

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

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

COMPLIANCE FILING

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

I. CONDENSED BACKGROUND

1. On March 31, 2022, pursuant to the Act and K.S.A. 66-117, Kansas Gas Service filed an Application for Financing Order for the recovery of Qualified Extraordinary Costs and Financing Costs incurred because of the February 2021 Winter Event, commonly referred to as Winter Storm Uri. Kansas Gas Service's Application was evaluated in the 22-466 Docket.

2. On August 18, 2022, in the 22-466 Docket, the Commission issued two orders on Kansas Gas Service's Application. In general, the Order Approving Unanimous Settlement Agreement ("Settlement Order") approved the use of securitized customer backed bonds and other

regulatory issues related to recovering costs incurred during Winter Storm Uri. The Financing Order authorized Kansas Gas Service to issue Securitized Utility Tariff Bonds pursuant to the Act.

3. On November 10, 2022, in the 22-466 Docket, pursuant to the Act and Financing Order, Kansas Gas Service filed its Issuance Advice Letter containing the final terms of the Securitized Utility Tariff Bonds.¹ The Securitized Utility Tariff Bonds closed on November 18, 2022, and the billing of Securitized Utility Tariff Charges began December 1, 2022.

II. COMPLIANCE REQUIREMENTS

4. The Act, Settlement Order, and Financing Order place a series of compliance obligations on Kansas Gas Service. In this Compliance Filing, Kansas Gas Service respectfully submits its true-up to ensure the timely and complete payment of Securitized Utility Tariff Bonds.

5. Kansas Gas Service, acting as the Servicer to Kansas Gas Service Securitization I, L.L.C.'s Securitized Utility Tariff Bonds, must apply an adjustment mechanism to the Company's Securitized Utility Tariff Charges. K.S.A. 66-1,240(b)(2) defines Adjustment Mechanism as:

a formula-based rate adjustment, or true-up process approved by the commission for making, at least annually, expeditious periodic adjustments to securitized utility tariff charges, subject to timely commission review to confirm compliance, that customers are required to pay, as authorized in a financing order. The "adjustment mechanism" is utilized to make necessary corrections to adjust for over-collection or under-collection of such securitized utility tariff charges or otherwise to ensure the timely and complete payment of the securitized utility tariff bonds and all other financing costs and other required amounts and charges payable in connection with the securitized utility tariff bonds.

¹ Kansas Gas Service formed a Special Purpose Entity, Kansas Gas Service Securitization I, L.L.C., which was the issuer of the bonds.

6. Pursuant to the Settlement Order² and Financing Order,³ Kansas Gas Service's Winter Event Securitized Cost Recovery Rider ("WESCR") tariff contains an Adjustment Mechanism. The WESCR's Adjustment Mechanism states, in relevant part:

WESCR Adjustment Mechanism: No less often than every six months, the Company shall adjust the WESCR charge for the over- or under-collections and to ensure the timely and complete payment of Securitized Utility Tariff Bonds and other financing costs.

7. The Financing Order requires true-ups of Securitized Utility Tariff Charges to be "undertaken and conducted in accordance with the Adjustment Mechanism as described in the Form of True-Up attached to [the] Financing Order as Appendix C."⁴ In accordance with the Act, Settlement Order, Financing Order, and WESCR tariff, Kansas Gas Service respectfully submits this True-Up Letter. The True-Up letter, including its internal exhibits and calculations, is attached hereto and incorporated by reference herein as **Attachment A**. Redlined and clean versions of Kansas Gas Service's WESCR tariff are attached hereto and incorporated herein by reference as **Attachment B**.

8. Kansas Gas Service's revised WESCR Charges will become effective January 1, 2024.

9. The Financing Order requires Kansas Gas Service to give notice of all true-up filings to all parties in the 22-466 Docket.⁵ Kansas Gas Service is serving all parties to the 22-446 Docket with a copy of this Compliance Filing.

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² See Order Approving Unanimous Settlement Agreement, Docket No. 22-KGSG-466-TAR, Exhibit A, p. 7-8 (Aug. 18, 2022) (Settlement Order).

³ See Financing Order, Docket No. 22-KGSG-466-TAR, pp. 52-54, 64, 72-73 (Aug. 18, 2022) (Financing Order)

⁴ Financing Order, p. 73.

⁵ See *id.*

WHEREFORE, Kansas Gas Service respectfully requests the Commission accept this Compliance Filing, including its True-Up Letter, and provide any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent

Robert Elliott Vincent, KS Bar #26028

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A Division of ONE Gas, Inc.

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



TRUE-UP LETTER

Date: November 21, 2023

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

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

Dear Ms. Retz:

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

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

Using the formula approved by the Commission in the Financing Order, this filing modifies the variables used in the WESCR calculation and provides the resulting modified Securitized Utility Tariff Charges (or WESCR Charges). Exhibits 1, 2 and 3 show the resulting values of the Securitized Utility Tariff Charges for each Securitized Utility Tariff Charges Customer Class, as calculated in accordance with the Financing Order. The assumptions underlying the current Securitized Utility Tariff Charges were filed by the Utility in an Issuance Advice Letter dated November 10, 2022.



Respectfully submitted,

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



By: Signer ID: 9G3EDTX0I6...

Name: Mark W. Smith

Title: Vice President and Treasurer

Exhibits

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

**EXHIBIT 1****CALCULATION OF SECURITIZED UTILITY TARIFF CHARGES****Itemized Annual Ongoing Financing Costs**

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

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

Securitized Utility Tariff Charge			10 Year Recovery	
Class	2020 Annual Report Customer Count	Allocation %	Annual \$ Allocated to Class	Monthly Fixed Charge
Residential	589,076	78.953%	\$18,469,307.21	\$5.16
General Service- Small	36,902	8.794%	\$2,057,161.70	\$9.20
General Service- Large	11,527	10.486%	\$2,452,967.66	\$33.88
General Service- Transport Eligible	502	1.723%	\$403,057.72	\$103.48
Small Generator Service	690	0.033%	\$7,719.62	\$1.70
Irrigation Sales	197	0.011%	\$2,573.21	\$2.38
Kansas Gas Supply	-	0.000%	\$0.00	\$0.00

EXHIBIT 2
WESCR CALCULATIONS

Kansas Gas Service
Winter Event Securitized Charge Rider (WESCR) True-up Mechanism
for the Period 12/01/2022 through 07/31/2024

Line #	Description	Calculation of True-up (a)	Projected Revenue Requirement to be Billed and Collected (b)	Revenue Requirement for WESCR Charge (c) =(a)+(b)
True-up for Prior Remittance Period Beginning <u>12/01/2022</u> and Ending <u>07/31/2023</u>:				
1	Prior Remittance Period Revenue Requirement			
2	Principal	\$ 20,716,283.43		
3	Interest	\$ 12,954,274.67		
4	Servicing Costs	\$ 118,066.67		
5	Other Ongoing Costs	\$ 301,501.97		
6	Total Prior Remittance Period Revenue Requirement (Line 3+4+5+6)	\$ 34,090,126.74		
7	Prior Remittance Period Actual Cash Receipt Transfers and Interest Income			
8	Cash Receipts Transferred to the SPE	\$ (30,269,735.13)		
9	Excess Amount from Issuance (from Issuance Advice Letter)	\$ (2,700,000.00)		
9a	Remittances not showing on US Bank side until 08/01/2023	\$ (227,890.87)		
9b	Rounding from Exhibit B corrected on 08/02/2023	\$ (0.01)		
9c	Interest Income on Subaccounts at the SPE	\$ (374,109.17)		
10	Total Cash Receipt Transfers and Interest Income (Line 9+10)	\$ (33,571,735.18)		
11	(Over)/Under Collections of Prior Remittance Period Requirements (Line 7+11)	\$ 518,391.56		
12	Cash in Excess Funds Subaccount at SPE	\$ -		
13	Cumulative (Over)/Under Collections for Prior Remittance Period (Line 12+13)	\$ 518,391.56		\$ 518,391.56
14				
15				
16				
17	Current Remittance Period Beginning <u>08/01/2023</u> and Ending <u>01/31/2024</u>:			
18	Current Remittance Period Revenue Requirement			
19	Principal	\$ 13,780,449.53		
20	Interest	\$ 8,648,232.35		
21	Servicing Costs	\$84,000.00		
22	Other Ongoing Costs	\$203,500.00		
23	Total Current Remittance Period Revenue Requirement (Line 19+20+21+22)	\$ 22,716,181.88		
24				
25	Current Remittance Period Cash Receipt Transfers and Interest income			
26	Cash Receipts Transferred to the SPE	\$ (14,115,011.43)	\$ (8,919,935.00)	
26a	Remittances not showing on US Bank side until 02/01/2024	\$ 227,890.87		
26b	Rounding from Exhibit B corrected on 08/02/2023	\$ 0.01		
27	Interest Income on Subaccounts at the SPE	\$ (159,059.56)	\$ (214,881.31)	
28	Total Cash Receipt Transfers and Interest Income (Line 26+27)	\$ (14,046,180.11)	\$ (9,134,816.31)	
29	Estimated Current Remittance Period (Over)/Under Collection (Line 23+28)	\$ 8,670,001.77	\$ (9,134,816.31)	\$ (464,814.54)
30				



Kansas Gas Service				
Winter Event Securitized Charge Rider (WESCR) True-up Mechanism				
for the Period <u>12/01/2022</u> through <u>07/31/2024</u>				
32	Projected Remittance Period Beginning <u>02/01/2024</u> and Ending <u>07/31/2024</u>:			
33	<i>Projected Remittance Period Revenue Requirement</i>			
34	Principal	\$	14,158,447.25	
35	Interest	\$	8,270,234.61	
36	Servicing Costs		\$84,000.00	
37	Other Ongoing Costs		\$203,500.00	
37a	Estimated Bad Debt (Undercollections)	\$	623,028.24	
38	Total Projected Remittance Period Revenue Requirement (Line 34+35+36+37)	\$	23,339,210.10	\$ 23,339,210.10
39				
40	Total WESCR Adjustment Mechanism Revenue Requirements (Line 14+29+38)			\$ 23,392,787.12
41				

					Projected Revenue Requirement Allocated to	
44	Customer Class	Forecasted 6-Month Customer Count	Allocation Factor	Customer Class	WESCR Charge	
45	Residential	3,576,366	78.953%	\$ 18,469,307.21	\$	5.16
46	General Service - Small	223,722	8.794%	\$ 2,057,161.70	\$	9.20
47	General Service - Large	72,410	10.486%	\$ 2,452,967.66	\$	33.88
48	General Service - Transport Eligible	3,895	1.723%	\$ 403,057.72	\$	103.48
49	Small Generator Service	4,534	0.033%	\$ 7,719.62	\$	1.70
50	Irrigation Sales	1,082	0.011%	\$ 2,573.21	\$	2.38
51	Kansas Gas Supply	-	0.000%	\$ -	\$	-
				\$ 23,392,787.12		

**EXHIBIT 3****WESCR FOR PAYMENT PERIOD**

<u>Customer Class</u>	<u>Charge</u>
Residential	\$ 5.16
General Service- Small	\$ 9.20
General Service- Large	\$ 33.88
General Service- Transport Eligible	\$ 103.48
Small Generator Service	\$ 1.70
Irrigation Sales	\$ 2.38
Kansas Gas Supply	\$ -

THE STATE CORPORATION COMMISSION OF KANSAS

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

SCHEDULE WESCR

All Rate Areas

Replacing Sheet 1 of 4 in part

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

Sheet 1 of 4

Winter Event Securitized Cost Recovery Rider**Applicability**

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

Net Monthly Charge

Current Charge

RS	Residential Sales Service	\$	5.205.16
GSS	General Sales Service Small	\$	9.159.20
GSL	General Sales Service Large	\$	34.9233.88
GSTE	General Sales Service Transport Eligible	\$	133.67103.48
SGS	Small Generator Sales Service	\$	1.761.70
KGSSD	Kansas Gas Supply D	\$	0.00
GIS	Gas Irrigation Sales Service	\$	2.432.38

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

Issued:	June 28, 2023 <u>November 22, 2023</u>	22-KGSG-466-TAR Approved Kansas Corporation Commission <u>August 18, 2022</u> /s/ Lynn Retz
Effective:	July 1, 2023 <u>January 1, 2024</u>	
By:	/S/Janet L. Buchanan Janet L. Buchanan, Director – Regulatory Affairs	

THE STATE CORPORATION COMMISSION OF KANSAS

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

SCHEDULE WESCR

All Rate Areas

Replacing Sheet 1 of 4 in part

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

Sheet 1 of 4

Winter Event Securitized Cost Recovery Rider**Applicability**

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

Net Monthly Charge

Current Charge

RS	Residential Sales Service	\$	5.16
GSS	General Sales Service Small	\$	9.20
GSL	General Sales Service Large	\$	33.88
GSTE	General Sales Service Transport Eligible	\$	103.48
SGS	Small Generator Sales Service	\$	1.70
KGSSD	Kansas Gas Supply D	\$	0.00
GIS	Gas Irrigation Sales Service	\$	2.38

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

Issued:	November 22, 2023	
Effective:	January 1, 2024	
By:	/S/Janet L. Buchanan	
	Janet L. Buchanan, Director – Regulatory Affairs	

VERIFICATION


STATE OF KANSAS)
)
COUNTY OF JOHNSON)

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

Robert Elliott Vincent



SUBSCRIBED AND SWORN to before me on November 22, 2023



Notary public



My Appointment Expires:

June 21, 2026

CERTIFICATE OF SERVICE

I, Robert Elliott Vincent, hereby certify that a copy of the above and foregoing *Compliance Filing* was forwarded this 22nd day of November 2023, addressed to:

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