

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In The Matter of Kansas Gas Service, a)
Division of ONE Gas, Inc.'s Compliance)
Filing for the Execution of An Adjustment)
Mechanism, the True-Up of Securitized) Docket No. 23-KGSG-842-CPL
Utility Tariff Charges, and Certain Other)
Filings Required in Connection With)
Securitized Utility Tariff Bonds.)

INTERIM TRUE-UP ADJUSTMENT

Kansas Gas Service, a division of ONE Gas, Inc. ("Kansas Gas Service"), pursuant to Kansas' Utility Financing and Securitization Act, K.S.A. 66-1,240 *et seq.* ("Act"), as well as the Order Approving Unanimous Settlement Agreement and separate Financing Order issued by the State Corporation Commission of the State of Kansas ("Commission") in Docket No. 22-KGSG-466-TAR ("22-466 Docket") respectfully submits this Interim True-Up Adjustment in accordance with Kansas Gas Service's obligation as Servicer to Kansas Gas Service Securitization I, L.L.C.'s issuance of Securitized Utility Tariff Bonds. In support thereof, Kansas Gas Service states the following to the Commission:

I. CONDENSED BACKGROUND

1. On August 18, 2022, in the 22-466 Docket, the Commission issued two orders on Kansas Gas Service's Application. In general, the Order Approving Unanimous Settlement Agreement approved the use of securitized customer backed bonds and other regulatory issues related to recovering costs incurred during Winter Storm Uri. The Financing Order authorized Kansas Gas Service to issue Securitized Utility Tariff Bonds pursuant to the Act. The Securitized Utility Tariff Bonds closed on November 18, 2022, and the billing of Securitized Utility Tariff Charges began December 1, 2022.

II. INTERIM TRUE-UP ADJUSTMENT

2. The Financing Order authorizes Kansas Gas Service to make interim true-up adjustments to correct any under-collection or over-collection to assure timely payment of the Securitized Utility Tariff Bonds.¹ In particular, Section 4.01(b)(ii)(B) of the Servicing Agreement approved by the Commission authorizes Kansas Gas Service to make an Interim True-Up Adjustment if forecasted Securitized Utility Tariff Charges will be insufficient to replenish the Capital Subaccount to the Required Capital Amount.²

3. Kansas Gas Service has identified an error in its November 2024 Semi-Annual True-Up calculation that inadvertently double counted the amount of funds available in the Excess Funds Subaccount used to calculate the Winter Event Securitized Cost Recovery Rider (“WESCR”) revenue requirement.

4. To correct this error, and to enhance the likelihood the Securitized Utility Tariff Bonds are paid on a timely basis, Kansas Gas Service has determined an Interim True-Up Adjustment is needed. In accordance with Section 4.01(b)(ii)(C) of the Servicing Agreement, Kansas Gas Service has corrected and updated the data and assumptions underlying the calculation of the Securitized Utility Tariff Charges.

5. Kansas Gas Service’s Interim True-Up Adjustment, and its updated WESCR charges will become effective March 3, 2025.

6. Kansas Gas Service’s Interim True-Up Letter, including its internal exhibits and calculations, is attached hereto and incorporated by reference herein as **Attachment A**. Redlined and clean versions of Kansas Gas Service’s WESCR tariff are attached hereto and incorporated herein by reference as **Attachment B**.

¹ See Financing Order, Docket No. 22-KGSG-466-TAR, ¶¶ 71, 137. (Aug. 18, 2022) (Financing Order)

² See *id.* at ¶ 148.

7. The Financing Order requires Kansas Gas Service to give notice of all true-up filings to all parties in the 22-466 Docket.³ Kansas Gas Service is serving all parties to the 22-446 Docket with a copy of this filing.

WHEREFORE, Kansas Gas Service respectfully requests the Commission accept this Interim True-Up Adjustment and provide any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent

Robert Elliott Vincent, KS Bar #26028

Kansas Gas Service,

A Division of ONE Gas, Inc.

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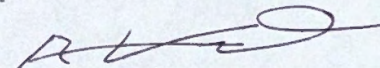
Attorney for Kansas Gas Service,
a Division of ONE Gas, Inc.

³ See *id.*

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF JOHNSON)

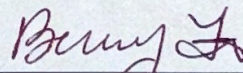
I, Robert Elliott Vincent, of lawful age, being first duly sworn upon oath, states as follows: I am a Managing Attorney for Kansas Gas Service, a division of ONE Gas, Inc. I have read the above *Interim True-Up Adjustment* and all the statements therein are true to the best of my knowledge, information and belief.



Robert Elliott Vincent

Affiant

SUBSCRIBED AND SWORN to before me on 1/31/25.



Notary public

My Appointment Expires:

4/5/27

BETHANEY FINN Notary Public-State of Kansas My Appt. Expires <u>4/5/27</u>
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INTERIM TRUE-UP LETTER

Date: January 31, 2025

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

Re: In The Matter of The Application of Kansas Gas Service, a Division of ONE Gas, Inc. For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order, Docket No. 22-KGSG-466-TAR

Dear Ms. Retz:

Pursuant to the Financing Order adopted on the 18th day of August 2022 in *In the Matter of The Application of Kansas Gas Service, a Division of ONE Gas, Inc. For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order*, Docket No. 22-KGSG-466-TAR (Financing Application) (the “Financing Order”), Kansas Gas Service (the “Utility”), as Servicer of the Securitized Utility Tariff Bonds, or any successor Servicer on behalf of bond trustee as assignee of the Utility may apply for interim adjustments to the Securitized Utility Tariff Charges at any time to correct any projected under-collection of Securitized Utility Tariff Charges to assure timely payment of Securitized Utility Tariff Bonds as scheduled, or as otherwise provided for in the Financing Order. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or the Utility Financing and Securitization Act, K.S.A. §§66-1,240 - 66-1,253 (the “Act”).

Each interim true-up adjustment shall be filed with the commission not less than 30 days prior to the first billing cycle of the month in which the revised Securitized Utility Tariff Charges, calculated under the Winter Event Securitized Cost Recovery Rider (“WESCR”), will be in effect. The Commission staff will have 30 days after the date of the interim true-up adjustment filing in which to confirm the mathematical accuracy of the Servicer’s adjustment. However, any mathematical or clerical correction not made prior to the effective date of the Securitized Utility Tariff Charges (WESCR Charges) will be made in future true-up adjustment filings and will not delay the effectiveness of the WESCR Charges.

Using the formula approved by the Commission in the Financing Order, this filing modifies the variables used in the WESCR calculation and provides the resulting modified WESCR Charges. Exhibits 1, 2 and 3 show the resulting values of the WESCR Charges for each Securitized Utility Tariff Charges Customer Class, as calculated in accordance with the Financing Order. The assumptions underlying the current WESCR Charges were filed by the Utility in an Issuance Advice Letter dated November 20, 2024.



**Kansas
Gas Service**[®]

A Division of ONE Gas

15 E 5th Street

Tulsa, OK 74103

kansasgasservice.com

Attachment A

Respectfully submitted,

KANSAS GAS SERVICE, a Division of ONE Gas,
Inc.

By: Mark W. Smith

Name: Mark W. Smith

Title: Vice President and Treasurer

Exhibits

cc: Justin Grady, Designated Representative
Adam Gatewood, Alternative Designated
Representative

EXHIBIT 1

CALCULATION OF SECURITIZED UTILITY TARIFF CHARGES

Itemized Annual Ongoing Financing Costs

Servicing Fees	\$168,000
Total Servicing Costs	\$168,000
Administration Fees	\$100,000
Return on invested capital	\$144,500
Accounting Fees	\$55,000
Legal Fees	\$32,736
Rating Agency Surveillance	\$60,000
Trustee Fees	\$12,000
Independent Director Fees	\$3,500
Total Other Ongoing Costs	\$407,736
Total Ongoing Financing Costs	\$575,736
Ongoing Financing Costs as % of Issuance Amount	0.17%

KGS will recover the Qualified Extraordinary Costs through a fixed monthly Securitized Utility Tariff Charge per customer. The table below provides the monthly fixed charge for each customer class. The fixed monthly charge is calculated assuming securitization of the Qualified Extraordinary Costs over the life of the Bonds using the carrying charges through February 2023 (approximately \$336 million) and the customer count from the 2020 KGS Annual Report.

Securitized Utility Tariff Charge			10 Year Recovery	
Class	2020 Annual Report Customer Count	Allocation %	Annual \$ Allocated to Class	Monthly Fixed Charge
Residential	589,076	78.953%	\$13,792,049.41	\$5.80
General Service- Small	36,902	8.794%	\$1,536,196.00	\$10.43
General Service- Large	11,527	10.486%	\$1,831,766.12	\$39.33
General Service- Transport Eligible	502	1.723%	\$300,985.41	\$129.85
Small Generator Service	690	0.033%	\$5,764.67	\$1.95
Irrigation Sales	197	0.011%	\$1,921.56	\$2.86
Kansas Gas Supply	-	0.000%	\$0.00	\$0.00

EXHIBIT 2
WESCR CALCULATIONS

Kansas Gas Service
Winter Event Securitized Charge Rider (WESCR) True-up Mechanism
for the Period 02/01/2024 through 07/31/2025

Line #	Description	Calculation of True-up (a)	Projected Revenue Requirement to be Billed and Collected (b)	Revenue Requirement for WESCR Charge (c) =(a)+(b)
1	True-up for Prior Remittance Period Beginning 02/01/2024 and Ending 07/31/2024:			
2	<i>Prior Remittance Period Revenue Requirement</i>			
3	Principal	\$ 14,158,447.25		
4	Interest	\$ 8,270,234.61		
5	Servicing Costs	\$ 84,000.00		
6	Other Ongoing Costs	\$ 131,750.00		
7	Total Prior Remittance Period Revenue Requirement (Line 3+4+5+6)	\$ 22,644,431.86		
8	<i>Prior Remittance Period Actual Cash Receipt Transfers and Interest Income</i>			
9	Cash Receipts Transferred to the SPE	\$ (23,517,839.41)		
10	Interest Income on Subaccounts at the SPE	\$ (302,043.22)		
11	Total Cash Receipt Transfers and Interest Income (Line 9+10)	\$ (23,819,882.63)		
12	(Over)/Under Collections of Prior Remittance Period Requirements (Line 7+11)	\$ (1,175,450.77)		
13	Cash in Excess Funds Subaccount at SPE	\$ (158,338.79)		
14	Cumulative (Over)/Under Collections for Prior Remittance Period (Line 12+13)	\$ (1,333,789.56)		\$ (1,333,789.56)
15				
16				
17	Current Remittance Period Beginning 08/01/2024 and Ending 01/31/2025:			
18	<i>Current Remittance Period Revenue Requirement</i>			
19	Principal	\$ 14,546,813.47		
20	Interest	\$ 7,881,868.41		
21	Servicing Costs	\$ 84,000.00		
22	Other Ongoing Costs	\$ 258,690.00		
23	Total Current Remittance Period Revenue Requirement (Line 19+20+21+22)	\$ 22,771,371.88		
24				
25	<i>Current Remittance Period Cash Receipt Transfers and Interest Income</i>			
26	Cash Receipts Transferred to the SPE	\$ (20,157,652.49)	\$ (659,000.00)	
27	Interest Income on Subaccounts at the SPE	\$ (216,175.27)	\$ (62,994.26)	
28	Total Cash Receipt Transfers and Interest Income (Line 26+27)	\$ (20,373,827.76)	\$ (721,994.26)	
29	Estimated Current Remittance Period (Over)/Under Collection (Line 23+28)	\$ 2,397,544.12	\$ (721,994.26)	\$ 1,675,549.86
30				
31				

31

32	Projected Remittance Period Beginning 02/01/2025 and Ending 03/31/2025:			
33	<i>Projected Remittance Period Cash Receipt Transfers and Interest Income</i>			
34	Cash Receipts Transferred to the SPE	\$	(6,343,000.00)	
35	Interest Income on Subaccounts at the SPE	\$	(28,393.01)	
36	Total Cash Receipt Transfers and Interest Income (Line 34+35)	\$	<u>(6,371,393.01)</u>	\$ (6,371,393.01)
37				

38

39	Projected Remittance Period Beginning 04/01/2025 and Ending 07/31/2025:			
40	<i>Projected Remittance Period Revenue Requirement</i>			
41	Principal	\$	14,945,832.55	
42	Interest	\$	7,482,849.31	
43	Servicing Costs	\$	84,000.00	
44	Other Ongoing Costs	\$	203,250.00	
45	Estimated Bad Debt (Undercollections)	\$	<u>782,384.01</u>	
46	Total Projected Remittance Period Revenue Requirement (Line 41+42+43+44+45)	\$	<u>23,498,315.87</u>	\$ 23,498,315.87
47				
48	Total WESCR Adjustment Mechanism Revenue Requirements (Line 14+29+36+46)			\$ 17,468,683.16
49				

50

51

52	Customer Class	Forecasted 4-Month Customer Charges	Allocation Factor	Projected Revenue Requirement Allocated to Customer Class	WESCR Charge
53	Residential	2,376,200	78.953%	\$ 13,792,049.41	\$ 5.80
54	General Service - Small	147,220	8.794%	\$ 1,536,196.00	\$ 10.43
55	General Service - Large	46,576	10.486%	\$ 1,831,766.12	\$ 39.33
56	General Service - Transport Eligible	2,318	1.723%	\$ 300,985.41	\$ 129.85
57	Small Generator Service	2,959	0.033%	\$ 5,764.67	\$ 1.95
58	Irrigation Sales	671	0.011%	\$ 1,921.56	\$ 2.86
59	Kansas Gas Supply	-	0.000%	\$ -	\$ -
				<u>\$ 17,468,683.17</u>	

EXHIBIT 3
WESCR FOR PAYMENT PERIOD

<u>Customer Class</u>	<u>Charge</u>
Residential	\$ 5.80
General Service- Small	\$ 10.43
General Service- Large	\$ 39.33
General Service- Transport Eligible	\$ 129.85
Small Generator Service	\$ 1.95
Irrigation Sales	\$ 2.86
Kansas Gas Supply	\$ -

THE STATE CORPORATION COMMISSION OF KANSAS

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

SCHEDULE WESCR

All Rate Areas

Replacing Sheet 1 of 4 in part filed ~~June 26~~ November 27, 2024

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

Sheet 1 of 4

Winter Event Securitized Cost Recovery Rider**Applicability**

This rider is applicable to all service provided under sales rate schedules RS, GSS, GSL, GSTE, SGS, KGSSD and GIS beginning with the first billing cycle following the issuance of securitized bonds pursuant to a Financing Order issued in Docket No. 22-KGSG-466-TAR, except for customers exempted by Commission Order. Service is subject to the Definitions and Conditions section below.

Net Monthly Charge

Current Charge

RS	Residential Sales Service	\$	<u>5.804.76</u>
GSS	General Sales Service Small	\$	<u>10.438.48</u>
GSL	General Sales Service Large	\$	<u>39.3331.26</u>
GSTE	General Sales Service Transport Eligible	\$	<u>129.85-95.47</u>
SGS	Small Generator Sales Service	\$	<u>1.951.57</u>
KGSSD	Kansas Gas Supply D	\$	0.00
GIS	Gas Irrigation Sales Service	\$	<u>2.862-20</u>

1. The Winter Event Securitized Cost Recovery Rider (WESCR) shall be applied as a fixed monthly charge calculated as described below for recovery of extraordinary costs incurred related to Winter Storm Uri (Winter Event).
2. All WESCR fixed monthly charges shall be calculated to the nearest \$0.01 per customer. All charges set forth in the rate schedule under which the customer takes service shall also apply.
3. Initial Charge: The initial WESCR shall be determined as follows:
 - a. The initial 12 months of principal, interest and servicing costs (adjusted for forecasted write-offs and late payments) for the Securitized Utility Tariff Bonds shall be allocated to the sales rate schedules as follows:

Issued: January 31, 2025 ~~November 27, 2024~~Effective: March 3, 2025 ~~January 1, 2025~~By: /S/Janet L. Buchanan

Janet L. Buchanan, Director – Regulatory Affairs

THE STATE CORPORATION COMMISSION OF KANSAS

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

SCHEDULE WESCR

All Rate Areas

Replacing Sheet 1 of 4 in part filed November 27, 2024

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

Sheet 1 of 4

Winter Event Securitized Cost Recovery Rider**Applicability**

This rider is applicable to all service provided under sales rate schedules RS, GSS, GSL, GSTE, SGS, KGSSD and GIS beginning with the first billing cycle following the issuance of securitized bonds pursuant to a Financing Order issued in Docket No. 22-KGSG-466-TAR, except for customers exempted by Commission Order. Service is subject to the Definitions and Conditions section below.

Net Monthly Charge

Current Charge

RS	Residential Sales Service	\$	5.80
GSS	General Sales Service Small	\$	10.43
GSL	General Sales Service Large	\$	39.33
GSTE	General Sales Service Transport Eligible	\$	129.85
SGS	Small Generator Sales Service	\$	1.95
KGSSD	Kansas Gas Supply D	\$	0.00
GIS	Gas Irrigation Sales Service	\$	2.86

1. The Winter Event Securitized Cost Recovery Rider (WESCR) shall be applied as a fixed monthly charge calculated as described below for recovery of extraordinary costs incurred related to Winter Storm Uri (Winter Event).
2. All WESCR fixed monthly charges shall be calculated to the nearest \$0.01 per customer. All charges set forth in the rate schedule under which the customer takes service shall also apply.
3. Initial Charge: The initial WESCR shall be determined as follows:
 - a. The initial 12 months of principal, interest and servicing costs (adjusted for forecasted write-offs and late payments) for the Securitized Utility Tariff Bonds shall be allocated to the sales rate schedules as follows:

Issued:	January 31, 2025	
Effective:	March 3, 2025	
By:	/S/Janet L. Buchanan	
	Janet L. Buchanan, Director – Regulatory Affairs	

CERTIFICATE OF SERVICE

I, Robert Elliott Vincent, hereby certify that a copy of the above and foregoing *Interim True-Up Adjustment* was forwarded this 31st day of January 2025, addressed to:

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