

WHEREFORE, Staff presents its Report and Recommendation for the record and further determination by way of approval in a Commission Order.

Respectfully Submitted,

Brett Berry

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Kansas Corporation Commission

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**REPORT AND RECOMMENDATION
UTILITIES DIVISION
PUBLIC VERSION**

To: Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

From: Leo Haynos, Utilities Engineer
Paul Owings, Chief Engineer
Justin Grady, Director of Utilities

Date: October 16, 2025

Re: Docket 26-KGSG-101-COM: In the Matter of the Complaint Against Kansas Gas Service
by Wheat State Investments, LLC - Jordan Sanders

EXECUTIVE SUMMARY:

On August 25, 2025, Kansas Gas Service, a division of ONE Gas, Inc. (KGS) discovered an indication of natural gas in the atmosphere above a pipeline serving a residence at 909 SE 10th Street Terrace, Newton, Kansas. After detecting the gas, KGS initiated a leak investigation to find, classify, and repair the potential leak. It is Staff's understanding that KGS conducted a leak survey, sampled the subsurface gas, tested the composition of subsurface gas samples, excavated trenches to exhaust the gas, purged the gas from the soil with mechanical equipment, and pressure tested its pipeline as a part of its leak investigation. It is also Staff's understanding that KGS provided temporary lodging for the affected customers, if the customers chose to evacuate their homes. At no time during this investigation has KGS or any public safety agency declared the affected homes to be a safety risk to life or property. It is also important to note that neither KGS nor public safety agencies have detected gas inside any of the structures. Based on the sustained pressure test of its facilities and laboratory test results of the soil gas samples, KGS concluded the gas source was not from its facilities. However, because gas concentrations persist in the soil next to the homes' foundations, KGS discontinued service to the affected customers.

In parallel with KGS's investigations, a contractor was retained by the Kansas Department of Health and Environment (KDHE) to investigate the unknown gas. KDHE's contractor investigated the source of the gas, delineated the extent of the gas, and mitigated and protected homes near the

gas plume.¹ KDHE concluded that: (1) the methane is either being produced from decaying plant matter or methyl fermentation of crude oil in the soil (biogenic gas)² and (2) the gas is isolated in the area covered with dark colored soil used as fill³ in the Fox Ridge Addition subdivision.⁴ KDHE also hired a subcontractor to install vapor mitigation systems with intrinsically safe fans as a means to remove gas that may be located under the foundations of some of the homes in the vicinity of the underground gas plume.⁵ The City of Newton also equipped each home with a natural gas detector.

As stated in the Complaint, KGS currently refuses to reestablish gas service for multiple houses located on SE 10th Street Terrace, in Newton, Kansas (Service Area).⁶ It is Staff's understanding that KGS's refusal to reestablish gas service is based on its Unknown Gas Investigation Procedure.⁷ According to KGS's procedure, **

_____ * prior to reestablishing service.⁸

Staff also understands that KGS is concerned that the biogenic gas will impede future KGS operations. For example, if KGS receives an odor complaint and detects gas in soil, KGS will be unable to determine whether the gas is pipeline or biogenic gas. KGS will then be forced to **

_____ ** in accordance with its Unknown Gas Investigation Procedure to assess the gas source.

Staff concludes that resuming gas service will not increase risks associated with the biogenic gas. KGS has demonstrated the integrity of its pipeline system with a sustained pressure test. Based on the pressure test results, KGS's facilities are not leaking and therefore will not add to the volume of subsurface gas. Furthermore, natural gas appliances do not increase the risk of ignition compared with similar electric appliances.

Staff contends that risks to property and health associated with the biogenic gas is beyond the purview of the Commission or KGS. It is Staff's understanding that regulatory oversight has been transferred to the City of Newton, Kansas. In the unlikely event the soil gas does present a safety hazard, Staff believes it is the responsibility of the property owner to mitigate that risk with the regulatory oversight of the City of Newton, Kansas.

However, Staff acknowledges that resuming gas service may complicate KGS's operational requirements. KGS may detect the presence of gas when completing normal operation and maintenance tasks or based on an odor complaint notification. If this occurs, KGS must follow its Leak Investigation, Classification, and Repair Schedule Procedure (Leak Investigation

¹ See Exhibit 1: KDHE Letter to City and County Officials (KDHE Letter).

² Biogenic gas is any gas produced by living organisms or the biological composition of organic matter.

³ The gas plume was detected in a new (approximately 1-year) housing development which is a part of the Fox Ridge Addition – Phase 1 in Newton, Kansas. Soil was placed under and around certain houses within the subdivision to varying degrees. The portion with the gas plume received significant fill ranging from five to 10 feet.

⁴ See KDHE Letter attached as Exhibit 1.

⁵ See *Id.*

⁶ See Exhibit 2. The service area includes houses along SE 10th Street Terrace in Newton, Kansas. It is Staff's understanding that houses 907 through 921 on the south side of the road and 914 through 922 on the north side of the road no longer have service.

⁷ OGSops2.1804 Unknown Gas Investigation (Sept. 1, 2019).

⁸ See *Id.* Item 3.

Procedure).⁹ In certain circumstances such as inside leak detection, KGS may be able to determine the leaks source without encountering the biogenic gas. However, in other circumstances KGS's Leak Investigation Procedure may require a bar hole test¹⁰ to rule out subsurface natural gas from its pipeline. If bar hole testing is required, KGS may encounter the biogenic gas and must act in accordance with its Unknown Gas Investigation Procedures.

While KGS may be required to use its Unknown Gas Investigation Procedures in the future, KGS now has direct knowledge of the biogenic gas which will improve the efficiency of the process. Former knowledge of the biogenic gas will allow KGS to begin the Unknown Gas Investigation Procedures in parallel with other Leak Investigation Procedure tasks. KGS can pressure test the pipeline immediately to rule out pipeline gas. Although such a procedure may be burdensome to KGS, we believe a leak investigation of this nature will be unlikely in the near future because of the recently completed pressure test of KGS's facilities.

Staff also notes that time is of the essence to restore gas service. It is Staff's understanding that all the affected homes utilize gas furnaces. On November 1, the state will enter the cold weather rule period.¹¹ There is likely inadequate time for KGS to provide a response to this Report and Recommendation (R&R), for Staff to perform additional discovery and issue a supplemental R&R, and the Commission to issue an order prior to freezing temperatures in Kansas.

Staff therefore recommends the Commission require KGS to reestablish gas service in the Service Area immediately. Staff acknowledges that the site poses unique operational challenges. However, Staff contends restoring gas service to the affected homes presents no immediate safety risk to life or property based on the testing that has been conducted to date. Staff therefore also recommends that the Commission require KGS to work with Staff and the property owner to develop a long term operation plan for the service area as well as a mitigation plan to reduce the impact on KGS conventional leak survey techniques.

⁹ OGSops2.1802R Leak Investigation, Classification, and Repair Schedule (Sept. 1, 2024).

¹⁰ A bar hole test is a procedure used in gas leak detection to pinpoint and measure the concentration of gas that has migrated underground through holes placed in strategic locations in the soil.

¹¹ Electric, Natural Gas and Water Billing Standards, Section V (Jan. 20, 2012).

Exhibit 1: KDHE Letter

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Janet Stanek, Secretary

Laura Kelly, Governor

City and County officials,

The original mission for the site named Soil Gas – Newton (KDHE Project No. C2-040-74012) located near 911 SE 10th St in Newton (Site) is comprised of three key components:

1. Investigating the source of the gas;
2. Delineating the extent of the gas; and
3. Mitigation and protection of homes near the gas.

Component 1 – Investigating the source of the gas:

SCS Engineers (SCS) conducted field work and collected soil and soil gas samples at the Site. SCS observed dark colored soil indicating a high level of organic materials. Additionally, SCS observed small clippings of plant matter in the soil. The results indicate the methane being produced could be from either plant matter or crude oil through a process known as methyl fermentation. The soil and gas sample results reported the presence of BTEX series contaminants. BTEX contaminants are found in crude oil. Additionally, hydrogen sulfide gas has been collected with on-site screening; hydrogen sulfide gas is produced during methyl fermentation of crude oil.

Component 2 – Delineating the extent of the gas.

Based on field screenings, KDHE believes the gas is isolated in the area covered with the dark colored soil used as fill. The gases are also under the slabs of the homes built on the fill. Gas readings drop to zero when outside of the fill area.

Component 3 – Mitigation and protection of the homes near the gas.

SCS Engineers has hired a subcontractor to install vapor mitigation systems with intrinsically safe fans. SCS Engineers established a priority system and installed units based on the highest priority to lowest priority with feedback and guidance from Jordan Sanders, the property owner.

Recommendations and justification:

KDHE recommends the removal of the fill material and to reassess following removal. The fill material has an abundance of organic materials to convert into methane gas and therefore this situation could continue for months to years if fill material is not removed. Without weeks to months of research and testing, the timeframe to end the off gassing is unknown. Excavation of the fill material would likely be the fastest and most cost-effective option to return the Site to normal conditions. The amount of potential crude oil and the reported quantities of BTEX are low. Based on the Risk-Based Standards for Kansas (6th Version), the BTEX found in the soil on Site is not a risk for human health impacts. KDHE does recommend follow up testing after the fill is removed to ensure the situation is resolved.

To address the KGS services disconnected at the site, KDHE recommends replacing the gas appliances with electric versions of the appliances to quickly restore normal life to the residents. KDHE recommends the excavation of soil regardless of appliance replacement. Despite the low quantities of observed gases, some citizens will be uncomfortable knowing these methane gases and BTEX contaminants exist at the Site. Excavation of the soils would remove citizen concerns and likely be taken as a sign of good faith by the community.

ArcGIS Web Map



10/15/2025, 2:37:40 PM

Road Centerline

----- Unimproved Streets/Roads

———— Streets/Roads

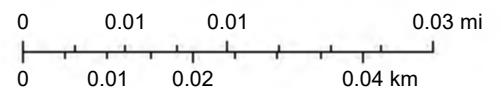
Parcel Boundary

□ Parcel Boundary

▒ Subdivisions

● Address Points

1:1,128



Esri, HERE, Garmin, INCREMENT P, USGS, EPA, USDA, All Kansas PSAPs, NG911 Coordinating Council, DASC

CERTIFICATE OF SERVICE

26-KGSG-101-COM

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served via electronic service this 20th day of October, 2025, to the following:

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