

**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 Adjustment of) Docket No. 18-KGSG-560-RTS
its Natural Gas Rates in the)
State of Kansas)**

DIRECT TESTIMONY

PREPARED BY

KATIE L. FIGGS

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

October 29, 2018

REDACTED VERSION

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I. Introduction and Qualifications

Q. Would you please state your name and business address?

A. My name is Katie L. Figgs. My business address is 1500 Southwest Arrowhead Road,
Topeka, Kansas, 66604.

Q. By whom are you employed and in what capacity?

A. I am employed by the Kansas Corporation Commission (KCC or Commission) as a
Senior Auditor.

1 **Q. Would you please describe your educational background and professional**
2 **experience?**

3 A. I received a Bachelor's of Business Administration with an emphasis in Accounting from
4 Washburn University in May of 2011. I began employment with the Commission as an
5 Auditor in August 2012 and then assumed my current position in November 2016.
6

7 **Q. Have you ever testified before this Commission?**

8 A. Yes. I have filed testimony before the Commission in Docket Nos. 14-ATMG-320-RTS,
9 15-WSEE-115-RTS, 16-ATMG-079-RTS, and 18-WSEE-328-RTS. I have also filed
10 testimony for Applications by Rural Local Exchange Carriers to increase their cost-based
11 Kansas Universal Service Fund payments for Docket Nos. 12-LHPT-875-AUD, 13-
12 JBNT-437-KSF, 13-PLTT-678-KSF, 14-S&TT-525-KSF, 15-MRGT-097-AUD, 15-
13 TWVT-213-AUD, and 17-RNBT-555-KSF.
14

15 **Q. What were your responsibilities in the review of the natural gas distribution rate**
16 **case filing made by Kansas Gas Service, a Division of ONE Gas, Inc. (ONE Gas,**
17 **KGS or Applicant) in Docket No. 18-KGSG-560-RTS (18-560 Docket) filed on June**
18 **29, 2018?**

19 A. My responsibilities as a senior auditor were to analyze, audit, and review KGS's Rate
20 Case Application. I examined the Company's filing for accuracy and adherence to
21 regulatory accounting principles and issued discovery regarding my assigned sections of
22 the Application. Also, I am supporting selected Staff adjustments to KGS's pro forma
23 income statement in an effort to ensure that the resulting rates are just and reasonable.

1 My duties were carried out under the direction of the Managing Auditor, Kristina Luke
2 Fry, and the Chief of Accounting and Financial Analysis, Justin Grady.

3
4 **II. Executive Summary**

5
6 **Q. What is the purpose of your testimony?**

7 A. In summary, I recommend that the Commission:

- 8 • Annualize KGS and Corporate Payroll Expense based on updated data
9 through August 31, 2018, and adjust 401(k) contributions, profit sharing
10 contributions, and payroll taxes accordingly;
 - 11 • Update and normalize Workers' Compensation Expense through August 31,
12 2018;
 - 13 • Update the change in the Distrigas allocation ratios to reflect three-year
14 average;
 - 15 • Reverse KGS's adjustment to include the effect of GTI Costs in the cost of
16 service;
 - 17 • Update Medical Reserve Expense to reflect actual costs as of August 31,
18 2018; and
 - 19 • Remove Dues and Donations that are not appropriate for ratepayer recovery.
- 20
21
22

1 **III. Cost Allocations**

2
3 **Q. Please describe the methodology used by ONE Gas to allocate costs among its**
4 **divisions.**

5 A. Costs incurred by ONE Gas or any of its divisions can be described as either “direct” or
6 “indirect.” Direct costs are those charges that can be specifically attributed to a division,
7 such as KGS, and are therefore charged directly to KGS.¹ Indirect costs are those costs
8 incurred to provide services that cannot be directly assigned to a particular division and
9 are shared costs.

10
11 **Q. How are indirect costs allocated?**

12 A. Indirect costs are allocated either on a causal basis or through ONE Gas’ Distrigas
13 method. Costs allocated using causal relationships are based on specific measurements
14 such as participation level, activity level, output level, or resource consumption. All
15 other indirect costs that cannot be charged directly or cannot be associated with an
16 identifiable causal relationship are allocated through ONE Gas Distrigas.

17
18 **Q. Please describe the Distrigas allocation methodology.**

19 A. The Distrigas allocation methodology was first approved by the Federal Energy
20 Regulatory Commission (FERC) in a rate proceeding for Distrigas of Massachusetts

¹ Examples of direct assigned costs incurred at the division level include certain information technology (IT) services, line location services, and facilities management. Examples of corporate costs directly assigned to KGS include services such as internal audit services, property accounting labor and benefits, certain regulatory affairs costs, and environmental management and safety programs.

1 Corporation, a natural gas transmission company.² Prior to the acceptance of the
2 Distrigas method, the old Massachusetts formula, a three-part formula consisting of gross
3 plant, gross revenues and payroll, was widely accepted by numerous regulatory agencies
4 across the country. The Distrigas method, a slight modification of the old Massachusetts
5 formula, is a three-part formula consisting of gross plant, net revenues and payroll.

6
7 **Q. Has the Company made further refinements to the Distrigas method?**

8 A. Yes. ONE Gas has used a modified Distrigas method as the basis for its methodology to
9 allocate corporate administrative costs since 1994. The ONE Gas Distrigas method uses
10 a three-factor formula comprised of: (1) gross plant and investments; (2) operating
11 income (income before interest expense and income taxes); and (3) labor expense. Like
12 the standard Distrigas method, the factors are individually calculated and then an average
13 is calculated using the three component percentages.

14 ONE Gas Distrigas method utilizes gross plant and investments rather than just
15 gross plant in the event that ONE Gas includes investment in businesses that are not
16 directly operated by ONE Gas. ONE Gas also uses operating income rather than net
17 revenues as an allocator. This eliminates the cost of gas component. Overall, these
18 modifications refine the Distrigas method to fairly and reasonably allocate the costs to the
19 ONE Gas divisions, including KGS.

20
21

² Distrigas of Mass. Corp., Opinion No. 291, 41 FERC 61,205 (1987).

1 **Q. Has the Commission previously reviewed the Company's Distrigas cost allocation**
2 **methodology?**

3 A. Yes. The Commission reviewed and accepted ONEOK's (now ONE Gas') Distrigas
4 allocation methodology in the settled 06-1209 Docket and in KGS's two most recent rate
5 cases Docket Nos. 12-KGSG-835-RTS and 16-KGSG-491-RTS. This methodology has
6 not changed as a result of the separation from ONEOK.³

7
8 **IV. Income Statement**

9
10 **A. Payroll Expense**

11
12 **Q. Please begin by discussing Staff Adjustment No. 15 to the income statement.**

13 A. Staff Adjustment No. 15 (IS-15) to the income statement reduces KGS's operating
14 expenses by \$122,473.⁴ Staff's adjustment updates payroll expense and is comprised of
15 the following two components:

- 16
17
 - **KGS payroll expense** – This component of Staff's adjustment updates and
18 annualizes KGS payroll expense based on August 2018, annualizes KGS
19 payroll taxes based on Staff's updated payroll expense, updates and
20 annualizes corresponding 401(k) costs, and updates and annualizes the

³ *Order Approving Unanimous Settlement Agreement*, Docket No. 14-KGSG-100-MIS, ¶ 41(9), p. 20 (Dec. 19, 2013).

⁴ See Exhibit KLF-1.

1 corresponding defined contribution retirement plan costs. The impact of
2 Staff's adjustment to KGS payroll expense is a decrease of \$96,293.⁵
3

- 4 • **Corporate payroll expense** – This component of Staff's adjustment, updates
5 and annualizes corporate payroll expense based on August 2018, annualizes
6 corporate payroll taxes based on Staff's updated payroll expense, updates and
7 annualizes corresponding 401(k) costs, updates and annualizes corresponding
8 profit sharing costs, and reflects updated and normalized corporate allocations
9 with the use of a three-year average. The impact of Staff's adjustment to
10 corporate payroll expense is an increase of \$115,203.⁶
11

12 **Q. How does the component of Staff's payroll adjustment related to KGS payroll**
13 **expense differ from KGS's pro forma KGS payroll expense calculation included in**
14 **its Adjustment IS-20?**

15 A. KGS's payroll adjustment begins with test year payroll expense distribution and then
16 annualizes this data to reflect the impact of terminated employees, employees transferring
17 into and out of KGS (between KGS and ONE Gas), and new-hired employees during the
18 test year. KGS also adjusts its test year payroll to include a full year's impact of 2017
19 pay increases for non-union employees and pay increases during 2018 for union
20 employees. Additionally, the Company annualized payroll taxes and corresponding
21 401(k) and defined contribution retirement plan costs based on its payroll expense
22 calculation.

⁵ See Exhibits KLF-1(a) through KLF-1(e).

⁶ See Exhibits KLF-1(f) through KLF-1(j).

1 Staff's adjustment to payroll expense is similar to KGS's. The methodology is
2 the same, but Staff has used more up-to-date, known and measurable information in its
3 calculation. In doing so, Staff's payroll adjustment updates KGS's annualized test year
4 payroll expense to include employees hired, transferred, or terminated as of August 31,
5 2018.

6 Staff's calculation also updates 401(k) and defined contribution costs by using the
7 401(k) match and profit sharing percentages as of August 31, 2018. These updated
8 percentages are based on the total 401(k) contributions and profit sharing expense relative
9 to total payroll for the 12-months ending August 31, 2018, and are applied to Staff's
10 updated payroll expense calculation.

11
12 **Q. How does the component of Staff's adjustment related to corporate payroll expense**
13 **differ from KGS's pro forma corporate payroll expense calculation included in its**
14 **Adjustment IS-20?**

15 A. Staff's adjustment is consistent with the methodology used by KGS, but Staff has used
16 more up-to-date information in its adjustment. For instance, KGS's pro forma corporate
17 payroll expense is based on annualizing the last pay period in the test year, whereas
18 Staff's adjustment updates and annualizes employee salaries as of August 31, 2018.

19 Additionally, consistent with the approach used in its adjustment to KGS's
20 payroll, Staff also updated the corporate 401(k) and profit sharing costs through August
21 31, 2018. These adjustments reflect the book amounts for 401(k) contribution and profit
22 sharing expenses relative to total payroll for the 12-months ending August 31, 2018.

1 Finally, Staff's adjustment updates the Distrigas allocation factor used in the
2 Company's adjustment from the first quarter 2018 to Staff's three-year average as
3 discussed in more detail below in Staff Adjustment IS-17.⁷

4
5 **Q. Please continue by identifying and explaining the exhibits containing the**
6 **components of Staff's payroll adjustment.**

7 A. The following exhibits attached to my testimony provide support and calculation for
8 Staff's payroll adjustment:

- 9 • **Exhibit KLF-1** – Staff's summary of KGS and corporate total payroll
10 expense adjustment.
- 11 • **Exhibit KLF-1(a)** – Staff's summary of KGS payroll expense adjustment
12 including FICA and Medicare taxes, 401(k) costs, and defined contribution
13 retirement plan adjustments.
- 14 • **Exhibit KLF-1(b)** – Details Staff's adjustment to KGS's union and non-union
15 payroll expense, by FERC account, to account for the changes in employment
16 associated with new hires, transfers, and terminations through August 31,
17 2018.
- 18 • **Exhibit KLF-1(c)** – Reflects the FICA and Medicare payroll tax implications
19 of Staff's KGS payroll adjustment.
- 20 • **Exhibit KLF-1(d)** – Calculates Staff's changes and updates to KGS 401(k)
21 costs.

⁷ See Exhibit KLF-3(a).

- 1 • **Exhibit KLF-1(e)** – Calculates Staff’s changes and updates to KGS defined
2 contribution retirement plan costs.
- 3 • **Exhibit KLF-1(f)** – Staff’s summary of corporate payroll expense adjustment
4 including employee taxes, 401(k) costs, and profit share plan adjustments.
- 5 • **Exhibit KLF-1(g)** – Contains a high level summary calculation of the portion
6 of Staff’s adjustment related to the updating of base pay through August 31,
7 2018, allocated on a causal basis and through Distrigas.
- 8 • **Exhibit KLF-1(h)** - Reflects the FICA and Medicare payroll tax implications
9 of Staff’s corporate payroll adjustment.
- 10 • **Exhibit KLF-1(i)** – Calculates Staff’s corporate 401(k) adjustment related to
11 the annualization of base pay for the 12-months ending August 31, 2018.
- 12 • **Exhibit KLF-1(j)** – Calculates Staff’s corporate profit share adjustment
13 related to the annualization of base pay for the 12-months ending August 31,
14 2018.

15

16 **B. Workers’ Compensation**

17

18 Q. **Please continue by discussing Staff Adjustment No. 16 to the income statement.**

19 A. Staff Adjustment No. 16 (IS-16) to the income statement increases operating expenses by
20 \$45,983.⁸ This adjustment normalizes workers’ compensation expense by using a three-
21 year average ending August 31, 2018. Staff’s adjustment is calculated in the same
22 manner as KGS’s pro forma Adjustment IS-19 but relies on updated information.

⁸ See Exhibit KLF-2.

1
2 **Q. Why did Staff use a three-year average in its calculation of workers' compensation?**

3 A. In determining the level of expense to include in its adjustment, Staff analyzed various
4 time periods of workers' compensation expense.⁹ First, Staff reviewed the annual
5 expense levels for the three-years ending December 31, 2017, which KGS used in its
6 Adjustment IS-19. According to the response to Staff Data Request No. 191, natural
7 variations and adjustments to various outstanding claims are normal during the course of
8 business, and due to these normal variations, KGS averages the expenses related to
9 worker compensation claims over several years to reflect the amount that should be
10 included in base rates.¹⁰ In order to gain a better understanding of the variations that can
11 occur in workers' compensation claims, Staff also reviewed the annual expense levels for
12 the three-years ending August 31, 2018.

13 After analyzing all the different time periods of annual expense, Staff decided to
14 use a three-year average ending August 31, 2018, for several reasons. First, because the
15 annual amounts fluctuate, the use of a three-year average results in a more normalized
16 level of expense than using the year-end August 31, 2018. Lastly, updating the average
17 through August 31, 2018, provides a more updated level of expense consistent with other
18 Staff adjustments. Therefore, Staff concludes that using the updated three-year expense
19 average is most representative of future, on-going normal operations.
20

21 **C. Dstrigas %**
22

⁹ See Response to Staff Data Request No. 191.

¹⁰ See Response to Staff Data Request No. 191.

1 **Q. Please continue by discussing Staff Adjustment No. 17 to the income statement.**

2 A. Staff Adjustment No. 17 (IS-17) to the income statement reduces KGS's operating
3 expenses by \$688,851.¹¹ Staff's adjustment updates the first quarter 2018 Distrigas
4 allocation factor to reflect Staff's three-year average allocation percentage, with the
5 difference being Staff's adjustment. As shown in Exhibit KLF-3(a), KGS's allocation
6 factors have consistently varied from quarter to quarter for the last three years. This
7 update also corresponds with Staff's update period of August 31, 2018.

8
9 **Q. Why did Staff use a three-year average for the updated Distrigas allocation ratio?**

10 A. As previously stated, the ONE Gas Distrigas method uses a three-factor formula
11 comprised of gross plant and investments, operating income, and labor expense. The
12 ONE Gas Distrigas allocation percentages for the three business entities, Oklahoma
13 Natural Gas (ONG), Kansas Gas Service (KGS), and Texas Gas Service (TGS),
14 fluctuates each quarter. For KGS's Distrigas allocation, the primary driver of change has
15 been operating income since fourth-quarter 2015. KGS's operating income was declining
16 prior to the revenue requirement increase approved by the Commission in Docket No. 16-
17 KGSG-491-RTS and then began to increase as the new base rates were implemented in
18 2017. While KGS's operating income was declining, Oklahoma Natural Gas (ONG) and
19 Texas Gas Service (TGS) were implementing new base rates that contributed to relatively
20 higher operating income for ONE Gas.¹² As a result of the various factors effecting the

¹¹ See Exhibit KLF-3.

¹² See Response to Staff Data Request No. 129.

1 changes in the Distrigas allocation, it is only appropriate to reflect these trends by using a
2 three-year average for the allocation ratio.¹³

3
4 **D. GTI Costs**

5
6 **Q. Please continue by discussing Staff Adjustment No. 18 to the income statement.**

7 A. Staff Adjustment No. 18 (IS-18) decreases operating expenses by \$316,479.¹⁴ Staff's
8 adjustment removes KGS's proposed funding of the Operations Technology
9 Development Program as discussed in KGS witness Justin Clements' testimony. Staff
10 witness Leo Haynos provides testimony regarding Staff's analysis of the program and
11 discusses Staff's reasoning for removing the expense from the revenue requirement.

12
13 **E. Employee Medical Reserve**

14
15 **Q. Please continue by discussing Staff Adjustment No. 19 to the income statement.**

16 A. Staff Adjustment No. 19 (IS-19) increases operating expenses by \$239,747.¹⁵ This
17 adjustment updates the medical reserve estimate based on accruals booked by the
18 Company for the twelve months ending August 31, 2018, which is the most recent known
19 and measurable information available. KGS made an adjustment based on accruals for
20 January through March 2018 recorded on the Company's books and a nine month
21 forecasted accrual.

¹³ See Exhibit KLF-3(a).

¹⁴ See Exhibit KLF-4.

¹⁵ See Exhibit KLF-5.

1 **Q. Please explain what “employee medical reserve estimate” means.**

2 A. KGS’s medical reserve plan is a self-insured plan.¹⁶ When an employee and his/her
3 dependents receive medical care, there is a time lag between the day medical care is
4 provided and the day the plan’s Third Party Administrator (TPA) receives the medical
5 claim, processes the claim, and pays it. The employee medical reserve estimate is an
6 estimate of the dollar amount of health claims that have been incurred, but have not been
7 paid by the TPA. Staff’s adjustment updates the employee medical reserve estimate to
8 August 31, 2018.

9
10 **F. Charitable Contributions**

11
12 **Q. Please continue by discussing Staff Adjustment No. 20 to the income statement.**

13 A. Staff Adjustment No. 20 (IS-20) decreases operating expenses by \$202,920.¹⁷ The
14 purpose of this adjustment is to remove various expenses that are not necessary for the
15 provision of safe and reliable natural gas distribution service. This adjustment eliminates
16 50 percent of dues and donations during the test year. The Commission has consistently
17 applied the 50 percent elimination to conform with K.S.A 66-101f(a). This adjustment
18 also eliminates 100 percent of lobbying, sponsorships, and entertainment expenses during
19 the test year. It is appropriate to remove these expenses from KGS’s revenue
20 requirement determination because they are not necessary to provide efficient and
21 sufficient service to ratepayers.

22

¹⁶ See Response to Staff Data Request No. 60.

¹⁷ See Exhibit KLF-6.

1 **V. Conclusion**

2
3 **Q. Please summarize your recommendations in this Docket.**

4 A. My recommendations in this Docket are as follows:

- 5 • Payroll Expense should be annualized;
- 6 • Workers' Compensation Expense should be normalized over three years;
- 7 • Distrigas should be calculated using three-year average of Distrigas Allocations;
- 8 • GIT Expense should be removed;
- 9 • Employee Medical Reserve should be updated; and
- 10 • Contributions and Excluded costs should be removed accordingly.

11
12 **Q. Does that conclude your testimony?**

13 A. Yes, thank you.

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SUMMARY OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
KLF-1	Work paper for Payroll Expense Adjustment
KLF-1(a)	Work paper for KGS Payroll Expense
KLF-1(b)	Detail paper for update of KGS Payroll Expense through August 31, 2018
KLF-1(c)	Detail paper for FICA and Medicare Payroll Tax for KGS
KLF-1(d)	Detail paper for 401(k) Costs for KGS
KLF-1(e)	Detail paper for Defined Contribution Retirement Plan Costs for KGS
KLF-1(f)	Work paper for Corporate Payroll Expense
KLF-1(g)	Detail paper for update of Corporate Payroll Expense through August 31, 2018, allocated on Causal and Distringas Basis
KLF-1(h)	Detail paper for FICA and Medicare Payroll Tax for Corporate
KLF-1(i)	Detail paper for 401(k) Costs for Corporate
KLF-1(j)	Detail paper for Profit Share for Corporate
KLF-2	Work paper for Workers' Compensation
KLF-2(a)	Detail paper for Three-Year Average of Workers' Compensation
KLF-3	Work paper for Distringas Allocation
KLF-3(a)	Work paper for Support for Three-Year Average of Distringas Allocation
KLF-4	Work paper for GTI Expenses
KLF-5	Work paper for Medical Reserve
KLF-6	Work paper for Contributions and Excluded Costs
KLF-6(a)	Detail paper for Contributions below the Line (CONFIDENTIAL)
KLF-6(b)	Detail paper for Contributions above the Line (CONFIDENTIAL)

Kansas Gas Service
Staff Adjustment to Payroll Expense
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Account No.	Category	Direct Payroll Adjustment	Corporate Payroll Adjustment	Total Payroll Adjustment
1	813	Production Expense	\$ 150,000	\$ -	\$ 150,000
2	815	Natural Gas Storage	-	-	-
3	850-867	Transmission Expense	(232,992)	(38,000)	(270,991)
4	870-894	Distribution Expense	(450,948)	294,237	(156,711)
5	901-905	Customer Accounts	103,374	(24,673)	78,701
6	907-910	Customer Service	(17,269)	(26,162)	(43,431)
7	911-916	Sales Expense	(51,806)	-	(51,806)
8	920-931	Administrative and General Expense	(121,653)	274,508	152,855
9		Subtotal O&M Adjustment	\$ (621,294)	\$ 479,910	\$ (141,383)
10	408.1	Employment Taxes	(47,524)	59,234	11,710
11	926	401k Costs	(30,887)	32,040	1,153
12	926	Defined Contribution Retirement Plan	(17,882)	23,928	6,046
13		Gross Margin Gain/(Loss)	\$ (96,293)	\$ 115,203	\$ 18,910
14		Staff Adjustment to Payroll Expense			<u>\$ (122,473)</u>

Sources: Exhibit KLF-1(a)
Exhibit KLF-1(f)

Kansas Gas Service
Staff Adjustment to KGS Payroll Expense
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	FERC Account	Description	KGS Pro Forma Adjustment to Payroll	Staff Pro Forma Adjustment to Payroll	Total Payroll Adjustment
1	813	Production Expense	\$ (135,595)	\$ 14,405	\$ 150,000
2	815	Natural Gas Storage	4	4	-
3	850-867	Transmission Expense	51,336	(181,656)	(232,992)
4	870-894	Distribution Expense	2,089,360	1,638,412	(450,948)
5	901-905	Customer Accounts	94,939	198,313	103,374
6	907-910	Customer Service	9,049	(8,220)	(17,269)
7	911-916	Sales Expense	14,099	(37,707)	(51,806)
8	920-931	Administrative and General Expense	(52,067)	(173,720)	(121,653)
9		Subtotal O&M Payroll Adjustment	\$ 2,071,125	\$ 1,449,832	\$ (621,294)
10	408.1	FICA/Medicare Taxes	158,441	110,917	(47,524)
11	926	401(k) Costs	107,456	76,569	(30,887)
12	926	Defined Contribution Retirement Plan	58,281	40,400	(17,882)
13		Subtotal Payroll Related Expenses	\$ 324,179	\$ 227,886	\$ (96,293)
14		Staff Adjustment to KGS Payroll Expense			<u>\$ (717,586)</u>

Sources: KGS Pro Forma Adjustment Workpapers IS-20 Confidential 2018 Payroll Adjustment Workpaper-2018-02-16
Exhibit KLF-1(b)
Exhibit KLF-1(c)
Exhibit KLF-1(d)
Exhibit KLF-1(e)

Kansas Gas Service
Staff Adjustment to KGS Payroll Expense
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

FERC Major	Exempt		Hourly Non Exempt				Total Bargaining Units				Exempt		Hourly Non Exempt		Bargaining Units		Total Adjustment	Total - Adjusted Labor
	2017 Total Salary	Pro Forma Salary	2017 Base Pay	Pro Forma Base Pay	2017 Premium Pay	Pro Forma Premium Pay	2017 Base Pay	Pro Forma Base Pay	2017 Premium Pay	Pro Forma Premium Pay	Base Pay	Base Pay	Base Pay	Premium	Base Pay	Premium		
785	-	-	-	-	-	-	1,065.92	1,128.28	-	-	-	-	-	-	62.36	-	62.36	1,128.28
813	678,194.48	692,599.55	-	-	-	-	-	-	-	-	14,405.07	-	-	-	-	-	14,405.07	692,599.55
815	-	-	-	-	-	-	-	-	144.81	148.79	-	-	-	-	-	3.98	-	148.79
850	161,425.70	164,099.12	-	-	-	-	-	-	-	-	2,673.42	-	-	-	-	-	2,673.42	164,099.12
851	120,250.59	98,436.66	-	-	-	-	394,754.35	418,743.68	86,364.30	88,739.32	(21,813.93)	-	-	-	23,989.33	2,375.02	4,550.42	605,019.66
852	-	-	-	-	-	-	353.60	860.76	45.62	46.87	-	-	-	-	507.16	1.25	508.41	907.63
853	42,951.35	44,247.01	-	-	-	-	253,260.18	250,643.28	1,242.84	1,247.72	-	-	-	-	(2,616.90)	4.88	(1,316.35)	296,138.02
856	226,070.32	231,811.90	-	-	-	-	1,206,361.67	1,227,166.55	54,383.35	64,332.08	-	-	-	-	20,804.88	9,948.73	36,495.19	1,523,310.53
857	-	7,032.53	-	-	-	-	398,025.67	258,311.92	12,425.34	7,466.95	7,032.53	-	-	-	(139,713.75)	(4,958.39)	(137,639.62)	272,811.39
859	-	-	-	-	-	-	26,650.82	27,695.49	4,467.42	4,590.27	-	-	-	-	1,044.67	122.85	1,167.52	32,285.76
861	86,237.84	86,378.96	-	-	-	-	-	-	-	-	141.12	-	-	-	-	-	141.12	86,378.96
862	-	-	-	-	-	-	7,152.01	7,446.02	104.46	107.33	-	-	-	-	294.01	2.87	296.88	7,553.35
863	55,413.45	56,654.08	-	-	-	-	196,770.03	184,549.03	5,323.45	6,010.11	1,240.63	-	-	-	(12,221.00)	686.66	(10,293.71)	247,213.22
864	45,696.00	47,074.46	-	-	-	-	114,967.94	118,448.78	2,182.33	2,242.34	-	-	-	-	3,480.84	60.01	4,919.31	167,765.58
865	-	299.26	-	-	-	-	249,682.15	171,772.81	18,482.85	12,921.42	299.26	-	-	-	(77,909.34)	(5,561.43)	(83,171.52)	184,993.48
867	-	-	-	-	-	-	132.60	145.39	-	-	-	-	-	-	12.79	-	12.79	145.39
870	1,122,265.07	1,284,974.08	227,384.45	233,104.80	6,936.96	7,453.10	1,759.49	3,474.74	272.01	279.49	162,709.01	5,720.35	516.14	-	1,715.25	7.48	170,668.22	1,529,286.20
871	120,251.41	98,437.30	-	-	-	-	394,757.98	418,747.52	86,367.47	88,742.58	(21,814.11)	-	-	-	23,989.54	2,375.11	4,550.53	605,927.39
874	757,727.58	775,925.28	199,486.49	164,765.88	30,920.03	15,888.01	2,755,602.50	2,942,712.60	240,792.85	258,080.18	18,197.70	(34,720.61)	(15,032.02)	-	187,110.10	17,287.33	172,842.50	4,157,371.95
875	251,370.66	265,238.47	20,323.52	21,438.78	1,989.47	1,354.28	629,493.09	644,792.87	63,916.74	65,340.50	13,867.81	1,115.26	(635.19)	-	15,299.78	1,423.76	31,071.43	998,164.91
876	1,111.19	-	-	-	-	-	353,960.41	291,735.66	61,047.34	57,407.15	(1,111.19)	-	-	-	(62,224.75)	(3,640.19)	(66,976.13)	349,142.81
877	-	-	4,475.95	4,432.37	680.42	263.86	71,985.58	83,735.86	20,066.86	20,805.65	-	-	-	(43.58)	(416.56)	-	12,028.92	109,237.73
878	207,685.72	233,356.96	-	2,146.53	-	2,047.98	4,939,044.95	5,209,298.90	664,242.94	668,486.31	25,671.24	2,146.53	2,047.98	-	270,253.95	4,243.37	304,363.07	6,115,336.68
879	179,977.03	146,205.66	39,701.71	41,649.04	-	2,263.17	2,665,124.73	2,791,134.68	1,655,536.66	1,588,180.99	(33,771.37)	1,947.33	2,263.17	-	126,009.95	(67,355.67)	29,093.41	4,569,433.54
880	350,428.97	485,649.45	140,013.21	109,486.00	21,737.52	8,638.38	763,147.96	795,717.11	22,864.56	27,522.11	135,220.48	(30,527.21)	(13,099.14)	-	32,569.15	4,657.55	128,820.84	1,427,013.06
885	265,521.58	276,703.95	34,006.15	35,539.83	9,134.42	9,421.01	-	-	-	-	11,182.37	1,533.68	286.59	-	-	-	13,002.64	321,664.79
886	-	-	-	-	-	-	18,566.19	20,402.19	1,252.96	1,287.42	-	-	-	-	1,836.00	34.46	1,870.46	21,689.61
887	810,374.48	835,039.12	169,079.20	164,025.61	7,709.68	7,833.68	3,640,893.40	4,129,455.19	632,184.74	657,725.49	24,664.64	(5,053.59)	124.00	-	488,561.79	25,540.75	533,837.59	5,794,079.09
889	4,364.38	3,142.21	14,791.56	16,882.40	944.93	281.88	421,645.83	430,220.86	56,116.11	55,050.89	(1,222.17)	2,090.84	(663.05)	-	8,575.03	(1,065.22)	7,715.43	505,578.24
890	249.09	-	-	-	-	-	163,707.99	160,583.05	14,966.48	13,627.86	(249.09)	-	-	-	(3,124.94)	(1,338.62)	(4,712.66)	174,210.90
891	-	-	151,583.24	119,922.99	5,489.63	2,030.69	236,754.75	291,849.22	81,775.08	91,775.35	-	(31,660.25)	(3,458.94)	-	55,094.47	10,000.27	29,975.55	505,578.25
892	59,962.18	62,250.68	-	-	14.63	-	949,151.63	1,159,605.31	257,768.78	265,666.23	2,288.50	-	(14.63)	-	210,453.68	7,897.45	220,625.00	1,487,522.22
893	114,593.60	119,551.01	-	-	-	-	1,214,654.82	1,261,020.97	121,194.73	119,487.95	4,957.41	-	-	-	46,366.15	(1,706.78)	49,616.78	1,500,059.93
894	-	-	-	-	-	-	443.82	-	-	-	-	-	-	-	18.49	-	18.49	462.31
901	422,281.50	438,377.78	-	-	-	-	-	-	-	-	16,096.28	-	-	-	-	-	16,096.28	438,377.78
902	168,738.86	157,468.79	-	12,560.38	-	-	1,035,248.43	1,038,449.38	20,242.16	28,801.33	(11,270.07)	12,560.38	-	-	3,200.95	8,559.17	13,050.42	1,237,279.87
903	1,134,163.11	1,184,419.90	208,988.56	283,547.14	243.72	226.00	3,980,242.22	4,083,000.74	230,282.23	275,561.66	50,256.79	74,538.58	(17.72)	-	102,758.52	45,279.43	272,835.60	5,826,755.44
905	-	-	-	-	0.36	-	113,893.97	10,198.49	2,473.23	2,499.75	-	-	(0.36)	-	(103,695.48)	26.52	(103,669.32)	12,698.24
908	143,777.20	135,557.18	-	-	-	-	-	-	-	-	(8,220.02)	-	-	-	-	-	(8,220.02)	135,557.18
912	456,355.03	418,648.42	-	-	-	-	-	-	-	-	(37,706.61)	-	-	-	-	-	(37,706.61)	418,648.42
920	4,634,908.73	4,518,525.81	409,222.89	305,090.24	4,209.89	1,687.19	227,289.68	269,427.54	4,563.85	11,744.52	(116,382.92)	(104,132.65)	(2,522.70)	-	42,137.86	7,180.67	(173,719.74)	5,106,475.30
Total	\$ 12,622,347.10	\$ 12,868,105.56	\$ 1,619,056.93	\$ 1,514,591.98	\$ 90,011.66	\$ 59,389.23	\$ 27,426,546.36	\$ 28,702,937.16	\$ 4,423,094.55	\$ 4,485,926.63	\$ 245,758.46	\$ (104,464.95)	\$ (30,622.43)	\$	\$ 1,276,390.80	\$ 62,832.08	\$ 1,449,893.95	\$ 47,630,950.55

Sources: KGS Pro Forma Adjustment Worksheets IS-20 Confidential 2018 Payroll Adjustment Worksheet-2018-02-16
KGS Response to Staff Data Request Nos. 145, 149, and 150

Kansas Gas Service
KGS Payroll Taxes
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	Tax Rate	Exempt Base Pay	Non-Exempt Base Pay	Non-Exempt Premium Pay	BU Base Pay	BU Premium Pay	Total Payroll Taxes
1	Staff Adjusted Payroll		\$ 12,868,106	\$ 1,514,592	\$ 59,389	\$ 28,702,937	\$ 4,485,927	
2	FICA Taxes	6.20%	797,823	93,905	3,682	1,779,582	278,127	2,953,119
3	Medicare Taxes	1.45%	186,588	21,962	861	416,193	65,046	690,649
4	Staff Adjusted Payroll Taxes							\$ 3,643,768
5	Test Year Payroll Taxes							<u>3,532,851</u>
6	Staff Adjustment to KGS Payroll Taxes							<u>\$ 110,917</u>

Sources: KGS Response to Staff Data Request No. 145
Exhibit KLF-1(b)

Kansas Gas Service
KGS 401(k) Costs
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	Amount
1	401(k) Amount Per Book for the 12-Months Ending August 31, 2018	\$ 3,859,692
2	Payroll Dollars for the 12-Months Ending August 31, 2018	<u>73,086,042</u>
3	401(k) Matching Percentage	5.28%
4	Total Adjusted Payroll for the 12-Months Ending August 31, 2018	<u>\$ 47,630,951</u>
5	Staff Adjusted 401(k) Costs	2,515,402
6	Test Year 401(k) Costs	<u>2,438,833</u>
7	Staff Adjustment to KGS 401(k) Costs	<u><u>\$ 76,569</u></u>

Sources: KGS Response to Staff Data Request Nos. 145 and 149
Exhibit KLF-1(b)

Kansas Gas Service
KGS Defined Contribution Retirement Plan
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	Amount
1	Profit Share Amount Per Book for the 12-Months Ending August 31, 2018	\$ 2,056,016
2	Total Payroll Dollars for the 12-Months Ending August 31, 2018	<u>73,086,042</u>
3	Profit Sharing Percentage	2.81%
4	Total Adjusted Payroll for the 12-Months Ending August 31, 2018	<u>\$ 47,630,951</u>
5	Staff Adjusted Profit Sharing Costs	1,339,927
6	Test Year Profit Sharing Costs	<u>1,299,528</u>
7	Staff Adjustment to KGS Defined Contribution Retirement Plan	<u><u>\$ 40,400</u></u>

Sources: KGS Response to Staff Data Request Nos. 145, 149, and 150
Exhibit KLF-1(b)

Kansas Gas Service
Staff Adjustment to Corporate Payroll Expense
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	FERC Account	Description	KGS Pro Forma Adjustment to Corporate Payroll	Staff Pro Forma Adjustment to Corporate Payroll	Total Staff Adjustment to Corporate Payroll
1	850-867	Transmission Expense	\$ 31,046	\$ (6,954)	\$ (38,000)
2	870-894	Distribution Expense	(48,024)	246,213	294,237
3	901-905	Customer Accounts Expense	(13,949)	(38,622)	(24,673)
4	907-910	Customer Service and Information Expense	-	(26,162)	(26,162)
5	920-931	Administration and General Expense	(386,949)	(112,441)	274,508
6		Total Base Pay	\$ (417,876)	\$ 62,034	\$ 479,910
7	408.1	Employment Taxes	(17,309)	41,925	59,234
8	926	401(k) Costs	(8,853)	23,187	32,040
9	926	Profit Share Plan	(6,341)	17,587	23,928
10		Total Adjustment to Corporate Payroll	\$ (32,503)	\$ 82,700	\$ 115,203
11		Staff Adjustment to Corporate Payroll Expense			<u>\$ 595,113</u>

Sources: KGS Pro Forma Adjustment Workpapers IS-20 Confidential 2018 Allocated Payroll Adjustment WP
Exhibit KLF-1(g)
Exhibit KLF-1(h)
Exhibit KLF-1(i)
Exhibit KLF-1(j)

Kansas Gas Service
Staff Adjustment to Corporate Payroll Expense
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	KGS Adjustment				Staff's August 2018 Update				Total Staff Adjustment			
	Account No.	Total Unallocated Adjustment	Causal Allocated Adjustment	Distrigas Allocated Adjustment	Account No.	Total Unallocated Adjustment	Causal Allocated Adjustment	Distrigas Allocated Adjustment	Account No.	Total Unallocated Adjustment	Causal Allocated Adjustment	Distrigas Allocated Adjustment
1	1630	13,239.15	3,980.54	-	1630	3,178.11	925.22	-	1630	(10,061.04)	(3,055.32)	-
2	1840	998,775.28	89,999.48	221,807.20	1840	1,471,739.48	166,714.90	265,521.67	1840	472,964.20	76,715.42	43,714.47
3	1860	-	-	-	1860	-	-	-	1860	-	-	-
4	2530	(108,842.01)	-	(35,961.10)	2530	(108,842.01)	-	(35,743.76)	2530	-	-	217.34
5	4264	349.53	-	115.47	4264	(49,051.33)	-	(16,341.24)	4264	(49,400.86)	-	(16,456.71)
6	8500	(879.43)	185.06	(560.59)	8500	(1,162.27)	185.18	(862.55)	8500	(282.84)	0.12	(301.96)
7	8560	104,299.00	30,796.13	-	8560	(49,111.71)	(15,793.83)	9,085.56	8560	(153,410.71)	(46,589.96)	9,085.56
8	8610	(603.99)	64.65	(289.63)	8610	1,736.37	64.53	367.59	8610	2,340.36	(0.12)	657.22
9	8700	(135,819.47)	(34,572.72)	(7,837.38)	8700	757,219.76	201,893.98	35,019.31	8700	893,039.23	236,466.70	42,856.69
10	8740	(51,286.13)	(16,068.38)	-	8740	(49,800.12)	(15,617.15)	2,595.63	8740	1,486.01	451.23	2,595.63
11	8780	9,163.51	2,552.89	-	8780	(4,388.51)	(1,485.01)	-	8780	(13,552.02)	(4,037.90)	-
12	8800	-	-	-	8800	102,076.17	31,000.49	-	8800	102,076.17	31,000.49	-
13	8850	(5,842.25)	64.65	(2,019.56)	8850	(20,317.13)	(2,272.71)	(4,921.89)	8850	(14,474.88)	(2,337.36)	(2,902.33)
14	9010	(2,660.44)	-	(879.06)	9010	(65,041.96)	-	(21,359.77)	9010	(62,381.52)	-	(20,480.71)
15	9050	(38,500.80)	(13,948.82)	-	9050	(49,745.74)	(17,262.20)	-	9050	(11,244.94)	(3,313.38)	-
16	9080	1,676.40	-	553.78	9080	(79,666.08)	-	(26,162.29)	9080	(81,342.48)	-	(26,716.07)
17	9200	(413,581.43)	(322,182.80)	(57,436.29)	9200	846,939.77	(358,808.55)	248,311.79	9200	1,260,521.20	(36,625.75)	305,748.08
18	9210	11,206.48	-	3,702.61	9210	(5,919.07)	-	(1,943.83)	9210	(17,125.55)	-	(5,646.44)
19		\$380,693.40	\$(259,129.32)	\$121,195.45		\$2,699,843.74	\$(10,455.14)	\$453,566.22		\$2,319,150.34	\$248,674.18	\$332,370.77
20	Balance Sheet	903,172.42	93,980.02	185,846.10	Balance Sheet	1,366,075.58	167,640.12	229,777.91	Balance Sheet	462,903.16	73,660.10	43,931.81
21	Below the Line	349.53	-	115.47	Below the Line	(49,051.33)	-	(16,341.24)	Below the Line	(49,400.86)	-	(16,456.71)
22	O&M	(522,828.55)	(353,109.34)	(64,766.12)	O&M	1,382,819.49	(178,095.26)	240,129.55	O&M	1,905,648.04	175,014.08	304,895.67
23	Total	\$380,693.40	\$(259,129.32)	\$121,195.45	Total	\$2,699,843.74	\$(10,455.14)	\$453,566.22	Total	\$2,319,150.34	\$248,674.18	\$332,370.77

Sources: KGS Pro Forma Adjustment Workpapers IS-20 Confidential 2018 Allocated Payroll Adjustment WP
KGS Response to Staff Data Request No. 152

Kansas Gas Service
Corporate FICA and Medicare
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	KGS	Staff	Adjustment
<u>NonExempt</u>				
1	Amount of Payroll for FICA Adjustment Below Cap	\$ 12,372	\$ 42,426	\$ 30,054
2	FICA 6.2%	6.20%	6.20%	6.20%
3	Total Adjustment to FICA	767	2,630	1,863
4	Distrigas Allocation	33.04%	32.35%	32.35%
5	Adjustment for FICA for Allocated Payroll	\$ 253	\$ 851	\$ 603
6	Amount of Payroll for Medicare Adjustment	\$ 12,372	\$ 42,426	\$ 30,054
7	Medicare 1.45%	1.45%	1.45%	1.45%
8	Total Adjustment to Medicare	179	615	436
9	Distrigas Allocation	33.04%	32.35%	32.35%
10	Adjustment for Medicare for Allocated Payroll	\$ 59	\$ 199	\$ 141
<u>Exempt</u>				
11	Amount of Payroll for FICA	\$ (736,198)	\$ 852,911	\$ 1,589,109
12	FICA 6.2%	6.20%	6.20%	6.20%
13	Total Adjustment to FICA	(45,644)	52,880	98,525
14	Distrigas Allocation	33.04%	32.35%	32.35%
15	Adjustment for FICA for Allocated Payroll	\$ (15,081)	\$ 17,107	\$ 31,873
16	Amount of Payroll for Medicare Adjustment	\$ (542,992)	\$ 1,152,973	\$ 1,695,965
17	Medicare 1.45%	1.45%	1.45%	1.45%
18	Total Adjustment to Medicare	(7,873)	16,718	24,591
19	Distrigas Allocation	33.04%	32.35%	32.35%
20	Adjustment for Medicare for Allocated Payroll	\$ (2,601)	\$ 5,408	\$ 7,955
21	Amount of Payroll for Medicare Adjustment >200,000	\$ 7,792	\$ 178,550	\$ 170,758
22	Medicare 2.45%	2.45%	2.45%	2.45%
23	Total Adjustment to Medicare	191	4,374	4,184
24	Distrigas Allocation	33.04%	32.35%	32.35%
25	Adjustment for Medicare for Allocated Payroll	\$ 63	\$ 1,415	\$ 1,353
26	Total Staff Adjustment to Corporate Employment Taxes (Account No. 408.1)			\$ 41,925

Sources: KGS Pro Forma Adjustment Workpapers IS-20 Confidential 2018 Allocated Payroll Adjustment WP
KGS Response to Staff Data Request No. 152
Exhibit KLF-3(a)

Kansas Gas Service
Corporate 401(k) Costs
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	Amount
1	401(k) Amount Per Book for the 12-Months Ending August 31, 2018	\$ 2,513,216
2	Payroll Dollars for the 12-Months Ending August 31, 2018	<u>48,486,059</u>
3	401(k) Matching Percentage	5.18%
4	Payroll Annualization Adjustment for the 12-Months Ending August 31, 2018	<u>\$ 1,382,819</u>
5	Staff Adjustment to 401(k) Costs	71,677
6	3 Year Average Distrigas Allocation	32.35%
7	Staff Allocated Adjustment to Corporate 401(k) Costs	<u><u>\$ 23,187</u></u>

Sources: KGS Response to Staff Data Request Nos. 152 and 153
Exhibit KLF-1(g)
Exhibit KLF-3(a)

Kansas Gas Service
Corporate Profit Share
Income Statement Adjustment No. 15
Test Year Ended December 31, 2017

Line No.	Description	Amount
1	Profit Share Amount Per Book for the 12-Months Ending August 31, 2018	\$ 1,906,195
2	Payroll Dollars for the 12-Months Ending August 31, 2018	<u>48,486,059</u>
3	Profit Sharing Percentage	3.93%
4	Payroll Annualization Adjustment for the 12-Months Ending August 31, 2018	<u>\$ 1,382,819</u>
5	Staff Adjustment to Profit Share	54,365
6	3 Year Average Distrigas Allocation	32.35%
7	Staff Allocated Adjustment to Corporate Profit Share	<u>\$ 17,587</u>

Sources: KGS Response to Staff Data Request Nos. 152, 153, and 154
Exhibit KLF-1(g)
Exhibit KLF-3(a)

Kansas Gas Service
Staff Adjustment to Workers' Compensation
Income Statement Adjustment No. 16
Test Year Ended December 31, 2017

Line No.	FERC Account	Description	Amount	Total
1		Workers' Compensation Expense (September 2015 - August 2016)	\$ 777,270	
2		Workers' Compensation Expense (September 2016 - August 2017)	1,364,787	
3		Workers' Compensation Expense (September 2017 - August 2018)	<u>137,975</u>	
4		3-Year Average Workers' Compensation Expense	\$ 760,011	
5		Test Year Workers' Compensation Expense	<u>841,652</u>	
6	925	Workers' Compensation Claims Adjustment		\$ (81,641)
7		KGS Pro Forma Adjustment to Workers' Compensation Expense		<u>(127,624)</u>
8	925	Staff Adjustment to Workers' Compensation		<u>\$ 45,983</u>

Sources: KGS Pro Forma Adjustment Workpaper IS-19 - 2018 Workers Compensation Adjustment
KGS Response to Staff Data Request No. 191
Exhibit KLF-2(a)

Kansas Gas Service
Staff Adjustment to Workers' Compensation
Income Statement Adjustment No. 16
Test Year Ended December 31, 2017

Line No.				Year End 31-Aug-16	Year End 31-Aug-17	Year End 31-Aug-18
1	Workers' Compensation Expense			\$ 777,270	\$ 1,364,787	\$ 137,975
2	Sep-15	\$ 135,348.40	Sep-16	\$ 299,767.30	Sep-17	\$ 2,846.52
3	Oct-15	181,696.10	Oct-16	38,684.87	Oct-17	(1,508.65)
4	Nov-15	46,188.69	Nov-16	69,175.19	Nov-17	(93,804.49)
5	Dec-15	52,268.96	Dec-16	63,492.09	Dec-17	40,451.08
6	Jan-16	107,070.93	Jan-17	(21,071.69)	Jan-18	(58,160.46)
7	Feb-16	88,188.65	Feb-17	121,622.03	Feb-18	(17,871.12)
8	Mar-16	59,592.40	Mar-17	679,500.47	Mar-18	77,356.73
9	Apr-16	(26,661.26)	Apr-17	73,844.38	Apr-18	97,083.15
10	May-16	16,787.50	May-17	(4,537.71)	May-18	87,043.40
11	Jun-16	(27,761.79)	Jun-17	(33,946.18)	Jun-18	(186,624.64)
12	Jul-16	90,199.52	Jul-17	47,489.29	Jul-18	215,181.44
13	Aug-16	54,351.84	Aug-17	30,766.67	Aug-18	(24,017.79)
14	Total	\$ 777,269.94	Total	\$ 1,364,786.71	Total	\$ 137,975.17

Source: KGS Response to Staff Data Request No. 191

Kansas Gas Service
Staff Adjustment to Distrigas %
Income Statement Adjustment No. 17
Test Year Ended December 31, 2017

Line No.	FERC Account	Month	A Corporate Allocable Dollars	B Test Year Distrigas Allocation	C Q1 2018 Distrigas Allocation	D KGS Pro Forma Adjustment a * (c - b)	E 3 Year Average Distrigas Allocation	F Staff Pro Forma Adjustment a * (e - b)	G Total Staff Adjustment f - d
1	408.1	1	\$ 344,558	30.99%	33.04%	\$ 7,063	32.35%	\$ 4,686	\$ (2,377)
2	408.1	2	851,720	30.99%	33.04%	17,460	32.35%	11,583	(5,877)
3	408.1	3	462,406	30.99%	33.04%	9,479	32.35%	6,289	(3,191)
4	408.1	4	280,495	31.31%	33.04%	4,861	32.35%	2,926	(1,935)
5	408.1	5	274,486	31.31%	33.04%	4,757	32.35%	2,863	(1,894)
6	408.1	6	348,748	31.31%	33.04%	6,044	32.35%	3,638	(2,406)
7	408.1	7	297,545	31.64%	33.04%	4,175	32.35%	2,122	(2,053)
8	408.1	8	264,676	31.64%	33.04%	3,714	32.35%	1,888	(1,826)
9	408.1	9	306,327	31.64%	33.04%	4,298	32.35%	2,185	(2,114)
10	408.1	10	228,805	31.88%	33.04%	2,654	32.35%	1,075	(1,579)
11	408.1	11	236,864	31.88%	33.04%	2,748	32.35%	1,113	(1,634)
12	408.1	12	441,657	31.88%	33.04%	5,123	32.35%	2,076	(3,047)
13	408.1 Total		\$ 4,338,285			\$ 72,378		\$ 42,444	\$ (29,934)
14	926.0	1	\$ 650,244	30.99%	33.04%	\$ 13,330	32.35%	\$ 8,843	\$ (4,487)
15	926.0	2	650,236	30.99%	33.04%	13,330	32.35%	8,843	(4,487)
16	926.0	3	650,236	30.99%	33.04%	13,330	32.35%	8,843	(4,487)
17	926.0	4	650,236	31.31%	33.04%	11,269	32.35%	6,783	(4,487)
18	926.0	5	650,236	31.31%	33.04%	11,269	32.35%	6,783	(4,487)
19	926.0	6	650,236	31.31%	33.04%	11,269	32.35%	6,783	(4,487)
20	926.0	7	650,236	31.64%	33.04%	9,124	32.35%	4,637	(4,487)
21	926.0	8	650,236	31.64%	33.04%	9,124	32.35%	4,637	(4,487)
22	926.0	9	650,236	31.64%	33.04%	9,124	32.35%	4,637	(4,487)
23	926.0	10	650,236	31.88%	33.04%	7,543	32.35%	3,056	(4,487)
24	926.0	11	650,236	31.88%	33.04%	7,543	32.35%	3,056	(4,487)
25	926.0	12	650,236	31.88%	33.04%	7,543	32.35%	3,056	(4,487)
26	926.0 Total		\$ 7,802,843			\$ 123,798		\$ 69,958	\$ (53,840)
27	930.2	1	\$ 7,306,710	30.99%	33.04%	\$ 149,788	32.35%	\$ 99,371	\$ (50,416)
28	930.2	2	6,791,134	30.99%	33.04%	139,218	32.35%	92,359	(46,859)
29	930.2	3	10,230,843	30.99%	33.04%	209,732	32.35%	139,139	(70,593)
30	930.2	4	6,226,339	31.31%	33.04%	107,909	32.35%	64,947	(42,962)
31	930.2	5	7,357,491	31.31%	33.04%	127,513	32.35%	76,746	(50,767)
32	930.2	6	7,749,345	31.31%	33.04%	134,304	32.35%	80,833	(53,470)
33	930.2	7	6,456,506	31.64%	33.04%	90,598	32.35%	46,048	(44,550)
34	930.2	8	6,649,240	31.64%	33.04%	93,302	32.35%	47,422	(45,880)
35	930.2	9	6,986,437	31.64%	33.04%	98,034	32.35%	49,827	(48,206)
36	930.2	10	6,706,329	31.88%	33.04%	77,793	32.35%	31,520	(46,274)
37	930.2	11	6,260,596	31.88%	33.04%	72,623	32.35%	29,425	(43,198)
38	930.2	12	8,971,360	31.88%	33.04%	104,068	32.35%	42,165	(61,902)
39	930.2 Total		\$ 87,692,332			\$ 1,404,881		\$ 799,804	\$ (605,077)
40	Total Adjustment for Change in Allocation Ratio					\$ 1,601,057		\$ 912,206	
41	Staff Adjustment to Corporate Allocation Ratio								\$ (688,851)

Sources: KGS Pro Forma Adjustment Workpaper IS-31 Distrigas Percent Adjustment
KGS Response to Staff Data Request No. 278
Exhibit KLF-3(a)

Kansas Gas Service
Staff Adjustment to Distrigas %
Income Statement Adjustment No. 17
Test Year Ended December 31, 2017

Line No.	Year	KGS Distrigas %	Change in Distrigas %
1	2015		
2	1st Quarter	34.20%	
3	2nd Quarter	33.87%	-0.33%
4	3rd Quarter	33.47%	-0.40%
5	4th Quarter	33.39%	-0.08%
6	2016		
7	1st Quarter	33.30%	-0.09%
8	2nd Quarter	32.61%	-0.69%
9	3rd Quarter	32.42%	-0.19%
10	4th Quarter	31.96%	-0.46%
11	2017		
12	1st Quarter	30.99%	-0.97%
13	2nd Quarter	31.31%	0.32%
14	3rd Quarter	31.64%	0.33%
15	4th Quarter	31.87%	0.23%
16	2018		
17	1st Quarter	33.04%	1.17%
18	2nd Quarter	32.80%	-0.24%
19	3rd Quarter	32.84%	0.04%
20	4th Quarter		
21	3 year average	<u><u>32.35%</u></u>	

Sources: KGS Response to Staff Data Request Nos. 105 and 129

Kansas Gas Service
Staff Adjustment to GTI Cost
Income Statement Adjustment No. 18
Test Year Ended December 31, 2017

Line No.	Account No.	Description	Amount
1	880	Other Expenses - GTI - OTD Funding	<u>\$ (316,479)</u>

Source: KGS Pro Forma Adjustment Workpaper IS-13 GTI Expense

Kansas Gas Service
Staff Adjustment to Employee Medical Reserve
Income Statement Adjustment No. 19
Test Year Ended December 31, 2017

Line No.	Account No.	Description	Amount
1		September 2017	\$ 799,470
2		October 2017	799,470
3		November 2017	799,470
4		December 2017	865,390
5		January 2018	844,737
6		February 2018	845,215
7		March 2018	844,976
8		April 2018	961,638
9		May 2018	961,638
10		June 2018	961,638
11		July 2018	903,307
12		August 2018	903,307
13	9260190	Total Employee Medical Reserve	\$ 10,490,256
14		KGS Test Year Employee Medical Reserve	9,659,560
15		Change in Expense	\$ 830,696
16		Capitalization Ratio	68.39%
17		Staff's Pro Forma Adjustment	\$ 568,113
18		KGS Pro Forma Adjustment	328,366
19	9260190	Total Staff Adjustment	\$ 239,747

Sources: KGS Pro Forma Adjustment Workpaper IS-21 2018 Employee Medical Reserve Adjustment
KGS Response to Staff Data Request No. 213

Kansas Gas Service
Staff Adjustment to Charitable Contributions and Excluded Costs
Income Statement Adjustment No. 20
Test Year Ended December 31, 2017

Line No.	Account No.	Description	Adjustment
1	4261210	Civic Expenses	\$ 668
2	4261211	Chamber of Commerce - Civic Expense	1,900
3	4261221	Charitable Donations - Health & Human Service	55
4	4261222	Charitable Donations - Education	4,750
5	4261225	Charitable Donations - Other	15,925
6		Staff's Adjustment to include Contributions below the line	\$ 23,298
7		KGS Adjustment to include Contributions below the line	70,130
8		Staff's Total Adjustment to Contributions below the line	\$ (46,833)
9	8590100	Trans Oth Misc Exp	\$ (3)
10	8800100	Distr Other Expenses	(1,682)
11	9010100	Cust Acctg/Coll Supervision	(503)
12	9030100	Cust Rec/Collec Exp Misc	(263)
13	9030110	Cust Records Expense	(1,445)
14	9080100	Cust Asst Misc Exp	(7,055)
15	9120100	Demo/Sell Misc Exp	(1,012)
16	9120171	Demo/Sell Region Economic Dev	(8,570)
17	9210100	A&G Supplies & Expenses Misc	(6,060)
18	9210102	A&G S&E Empl Misc	(742)
19	9210201	A&G S&E Assoc Mtgs	(38)
20	9210202	A&G S&E Subs/Publications	(2,391)
21	9210206	A&G S&E Auto Leases	(126)
22	9210207	A&G S&E Travel/Entertainment	(2,930)
23	9210220	A&G S&E Membership Dues	(1,859)
24	9301100	A&G Advertising Misc	(500)
25	9302100	A&G Misc Expenses	(35)
26	9302105	A&G Misc Industry Dues	(4,468)
27	9302106	A&G Misc AGA Industry Dues	(73,059)
28	9302109	A&G Misc Chamber of Commerce	(43,267)
29	9302110	A&G Misc Chamber of Commerce Sponsorships	(80)
30		Staff's Total Adjustment to Remove Contributions above the line	\$ (156,087)
31		Staff's Total Adjustment to Contributions	\$ (202,920)

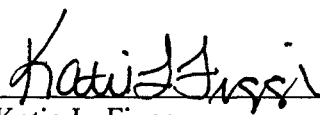
Sources: Exhibit KLF-6(a)
Exhibit KLF-6(b)

Exhibits KLF-6(a) and KLF-6(b)
are CONFIDENTIAL

VERIFICATION

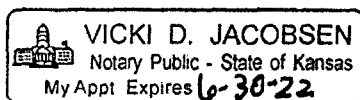
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

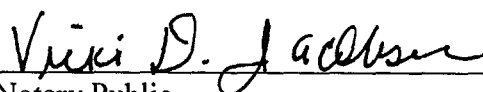
Katie L. Figgs, being duly sworn upon her oath deposes and states that she is the Senior Auditor for the Utilities Division of the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Direct Testimony*, and that the statements contained therein are true and correct to the best of her knowledge, information and belief.



Katie L. Figgs
Senior Auditor, Utilities Division
Kansas Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 29th day of October, 2018.





Notary Public

My Appointment Expires: June 30, 2022

CERTIFICATE OF SERVICE

18-KGSG-560-RTS

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Direct Testimony was served via electronic service this 29th day of October, 2018, to the following:

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CERTIFICATE OF SERVICE

18-KGSG-560-RTS

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/s/ Vicki Jacobsen
Vicki Jacobsen