

STATE CORPORATION COMMISSION

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

OCT 26 2006

In the Matter of the Application of Kansas)
Gas Service, a Division of ONEOK, Inc.)
for Adjustment of its Natural Gas Rates in)
the State of Kansas)

Docket No. 06-KGSG-1209-RTS

 Docket
Room

JOINT MOTION TO APPROVE STIPULATED SETTLEMENT AGREEMENT

COME NOW the Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively), Kansas Gas Service, a Division of ONEOK, Inc. (“Kansas Gas Service”), the Citizens’ Utility Ratepayer Board (“CURB”), Unified School District No. 259 (“USD 259”), and the United States Department of Defense and other affected federal agencies (collectively, “DOD”) (collectively, “Joint Movants”) and, pursuant to K.A.R. 82-1-230a, request that the Commission issue an order approving the Stipulated Settlement Agreement (“Agreement”), attached as Exhibit A. In support of this Motion, the Joint Movants state and allege as follows.

1. On May 15, 2006, Kansas Gas Service filed an Application in this docket requesting an increase in its natural gas rates. Pursuant to K.S.A. 66-117, this matter was suspended by the Commission until January 10, 2007.

2. On May 16, 2006, May 26, 2006, and June 14, 2006, CURB, DOD and USD 259, respectively, requested intervention in this proceeding to represent the interests of their clients. The City of Wichita, Kansas (“Wichita”) requested intervention in this proceeding on September 18, 2006. The requests for intervention by CURB, DOD and USD 259 were granted by the Commission on May, 23, 2006, June 7, 2006 and June 27, 2006, respectively. Wichita’s request to intervene was granted on September 21, 2006.

3. On October 17, 2006, the parties to this proceeding commenced Settlement discussions. On October 19, 2006, the Joint Movants were able to reach a final settlement, the terms of which are reflected in the Agreement. Wichita participated in the settlement discussion with the Joint Movants, but has elected not to be a signatory to the Agreement. Wichita has indicated, however, that it will not oppose the Commission's approval of the Agreement.

4. Kansas Gas Service, Staff, CURB, DOD and USD 259 believe that the Agreement represents a reasonable and fair resolution of this matter and that the terms contained therein are in the public interest. Joint Movants therefore request that it be approved by the Commission.

WHEREFORE, for the reasons set forth herein, Kansas Gas Service, Staff, CURB, DOD and USD 259 request that this Joint Motion be granted and that the Agreement attached hereto be approved.

Respectfully submitted,

By: Susan B. Cunningham

Susan B. Cunningham
General Counsel
Laurie Pickle
Assistant General Counsel
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027

ATTORNEYS FOR STAFF

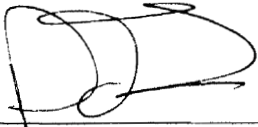
By: John P. DeCoursey

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ONEOK, INC.

By: _____


David Springe #15619
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ATTORNEYS FOR CURB

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ATTORNEY FOR U.S.D. NO 259

By: _____

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ATTORNEYS FOR UNITED STATES
DEPARTMENT OF DEFENSE

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By: *Sarah J. Loquist*
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ATTORNEYS FOR CURB

ATTORNEY FOR U.S.D. NO 259

By: David A. McCormick
Robert N. Kittel
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ATTORNEYS FOR UNITED STATES
DEPARTMENT OF DEFENSE

VERIFICATION

STATE OF KANSAS)
) ss
COUNTY OF JOHNSON)

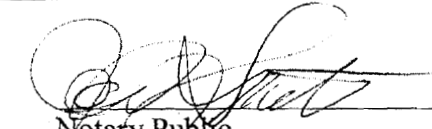
John P. DeCoursey of lawful age, being first duly sworn upon oath, deposes and states:

That he is an attorney for Kansas Gas Service, a Division of ONEOK, Inc.; that he has read the above and foregoing *Joint Motion To Approve Stipulated Settlement Agreement* and that the statements therein contained are true according to his knowledge, information and belief.



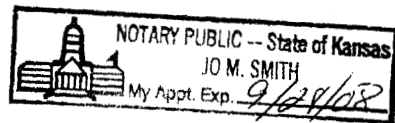
John P. DeCoursey

Subscribed and sworn before me this 26th day of October, 2006.



Notary Public

My Appointment Expires: 9/28/08



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing pleading has been faxed, hand-delivered and/or mailed, First Class, postage prepaid, this 26th day of October, 2006, to:

SUSAN CUNNINGHAM, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027

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John P. DeCoursey

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas)	
Gas Service, a Division of ONEOK, Inc.)	Docket No. 06-KGSG-1209-RTS
for Adjustment of Its Natural Gas Rates in)	
the State of Kansas)	

STIPULATED SETTLEMENT AGREEMENT

This Stipulated Settlement Agreement (“Agreement”) is entered into between and among the Staff of the State Corporation Commission of the State of Kansas (“Staff”), Kansas Gas Service, a Division of ONEOK, Inc. (“Kansas Gas Service”), the Citizens’ Utility Ratepayer Board (“CURB”), Unified School District No. 259 (“USD 259”), and the United States Department of Defense and other affected federal agencies (collectively referred to as “DOD”). This Agreement is being submitted to the Commission for its approval pursuant to K.A.R. 82-1-230a.

I. BACKGROUND

1. On May 15, 2006, Kansas Gas Service filed an application in this docket requesting an increase in its natural gas rates. Pursuant to K.S.A. 66-117, this matter was suspended by the Commission until January 10, 2007. On July 24, 2006, the Commission issued an Order that established a procedural schedule. This matter is currently set for hearing on November 6-9, 2006.

2. The following parties have requested and been granted intervention in this proceeding: CURB, USD 259, DOD, and the City of Wichita, Kansas (“Wichita”).

3. On October 17, 2006, the parties to this proceeding discussed the possibility of reaching a settlement of this case. On October 19, 2006, the signatory parties were able to reach

a final settlement position, recorded in this Agreement, in settlement of Kansas Gas Service's revenue requirements, certain other outstanding issues, and certain rate design issues. Wichita participated in the settlement discussions with the signatory parties, but has elected not to be a signatory to the Agreement. Wichita has indicated, however, that it will not oppose the Commission's approval of this Agreement.

4. The signatory parties believe that the Agreement is a full and fair resolution of the issues presented in Kansas Gas Service's Application and is just and reasonable. The signatory parties agree that any issue not specifically addressed by this Agreement should not be resolved by implication of the execution of this Agreement, and shall remain reserved for determination on the merits in any future proceeding.

II. SETTLEMENT PROVISIONS

5. Acceptance by the signatory parties of this Agreement is conditioned upon entry of a final order of the Commission approving the Agreement in its entirety. Failure to enter the order, or failure for any reason of the order to become final, voids this Agreement. Should the Commission not approve this Agreement in its entirety, the signatory parties reserve all of their respective litigation rights, including, but not limited to: cross examining all witnesses in a subsequent hearing on the merits of this matter, presenting arguments and briefs in support of their respective positions, requesting reconsideration of any Commission Orders and appealing any Commission Order to the Courts.

A. Revenue Requirement

6. The signatory parties agree that the Commission should authorize an annual rate increase of \$52,000,000 to Kansas Gas Service's revenue requirement. The new rates shall be effective for natural gas service rendered on and after January 1, 2007.

B. Tariff Proposals and Adjustments

7. Kansas Gas Service withdraws its two-tier rate design proposal.

8. Kansas Gas Service withdraws its Pension Employee Benefit Rider.

9. Kansas Gas Service will file a revised As-Available Gas Sales Service tariff to be effective for all sales rendered on and after January 1, 2007. Such revision shall insert 90% rather than 75% as currently contained in paragraph C in the Cost of Gas Offsets section of the tariff.

10. Kansas Gas Service withdraws its proposal to eliminate its Economic Development Rider (“EDR”) and shall file an amended Economic Development Rider which adds the words “and military” after the word “commercial” in the purpose section of the EDR.

11. The signatory parties agree that Kansas Gas Service’s proposed revisions to the Ad Valorem Surcharge Rider and Weather Normalization Adjustment Rider are acceptable and should be approved by the Commission.

C. Rate Design

12. The rates and rate design resulting from the \$52 million increase are set forth in the attached Exhibit A, which is incorporated herein by reference.

D. Carrying Charge and Allocation of Costs for GSRS Surcharge

13. Senate Bill (SB) 414, enacted by the Kansas Legislature on April 12, 2006, permits a natural gas public utility operating within the State of Kansas to file a petition with the Commission to establish a gas system reliability surcharge (“GSRS”). The surcharge will allow for the adjustment of the utility’s rates and charges to provide for the recovery of costs for eligible infrastructure system replacements. The signatory parties agree that for the applications

of SB 414 or other instances where a Commission-approved carrying charge is needed, the capital structure and percentages set forth in the following table shall apply:

	Debt	Equity
Capitalization Ratio	47.52%	52.48%
Cost of Capital	6.24%	10.20%
Weighted Cost of Capital	2.96%	5.36%
Overall Rate of Return:	8.32%	

14. For settlement purposes and allocating costs among customer classes in a 414 filing, such costs shall be allocated among Kansas Gas Service's classes of customers based on the Staff's Class Cost of Service study filed by Staff Witness Dorothy Myrick.

E. Mid-Continent Market Center ("MCMC")

15. The signatory parties agree that the 12" Satanta outlet west pipeline, the 24" Yaggy to Hutchinson pipeline, and the 20" Yaggy to Bushton pipeline are used and useful and should be included in Kansas Gas Service's rate base and cost of service, including a return on, a return of, associated O&M expenses and property taxes.

16. The signatory parties agree that all costs associated with the ANR Alden Interconnect, the ANR Compressor Station and Interconnect, the 12" Mullinville to ANR pipeline, the Bushton Compressor Station and Interconnect, and the 20" pipeline from the Bushton compressor station to the Bushton Extraction Plant (originally misidentified as the KMIGT Satanta to Mainline pipeline) should currently be excluded from Kansas Gas Service's retail cost of service. All off-system margin revenue associated with the ANR Compressor Station and the Bushton facilities shall be included in determining retail cost of service.

F. Depreciation

17. For depreciation purposes, Kansas Gas Service will utilize the investment and cost of removal depreciation rates set forth in the attached Exhibit B. Kansas Gas Service will recognize a regulatory liability for tracking the component of the depreciation expense accrual associated with the cost of removal in a unique sub account, separate from the investment and salvage accruals, within the accumulated depreciation reserve. Initially, this amount will be \$1,669,000 as of December 31, 2005. The cost of removal component of Kansas Gas Service's depreciation accrual will be accrued into the cost of removal sub account of the accumulated depreciation reserve monthly and realized cost of removal will be posted to the sub account as incurred. Kansas Gas Service's depreciation proposal includes the estimated cost of removal of \$8,739,613 based on the application of the cost of removal accrual rate to the Staff pro forma plant account balances of the test period, and this cost of removal allowance will be included in its annual depreciation accrual. The signatory parties agree that the recognition of these accruals as a regulatory liability does not affect the manner in which accounting for removal costs is currently handled for financial accounting purposes. The Parties believe this can be accomplished by a finding in the Commission's Order approving this Agreement that the amounts recorded to Account 108 for the cost of removal are to be hereafter treated as a regulatory liability for rate making purposes.

18. The signatory parties agree the Commission should open a generic docket to review and investigate depreciation policies and practices. Agreement to the terms of paragraph 17 does not preclude any signatory party from participating in such docket and advancing positions or arguments that may differ from the terms of paragraph 17, or from implementing depreciation accounting practices adopted by the Commission in the generic docket for

jurisdictional natural gas public utilities. Staff shall provide notice of the generic docket to all intervenors in this Docket.

G. Miscellaneous

19. For purposes of filing Kansas Gas Service's Ad Valorem Surcharge Rider, the signatory parties agree that the test period Ad Valorem expenses are \$15,377,655.

20. The signatory parties agree that the Periodic Pension Costs are as follows:

Gross	\$4,573,932
Net	\$3,304,666

The signatory parties agree that the OPEB costs are as follows:

Gross	\$12,354,756
Net	\$8,926,311

21. The signatory parties recognize and agree that Kansas Gas Service may intervene in Docket No. 07-ATMG-387-ACT or separately file an application addressing issues contained in such docket.

H. Revisions to Kansas Gas Service's General Terms and Conditions

22. Based on the recommendations of Staff witness Dorothy Myrick, the signatory parties agree that Kansas Gas Service's proposed revisions to Sections 5.08, 5.09, 10.09.03, 11.06.02 and 11.06.03 of Kansas Gas Service's General Terms and Conditions are acceptable and should be approved by the Commission.

23. Kansas Gas Service withdraws its proposed revisions to Sections 2.02, 4.01.05, 5.10 and Section 12 of its General Terms and Conditions without prejudice to refile them in a future filing with the Commission.

I. Reservations

24. This Agreement fully resolves all issues specifically addressed in this document between the signatory parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

25. The terms and provisions of this Agreement have resulted from negotiations between the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of the Agreement in their entirety, any signatory party has the option to terminate this Agreement and, if so terminated, none of the signatories hereto shall be bound by, prejudiced, or in any way affected by any of the agreements or provisions hereof.

26. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement shall not be prejudiced, bound by, or affected in any way by the terms of the Agreement: (1) in any future Commission or Court proceeding; (2) in any proceeding currently pending under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Agreement in its entirety or in any way conditions its approval of the same. The Commission's approval of this Agreement shall have no precedential effect in any other proceeding.

27. This Agreement does not prejudice or waive any signatory party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before this Commission or in any Court.

28. If the Commission accepts this Agreement in its entirety and incorporates the same into its final order in this docket, the signatory parties intend to be bound by its terms and the Commission's Order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's Order on those issues.

29. The signatory parties respectfully request that the Commission accept this Agreement in its entirety and incorporate the same into its final Order in this docket in an expedited manner so that Kansas Gas Service's tariffs can be approved and the new rates can go into effect for natural gas service rendered on and after January 1, 2007.

IN WITNESS WHEREOF, the signatory parties have executed and approved this Agreement, effective as of the 25th day of October, 2006, by subscribing their signatures below.

By: Susan B. Cunningham

Susan B. Cunningham
General Counsel
Laurie Pickle
Assistant General Counsel
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604

ATTORNEYS FOR STAFF

By: John P. DeCoursey

John P. DeCoursey
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300 N. Mead Suite 200
Wichita, Kansas 67202

ATTORNEYS FOR KANSAS GAS
SERVICE, A DIVISION OF
ONEOK, INC.

By: [Signature]

David Springe #15619
Steve Rarrick
Niki Christopher
Citizens' Utility Ratepayer Board
1500 SW Arrowhead Road
Topeka, KS 66604

ATTORNEYS FOR CURB

By: _____

Sarah J. Loquist
Hinkle Elkouri Law Firm. LLC
2000 Epic Center
301 North Main Street
Wichita, KS 67202-4820

ATTORNEY FOR U.S.D.
NO. 259¹

¹ This signature is subject to approval of the School Board for U.S.D. 259 on October 30, 2006.

29. The signatory parties respectfully request that the Commission accept this Agreement in its entirety and incorporate the same into its final Order in this docket in an expedited manner so that Kansas Gas Service's tariffs can be approved and the new rates can go into effect for natural gas service rendered on and after January 1, 2007.

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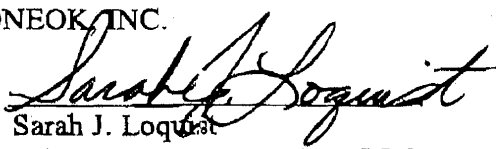
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ATTORNEYS FOR CURB

By: 
Sarah J. Loquist
Hinkle Elkouri Law Firm, LLC
2000 Epic Center
301 North Main Street
Wichita, KS 67202-4820

ATTORNEY FOR U.S.D.
NO. 259¹

¹ This signature is subject to approval of the School Board for U.S.D. 259 on October 30, 2006.

By: David A. McCormick

Robert N. Kittel
David A. McCormick
Kevin K. LaChance
Regulatory Law Office
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ATTORNEYS FOR UNITED STATES
DEPARTMENT OF DEFENSE

EXHIBIT A

KANSAS GAS SERVICE COMPANY
06-KGSG-1209-RTS
TEST YEAR ENDING
12/31/2005

REVISED EXHIBIT DJM-E5

TRADITIONAL RATE DESIGN	SALES CUSTOMERS					GENERAL SERVICE TRANSPORTATION			
	TOTAL	RESIDENTIAL RS	GENERAL SERVICE GS	IRRIGATION GSIt	SMALL GENERATOR SGS	SMALL GEN SRV STSk	SMALL GEN SRV STSt	GENERAL SERVICE GTk	GENERAL SERVICE GTt
Billing Determinants									
Customers	628,697	572,794	51,074	182	377	65	18	2,337	837
Volumes Step 1	105,287,384	46,120,101	13,414,323	59,506	12,528	91,812	25,457	3,984,495	1,568,421
Existing Rates									
Customer Charge		\$8.95	\$17.00	\$17.00	\$41.00	\$17.00	\$17.00	\$17.00	\$17.00
Margin Step 1		\$1.7465	\$1.6163	\$1.1785	\$0.4810	\$1.6163	\$1.6163	\$1.2389	\$1.5389
Margin Step 2					\$1.3988				
Existing Rate Revenue									
Customer Charge	\$74,384,194	\$61,518,076	\$10,419,096	\$37,128	\$185,484	\$13,260	\$3,672	\$476,748	\$170,748
Margin	\$128,697,641	\$80,548,756	\$21,681,570	\$70,128	\$6,026	\$148,396	\$41,146	\$4,936,391	\$2,413,643
Total Existing Revenue	\$203,081,834	\$142,066,832	\$32,100,666	\$107,256	\$191,510	\$161,656	\$44,818	\$5,413,139	\$2,584,391
Proposed Rates									
Customer Charge		\$12.25	\$23.35	\$23.35	\$50.00	\$23.35	\$23.35	\$20.00	\$23.35
Margin Step 1		2.1230	1.9746	1.4600	0.5575	1.8010	1.8802	1.4562	1.9127
Margin Step 1					\$1.5000				
Proposed Rate Revenue									
Customer Charge	\$101,248,552	\$84,200,718	\$14,310,935	\$50,996	\$226,200	\$18,213	\$5,044	\$560,880	\$234,527
Margin	\$153,833,275	\$97,912,974	\$26,487,922	\$86,879	\$6,984	\$165,353	\$47,864	\$5,802,222	\$2,999,919
Total Proposed Revenue	\$255,081,828	\$182,113,692	\$40,798,857	\$137,875	\$233,184	\$183,566	\$52,908	\$6,363,102	\$3,234,446
Revenue Change									
Customer Charge	\$26,864,359	\$22,682,642	\$3,891,839	\$13,868	\$40,716	\$4,953	\$1,372	\$84,132	\$63,779
Margin	\$25,135,635	\$17,364,218	\$4,806,352	\$16,751	\$958	\$16,958	\$6,718	\$865,831	\$586,276
Total Delivery Increase	\$51,999,994	\$40,046,860	\$8,698,191	\$30,619	\$41,674	\$21,911	\$8,090	\$949,963	\$650,055
Target Revenue	52,000,000	40,045,000	8,700,000	30,646	41,674	30,000	950,000	650,000	
Actual Increase minus Target	(6)	1,860	(1,809)	(27)	0	0	(37)	55	
Revenue Summary:									
Percent Change									
Customer Charge	36.12%	36.87%	37.35%	37.35%	21.95%	37.35%	37.35%	17.65%	37.35%
Margin	19.53%	21.56%	22.17%	23.89%	15.90%	11.43%	16.33%	17.54%	24.29%
Total Revenue	25.61%	28.19%	27.10%	28.55%	21.76%	13.55%	18.05%	17.55%	25.15%

KANSAS GAS SERVICE COMPANY
06-KGSG-1209-RTS
TEST YEAR ENDING
12/31/2005

REVISED EXHIBIT DJM-E5

TRADITIONAL RATE DESIGN	TRANSPORTATION SERVICE									WHOLESALE SALES	
	TOTAL	IRRIGATION GSIt	LARGE VOLUME LVTK	LARGE VOLUME LVTt	WHOLESALE WTT	Flex-k Tr. LVFTk	GTS Flex k GSFTk	Flex-t Tr. LVFTt	WFTt	SSRk	KGSSD
Billing Determinants											
Customers	628,697	320	431	104	23	66	4	25	35	1	4
Volumes Step 1	105,287,384	346,528	9,403,296	4,279,667	1,105,870	11,358,248	9,975	12,192,606	1,127,697	406	186,448
Existing Rates											
Customer Charge		\$17.00	\$187.00	\$220.00	\$38.50	\$187.00	\$17.00	\$220.00	\$38.50	\$38.50	\$225.00
Margin Step 1		\$1.2685	\$0.7048	\$1.0637	\$1.0826	\$0.1926	\$0.9626	\$0.2887	\$0.1682	\$0.9800	\$0.6854
Margin Step 2											
Existing Rate Revenue											
Customer Charge	\$74,384,194	\$65,280	\$967,164	\$274,560	\$10,626	\$148,104	\$816	\$66,000	\$16,170	\$462	\$10,800
Margin	\$128,697,641	\$439,571	\$6,627,443	\$4,552,282	\$1,197,215	\$2,187,599	\$9,602	\$3,520,005	\$189,679	\$398	\$127,791
Total Existing Revenue	\$203,081,834	\$504,851	\$7,594,607	\$4,826,842	\$1,207,841	\$2,335,703	\$10,418	\$3,586,005	\$205,849	\$860	\$138,591
Proposed Rates											
Customer Charge		\$23.35	\$187.00	\$250.00	\$52.75	\$187.00	\$20.00	\$250.00	\$52.75	\$52.75	\$225.00
Margin Step 1		1.5444	0.7766	1.2068	1.1462	0.1926	0.9626	0.2887	0.1700	1.0510	0.7712
Margin Step 1											
Proposed Rate Revenue											
Customer Charge	\$101,248,552	\$89,664	\$967,164	\$312,000	\$14,559	\$148,104	\$960	\$75,000	\$22,155	\$633	\$10,800
Margin	\$153,833,275	\$535,178	\$7,302,600	\$5,164,702	\$1,267,548	\$2,187,599	\$9,602	\$3,520,005	\$191,708	\$427	\$143,789
Total Proposed Revenue	\$255,081,828	\$624,842	\$8,269,764	\$5,476,702	\$1,282,107	\$2,335,703	\$10,562	\$3,595,005	\$213,863	\$1,060	\$154,589
Revenue Change											
Customer Charge	\$26,864,359	\$24,384	\$0	\$37,440	\$3,933	\$0	\$144	\$9,000	\$5,985	\$171	\$0
Margin	\$25,135,635	\$95,607	\$675,157	\$612,420	\$70,333	\$0	\$0	\$0	\$2,030	\$29	\$15,997
Total Delivery Increase	\$51,999,994	\$119,991	\$675,157	\$649,860	\$74,266	\$0	\$144	\$9,000	\$8,015	\$200	\$15,997
Target Revenue	52,000,000	120,000	675,000	650,000	74,321			17,159		200	16,000
Actual Increase minus Target	(6)	(9)	157	(140)	(55)			0		(0)	(3)
Revenue Summary:											
Percent Change											
Customer Charge	36.12%	37.35%	0.00%	13.64%	37.01%	0.00%	17.65%	13.64%	37.01%	37.01%	0.00%
Margin	19.53%	21.75%	10.19%	13.45%	5.87%	0.00%	0.00%	0.00%	1.07%	7.24%	12.52%
Total Revenue	25.61%	23.77%	8.89%	13.46%	6.15%	0.00%	1.38%	0.25%	3.89%	23.24%	11.54%

EXHIBIT B

DOCKET NO. 06-KGSG-1209-RTS

KANSAS GAS SERVICE, A DIVISION OF ONEOK, INC.
 Calculation of Pro-Forma Depreciation Expense - Existing Rates
 Test Year Ended December 31, 2005

Exhibit B
 Section 10
 Schedule 10-F
 Page 1 of 3

Line No.	Account Number	Description	Company Pro-Forma Plant in Service	Staff Adjustments 1&4	Staff Adjustment 8	Staff Adjusted Plant in Service	Asset Rate	Salvage Rate	Cost of Removal Rate	Depreciation Rate	Asset Accrual	Salvage Accrual	Cost of Removal Accrual	Pro-Forma Depreciation
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
Intangible Plant														
1	302	Franchise and Consents	\$6,350	\$0	\$0	\$6,350	0.00%	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0
2	303	Miscellaneous Intangible Plant	802,754	0	0	802,754	0.00%	0.00%	0.00%	0.00%	0	0	0	0
3		Total Intangible Plant	\$809,104	\$0	\$0	\$809,104					\$0	\$0	\$0	\$0
Production and gathering plant														
4	325.4	Rights of way	\$197,947	\$0	\$0	\$197,947	1.25%	0.00%	0.00%	1.25%	\$2,474	\$0	\$0	\$2,474
5	325.5	Other Land & Land Rights-Production	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
6	327	Field compressor station structures	3,053	0	0	3,053	2.89%	0.00%	0.00%	2.89%	88	0	0	88
7	328	Field measuring and regulating station	44,596	0	0	44,596	0.00%	0.00%	0.00%	0.00%	0	0	0	0
8	332	Field lines	559,784	0	0	559,784	0.80%	0.00%	0.00%	0.80%	4,478	0	0	4,478
9	333	Field compressor station equipment	117,939	0	0	117,939	1.01%	0.00%	0.00%	1.01%	1,191	0	0	1,191
10	334	Field measuring and regulating station equipment	515,090	0	0	515,090	1.47%	0.00%	0.00%	1.47%	7,572	0	0	7,572
11		Total Production and gathering plant	\$1,438,409	\$0	\$0	\$1,438,409					\$15,803	\$0	\$0	\$15,803
Underground storage plant														
12	350.1	Land & Land rights	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0
13	351.1	Structures and improvements	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
14	351.2	Structures and improvements	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
15	351.3	Structures and improvements	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
16	352	Wells	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
17	352.1	Storage Lease and Rights	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
18	352.2	Reservoirs	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
19	352.3	Non-Recoverable Natural Gas	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
20	353	Storage Lines	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
21	354	Compressor station equipment	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
22	355	Measuring and regulating station equipment	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
23	356	Purification equipment	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
24	357	Other equipment	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0
25		Total Underground storage plant	\$0	\$0	\$0	\$0					\$0	\$0	\$0	\$0

KANSAS GAS SERVICE, A DIVISION OF ONEOK, INC.
 Calculation of Pro-Forma Depreciation Expense - Existing Rates
 Test Year Ended December 31, 2005

Line No.	Account Number	Description	Company Pro-Forma Plant in Service	Staff Adjustments 1&4	Staff Adjustment 8	Staff Adjusted Plant in Service	Asset Rate	Salvage Rate	Cost of Removal Rate	Depreciation Rate	Asset Accrual	Salvage Accrual	Cost of Removal Accrual	Pro-Forma Depreciation
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
Transmission plant														
1	365.1	Land & Land rights	\$2,120,137	\$28,623	\$0	\$2,148,760	0.00%	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0
2	365.2	Rights of way	10,077,073	136,047	(8,502)	10,204,619	1.38%	0.00%	-0.02%	1.36%	140,824	0	(2,041)	138,783
3	366.1	Structures and improvements	5,107,784	2,531	0	5,110,315	2.08%	-0.06%	0.86%	2.88%	106,295	(3,066)	43,949	147,178
4	366.2	Measuring and regulating station equipment	(55,518)	0	(421)	(56,039)	1.66%	-0.16%	0.66%	2.16%	(930)	90	(370)	(1,210)
5	367	Mains	141,292,997	46,567	(870,131)	140,469,433	1.74%	-0.84%	1.22%	2.12%	2,444,168	(1,179,943)	1,713,727	2,977,952
6	368	Compressor station equipment	16,675,046	0	(50,953)	16,624,092	2.09%	-0.27%	1.03%	2.85%	347,381	(44,877)	171,197	473,701
7	369	Measuring and regulating station equipment	9,277,042	0	(72,592)	9,204,450	2.13%	-0.27%	0.88%	2.74%	196,055	(24,852)	80,999	252,202
8	371	Other Equipment	0	0	0	0					0	0	0	0
9		Total Transmission plant	\$184,494,462	\$213,768	(\$1,005,600)	\$183,702,630					\$3,233,793	(\$1,252,648)	\$2,007,461	\$3,988,606
Distribution plant														
10	374.1	Land & Land rights	\$101,764	\$0	\$0	\$101,764	0.00%	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0
11	374.2	Rights of way	1,230,558	0	0	1,230,558	1.39%	0.00%	0.00%	1.39%	17,105	0	0	17,105
12	375.1	Structures	362,713	276,056	0	638,769	3.73%	-0.02%	0.69%	4.40%	23,826	(128)	4,408	28,106
13	376.1	Mains - Metallic	258,294,042	0	(954,929)	257,339,113	1.37%	-0.04%	0.44%	1.77%	3,525,550	(102,926)	1,132,293	4,554,907
14	376.2	Mains - Plastic	217,225,883	0	0	217,225,883	2.15%	-0.06%	0.70%	2.79%	4,670,356	(130,336)	1,520,581	6,060,601
15	378	M&R station equipment - general	17,176,759	0	(51,701)	17,125,058	2.15%	-0.77%	1.13%	2.51%	368,189	(131,863)	193,513	429,839
16	379	M&R station equipment - city gate	5,716,674	0	0	5,716,674	1.75%	-0.01%	0.33%	2.07%	100,042	(572)	18,865	118,335
17	380.1	Services - Metallic	33,180,615	0	(19,705)	33,160,910	2.13%	0.00%	1.14%	3.27%	706,327	0	378,034	1,084,361
18	380.2	Services - Plastic	274,659,331	0	(3,136,507)	271,522,824	2.36%	0.00%	1.19%	3.55%	6,407,939	0	3,231,122	9,639,061
19	381	Meters	67,622,824	0	(4,759)	67,618,065	2.54%	-0.01%	0.00%	2.53%	1,717,499	(6,762)	0	1,710,737
20	382	Meter installations	63,632,569	0	(1,137)	63,631,432	2.16%	-0.03%	0.35%	2.48%	1,374,439	(19,089)	222,710	1,578,060
21	383	House regulators	13,590,288	0	0	13,590,288	1.74%	-0.03%	0.08%	1.79%	236,471	(4,977)	10,872	243,266
22	386	Other Property on Customer Premises	224,125	0	0	224,125	9.79%	0.00%	0.00%	9.79%	21,942	0	0	21,942
23	387	Other equipment	0	0	0	0					0	0	0	0
24		Total Distribution plant	\$953,018,145	\$276,056	(\$4,168,447)	\$949,125,753					\$19,169,665	(\$395,763)	\$6,712,398	\$25,486,320

KANSAS GAS SERVICE, A DIVISION OF ONEOK, INC.
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 Test Year Ended December 31, 2005

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		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
		General Plant												
1	389.1	Land & Land rights	\$1,472,515	\$0	\$0	\$1,472,515	0.00%	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0
2	390.1	Structures	21,475,552	0	0	21,475,552	1.72%	-0.04%	0.08%	1.76%	369,379	(8,560)	17,180	377,069
3	390.2	Leasehold Improvements	2,079,381	0	0	2,079,381	0.00%	0.00%	0.00%	0.00%	0	0	0	0
4	391.1	Office furniture and equipment	4,331,984	349	0	4,332,333	20 year amort	0.00%	0.00%	20 year amort	178,925	0	0	178,925
5	391.9	Computers and other electronic equipment	17,977,471	38,120	0	18,015,591	7 year amort	0.00%	0.00%	7 year amort	2,574,428	0	0	2,574,428
6	392	Transportation equipment	14,871,399	(765)	(95,144)	14,825,470	8.50%	-1.45%	0.03%	7.08%	1,243,165	(212,059)	4,388	1,035,484
7	393	Stores equipment	713,490	0	0	713,490	20 year amort	0.00%	0.00%	20 year amort	25,400	0	0	25,400
8	394	Tools, shop and garage equipment	12,845,945	25,081	(1,954)	12,869,062	15 year amort	0.00%	0.00%	15 year amort	513,476	0	0	513,476
9	395	Laboratory equipment	919,958	0	0	919,958	15 year amort	0.00%	0.00%	15 year amort	38,454	0	0	38,454
10	396	Power operated equipment	8,282,226	0	0	8,282,226	9.09%	-0.94%	-0.17%	7.98%	752,854	(77,853)	(14,080)	660,921
11	397	Communications equipment	8,165,102	12,220	0	8,177,322	4.15%	0.00%	0.15%	4.30%	339,359	0	12,266	351,625
12	398	Miscellaneous equipment	447,602	10,529	0	458,131	20 year amort	0.00%	0.00%	20 year amort	14,284	0	0	14,284
13		Total General Plant	<u>\$93,382,625</u>	<u>\$85,514</u>	<u>(\$47,107)</u>	<u>\$93,421,032</u>					<u>\$6,049,734</u>	<u>(\$298,512)</u>	<u>\$19,764</u>	<u>\$5,770,978</u>
14		Subtotal	<u>\$1,233,142,744</u>	<u>\$575,338</u>	<u>(\$5,221,155)</u>	<u>\$1,228,496,928</u>					<u>\$28,469,015</u>	<u>(\$1,946,923)</u>	<u>\$8,739,613</u>	<u>\$35,261,705</u>
15		Corporate allocated plant	22,507,401	(988,495)	0	21,518,906					0	0	0	0
16		Total gas plant in service	<u>\$1,255,650,145</u>	<u>(\$413,157)</u>	<u>(\$5,221,155)</u>	<u>\$1,250,015,834</u>					<u>\$28,469,015</u>	<u>(\$1,946,923)</u>	<u>\$8,739,613</u>	<u>\$35,261,705</u>