

**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 Gas System) Docket No. 15-KGSG-088-TAR
Reliability Surcharge per K.S.A. 66-2201)
through 66-2204.)

**NOTICE OF FILING OF STAFF'S
REPORT AND RECOMMENDATION**

The Staff of the Corporation Commission of the State of Kansas ("Staff" and
"Commission", respectively), files its Report and Recommendation and states the following:
Staff hereby files the attached Report and Recommendation recommending the Commission
approve the revised incremental Gas System Reliability Surcharge of Kansas Gas Service, a
Division of ONE Gas, Inc., in the amount of \$3,529,283 to be collected via the monthly charges
listed in Exhibit 6 attached to Staff's Report and Recommendation.

Wherefore, Staff submits its Report and Recommendation for Commission review and
consideration and for such other relief as the Commission deems just and proper.

Respectfully submitted,



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**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Kristina Luke Fry, Senior Auditor
Kris Casarona, Natural Gas & Pipeline Operations Analyst
Chad Unrein, Auditor
Leo Haynos, Chief of Pipeline Safety
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: October 23, 2014

SUBJECT: Docket No. 15-KGSG-088-TAR: 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.

EXECUTIVE SUMMARY:

In the subject Docket, Kansas Gas Service (KGS) filed a request for an amended tariff schedule, labeled the Gas System Reliability Surcharge (GSRS). This tariff is designed to allow for the adjustment of KGS' rates and charges to provide for the recovery of costs associated with eligible infrastructure system replacements. Staff has reviewed all testimony, exhibits and discovery responses from KGS and recommends \$15,156 of the \$34,046,168 requested costs be excluded from recovery. Staff finds that the remaining \$34,031,012 of the capital expenditures requested for recovery by KGS meet the eligibility requirements and recommend they be included in the GSRS surcharge. Through discovery, Staff made adjustments to the Revenue Requirement requested in the Application. These adjustments equate to a revenue requirement of \$3,529,283, which is a \$15,433 decrease to the requested amount included in the Application. If approved, this filing increases Residential customer bills by \$.36 monthly or \$4.32 annually. Staff is required to examine this GSRS filing and submit a Report and Recommendation to the Commission within 60 days regarding the appropriateness for GSRS recovery of the projects included and the proper calculation of the surcharge. The 60 day period ends October 24, 2014.

BACKGROUND:

In the subject Docket, KGS filed a request for a revised tariff schedule, labeled the GSRS. This tariff is designed to allow for the adjustment of KGS' rates and charges to provide for the recovery of \$34,046,168 of capital costs for eligible infrastructure system replacements. KGS requested a revenue increase of \$3,544,716.

K. S. A. 66-2204 requires Staff to examine information from the utility and confirm that the underlying costs are in accordance with the statutory provisions of the Act. Staff is required to file a Report and Recommendation in this matter by October 24, 2014 (within 60 days of filing). The Commission is required to issue a Final Order on the Application within 120 days of receipt. In this case, the Final Order is due by December 23, 2014.

To make the determination of recommending a given project for inclusion in GSRS, it is Staff's practice to evaluate the project to determine if infrastructure replacements are required for compliance with pipeline safety regulations or if relocation/replacement projects were incurred due to other public works projects. To perform this evaluation, Staff must rely on the description of each project provided in the operator's Application or through responses to data requests.

History

The Gas Safety and Reliability Policy Act, K.S.A. 66-2001 through 66-2004, was enacted by the Kansas Legislature in July of 2006. The statutory provisions allow natural gas public utilities to recover costs for certain infrastructure projects through a monthly customer surcharge. These statutory provisions only apply to projects that entail the replacement of infrastructure or extend the useful life of existing infrastructure. The replacement projects are further limited to those projects that are required for compliance with pipeline safety regulations or for facility relocation projects caused by other public works projects, such as road improvement.

In its review of the Application, the Commission is required to confirm the included replacement projects meet the provisions of the Act. The Commission is also charged with the obligation of confirming the proposed surcharge has been properly calculated and is based solely on the projects included in the Application. As a first step in making this determination, Staff relies on two essential statutory provisions. Those provisions, with emphasis provided, are as follows:

K.S.A. 66-2202 (f)

"natural gas utility plant projects" may consist only of the following:

- (1) Mains, valves, service lines, regulator stations, vaults and other pipeline system components installed to comply with state or federal safety requirements as replacements for existing facilities;
- (2) main relining projects, service line insertion projects, joint encapsulation projects and other similar projects extending

- the useful life or enhancing the integrity of pipeline system components undertaken to comply with state or federal safety requirements; and
- (3) facility, relocations required due to construction or improvement of a highway, road, street, public way or other public work....provided that the costs related to such projects have not been reimbursed to the natural gas public utility.

K.S.A. 66-2203 (a)

...a natural gas public utility providing gas service may file a petition...to establish or change GSRS rate schedules...to provide for the recovery of costs for eligible infrastructure system replacements.

Kansas pipeline safety regulations are primarily adopted from federal pipeline safety regulations: 49 CFR Part 192, as adopted by K.A.R. 82-11-4. As stated in the scope of the federal code, the regulations prescribe the minimum safety requirements for pipeline facilities. When evaluating projects for the applicability of GSRS, the decision must rest on defining which portion of the project brings the system into compliance with safety regulations and which portion of a given project is being completed as a business decision to renew an aging infrastructure or improve operating efficiency. Often the utility's rationale for performing a replacement project is based on a blend of economic considerations with pipeline safety or relocation requirements.

ANALYSIS:

Pipeline Safety

KGS submitted two types of projects for recovery of \$34,046,168 through the GSRS in this filing: Safety Related Projects and Public Works Relocation Projects. In accounting for these projects and the related capital costs, KGS submitted three separate project groups and corresponding schedules in this filing as follows:

1. 114 specific safety related projects, totaling \$14,708,241;¹
2. 152 specific public works relocation projects, totaling \$5,350,933;² and
3. One summary schedule comprising 10 separate blanket replacement projects, totaling \$13,986,994.³

Upon analysis of the contents of this filing and of the three schedules submitted as mentioned above, Staff finds that \$15,156 of the \$34,046,168 requested amount does not meet GSRS eligibility requirements and that recovery of the remaining \$34,031,012 requested by KGS should be allowed. A discussion of the three project groups is stated below.

¹ Exhibit APC-1 to the Direct Testimony of Anthony P. Cellitti.

² Exhibit APC-2 to the Direct Testimony of Anthony P. Cellitti.

³ Exhibit APC-3 to the Direct Testimony of Anthony P. Cellitti.

Safety Related Projects:

KGS included 114 specifically accounted for safety related projects in its GSRS filing. A safety related project extends the useful life or enhances the integrity of pipeline system components undertaken to comply with state or federal safety requirements.⁴ There are six categories of safety related projects used by KGS in this filing, described in the direct testimony of Anthony P. Cellitti. Staff finds all specific safety related projects in this filing meet the requirements for GSRS and the recommends full recovery of the \$14,708,241 associated capital costs be allowed.

Public Works Relocation Projects:

KGS included 152 governmentally mandated relocation projects accounted for specifically in this GSRS filing. These projects are eligible for recovery provided the costs have not been reimbursed. When there is a utility conflict with a public works project, the governmental agency often requires the utility to relocate the portion of its facility that is within the public right-of-way. In addition to being a mandated relocation, Staff believes projects of this type eligible for GSRS cost recovery should reflect like-kind replacement costs. For eight job orders where the pipe diameter was increased during the replacement, KGS applied to only recover the like-kind replacement cost. This approach is consistent with previous Staff GSRS recommendations. Therefore, Staff finds that all specific projects included as public works relocation projects meet the criteria for GSRS and recommends full recovery of the \$5,350,933 associated capital costs be allowed.

Blanket Replacement Projects:

In this GSRS filing, KGS included a *blanket summary schedule* comprising eight service line replacement blanket work orders with a capital cost recovery amount of \$12,180,581 and two non-service line related blanket work orders with a capital cost recovery amount of \$1,806,413. A blanket work order contains multiple projects that fit into the same category for cost recovery.

The service line replacement blanket work orders cover projects that have been performed pursuant to safety concerns and/or government mandated relocation projects.⁵ Through discovery, Staff learned that 12 of the 10,457 service lines replaced were inadvertently included in this filing and should be removed. The cost associated with these 12 service lines is \$15,106.

In this GSRS filing, 10,445 service line replacements⁶ are included for a time period covering 12 months and are consistent with KGS Standard 1855, a Service Line Replacement Program that requires replacement of 10,000 or more undesirable service

⁴ K.S.A. 66-2202.

⁵ Application, Page 3.

⁶ 10,206 were replacements of steel pipe.

lines per calendar year.⁷ These replacements indicate to Staff that KGS is meeting its goal and improving the integrity of its pipeline system.

Some of the service lines replaced under this blanket were connected to a main replacement included in the Safety Related Projects category of this filing. According to KGS Standard 1855, main and service line replacement programs should be carried out in conjunction whenever such replacement is feasible.⁸ A requirement to replace bare steel mains when feasible while replacing bare steel service lines is an acceptable procedure under the requirements of 49 CFR Part 192.613. This section of the pipeline safety code requires the operator to develop a procedure to phase out piping considered to be in unsatisfactory condition.

Fifty-nine of the service line replacements included under the “Routine Replacement – Leak - 192.703” category were initiated due to third-party damage.⁹ Forty-seven of the damages were to steel service lines where KGS took the opportunity of replacing the entire service lines pursuant to its Standard 1855.

KGS also included two non-service line related blanket costs in this GSRS filing. These costs include installing anodes and weld sleeves on its steel pipes to increase the protection against corrosion. These actions improve the integrity of the pipeline system and thus are eligible for GSRS cost recovery.

Staff finds that \$13,971,838 of the requested \$13,986,994 costs included in the blanket work orders meet the requirements of the GSRS. Staff further recommends a total recovery of \$34,031,012 associated capital costs for all project types be allowed.

Accounting

Staff recommends approval of \$3,529,283 in incremental GSRS revenue to be collected by KGS via the monthly charges listed in Staff Exhibit 6. This is a decrease of \$15,433 from KGS' Application. The exhibits supporting Staff's revenue requirement calculation are attached to this Report as Exhibits 1 through 6.

Staff performed an audit of KGS' Application to make sure that the revenue requirement calculation was conducted accurately and based solely on GSRS projects included in the Application. The individual findings of Staff's audit are listed below.

⁷ KGS Service Line Replacement Program: A program designed pursuant to Commission Order in Docket 11-KGSG-177-TAR to phase out all remaining bare or unprotected steel residential service lines and bare or unprotected steel residential yard lines in coordination with the Kansas Gas Service Distribution Integrity Management Plan. This program requires the replacement of all buried bare or unprotected steel residential service lines and bare or unprotected steel residential yard lines at a rate so the cumulative average replacements of service lines or yard lines per year is equal to or greater than 10,000.

⁸ Main Replacement Program in Coordination with the KGS Service Line Replacement Program: Unprotected bare steel, cast-iron, and ductile iron mains which supply multiple bare or unprotected steel residential service lines or multiple bare or unprotected steel residential yard lines (Program Service Lines or Yard Lines) should be replaced in conjunction with the replacement of Program Service Lines or Yard Lines, if feasible. Feasibility analysis will include the timing of replacement work with public works programs. At locations where replacement of Program Service Lines or Yard Lines will require extensive paving repairs, restoration, or traffic control, the Company may replace the Program Service Lines to an alternate main, installed in a different location to minimize expense.

⁹ KGS' Response to Staff Data Request 2.

- Staff issued discovery to KGS regarding the work orders and general ledger entries that supported the projects included in the Application. These documents were reviewed. No errors were encountered during this audit;
- In KGS' Application, KGS used an estimated amount of recoveries for the July 2014 to November 2014. Staff issued discovery to get the actual amount of recovery for July and August 2014. This update causes an increase to the Revenue Requirement of \$3,152;
- Through discovery, it was discovered that KGS classified certain blanket work orders to the wrong FERC account and included certain projects that should not be included in the GSRS for recovery.¹⁰ Correcting this error caused changes to plant balances, accumulated depreciation, accumulated deferred income tax, and depreciation expense resulting in a decrease to KGS' revenue requirement of \$18,585; and
- Staff sought information from KGS, both formally and informally, regarding each element of the revenue requirement as sponsored by KGS witness Lorna Eaton. This includes the calculations of depreciation expense, accumulated depreciation, accumulated deferred income taxes, etc. Staff has reviewed these calculations and encountered no errors beyond those discussed above.

RECOMMENDATION:

Staff recommends the Commission approve the revised incremental GSRS amount of \$3,529,283 to be collected via the monthly charges listed in Staff Exhibit 6. Staff 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.

¹⁰ KGS' Response to Staff Data Requests 4 and 7.

Kansas Gas Service
A Division of ONE Gas
Gas System Replacement Surcharge

Exhibit 1

(A)		(B)	(C)	(D)	(E)	(F)
Line No.	Summary	GSRs Projects - Docket No. 14-KGSG-111-TAR	New GSRs Safety & Govt. Relocation Projects	New GSRs Blanket Work Orders	Grand Total	Source
1	Original Cost	\$ 13,599,792	\$ 20,059,174	\$ 13,971,838	\$ 47,630,804	Exhibit 3
2	<i>Less: Accumulated Depreciation</i>	\$ (503,408)	\$ (337,445)	\$ (175,848)	\$ (1,016,701)	Exhibit 4
3	Net Plant in Service	\$ 13,096,384	\$ 19,721,729	\$ 13,795,990	\$ 46,614,103	
4	<i>Less: Accumulated Deferred Income Taxes</i>	\$ (3,291,879)	\$ (3,701,934)	\$ (1,973,075)	\$ (8,966,888)	Exhibit 4
5	Net GSRs Rate Base	\$ 9,804,505	\$ 16,019,795	\$ 11,822,915	\$ 37,647,215	
6	Carrying Charge ⁽¹⁾	10.60%	10.60%	10.60%	10.60%	
7	Pre-Tax Required Return	\$ 1,039,278	\$ 1,698,098	\$ 1,253,229	\$ 3,990,605	Line 5 * Line 6
8	Depreciation Expense	\$ 337,702	\$ 361,534	\$ 359,223	\$ 1,058,459	Exhibit 5
9	Revised GSRs Revenue Requirement (Annual)				<u>\$ 5,049,064</u>	Line 7 + 8
10	Plus (Minus): Over-Recovered Balance from Docket No. 14-KGSG-111-TAR				<u>\$ (44,431)</u>	Exhibit 2
11	Revised GSRs Annualized Revenue Requirement				\$ 5,004,632	Line 9 + 10
12	Previously Authorized GSRs				<u>\$ 1,475,349</u>	
13	Increase in Requested GSRs				<u>\$ 3,529,283</u>	Line 11 - 12

(1) Carrying Charge of 10.6% gross of tax was established in Docket 12-KGSG-835-RTS.

**Kansas Gas Service
A Division of ONE Gas
Gas System Reliability Surcharge
GSRS Over/Under Cumulative Recovery for 2014**

Exhibit 2

Line No.		GSRS Recoveries
1	December 2013 Recoveries	\$124,745
2	January 2014 Recoveries	\$127,535
3	February 2014 Recoveries	\$128,288
4	March 2014 Recoveries	\$127,827
5	April 2014 Recoveries	\$126,662
6	May 2014 Recoveries	\$127,084
7	June 2014 Recoveries	\$126,236
8	July 2014 Recoveries	\$125,598
9	August 2014 Recoveries	\$125,072
10	Sep - Nov 2014 GSRS Projected Recoveries	\$380,733
11	<u>Total Cumulative GSRS Recoveries</u>	<u>\$1,519,780</u>
12	2014 GSRS Rev. Requirement	<u>\$1,475,349</u>
13	Total Amount Over Recovered through November 2014	<u><u>\$44,431</u></u>

Kansas Gas Service
A Division of ONE Gas
Plant in Service

Exhibit 3

(A)			(B)	(C)	(D)	(E)	(F)
Line			GSRS Projects	GSRS Projects		Less:	
No Account Account Title			Docket No. 14- KGSG-111-TAR	Safety and Govt.	GSRS Blanket Work Orders	Accumulated Depreciation	Net Plant
1	367	Mains	-	10,801,239	-	189,892	10,611,347
2	369	Measuring and regulating station equip.	2,185	27,370	-	657	28,898
3	374.2	Rights of Way	1,016	-	-	23	993
4	376	Mains - Plastic	1,713,601	5,793,367	-	164,640	7,342,327
5	376.5	Mains - Metallic	2,458,793	3,359,908	1,620,868	106,593	7,332,976
6	378	Meas. and reg. sta. equip. - general	37,517	-	-	1,318	36,199
7	379	Meas. and reg. sta. equip. - city gate	13,671	18,001	-	743	30,929
8	380	Services - Plastic	9,366,790	23,572	12,350,970	576,362	21,164,970
9	380.5	Services - Metallic	-	16,945	-	(24,587)	41,533
10	382	Meter installations	2,021	14,345	-	674	15,692
11	383	House Regulators	1,033	4,428	-	115	5,346
12	397	Communication Equipment	3,165	-	-	273	2,893
13	Total		\$ 13,599,792	\$ 20,059,174	\$ 13,971,838	\$ 1,016,701	\$ 46,614,103

Kansas Gas Service
A Division of ONE Gas
Accumulated Depreciation and Accumulated Deferred Income

Exhibit 4

Accumulated Depreciation

Line No.	Account	Account	GSRS Projects Docket No. 14- KGSG-111-TAR	GSRS Projects Safety and Govt.	GSRS Blanket Work Orders	Total Accumulated Depreciation
1	367	Mains	-	189,892	-	\$ 189,892
2	369	Measuring and regulating station equip.	93	564	-	\$ 657
3	374.2	Rights of Way	23	-	-	\$ 23
4	376	Mains - Plastic	59,908	104,732	-	\$ 164,640
5	376.5	Mains - Metallic	51,640	40,407	14,547	\$ 106,593
6	378	Meas. and reg. sta. equip. - general	1,325	(7)	-	\$ 1,318
7	379	Meas. and reg. sta. equip. - city gate	288	455	-	\$ 743
8	380	Services - Plastic	401,547	382	174,432	\$ 576,362
9	380.5	Services - Metallic	(11,773)	316	(13,131)	\$ (24,587)
10	382	Meter installations	78	596	-	\$ 674
11	383	House Regulators	7	108	-	\$ 115
12	397	Communication Equipment	273	-	-	\$ 273
13		Total	\$ 503,408	\$ 337,445	\$ 175,848	\$ 1,016,701

Accumulated Deferred Income Tax Liability

Line No.	Account	Account	GSRS Projects Docket No. 14- KGSG-111-TAR	GSRS Projects Safety and Govt.	GSRS Blanket Work Orders	Total ADIT
1		Total	\$ (3,291,879)	\$ (3,701,934)	\$ (1,973,075)	\$ (8,966,888)

Depreciation Expense: Projects Included In 14-KGSG-111-TAR							
Act. No.		Gross GSRS Additions (A)	Less: GSRS Retirements (B)	Net Depreciable GSRS Plant (C)(A-B)	Depreciation Rate (D)	Annualized Depreciation (E)(C* ^A D)	
1	367	Mains	-	-	1.82%	-	
2	369	Measuring and regulating station equip.	2,185	2,185	2.91%	64	
3	374.2	Rights of Way	1,016	1,016	1.39%	14	
4	376	Mains - Plastic	1,713,601	70,863	1,642,738	2.23%	36,633
5	376.5	Mains - Metallic	2,458,793	247,042	2,211,751	1.53%	33,840
6	378	Meas. and reg. sta. equip. - general	37,517	2,280	35,237	2.37%	835
7	379	Meas. and reg. sta. equip. - city gate	13,671	37	13,634	1.88%	256
8	380	Services - Plastic	9,366,790	2,475	9,364,315	2.92%	273,438
9	380.5	Services - Metallic	-	298,214	(298,214)	2.55%	(7,604)
10	382	Meter installations	2,021	49	1,972	3.02%	60
11	383	House Regulators	1,033	662	371	1.91%	7
12	397	Communication Equipment	3,165	-	3,165	5.04%	160
13	Total	13,599,792	621,622	12,978,170		337,702	

<div>Depreciation Expense</div> <div>Safety and Government Relocation</div>			Gross GSRS Additions (A)	Less: GSRS Retirements (B)	Net Depreciable GSRS Plant (C)(A-B)	Depreciation Rate (D)	Annualized Depreciation (E)
Act. No.							
14	367	Mains	10,801,239	251,087	10,550,152	1.82%	192,013
15	369	Measuring and regulating station equip.	27,370	-	27,370	2.91%	796
16	374.2	Rights of Way	-	-	-	1.39%	-
17	376	Mains - Plastic	5,793,367	157,352	5,636,015	2.23%	125,683
18	376.5	Mains - Metallic	3,359,908	651,179	2,708,728	1.53%	41,444
19	378	Meas. and reg. sta. equip. - general	-	327	(327)	2.37%	(8)
20	379	Meas. and reg. sta. equip. - city gate	18,001	2,298	15,703	1.88%	295
21	380	Services - Plastic	23,572	9,042	14,529	2.92%	424
22	380.5	Services - Metallic	16,945	2,209	14,736	2.55%	376
23	382	Meter installations	14,345	172	14,173	3.02%	428
24	383	House Regulators	4,428	85	4,342	1.91%	83
25	397	Communication Equipment	-	-	-	5.04%	-
26	Total		20,059,174	1,073,752	18,985,422		361,534

Depreciation Expense			Gross	Less:	Net	Depreciation	Annualized
Act. No.	Depreciation Expense - Blanket Work Orders		GSRS	GSRS	Depreciable		
			Additions	Retirements	GSRS Plant	Rate	Depreciation
			(A)	(B)	(C)(A-B)	(D)	(E)
27	367	Mains	-		-	1.82%	-
28	369	Measuring and regulating station equip.	-		-	2.91%	-
29	374.2	Rights of Way	-		-	1.39%	-
30	376	Mains - Plastic	-		-	2.23%	-
31	376.5	Mains - Metallic	1,620,868		1,620,868	1.53%	24,799
32	378	Meas. and reg. sta. equip. - general	-		-	2.37%	-
33	379	Meas. and reg. sta. equip. - city gate	-		-	1.88%	-
34	380	Services - Plastic	12,350,970		12,350,970	2.92%	360,648
35	380.5	Services - Metallic	-	1,028,428	(1,028,428)	2.55%	(26,225)
36	382	Meter installations	-		-	3.02%	-
37	383	House Regulators	-		-	1.91%	-
38	397	Communication Equipment	-		-	5.04%	-
39	Total		13,971,838	1,028,428	12,943,410		359,223

Line No.	Customer Class	Pro-Forma Revenue Docket No. 12-KGSG-835-RTS	% of Revenue Requirement Responsibility	GSRS Revenue Requirement	Customers Per - 12-KGSG-835-RTS Settlement - Appendix C	GSRS Annual Charge	GSRS Monthly Charge
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Residential Sales RS	\$ 198,433,092	70.642%	3,535,358	576,318	\$ 6.13	\$ 0.51
2	General Sales Svc. Small	17,603,175	6.267%	313,625	34,895	\$ 8.99	\$ 0.75
3	General Sales Svc. Large	17,117,303	6.094%	304,968	13,752	\$ 22.18	\$ 1.85
4	General Sales Svc. Transport Eligible	3,407,442	1.213%	60,708	720	\$ 84.32	\$ 7.03
5	Small Generator Sales SGS	358,804	0.128%	6,393	567	\$ 11.27	\$ 0.94
6	Gas Irrigation Sales GIS	476,496	0.170%	8,489	228	\$ 37.23	\$ 3.10
7	Small Transportation STk	10,285,572	3.662%	183,252	3,308	\$ 55.40	\$ 4.62
8	Small Transportation STt	4,057,701	1.445%	72,294	1,034	\$ 69.92	\$ 5.83
9	Gas Irrigation Transportation GIt	2,102,053	0.748%	37,451	458	\$ 81.77	\$ 6.81
10	1) Large Volume Transportation LVTk #	12,164,478	4.331%	216,727	436	\$ 497.08	\$ 41.42
11	2) Large Volume Transportation LVT #	13,057,058	4.648%	232,629	126	\$ 1,846.27	\$ 153.86
12	Wholesale Transportation WT t #	1,745,073	0.621%	31,091	27	\$ 1,151.51	\$ 95.96
13	Sales Service for Resale SSR	26,754	0.010%	477	4	\$ 119.16	\$ 9.93
14	CNG	11,408	0.004%	203	1	\$ 203.25	\$ 16.94
15	Kansas Gas Supply D	54,335	0.019%	968	1	\$ 968.05	\$ 80.67
15	Total	\$ 280,900,744	100%	\$ 5,004,632			

16 1) Note: Residential Class Limited to annual increase of \$.40/month over the most recent GSRS filing.

	Annual Increase	Cumulative Rate	
17 2014 GSRS Rate - Residential	\$ 0.15	\$ 0.15	4.32
18 2015 GSRS Rate - Residential	\$ 0.36	\$ 0.51	4.33
19 Total Residential Rate	\$	\$ 0.51	

20 * Average Rates - Specific Rates for LVTK and LVTT Shown Below

21 # Includes flex revenue.

1) LVTK Rate Development		Minimum	Maximum	*Customer Numbers	Monthly Charge	Annual Tier Revenue
		MCF Usage				
Tiers		(a)	(b)	(c)	(d)	(e) (c*d*12)
1		-	10,000	227	9.05	\$ 24,652
2		10,001	20,000	110	27.50	\$ 36,300
3		20,001	40,000	63	59.70	\$ 45,133
4		40,001	Any	75	123.40	\$ 111,060
Pro-Forma LVTK Revenue					216,727	\$ 217,145

2) LVTT Rate Development		Minimum	Maximum	*Customer Numbers	Monthly Charge	Annual Tier Revenue
		MCF Usage				
Tiers		(a)	(b)	(c)	(d)	(e) (c*d*12)
1		-	10,000	50	\$ 17.50	\$ 10,500
2		10,001	20,000	30	\$ 50.00	\$ 18,000
3		20,001	40,000	21	\$ 130.00	\$ 32,760
4		40,001	Any	53	\$ 270.00	\$ 171,720
Pro-Forma LVTT Revenue					232,629	\$ 232,980

CERTIFICATE OF SERVICE

15-KGSG-088-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served by electronic service on this 24th day of October, 2014, to the following:

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