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JOHN P. DECOURSEY
Managing Attorney

October 29, 2014

VIA ELECTRONIC TRANSMISSION

Tom Day
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
Approval By the Commission for a Gas System Reliability Surcharge per K.S.A. 66-2201
through 66-2204
Docket Number 15-KGSG-088-TAR

Dear Mr. Day:

Enclosed please find an original of the *Response of Kansas Gas Service to the Staff Memorandum* for filing in the above-referenced matter.

Thank you for your assistance in this matter.

Sincerely,

John P. DeCoursey

JPD/sef
Encl.

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

In the Matter of the Application of Kansas)	
Gas Service, a Division of ONE Gas, Inc.)	
For Approval By the Commission for a)	Docket No. 15-KGSG-088-TAR
Gas System Reliability Surcharge per)	
K.S.A. 66-2201 through 66-2204)	

**RESPONSE OF KANSAS GAS SERVICE
TO THE STAFF MEMORANDUM**

COMES NOW Kansas Gas Service, a Division of ONE Gas, Inc. ("Kansas Gas Service" or "Company") and files its Response to the Kansas Corporation Commission ("Commission") Staff's ("Staff") Memorandum filed on October 24, 2014.

1. On August 25, 2014, Kansas Gas Service filed its Application to revise its Gas System Reliability Surcharge (GSRS) tariff to allow for the adjustment of Kansas Gas Service's rates and charges to provide for the recovery of costs for eligible infrastructure system replacements. Kansas Gas Service's Application showed an additional \$34,046,168 in GSRS eligible projects above those contained in its prior GSRS filing, Docket No. 14-KGSG-111-TAR. The result of these additional projects is a filed for revenue increase of \$3,544,716.

2. On October 24, 2014, the Staff filed its Memorandum recommending the Commission approve Kansas Gas Service's filing subject to a slight reduction in the revenue requirement, such revenues to be collected via the monthly charges listed in Staff Exhibit 6 to its Memorandum. Staff's recommendation further stated that it will ensure that any over or under collection of Commission approved GSRS revenues will be reflected in a future GSRS filing or reflected in a true-up filing in late 2015.


3. In its Memorandum, Staff recommends approval of \$3,529,283 in incremental GSRS revenue compared to the requested \$3,544,716, a disallowance of \$15,433. This

adjustment is due to Staff's adjustment to certain blanket work orders to a different FERC account and the exclusion of 12 service line replacements from GSRS recovery out of a total of 10,457 service lines included in the filing. These corrections caused changes to plant balances, accumulated depreciation, accumulated deferred income tax, and depreciation expense resulting in a decrease to Kansas Gas Service's revenue requirement of \$18,585. Staff increased the revenue requirement by \$3,152 to reflect actual GSRS recoveries in July and August 2014, which were less than those forecast in the initial application. The net result of these adjustments is a decrease in the revenue requirement of \$15,433, with a net incremental increase in the revenue requirement of \$3,529,283.

4. Kansas Gas Service has reviewed Staff's Memorandum and concurs with the recommendations contained therein as set forth above in paragraph 2, and agrees with the adjustments set forth in paragraph 3 above. This results in an incremental revenue increase of \$3,529,283, which when added to the GSRS revenue requirement of \$1,475,349 approved in Docket No. 14-KGSG-111-TAR results in a total revenue recovery of \$5,004,632. Kansas Gas Service also concurs with the new rates as shown in Exhibit 6 attached to Staff's Memorandum. Upon issuance of an Order approving our Application as revised by Staff's adjustments, Kansas Gas Service will file the updated tariff reflecting the new rates.

WHEREFORE, Kansas Gas Service requests that the Commission issue an Order approving Kansas Gas Service's application subject to the recommendations included in the Staff Memorandum.

KANSAS GAS SERVICE
A DIVISION OF ONE GAS, INC.


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ITS ATTORNEYS

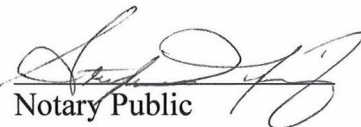
VERIFICATION

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 ONE Gas, Inc.; that he has read the above and foregoing *Response of Kansas Gas Service to Staff Memorandum* and that the statements therein contained are true according to his knowledge, information and belief.


John P. DeCoursey

Subscribed and sworn before me this 29th day of October, 2014.


Notary Public



My Appointment Expires: 06/05/18

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing *Response of Kansas Gas Service to the Staff Memorandum* was served by electronic mail this 29th day of October, 2014 to the following parties:

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