In the Matter of the Application of Kansas Gas Service, A Division of ONEOK, Inc. for the Approval Of An Infrastructure Replacement Program Surcharge	))))))	DOCKET NO. 12-KGSG-721-TAR

DIRECT TESTIMONY

OF

RONALD D. BRIDGEWATER

ON BEHALF OF

KANSAS GAS SERVICE

A DIVISION OF ONEOK, INC

DIRECT TESTIMONY

OF

RONALD D. BRIDGEWATER

KANSAS GAS SERVICE

DOCKET NO. 12-KGSG-___-TAR

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ronald D. Bridgewater. My business address is 11401 West 89th Street, Overland Park, Kansas 66214.

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

A. I am employed by Kansas Gas Service a Division of ONEOK. I hold the position of Vice President – East Region Operations.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelors degree in Mechanical Engineering from the University of Missouri in 1988. Upon graduation I began employment with KPL Gas Service Company, the predecessor to Kansas Gas Service, as a Distribution Engineer. Since then, my entire career has been devoted to work in the natural gas industry. I have held several positions in the areas of engineering, regulatory compliance, and operations management. I was named Vice President – East Region Operations in May, 2007.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain the Company's proposed Infrastructure Replacement Program and the need for approval of the

Infrastructure Replacement Program Surcharge (IRP). Mr. David Dittemore will provide testimony explaining the associated IRP which will enable the Company to timely recover its investment in this important program.

Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE INFRASTRUCTURE REPLACEMENT PROGRAM.

A. The Infrastructure Replacement Program was developed by Kansas Gas Service, after consultation with the Pipeline Safety Division of the Commission, to completely replace all of the Company's cast iron mains in its distribution system. The Company currently has approximately 108 miles of cast iron mains in its distribution system. This program represents a commitment by Kansas Gas Service to replace all cast iron main in its system over an eight-year period.

Q. WHY HAS THE COMPANY DETERMINED THAT IT IS APPROPRIATE TO REPLACE CAST IRON MAINS IN SUCH A SHORT TIME FRAME?

A. Cast iron mains were used by natural gas distribution companies to provide reliable and safe service for customers. At the time they were installed, cast iron mains were considered to be a superior pipeline conduit compared to other metallic products because of cast iron's relatively high resistance to corrosion. Eventually other pipeline conduits were developed that provided better service than cast iron pipe and cast iron has not been installed by Kansas Gas Service since the early 1960s. Kansas Gas Service has been gradually replacing our cast iron piping with more modern materials, but our remaining cast iron pipe is now being targeted for accelerated replacement to

avoid concerns about continuing to rely on this aging piping without a pre-determined timeline for replacement. Emphasis will be placed on prioritizing the replacement of our smaller diameter cast iron pipe. The replacement of cast iron pipe is a topic that is under review by the US Department of Transportation and the Pipeline Hazardous Materials Safety Administration (PHMMSA). PHMSA has instituted an inquiry nationwide to study how local distribution companies are evaluating the replacement of their cast iron pipes. It may only be a matter of time, in our opinion, before the federal government will institute a policy of having all cast iron pipe replaced. With this program, the Company will be able to set a firm deadline for removing the Company's entire cast iron pipe.

Q. WHAT IS THE ESTIMATED COST OF THE INFRASTRUCTURE REPLACEMENT PROGRAM?

A. I estimate that the cost of the Infrastructure Replacement Program will be approximately $70 Million dollars. It will involve the replacement of 108 miles of cast iron pipe, forty miles of unprotected bare steel mains, as well as expenditures required to reconnect the newly installed main with existing plastic service lines. We will also replace approximately 3,000 bare steel service lines associated with this project; but these costs will be recovered in our GSRS mechanism. The great majority of the pipe to be replaced is either four or six inches in diameter. Attached as Exhibit RDB-1 is a table showing the breakdown of the miles of cast iron main to be replaced by pipe diameter.

Q. COULD YOU PLEASE EXPLAIN HOW THE COST ESTIMATE WAS DETERMINED?

A. Yes. The estimated installation cost per foot for each pipe diameter in our inventory was determined assuming the vast majority of this work will involve restoring pavement. Our cost estimates per foot are based upon experience with actual costs per foot and are shown below.

Diameter	Cost per Foot
4 Inch	$60
6 Inch	$90
8 Inch	$130
10 Inch	$200
12 Inch	$200

The respective cost per foot for each pipe diameter is then multiplied by our existing cast iron inventory footage for each pipe diameter size to arrive at the cost to replace cast iron.

Q. PLEASE EXPLAIN THE OTHER MAJOR COST COMPONENTS INVOLVED IN THIS PROGRAM?

A. In addition to the replacement of the cast iron pipe, there is an additional cost to replace approximately 40 miles of unprotected bare steel pipe in the city of Wichita which is interconnected with the cast iron main. Construction efficiency requires that Kansas Gas Service replace interconnected bare steel

main simultaneously with the replacement of cast iron main. The replacement of the associated bare steel main is estimated to be $16 Million. In addition to the replacement of the cast iron main and unprotected bare steel main, there will be some additional costs to tie over approximately 8,000 plastic service lines that are attached to the replaced cast iron main and unprotected bare steel main. I estimate these costs at $3.2 Million and they are included in the $70.2 Million dollar estimate.

Q. WHAT PROCEDURE WILL THE COMPANY BE USING TO IDENTIFY WHICH CAST IRON MAIN TO REPLACE?

A. The replacement program will place a priority on replacement of small diameter pipe. However, larger diameter cast iron pipe will be replaced early in the program in those situations where it is needed to bring new intermediate pressure supply into the area or such pipe is in close proximity to smaller diameter pipe, and replaced simultaneously in order to capture construction efficiencies.

Q. HOW DID THE COMPANY DETERMINE THAT AN EIGHT YEAR TIME FRAME WAS THE BEST TIME PERIOD TO COMPLETE THE PROGRAM?

A. Under the Company's current practices for removal of aging pipe, the complete replacement of the cast iron pipe would have taken a significantly longer period of time. With this program and the associated recovery of expenditures that is being requested with this Application, the Company can set a specific end date for the replacement of this pipe. With the timely recovery of our investment in this program through the IRP, we know that we

will not have to compete with other capital projects for the financial resources necessary for this large expenditure of funds to replace this pipe. We selected the eight year time period because we felt that if we attempted to do it any faster, we would be at risk of not being able to manage the replacement program effectively. An eight year time frame will facilitate a prompt replacement of the main while still permittng the proper management and oversight of an expanded construction program. The quality control of this replacement program is just as important to assure the future integrity of our new piping as the replacement program itself.

Q. HOW WILL THE COMPANY KEEP TRACK OF THE COSTS OF THE INFRASTRUCTURE REPLACEMENT PROGRAM?

A. The Company will track the costs for the program using its standard work order process; however, a special identifier will be used within our Property Accounting records to designate the work order as a cast iron replacement. The majority of the costs will be charged to Account 376 Mains. This will facilitate the identification of recoverable costs for the program when the annual cost recovery filing is made each May. Mr. Dittemore will provide the details of the accounting for this program and the recovery of costs in his testimony.

Q. HOW MUCH IS THE COMPANY PROJECTING IT WILL SPEND IN THE FIRST YEAR OF THE PROGRAM?

A. For the first year of the program, the Company is projecting that it will spend one-eighth of the total expenditures or approximately $8.75 Million. With the

submission of the next annual filing in May of 2013, there will be a true up of our expenditures over the course of the program year and the charges to customers will be adjusted during that filing. As explained in the testimony of Mr. Dittemore, the cost of our investment will be recovered ratably over the course of the year.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

STATE OF KANSAS)
) ss
COUNTY OF JOHNSON)

Ronald D. Bridgewater, being duly sworn upon his oath, deposes and states that he is Vice President, East Region Operations for Kansas Gas Service, a Division of ONEOK, Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information, and belief.

RONALD D. BRIDGEWATER

Subscribed and sworn to before me this 28th day of March, 2012.

NOTARY PUBLIC

My Appointment Expires:

9/28/2012

NOTARY ... State of Kansas
... 9/28/2012

Kansas Gas Service
Infrastructure Replacement Program
Cost Estimate

Exhibit RDB-1

Cast Iron Pipe Replacement by Diameter

Pipe Diameter	3"	4"	6"	8"	10"	12"	16"	20"	Total
Footage	152	280,140	175,739	66,092	4,207	39,920	1,844	520	568,614
Mileage	0.03	53.06	33.28	12.52	0.80	7.56	0.35	0.10	107.69
Estimated Cost	$9,120	$16,808,400	$15,816,510	$8,591,960	$841,400	$7,984,000	$737,600	$208,000	$50,996,990

Associated Costs	
8,000 Tie-Overs @ $400	$3,200,000
40 Miles Bare Steel Main	$16,000,000
Total Program Cost Estimate	**$70,196,990**
Annual Total	**$8,774,624**