio and/or television to notify customers.

11.03 **Critical Use Periods:** Company may issue an Operational Flow Order (OFO) whenever necessary to instruct customers to control their usage to avoid either Under-Deliveries or Over-Deliveries.

11.03.01 **Standard OFO:** A Standard OFO shall require the customer to take pre-emptive or preventive actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to ~~insure~~ensure compliance with the requirements of upstream pipeline companies.

11.03.02 **Emergency OFO:** An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's

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system, or to ~~insure~~ensure compliance with the requirements of upstream pipeline companies.

- 11.03.03 **Authorized Usage:** A transportation service customer’s authorized usage during an OFO shall be equal to that customer’s confirmed nomination adjusted for retainage ~~adjusted confirmed nomination~~.
- 11.03.04 **Interrupted Supply:** Whenever a transportation service customer’s supply is partially or totally interrupted for any reason, that customer’s authorized usage shall be limited to the retainage adjusted volume being delivered to Company on behalf of that customer.
- 11.03.05 **Curtailement of Transportation Service:** A transportation service customer shall not be required to curtail as long as the customer’s gas is delivered to Company’s delivery system, except during Supply Emergencies subject to the conditions of Section 11.04.06 Company's Right to Purchase Transportation Gas.

11.04 **Period of Curtailment:** Company may require its sales service and transportation service customers to limit, in whole or in part, their use of Company’s facilities during a Period of Curtailment (POC), taking into consideration priority of use or other factors it deems necessary to ~~ensure~~support public health and safety.

11.04.01 **Authorized Usage:** Company shall, at its sole discretion, authorize customers a usage level which is appropriate to the conditions of the POC.

~~11.04.01~~11.04.02 **Plant Protection:** A transportation Customer may be required to reduce their usage down to a minimum or “Plant Protection” level which is a level of usage that merely allows the transportation Customer to: (1) avoid catastrophic damage to equipment; or (2) prevent the loss of inventories. Company may require Customer to maintain usage at Plant Protection levels during a period of supply constraint or unplanned impact to system integrity and until such time that the Company allows normal gas usage levels to return. Plant Protection usage does not include continuation of operations for the avoidance of economic damages. A requirement to reduce to Plant Protection level of usage does not guarantee Company will not require further Curtailment of Transportation Service.

~~11.04.02~~11.04.03 **Curtailement Priority:** Curtailment shall first apply to the lowest priority category (Priority Category Three) and successively to each higher priority category as required. The categories to be used by Company to allocate available service, listed from highest to lowest priority, are:

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Priority Category One: Customers served under Company's Residential Sales Service rate schedules and customers taking service under the Company's General Sales or General Transportation Service rate schedules where the curtailment of said service ~~which~~ would endanger human life or safety. A customer shall not be considered endangered if an alternate fuel capability is feasible.

Priority Category Two: Customers not included in Priority Category One, and who ~~take~~ esing service under Company's General Sales Service or General Transportation Service rate schedules and the curtailment of said service ~~customers taking service the curtailment of which~~ would endanger property. A customer shall not be considered endangered if an alternate fuel capability is feasible.

Priority Category Three: Customers not included in other priority categories.

~~11.04.03~~11.04.04 **Exception to Curtailment Priority:** Company may curtail customers in higher priority categories before curtailing customers in lower priority categories only if curtailing lower priority category customers would not be useful in maintaining deliveries to the higher priority customers.

~~11.04.04~~11.04.05 **Allocation of Partial Capacity:** Should only partial service capacity be available for an affected category, deliveries within that category shall be limited to a customer's pro rata share of service available to that category. This share shall be based on the ratio of the customer's requirement in the category for which partial capacity is available to the sum of all customers' requirements in the same category.

~~11.04.05~~11.04.06 **Alternate Fuel Capability:** Company shall determine if it is feasible for a customer to install and use alternate fuel capability. The customer is deemed to have alternate fuel capability if Company determines an installation is feasible whether or not facilities are actually installed. Disputes over Company's determination shall be referred to the Commission for resolution.

~~11.04.06~~11.04.07 **Company's Right to Purchase Transportation Gas:** Company shall have the authority but not the requirement to purchase a transportation service customer's gas during any POC which restricts, or would otherwise restrict, Category One customers.

(1) **Notice:** Company shall use its best efforts to give the customer 24 hours advance notification of the need for any such purchase, but

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Company shall not be liable for failure to give advance notice when circumstances do not permit.

- (2) **Reimbursement:** Company shall reimburse the customer an amount equal to the verifiable actual replacement cost of any alternative fuel used by the customer to replace natural gas purchased by Company. Company shall account for the reimbursement as a purchased gas expense.

~~11.04.07~~11.04.08 **Emergency Usage during POCs:** A customer may request to use gas above authorized levels to forestall irreparable injury to life or property. Requests by telephone shall be followed immediately by a written request. Written requests shall state the nature, cause, and expected duration of the emergency and may be submitted by facsimile or electronic mail. The customer must act to eliminate the cause of the emergency as soon as practicable. The charge for usage above authorized levels shall be determined at the time Company receives the customer's request. Disputes concerning this charge shall be referred to the Commission for resolution.

~~11.04.08~~11.04.09 **Relief from Liability:** Company shall be relieved of all liabilities, penalties, charges, payments, and claims of whatever kind, contractual or otherwise, resulting from or arising out of Company's failure to deliver all or any portion of the volumes of gas desired by a customer or group of customers during a POC. Company's relief shall apply if curtailment is according to these General Terms and Conditions or any other orders or directives of duly constituted authorities including, but not limited to, the Kansas Corporation Commission.

11.05 **Unauthorized Deliveries:** Over-Deliveries ~~and~~/or Under-Deliveries which vary from Company's authorized usage level under an OFO or during a POC, may be subject to the penalties described in Section 11.06 Penalties for Unauthorized Usage.

11.05.01 **Individual Customers:** Unauthorized Deliveries for individually balanced customers shall be calculated by comparing each customer's authorized usage with actual usage.

11.05.02 **Aggregation Groups:** Unauthorized Deliveries for aggregation groups subject to aggregated balancing as defined under Section 10.04 Aggregation, shall be calculated by comparing the group members' total authorized usage with their total actual usage. The actual usage of a customer which is included in more than one aggregation group shall be

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allocated between groups on a ratio of the customer’s confirmed nominations.

11.05.03 **Required Daily Quantity (RDQ)-Balancing:** ~~Absent the use of Company approved Electronic Flow Measurement (EFM) equipment, RDQ is the method of determining the quantity of natural gas, plus retainage, required to be nominated and delivered to Company by a transportation service customer. A transportation service customer may agree to deliver to Company, in lieu of Company’s requirement to install EFM, a predetermined Required Daily Quantity (RDQ) of natural gas. Nominations based on assigned RDQ shall be subject to retainage.~~

- (1) **Qualification for RDQ Balancing:** RDQ Balancing shall be available for transportation service meters recording a peak-month usage of less than 1,500 Mcf in the most recent ~~12 month~~12-month period ending April 30. ~~A customer accepting an RDQ shall remain eligible for transportation service without installing EFM.~~ An RDQ-qualified customer shall be assigned to RDQ Balancing until such time that EFM equipment is installed pursuant to Schedule EFMR, unless the customer notifies Company otherwise.
- (2) **RDQ Administration:** ~~An RDQ-balanced customer shall be notified of its assigned RDQ within 30 days after initiating transportation service.~~ Company shall each year review the customer’s most recent ~~12 month~~12-month usage for the period ending April 30 and recalculate the customer’s RDQ. Company shall, prior to August 1, notify the customer, and the customer’s agent if aggregated for balancing purposes, of a revised RDQ, which shall be effective for the next ~~12 month~~12-month period beginning November 1. The customer or customer’s agent shall inform Company of any dispute over the RDQ within 30 days of their notification.
- (3) **Unauthorized Over-Deliveries:** ~~During POCs or when required by an OFO to prevent Over-Deliveries, a customer shall cause Company to receive natural gas in the amount of the RDQ.~~ The customer may be subject to an Unauthorized Over-Delivery Penalty if Company receives less than 100% of the customer’s assigned RDQ plus retainage.
- (4) **Unauthorized Under-Deliveries:** ~~When required by an OFO to prevent Under-Deliveries, a customer shall cause Company to receive an amount of natural gas equal to the lesser of their assigned RDQ times 30% plus retainage or their current confirmed nomination.~~ The

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customer may be subject to the applicable Unauthorized Under-Delivery Penalty if Company receives more than 30% of the customer's assigned RDQ amount plus retainage authorized by this paragraph.

- (5) **Actual Usage of RDQ Customers:** Company shall not be required to read RDQ-balanced meters to implement the requirements of an OFO or POC, for which the customer's actual usage shall be deemed to equal the assigned RDQ. When calculating Unauthorized Over-Delivery Penalties for an aggregation group which includes both EFM meters and meters subject to RDQ Balancing, the aggregated nominations shall be applied to the aggregated RDQ meters first.
- (6) **Temporary RDQ:** A customer may request a temporary revision of its assigned RDQ. Company shall consider the request only if it is received prior to 72 hours after-of the occurrence of a significant event that would temporarily change the customer's usage during an or issuance of an OFO. Requests by telephone shall be followed immediately by a written request stating the nature, cause, and expected duration of the event. Company shall respond no later than 72 hours after receipt of the customer's written request. Any revised RDQ shall become effective upon Company's responding notification to the customer and shall continue for no more than 30 days or until the customer's operation has returned to normal, whichever occurs first. Company may, at its option and at the customer's request, extend the temporary RDQ for an additional a specified period(s).

- 11.05.04 **Meter Reading:** Actual usage during an OFO shall normally be provided by electronic flow measurement (EFM) equipment. If Company is unable to obtain data from an n customer's EFM device, the customer's usage shall be determined by actual meter reads.
- 11.05.05 **Previous Imbalances:** Gas imbalances from previous months shall not be allowed to offset any Unauthorized Over- or Under-Delivery during and OFO or POC period.
- 11.05.06 **Refusal to Comply:** Company may disconnect from its system or refuse to accept the nomination of a customer which endangers system stability and/or safety by continuing to incur Unauthorized Deliveries.
- 11.06 **Penalties for Unauthorized Usage:** A customer's unauthorized usage under an OFO or POC may cause the incurrence of penalties.

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11.06.01 **Tolerance Levels:** Penalties may be assessed:

~~(1) During an OFO or POC, when Unauthorized Deliveries to EFM meters exceed + or - 5% of authorized daily delivery levels.~~

~~(2) During an OFO or POC, when Unauthorized Over Deliveries to RDQ meters are less than daily delivery levels or when Unauthorized Under Deliveries exceed authorized daily delivery levels.~~

(1) During an OFO or POC of Over-Deliveries

(a) When an end-use transportation customer with EFM installed takes more than 105% of the receipts received onto the KGS system plus retainage.

(b) The Company receives less than 100% of assigned RDQ amount plus retainage.

(2) During an OFO or POC of Under-Deliveries

(a) When an end-use transportation customer with EFM installed takes less than 95% of the receipts received onto the KGS system plus retainage.

(b) The Company receives more than 30% of the assigned RDQ plus retainage.

11.06.02 **Penalties during OFOs and POCs:** Penalties for Unauthorized Over-Deliveries or Under-Deliveries shall be calculated as follows.

(1) **Standard OFO Penalties:** For each day of the Standard OFO, the ~~greater-lesser~~ of ~~\$5 or~~ 2½ times the daily midpoint stated on Platts Gas Daily's Index for Southern Star ~~Central Gas Pipelines (Oklahoma)~~ times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$15 plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.

(2) **Emergency OFO Penalties:** For each day of the Emergency OFO, the ~~greater-lesser~~ of ~~\$10 or~~ 5 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star ~~Central Gas Pipelines (Oklahoma)~~ times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$50

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plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.

- (3) **POC Penalties:** For each day of the POC, the ~~greater~~ lessor of ~~\$20 or~~ 10 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star Central ~~Gas Pipelines (Oklahoma)~~ times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$100 plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.

11.06.03 **Responsibility for Payment:** Unauthorized Over- or Under-Delivery Penalties for individually balanced customers shall be billed to and collected from the applicable customer. Unauthorized Over- or Under-Delivery Penalties for aggregation groups shall be billed to and collected from the Agent representing the aggregated customers.

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11. Pipeline System Restrictions and Priorities

11.01 Conditions Requiring Restriction in Service

11.01.01 **Service Restriction:** Company may fully or partially restrict service to customers when, in Company's sole determination, restriction is necessary to protect the supply and/or delivery of gas to customers with higher priority uses.

11.01.02 **Operational Request:** Company may fully or partially restrict customer to accommodate for operational repairs and maintenance on Company's pipeline system.

11.02 **Notice:** Notice of an operational request may be provided as Company warrants and a Critical Notice of a service restriction shall be provided as far in advance as practicable and may be changed by Company as conditions warrant. Critical Notice shall be given to each affected customer by either telephone, in writing, facsimile or, electronic mail. Customers shall designate one or more person for Company to contact on operational matters at any time on a 24-hour a day, 365 days a year basis. Such contact person must have adequate authority and expertise to handle such operational matters. If Company is unable to contact any Customer because the contact person(s) is unavailable or the Customer has failed to provide such contact, the Customer shall be solely responsible for any consequences arising from such failure of communications.

Notification of the customer's agent shall fulfill the requirement of this paragraph whenever the customer's usage is aggregated for balancing under Section 10.04 Aggregation.

During emergency situations, Company may use commercial radio and/or television to notify customers.

11.03 **Critical Use Periods:** Company may issue an Operational Flow Order (OFO) whenever necessary to instruct customers to control their usage to avoid either Under-Deliveries or Over-Deliveries.

11.03.01 **Standard OFO:** A Standard OFO shall require the customer to take pre-emptive or preventive actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to ensure compliance with the requirements of upstream pipeline companies.

11.03.02 **Emergency OFO:** An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's

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system, or to ensure compliance with the requirements of upstream pipeline companies.

- 11.03.03 **Authorized Usage:** A transportation service customer’s authorized usage during an OFO shall be equal to that customer’s confirmed nomination adjusted for retainage.
- 11.03.04 **Interrupted Supply:** Whenever a transportation service customer’s supply is partially or totally interrupted for any reason, that customer’s authorized usage shall be limited to the retainage adjusted volume being delivered to Company on behalf of that customer.
- 11.03.05 **Curtailement of Transportation Service:** A transportation service customer shall not be required to curtail as long as the customer’s gas is delivered to Company’s delivery system, except during Supply Emergencies subject to the conditions of Section 11.04.06 Company's Right to Purchase Transportation Gas.
- 11.04 **Period of Curtailement:** Company may require its sales service and transportation service customers to limit, in whole or in part, their use of Company’s facilities during a Period of Curtailement (POC), taking into consideration priority of use or other factors it deems necessary to support public health and safety.
 - 11.04.01 **Authorized Usage:** Company shall, at its sole discretion, authorize customers a usage level which is appropriate to the conditions of the POC.
 - 11.04.02 **Plant Protection:** A transportation Customer may be required to reduce their usage down to a minimum or “Plant Protection” level which is a level of usage that merely allows the transportation Customer to: (1) avoid catastrophic damage to equipment; or (2) prevent the loss of inventories. Company may require Customer to maintain usage at Plant Protection levels during a period of supply constraint or unplanned impact to system integrity and until such time that the Company allows normal gas usage levels to return. Plant Protection usage does not include continuation of operations for the avoidance of economic damages. A requirement to reduce to Plant Protection level of usage does not guarantee Company will not require further Curtailement of Transportation Service.
 - 11.04.03 **Curtailement Priority:** Curtailement shall first apply to the lowest priority category (Priority Category Three) and successively to each higher priority category as required. The categories to be used by Company to allocate available service, listed from highest to lowest priority, are:

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All Rate Areas

SCHEDULE **GTC11**
Replacing Sheets 1-7 filed
November 29, 2016, In Part
Sheet 3 of 7

No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

Priority Category One: Customers served under Company's Residential Sales Service rate schedules and customers taking service under the Company's General Sales or General Transportation Service rate schedules where the curtailment of said service would endanger human life or safety. A customer shall not be considered endangered if an alternate fuel capability is feasible.

Priority Category Two: Customers not included in Priority Category One, and who takes service under Company's General Sales Service or General Transportation Service rate schedules and the curtailment of said service would endanger property. A customer shall not be considered endangered if an alternate fuel capability is feasible.

Priority Category Three: Customers not included in other priority categories.

11.04.04 **Exception to Curtailment Priority:** Company may curtail customers in higher priority categories before curtailing customers in lower priority categories only if curtailing lower priority category customers would not be useful in maintaining deliveries to the higher priority customers.

11.04.05 **Allocation of Partial Capacity:** Should only partial service capacity be available for an affected category, deliveries within that category shall be limited to a customer's pro rata share of service available to that category. This share shall be based on the ratio of the customer's requirement in the category for which partial capacity is available to the sum of all customers' requirements in the same category.

11.04.06 **Alternate Fuel Capability:** Company shall determine if it is feasible for a customer to install and use alternate fuel capability. The customer is deemed to have alternate fuel capability if Company determines an installation is feasible whether or not facilities are actually installed. Disputes over Company's determination shall be referred to the Commission for resolution.

11.04.07 **Company's Right to Purchase Transportation Gas:** Company shall have the authority but not the requirement to purchase a transportation service customer's gas during any POC which restricts, or would otherwise restrict, Category One customers.

(1) **Notice:** Company shall use its best efforts to give the customer 24 hours advance notification of the need for any such purchase, but

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Kansas Gas Service, a Division of ONE Gas, Inc.
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SCHEDULE **GTC11**
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No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

Company shall not be liable for failure to give advance notice when circumstances do not permit.

(2) **Reimbursement:** Company shall reimburse the customer an amount equal to the verifiable actual replacement cost of any alternative fuel used by the customer to replace natural gas purchased by Company. Company shall account for the reimbursement as a purchased gas expense.

11.04.08 **Emergency Usage during POCs:** A customer may request to use gas above authorized levels to forestall irreparable injury to life or property. Requests by telephone shall be followed immediately by a written request. Written requests shall state the nature, cause, and expected duration of the emergency and may be submitted by facsimile or electronic mail. The customer must act to eliminate the cause of the emergency as soon as practicable. The charge for usage above authorized levels shall be determined at the time Company receives the customer's request. Disputes concerning this charge shall be referred to the Commission for resolution.

11.04.09 **Relief from Liability:** Company shall be relieved of all liabilities, penalties, charges, payments, and claims of whatever kind, contractual or otherwise, resulting from or arising out of Company's failure to deliver all or any portion of the volumes of gas desired by a customer or group of customers during a POC. Company's relief shall apply if curtailment is according to these General Terms and Conditions or any other orders or directives of duly constituted authorities including, but not limited to, the Kansas Corporation Commission.

11.05 **Unauthorized Deliveries:** Over-Deliveries or Under-Deliveries which vary from Company's authorized usage level under an OFO or during a POC, may be subject to the penalties described in Section 11.06 Penalties for Unauthorized Usage.

11.05.01 **Individual Customers:** Unauthorized Deliveries for individually balanced customers shall be calculated by comparing each customer's authorized usage with actual usage.

11.05.02 **Aggregation Groups:** Unauthorized Deliveries for aggregation groups subject to aggregated balancing as defined under Section 10.04 Aggregation, shall be calculated by comparing the group members' total authorized usage with their total actual usage. The actual usage of a customer which is included in more than one aggregation group shall be

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No supplement or separate understanding shall modify the tariff as shown herein.

General Terms and Conditions for Gas Service

allocated between groups on a ratio of the customer’s confirmed nominations.

11.05.03 **Required Daily Quantity (RDQ) Balancing:** Absent the use of Company approved Electronic Flow Measurement (EFM) equipment, RDQ is the method of determining the quantity of natural gas, plus retainage, required to be nominated and delivered to Company by a transportation service customer.

- (1) **Qualification for RDQ Balancing:** RDQ Balancing shall be available for transportation service meters recording a peak-month usage of less than 1,500 Mcf in the most recent 12-month period ending April 30. An RDQ-qualified customer shall be assigned to RDQ Balancing until such time that EFM equipment is installed pursuant to Schedule EFMR.
- (2) **RDQ Administration:** Company shall each year review the customer’s most recent 12-month usage for the period ending April 30 and recalculate the customer’s RDQ. Company shall, prior to August 1, notify the customer, and the customer’s agent if aggregated for balancing purposes, of a revised RDQ, which shall be effective for the next 12-month period beginning November 1. The customer or customer’s agent shall inform Company of any dispute over the RDQ within 30 days of their notification.
- (3) **Unauthorized Over-Deliveries:** The customer may be subject to an Unauthorized Over-Delivery Penalty if Company receives less than 100% of the customer’s assigned RDQ plus retainage.
- (4) **Unauthorized Under-Deliveries:** The customer may be subject to the applicable Unauthorized Under-Delivery Penalty if Company receives more than 30% of the customer’s assigned RDQ amount plus retainage.
- (5) **Actual Usage of RDQ Customers:** Company shall not be required to read RDQ-balanced meters to implement the requirements of an OFO or POC, for which the customer’s actual usage shall be deemed to equal the assigned RDQ. When calculating Unauthorized Over-Delivery Penalties for an aggregation group which includes both EFM meters and meters subject to RDQ Balancing, the aggregated nominations shall be applied to the aggregated RDQ meters first.
- (6) **Temporary RDQ:** A customer may request a temporary revision of its

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General Terms and Conditions for Gas Service

assigned RDQ. Company shall consider the request only if it is received prior to 72 hours of the occurrence of a significant event or issuance of an OFO. Requests by telephone shall be followed immediately by a written request stating the nature, cause, and expected duration of the event. Company shall respond no later than 72 hours after receipt of the customer’s written request. Any revised RDQ shall become effective upon Company’s responding notification to the customer and shall continue for no more than 30 days or until the customer’s operation has returned to normal, whichever occurs first. Company may, at its option and at the customer’s request, extend the temporary RDQ for a specified period(s).

11.05.04 **Meter Reading:** Actual usage during an OFO shall normally be provided by electronic flow measurement (EFM) equipment. If Company is unable to obtain data from an EFM device, the customer’s usage shall be determined by actual meter reads.

11.05.05 **Previous Imbalances:** Gas imbalances from previous months shall not be allowed to offset any Unauthorized Over- or Under-Delivery during and OFO or POC period.

11.05.06 **Refusal to Comply:** Company may disconnect from its system or refuse to accept the nomination of a customer which endangers system stability and/or safety by continuing to incur Unauthorized Deliveries.

11.06 **Penalties for Unauthorized Usage:** A customer’s unauthorized usage under an OFO or POC may cause the incurrence of penalties.

11.06.01 **Tolerance Levels:** Penalties may be assessed:

(1) During an OFO or POC of Over-Deliveries

(a) When an end-use transportation customer with EFM installed takes more than 105% of the receipts received onto the KGS system plus retainage.

(b) The Company receives less than 100% of assigned RDQ amount plus retainage.

(2) During an OFO or POC of Under-Deliveries

(a) When an end-use transportation customer with EFM installed takes less than 95% of the receipts received onto the KGS system plus retainage.

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General Terms and Conditions for Gas Service

- (b) The Company receives more than 30% of the assigned RDQ plus retainage.

11.06.02 **Penalties during OFOs and POCs:** Penalties for Unauthorized Over-Deliveries or Under-Deliveries shall be calculated as follows.

- (1) **Standard OFO Penalties:** For each day of the Standard OFO, the lessor of 2½ times the daily midpoint stated on Platts Gas Daily’s Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$15 plus the daily midpoint stated on Platts Gas Daily’s Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.
- (2) **Emergency OFO Penalties:** For each day of the Emergency OFO, the lessor of 5 times the daily midpoint stated on Platts Gas Daily’s Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$50 plus the daily midpoint stated on Platts Gas Daily’s Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.
- (3) **POC Penalties:** For each day of the POC, the lessor of 10 times the daily midpoint stated on Platts Gas Daily’s Index for Southern Star Central times the MMBtu of Unauthorized Over- or Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$100 plus the daily midpoint stated on Platts Gas Daily’s Index for Southern Star times the MMBtu of Unauthorized Over- or Under-Deliveries.

11.06.03 **Responsibility for Payment:** Unauthorized Over- or Under-Delivery Penalties for individually balanced customers shall be billed to and collected from the applicable customer. Unauthorized Over- or Under-Delivery Penalties for aggregation groups shall be billed to and collected from the Agent representing the aggregated customers.

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THE STATE CORPORATION COMMISSION OF KANSAS

Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas
No supplement or separate understanding shall modify the tariff as shown herein.

SCHEDULE EFMR
Replacing Sheets 1-3, In Part
Sheet 1 of 4

Electronic Flow Measurement Rider

Applicability

Applicable to all customers served under rate schedules STk, STt, LVtk, LVTt, CNGk, CNGt and WTt and located in and around the communities specified in the Index. Service is subject to the Definitions and Conditions section below.

Net Monthly Bill

\$17.40 for each meter upon which Electronic Flow Measurement equipment (EFM) is installed, plus any charge to reimburse Company for the installed cost of the EFM, plus if applicable,

\$15.00 for each meter connected to Company-maintained cellular data equipment.

Definitions and Conditions

1. EFM shall be required on all meters serving transportation accounts, except for the provisions of Definition and Condition #2 (below). After [Effective Date of Tariff], EFM shall be required for all new and existing transportation accounts. During the roll-out period of EFM equipment, not to exceed 3 years from [Effective Date of Tariff], customers without EFM installed will continue to be subject to the provisions of Definition and Condition #2 (below). Company shall install, operate, and own all EFM. Company shall provide and bill the customer the actual cost for any requested assistance beyond maintenance to Company's EFM and/or connection.

a. The requirements of this provision shall be judged to have been met pending a customer's sequential assignment to Company's EFM installation schedule.

~~b. Company may, at its sole discretion, waive the requirements of this provision for a customer which uses gas primarily during Company's off-peak season.~~

~~cb.~~ A customer which declines Company's EFM installation, or which does not provide a Contribution in Aid of Construction (CIAC), ~~or which does not install and/or maintain an operable dedicated telephone circuit,~~ all as required by this rider, shall be ineligible for transportation service.

~~ec.~~ In the event that existing customer-maintained communication facilities fail to adequately transmit meter data, Company shall promptly notify a customer of the need to transfer to a cellular system. ~~install or maintain an operable dedicated telephone circuit. The customer must repair the phone circuit or elect to switch to Equipment Option 2 as outlined in part 3 below.~~ If, after 60 days from initial notification, the customer fails to ~~provide an operational dedicated phone circuit or select the applicable Equipment Option~~ transfer to a cellular system, the Company, at its sole discretion, may disqualify such customer from transportation service and place the account on the appropriate General Sales rate.

2. RDQ Balancing: Notwithstanding the provisions above, according to the Required Daily Quantity (RDQ) Balancing provisions in Section 11, Pipeline System Restrictions & Priorities of Company's General Terms and Conditions for Gas Service (GTC), a customer ~~may agree~~s to deliver during a Period of Curtailment (POC) a predetermined RDQ of natural gas to a transportation service

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By:	<u>/S/</u> <u>David N. Dittmore, Director – Regulatory Affairs</u>	

Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas

SCHEDULE EFMR
Replacing Sheets 1-3, In Part
Sheet 2 of 4

No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

meter ~~which records a peak month usage of less than 1,500 Mcf in the most recent 12 month period ending April 30, in lieu of the Company's requirement to install EFM until such time that EFM equipment is installed.~~ However, meters upon which EFM equipment has already been installed shall not be eligible for the RDQ Balancing option and the customer shall be subject to all charges set out in the Net Monthly Bill section.

- 3. A customer shall reimburse Company for the installed cost of EFM which shall become the sole property of Company. In lieu of the customer reimbursing the Company upfront, a customer may elect to pay a monthly equipment fee for as long as the equipment is installed on the premise. The monthly equipment fee is in addition to other monthly fees as specified in the Net Monthly Bill Section of the EFMR tariff. This CIAC for labor, material, and overhead costs associated with the installation shall be ~~one of the following options:~~

~~Option 1: \$ 3,200 per meter for installation of EFM equipment with an electronic correction device and modem to transmit meter and usage data via a customer-provided and maintained, dedicated landline phone circuit, or~~

~~Option 2: \$4,800 per meter for installation of EFM equipment with an electronic correction device and modem to transmit meter and usage data via a Company provided cellular connection. Customer is required to provide and maintain AC power to the meter setting, if available. Otherwise, customer may arrange for Company provided and maintained solar power equipment necessary to operate EFM equipment. The cellular equipment option is only available if there is reliable cellular service at the meter setting. If reliable cellular service is not available, the customer will be required to install a dedicated phone circuit under Option 1 or be ineligible for transportation service.~~

\$2,400 per meter or \$30.54 equipment fee per month for the installation of an EFM device.

~~Customers can, at any time, select another data/power option if adequate services are available to support the selection. The cost to upgrade shall be the difference of initial installation costs listed above.~~

~~In the event the customer elects to downgrade Equipment Options, Company is not required to refund prior installation costs.~~

Some cellular service installations may require a remote mounted cellular antenna, ~~remote mounted solar panel(s), up-sized solar panel(s)~~ or other modifications that are above and beyond basic installation. Company will promptly notify customer in such events and provide a cost estimate prior to installation. Customer will be responsible for these additional costs.

- 4. A customer shall make an additional CIAC sufficient to cover the cost of any non-EFM related work performed and/or equipment installed at the customer's request. All such facilities and/or equipment shall become the sole property of Company. Payment shall be due from the customer at

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Replacing Sheets 1-3, In Part
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No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

the time equipment is installed, ~~except that Company may permit the customer to finance the EFM over a four year period at 8% per annum.~~

- a. Company shall notify the customer of its intent to install EFM, as well as the scope and estimated cost thereof. A customer shall provide adequate space for the installation of the EFM.
 - b. A customer shall provide and maintain, at its cost, a dedicated telephone circuit or a Company-accepted alternative, according to Company's EFM Standards. Company and the customer shall mutually agree upon electric power and telephone connection location if needed.
 - c. A customer's acceptance of Company's installation plan shall be assumed unless the customer declines in writing within 15 days of Company's notice. ~~If customer selects equipment Option 1, the customer shall, within 60 days of acceptance, complete the installation of the required telephone circuit, at the customer's own expense, after which time Company shall install EFM equipment. If customer selects Equipment Option 2, Company will perform a site evaluation to determine if adequate cellular and/or sun exposure is available.~~
5. At a customer's request, Company may provide a data link or contact closure meeting Company's Standards from Company's EFM to the customer at the meter site so the customer can receive data with the same type of output signal as Company. At the customer's request, Company shall inspect and evaluate the customer's connection during normal Company working hours. Customer must provide intrinsically safe connection point inside weather tight enclosure and electrical barrier for Company to connect.
 6. Upon a customer's written request made prior to April 30 of each year, and agreement by Company given prior to May 31 of that same year and which shall not be unreasonably withheld, Company may credit 50% of assessed and paid Overrun Penalties incurred by the customer in the preceding winter heating season of November through March, to EFM. The credit shall be limited to the per meter CIAC required by Definition and Condition #2 (above). A credit for EFM is available only on new, Company-installed EFM and when Company is not assessed Overrun Penalties for a similar time period pursuant to a pipeline's authorized tariff.
 7. In the event of equipment failure, Company shall use uncorrected mechanical readings, historical data and/or customer supplied data to estimate billing data.
 8. A customer shall hold Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the EFM or customer connection and other necessary equipment to serve the customer unless it shall be affirmatively proved that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of Company or its accredited personnel.
 9. Service under this rider is subject to the provisions and applicable charges contained in Company's

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Exhibit 5
Index 42.4

Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas

SCHEDULE EFMR
Replacing Sheets 1-3, In Part
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No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

GTC or successor documents, approved by the Commission.

10. All provisions of this rider are subject to changes made by order of the Commission.

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Effective: <u>January 1, 2017</u>	
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Kansas Gas Service, a Division of ONE Gas, Inc.
All Rate Areas

SCHEDULE EFMR
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Sheet 1 of 3

No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

Applicability

Applicable to all customers served under rate schedules STk, STt, LVtk, LVt, CNGk, CNGt and WTt and located in and around the communities specified in the Index. Service is subject to the Definitions and Conditions section below.

Net Monthly Bill

\$17.40 for each meter upon which Electronic Flow Measurement equipment (EFM) is installed, plus any charge to reimburse Company for the installed cost of the EFM, plus if applicable,

\$15.00 for each meter connected to Company-maintained cellular data equipment.

Definitions and Conditions

1. EFM shall be required on all meters serving transportation accounts, except for the provisions of Definition and Condition #2 (below). After [Effective Date of Tariff], EFM shall be required for all new and existing transportation accounts. During the roll-out period of EFM equipment, not to exceed 3 years from [Effective Date of Tariff], customers without EFM installed will continue to be subject to the provisions of Definition and Condition #2 (below). Company shall install, operate, and own all EFM. Company shall provide and bill the customer the actual cost for any requested assistance beyond maintenance to Company's EFM and/or connection.
 - a. The requirements of this provision shall be judged to have been met pending a customer's sequential assignment to Company's EFM installation schedule.
 - b. A customer which declines Company's EFM installation, or which does not provide a Contribution in Aid of Construction (CIAC), all as required by this rider, shall be ineligible for transportation service.
 - c. In the event that existing customer-maintained communication facilities fail to adequately transmit meter data, Company shall promptly notify a customer of the need to transfer to a cellular system.. If, after 60 days from initial notification, the customer fails to transfer to a cellular system, the Company, at its sole discretion, may disqualify such customer from transportation service and place the account on the appropriate General Sales rate.
2. RDQ Balancing: Notwithstanding the provisions above, according to the Required Daily Quantity (RDQ) Balancing provisions in Section 11, Pipeline System Restrictions & Priorities of Company's General Terms and Conditions for Gas Service (GTC), a customer agrees to deliver during a Period of Curtailment (POC) a predetermined RDQ of natural gas to a transportation service meter until such time that EFM equipment is installed. However, meters upon which EFM equipment has already been installed shall not be eligible for the RDQ Balancing option and the customer shall be subject to all charges set out in the Net Monthly Bill section.
3. A customer shall reimburse Company for the installed cost of EFM which shall become the sole property of Company. In lieu of the customer reimbursing the Company upfront, a customer may elect to pay a monthly equipment fee for as long as the equipment is installed on the premise. The

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Kansas Gas Service, a Division of ONE Gas, Inc.
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No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

monthly equipment fee is in addition to other monthly fees as specified in the Net Monthly Bill Section of the EFMR tariff. This CIAC for labor, material, and overhead costs associated with the installation shall be the following:

\$2,400 per meter or \$30.54 equipment fee per month for the installation of an EFM device.

Some cellular service installations may require a remote mounted cellular antenna or other modifications that are above and beyond basic installation. Company will promptly notify customer in such events and provide a cost estimate prior to installation. Customer will be responsible for these additional costs.

4. A customer shall make an additional CIAC sufficient to cover the cost of any non-EFM related work performed and/or equipment installed at the customer’s request. All such facilities and/or equipment shall become the sole property of Company. Payment shall be due from the customer at the time equipment is installed .
 - a. Company shall notify the customer of its intent to install EFM, as well as the scope and estimated cost thereof. A customer shall provide adequate space for the installation of the EFM.
 - b. A customer shall provide and maintain, at its cost, a dedicated telephone circuit or a Company-accepted alternative, according to Company’s EFM Standards. Company and the customer shall mutually agree upon electric power and telephone connection location if needed.
 - c. A customer’s acceptance of Company’s installation plan shall be assumed unless the customer declines in writing within 15 days of Company’s notice.
5. At a customer’s request, Company may provide a data link or contact closure meeting Company’s Standards from Company’s EFM to the customer at the meter site so the customer can receive data with the same type of output signal as Company. At the customer's request, Company shall inspect and evaluate the customer's connection during normal Company working hours. Customer must provide intrinsically safe connection point inside weather tight enclosure and electrical barrier for Company to connect.
6. Upon a customer’s written request made prior to April 30 of each year, and agreement by Company given prior to May 31 of that same year and which shall not be unreasonably withheld, Company may credit 50% of assessed and paid Overrun Penalties incurred by the customer in the preceding winter heating season of November through March, to EFM. The credit shall be limited to the per meter CIAC required by Definition and Condition #2 (above). A credit for EFM is available only on new, Company-installed EFM and when Company is not assessed Overrun Penalties for a similar time period pursuant to a pipeline’s authorized tariff.

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No supplement or separate understanding shall modify the tariff as shown herein.

Electronic Flow Measurement Rider

- 7. In the event of equipment failure, Company shall use uncorrected mechanical readings, historical data and/or customer supplied data to estimate billing data.
- 8. A customer shall hold Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the EFM or customer connection and other necessary equipment to serve the customer unless it shall be affirmatively proved that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of Company or its accredited personnel.
- 9. Service under this rider is subject to the provisions and applicable charges contained in Company's GTC or successor documents, approved by the Commission.
- 10. All provisions of this rider are subject to changes made by order of the Commission.

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AGGREGATION AGREEMENT

THIS AGREEMENT is made and entered into this Date day of, Month and Year, by and between KANSAS GAS SERVICE COMPANY, A DIVISION OF ONE Gas, INC., hereinafter referred to as “Kansas Gas Service” and Name of Marketer, hereinafter referred to as “Aggregator”.

IN CONSIDERATION of the mutual covenants and agreements contained herein, Kansas Gas Service and Aggregator agree as follows:

Article I Aggregation Applicability

- 1.1 Subject to the provisions of this Agreement and of Kansas Gas Service’s General Terms and Conditions for Gas Service, on file with the Kansas Corporation Commission, and as reissued and made effective from time to time as provided by law, Company agrees to allow Aggregator to aggregate his customers’ usages for the purpose of balancing.
- 1.2 Company-established aggregation areas shall be designated on Exhibit A. Aggregator may establish his customers into groups within each aggregation area and shall designate such group or groups on Exhibit B. If Aggregator establishes more than one group within an aggregation area, a group number shall distinguish between aggregation groups. Aggregator shall designate any changes to be made to Exhibit B on Exhibit B1.
- 1.3 Exhibit B and Exhibit B1 shall be executed by both Aggregator and Company prior to the last working day of a month to be effective the following month. Changes shall become effective on the first day of the month following execution, except that aggregation groups shall be as designated prior to the first effective day of a critical use period such as a Period of Curtailment (POC) or Operational Flow Order (OFO). Exhibit B shall be updated at least annually by Aggregator.
- 1.4 Company may revise Exhibit A upon 30 days’ notice prior to effective date. Aggregator shall update Exhibit B with any changes necessary to comply with the revised Exhibit A.
- 1.5 Each customer included on Exhibit B shall provide Company a signed Transportation Affidavit specifying Aggregator as their Agent. Any customer without a valid Transportation Affidavit shall not be included in a designated aggregation group. Only those customers specified on Exhibit B shall be included in the balancing of the aggregation group(s) of Aggregator.
- 1.6 Aggregated balancing shall not apply to a customer’s monthly usage which is subject to Burnertip Balancing as defined in Company’s General Terms and Conditions for Gas Service. Pipelines providing Burnertip Balancing shall be designated on Exhibit A.

Article II
Aggregator's Responsibilities

- 2.1 Aggregator acknowledges responsibility for clearing monthly imbalances for aggregation groups designated on Exhibit B, if applicable, and payment of aggregated Cash Outs or final bills as defined by Company's General Terms and Conditions for Gas Service.
- 2.2 Aggregator acknowledges responsibility under the Company's General Terms and Conditions for Gas Service for clearing daily imbalances and payment of any applicable penalties incurred by aggregation groups designated on Exhibit B during critical use periods, including but not limited to POCs and OFOs.
- 2.3 All bills to Aggregator shall be due and payable in accordance with customer bill payment provisions as defined in Company's General Terms and Conditions for Gas Service.

Article III
Term

- 3.1 This Agreement shall become effective, **Date** and shall continue in full force thereafter until terminated by either party giving written notice at least 30 days prior to the beginning of the month in which termination is to be effective. Aggregators should continue to be responsible for any payments owed for aggregation prior to the effective date of termination.
- 3.2 Company may suspend or terminate this Agreement immediately in the event Aggregator fails to pay all of the amount of any charges or penalties rendered by Company hereunder and due in accordance with Company's General Terms and Conditions for Gas Service.

Article IV
General

- 4.1 The referenced General Terms and Conditions for Gas Service have been filed with the Kansas Corporation Commission and are subject to change by order of said authority at any time during the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

Kansas Gas Service,
a Division of ONE Gas, Inc.

Name of Marketer
(Aggregator)

By _____

By _____

Title _____

Title _____

**EXHIBIT A
AGGREGATION AREAS**

KANSAS GAS SERVICE COMPANY'S INTERSTATE SYSTEM - "k" System

PIPELINE**	AGGREGATION AREA OFOS, Curtailments (Designation-Line Segment)	AGGREGATION AREA Monthly Cash Out (Designation-Zone)	LOCATION DEFINITION
Northern	Northern	Northern	All Northern's Towns
Panhandle	Panhandle Market Zone	Panhandle Market Zone	All Panhandle Market Area Towns
Panhandle	Panhandle Field Zone	Panhandle Field Zone	All Panhandle Production Area Towns
Black Hills	Black Hills	Black Hills	All Black Hill's Towns
Southern Star	45	P	Chase
Southern Star	300	M	Andover
Southern Star	333M	M	Arkansas City
Southern Star	260	M	Arma
Southern Star	90	M	Atchison
Southern Star	333M	M	Atlanta
Southern Star	295	P	Augusta & Leon
Southern Star	180	M	Baldwin
Southern Star	265	M	Barnard
Southern Star	225	M	Baxter Springs
Southern Star	333P	P	Belle Plaine
Southern Star	265	M	Beloit
Southern Star	120	P	Bentley
Southern Star	300	M	Benton
Southern Star	95	M	Bronson Etc
Southern Star	333M	M	Burden
Southern Star	265	M	Burr Oak
Southern Star	333M	M	Cambridge
Southern Star	495	M	Carlyle
Southern Star	265	M	Cawker City
Southern Star	215	M	Cherokee
Southern Star	495	M	Cherryvale
Southern Star	90	M	Circleville
Southern Star	120	P	Clearwater
Southern Star	50	M	Colony
Southern Star	260	M	Columbus
Southern Star	120	P	Conway Springs
Southern Star	260	M	Crestline
Southern Star	495	M	Dennis
Southern Star	120	P	Derby
Southern Star	333M	M	Dexter
Southern Star	295	P	Douglas
Southern Star	265	M	Downs
Southern Star	190	M	Edgerton
Southern Star	90	M	Effingham
Southern Star	300	M	El Dorado
Southern Star	295	P	El Dorado Rural
Southern Star	265	M	Ellsworth
Southern Star	140	M	Emporia
Southern Star	495	M	Erie
Southern Star	265	M	Esbon
Southern Star	90	M	Everest
Southern Star	90	M	Fairview
Southern Star	265	M	Formosa
Southern Star	95	M	Fort Scott
Southern Star	265	M	Frederick

**EXHIBIT A
AGGREGATION AREAS**

KANSAS GAS SERVICE COMPANY'S INTERSTATE SYSTEM - "k" System

PIPELINE**	AGGREGATION AREA OFOS, Curtailments (Designation-Line Segment)	AGGREGATION AREA Monthly Cash Out (Designation-Zone)	LOCATION DEFINITION
Southern Star	260	M	Galena & Empire City
Southern Star	190	M	Gardner
Southern Star	495	M	Gas City & La Harpe
Southern Star	265	M	Geneseo
Southern Star	260	M	Girard
NGPL	Glasco	Glasco	Glasco
Southern Star	265	M	Glen Elder
Southern Star	140	M	Goessel
Southern Star	180	M	Grantville
Southern Star	333M	M	Grenola
Southern Star	90	M	Hamlin
Southern Star	120	P	Harper
Southern Star	120	P	Haysville
Southern Star	90	M	Hiawatha
Southern Star	90	M	Highland & Robinson
Southern Star	90	M	Holton
Southern Star	90	M	Horton
Southern Star	90	M	Huron
Southern Star	265	M	Jewell
Southern Star	265	M	Kanopolis
Southern Star/KPC	115	M	Kansas City, KS
Southern Star	315	P	Kiowa
Southern Star	90	M	KS Mkt Domestics
Southern Star	120	P	KS Prd. Domestics
Southern Star	90	M	Lancaster
Southern Star	190	M	Le Loup
Southern Star	195	M	Leavenworth
Southern Star	265	M	Lebanon
Southern Star	180	M	Lecompton
Southern Star	265	M	Lincoln
Southern Star	225	M	Lowell
Southern Star	265	M	Lucas
Southern Star	265	M	Luray
Southern Star	140	M	Lyndon
Southern Star	140	M	Madison
Southern Star	265	M	Mankato
Southern Star	493	M	Melvern
Southern Star	180	M	Meriden
Southern Star/KPC	115	M	Merriam
Southern Star	140	M	Michigan Valley
Southern Star	265	M	Minneapolis
Southern Star	265	M	Montrose
Southern Star	90	M	Morrill
Southern Star	120	P	Mulvane
Southern Star	90	M	Muscotah
Southern Star	260	M	N Riverton
Southern Star	90	M	Netawaka
Southern Star	120	P	Newton

**EXHIBIT A
AGGREGATION AREAS**

KANSAS GAS SERVICE COMPANY'S INTERSTATE SYSTEM - "k" System

PIPELINE**	AGGREGATION AREA OFOS, Curtailments (Designation-Line Segment)	AGGREGATION AREA Monthly Cash Out (Designation-Zone)	LOCATION DEFINITION
Southern Star	180	M	Nortonville & Winchester
Southern Star	140	M	Olpe
Southern Star	265	M	Osborne
Southern Star	180	M	Oskaloosa
Southern Star	260	M	Oswego
Southern Star	493	M	Ottawa
KPC	Ottawa	M	Ottawa
Southern Star/KPC	115	M	Overland Park
Southern Star	333P	P	Oxford
Southern Star	180	M	Ozawkie
KPC	Paola/Osawatomic	M	Paola/Osawatomic
Southern Star	495	M	Parsons
Southern Star	180	M	Perry
Southern Star	495	M	Petrolia
Southern Star	220	M	Piqua
Southern Star	260	M	Pittsburg
Southern Star	265	M	Plum Creek Farms
Southern Star	140	M	Pomona
Southern Star	300	M	Potwin
Southern Star	496	M	Princeton
Southern Star	140	M	Quenemo
Southern Star	45	P	Raymond
Southern Star	90	M	Reserve
Southern Star	496	M	Richmond
Southern Star	120	P	Ripley Plant
Southern Star	295	P	Rose Hill
Southern Star	90	M	Sabetha
Southern Star	215	M	Scammon
Southern Star	496	M	Scipio
Southern Star	140	M	Scranton
Southern Star	120	P	Sedgwick
Southern Star	180	M	Shawnee Heights
Southern Star	265	M	Smith Center
Southern Star	235	M	Somerset & Rural
Southern Star	145	M	South Gardner
Southern Star	495	M	South Mound
Southern Star	265	M	Sylvan Grove
Southern Star	495	M	Thayer
Southern Star	195	M	Tonganoxie
Southern Star	180	M	Topeka
Southern Star	300	M	Towanda
Southern Star	225	M	Treece
Southern Star	333P	P	Udall
Southern Star	120	P	Valley Center
Southern Star	180	M	Valley Falls
Southern Star	265	M	Vesper
Southern Star	235	M	WAL-MART
Southern Star	95	M	Walnut & St Paul
Southern Star	250	M	Wathena, Elwood & Troy

**EXHIBIT A
AGGREGATION AREAS**

KANSAS GAS SERVICE COMPANY'S INTERSTATE SYSTEM - "k" System

PIPELINE**	AGGREGATION AREA OFOS, Curtailments (Designation-Line Segment)	AGGREGATION AREA Monthly Cash Out (Designation-Zone)	LOCATION DEFINITION
Southern Star	215	M	Weir
Southern Star	495	M	Welda
Southern Star	333P	P	Wellington
Southern Star	190	M	Wellsville
Southern Star	215	M	West Mineral, Carona & Rose
Southern Star	90	M	Whiting
Southern Star	120	P	Wichita
Southern Star	Southern Star-only Customers	P	Wichita*
Southern Star	120	P	Cessna E-Beech Aircraft-Rock R
Southern Star	90	M	Willis
Southern Star	496	M	WRI-Garnett
Southern Star	260	M	WRI-Sherwin
Southern Star	496	M	WRI-Smith

KANSAS GAS SERVICE COMPANY'S INTRASTATE SYSTEM - "t" System

PIPELINE	AGGREGATION AREA OFOS, Curtailments (Designation-Line Segment)	AGGREGATION AREA Monthly Cash Out (Designation-Zone)	LOCATION DEFINITION
All	t system	t system	t system

*Wichita customers who cannot be served by OFS or KPC. During a OFO, if Aggregator has other Southern Star customers, Southern Star confirmed nominations will first be applied to "Southern Star-only" customers, first Required Daily Quantity (RDQ) then Electronic Flow Measurement (EFM). The balance will then be applied to all other Southern Star/KPC/OFS

****Pipeline Designation:**

<u>Designation</u>	<u>Actual Name</u>	<u>Actual Name</u>
Southern Star	Southern Star Central Gas Pipeline	Southern Star Central Gas Pipeline
Panhandle	Panhandle Eastern Pipe Line Company	Panhandle Eastern Pipe Line Company
KPC	MV Pipeline	MV Pipeline
OFS	ONEOK Field Services	ONEOK Field Services
NGPL	Natural Gas Pipeline Company of America	Natural Gas Pipeline Company of America
Northern	Northern Natural Gas Company	Northern Natural Gas Company
Black Hills	Black Hills Energy	Black Hills Energy

This Exhibit is Effective January 1, 2021.

CERTIFICATE OF SERVICE

I, Robert Elliott Vincent, hereby certify that a copy of the above and foregoing *Compliance Filing* was forwarded this 31st day of March 2023, addressed to:

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