

Staff Assignment:

In the Matter of Kansas Gas Service Filing Changes to )  
Policy and Procedures for Recovering Uncollectible ) Docket No.  
Accounts as Required in Docket No. 05-ATMG-643-GIG. ) 08-KGSG-723-CPL  
)  
)

File Date: January 31, 2008



**KANSAS GAS SERVICE**  
A DIVISION OF ONEOK

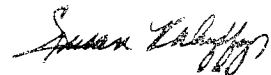
**LARRY G. WILLER**  
Director, Rates and Regulations

January 30, 2008

Ms. Susan K. Duffy  
Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604-4027

STATE CORPORATION COMMISSION

JAN 31 2008

 Docket Room

Dear Ms. Duffy:

The Commission's Order in Docket No. 05-ATMG-643-GIG, at paragraphs 13.f. and 13.g., required the Joint Applicants to file a report or summary of their respective accounting processes and customer service procedures for recovering uncollectible accounts. Kansas Gas Service provided those documents to Commission Staff; however, the parties recently recognized that they had not been processed as the Commission had directed.

Enclosed for filing with the Commission are the following documents:

1. The original letter and attachments provided to Staff on September 29, 2005.
2. Our current Accounting Procedures. This document is essentially identical to the original accounting procedure, but has been updated to reference the effect of Docket No. 06-KGSG-1209-TAR (the company's intervening rate case).
3. A confidential version of the current Customer Service Collection Procedures.
4. A redacted version of the current Customer Service Collection Procedures.

The current Customer Service Procedures reflect formatting changes and minor editing of the original Customer Service Procedure. Importantly, we have added a section at the end of that procedure containing information which, if disclosed, would inhibit our collection efforts on a portion of our delinquent accounts. We have therefore marked that page as "Confidential" and provide Document 4 above as a redacted version of the procedure for public disclosure.

I have enclosed one original and eight copies of this filing. I would appreciate it if you would stamp one copy for our records and return it in the enclosed envelope.

Sincerely,



Enclosures



# KANSAS GAS SERVICE

A DIVISION OF ONEOK

LARRY G. WILLER  
Director, Rates and Regulations

September 29, 2005

Mr. Kyle Clem  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604-4027

RE: KCC Docket No. 05-ATMG-643-GIG  
Uncollectible Expense Policies and Procedures

Dear Mr. Clem:

Enclosed please find documents required by the Commission's Order in the referenced docket:

1. Kansas Gas Service's Accounting Procedure contains information required under paragraph 13.f.
2. Kansas Gas Service's Customer Service Collection Procedures contain information required under paragraph 13.g.
3. A copy of John DeCoursey's September 13, 2005, letter to Mr. Don Low, notifying him of our plan to temporarily change one of these standard procedures, was responsive to paragraphs 13.h and 13.i.
4. The Company's first monthly report, for July 2005, containing information required by paragraph 13.j. The Company is currently finalizing the process to retrieve the number of uncollectible accounts; we expect to show the applicable July information, as well as the appropriate August values, on the next monthly report.

If you have any questions, please call me.

Sincerely,

Enclosures

7421 West 129th Street  
Overland Park, Kansas 66213  
(913) 319-8660  
Fax (913) 319-8675



<b>KANSAS GAS SERVICE</b> <small>A DIVISION OF ONEOK</small>	
<b>Subject: Unrecovered Gas Billings Accounting</b>	
	<b>Effective Date: July 2005</b>
<b>Page 1 of 2</b>	<b>Revised Date:</b>

### **Background**

On February 1, 2005, Kansas Gas Service, in a joint application with Kansas utilities Atmos Energy Corporation and Aquila Networks – KGO, requested of the Kansas Corporation Commission (KCC), authority to recover the cost of gas charged off as uncollectible through its Cost of Gas Rider (COGR) tariff.

### **Authoritative Guidance**

The KCC issued its order in Docket No. 05-ATMG-643-GIG, dated June 24, 2005, allowing such recovery through the Actual Cost Adjustment (ACA) element of the COGR. KGS implemented the new tariff effective with July 2005. The most significant of conditions for recovery are as follows:

- The company is required to use the filed bad debt level in the last rate case and assume that 71% of that amount is the gas cost portion embedded in current rates.
- The uncollectible amounts included in the annual ACA computation only include COGR customer accounts. No transportation or other non-COGR accounts may be included.
- The uncollectible amounts included in the annual ACA computation must not contain interest or collection fees or charges.
- The company must have the ability, through its billing and accounting systems, to separately account for, track and report the individual components (cost of gas and margin) of each customer account written off as uncollectible.

KGS gas cost embedded in current rates is \$2,893,011.80 (71% of the 36 month average of \$4,074,664.53 in Docket No. 03-KGSG-602-RTS). The Company will only defer gas cost in excess of the annual base of \$2,893,011.80 until its next rate proceeding.

### **Accounting Treatment**

KGS records the recoverable amount of "Unrecovered Gas Billings" in account 1910106 through the following process.

Monthly, during the company's customer billing system (Banner) close, finalized outstanding customer accounts deemed unrecoverable are charged to account 1910106 with the COGR element of the bill and the remainder to account 1440100 Allowance for Bad Debts representing the margin and WNA elements of the bill. Monthly, the amount of bad debt gas cost included in base rates is transferred from account 1910106 to account



<b>KANSAS GAS SERVICE</b> <small>A DIVISION OF ONEOK</small>	
<b>Subject: Unrecovered Gas Billings Accounting</b>	
	<b>Effective Date: July 2005</b>
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1440100. In months where the monthly COGR amounts are greater than the base, a deferral is established. In months where the monthly COGR amounts are less than the base, the deferral is reduced. This entry will continue until the company's next rate case establishes rates without gas cost recovery through the bad debt account.

Annually, at the end of the ACA period, the amount of the deferral in account 1910106 is included in the next period ACA factor calculation and transferred to the applicable account.

Prior to adoption of this procedure, the charge off entry debits the allowance for doubtful accounts (1440100) and sales tax payable (24102xx) and/or franchise fees payable (24103xx) accounts and credits the customer accounts receivable account (1420100).

The post adoption revised entry would debit the allowance for doubtful accounts (1440100) for margin and WNA only, deferred purchased gas costs (1910106) for cost of gas and sales tax payable (24102xx) and/or franchise fees payable (24103xx) accounts and credits the customer accounts receivable account (1420100).

**Recognition of recoveries of accounts written off -**

The recovery on an account that has previously been written off records the recovery with a debit to cash (13101xx) and a credit to customer accounts receivable (1420100).

Prior to adoption of this procedure, the entry to establish the recovered balance on the customer's account is the opposite of the entry to write off the balance. This entry credits the customer accounts receivable account (1420100) and debits the allowance for doubtful accounts (1440100) and the sales tax payable (24102xx) and/or franchise fees payable (24103xx) accounts. This entry will continue for accounts written off before the adoption of the Unrecovered Gas Billings COGR tariff.

The post adoption revised entry to establish the recovered balance on the customer's account will be the opposite of the entry to write off the balance. This entry credits the customer accounts receivable account (1420100) and debits the allowance for doubtful accounts (1440100) for margin only, deferred purchased gas (1910106) for cost of gas and the sales tax payable (24102xx) and/or franchise fees payable (24103xx) accounts. This accounting treatment is for accounts written off after adoption of the Unrecovered Gas Billings COGR tariff.

**RESIDENTIAL COLLECTION PROCEDURES**

The collection procedures for residential customers vary depending upon whether we are in the Cold Weather Rule Period (November 1 through March 31) or outside this period.

**Non-Cold Weather Rule Period: Collection Procedures**

If the account is active, Kansas Gas Service will require the customer to pay the entire past-due balance owing on their account to avoid disconnection. The exception is when complying with Section 4.07 of our General Terms and Conditions, which allows the customer to enter into another 12-month agreement outside the Cold Weather Rule period if they have satisfied the cold weather rule period pay agreement.

Kansas Gas Service does not initiate disconnection activity on accounts owing less than \$100.00, and we direct our available resources to disconnect accounts owing the greatest amounts.

If an account is inactive (KGS has performed a service disconnect) and the customer is re-applying for service, we collect all past-due balances the customer accrued over the past three years before turning on service for the customer.

The company will also require 25% of the total deposit required for the premise the customer is reapplying for service plus any reconnection or disconnection fees.

The practice of (a) requiring the active customer to pay the entire past-due balance owing to avoid service disconnection or (b) requiring the inactive customer to pay the entire past-due balance accrued over the past three years to have service restored may be relaxed from time to time. Our telephone representatives and field personnel have the discretion, on an individual basis when extraordinary conditions warrant such an exception, to accept less than the full amount owed in order to help a customer avoid disconnection. Such conditions may include, but are not limited to, such things as a billing dispute, a miscommunication between company and customer, or humanitarian reasons.

# COLLECTION PROCEDURES

KANSAS GAS SERVICE  
A DIVISION OF ONEOK, INC  
September 29, 2005

## Non-Cold Weather Rule Period: Collection Timeline

The number of days in a billing cycle will vary from month to month due to holidays and/or weekends during each month, therefore, the exact day of each event may vary slightly. The following is a typical timeline in calendar days.

Day 1	First Bill issued. Includes: First month's service	
Day 31	Next billing cycle (approx 30 calendar days) Unpaid First Bill becomes delinquent.  Second Bill issued. Includes: First month's delinquent service Second month's service A separate Disconnect Notice	
Day 42	Collection telephone call is made	8 business days
Day 44	Disconnect Service Order for disconnection is issued to field. Service personnel disconnect service	2 business days
Day 54	Account becomes inactive within the system. Deposits are applied against the amount owed. Final bill is issued. Includes: First month's service Second month's service Service and charges from end of second billing period until disconnection	10 calendar days
Day 84	Final bill is due Final bill reminder is mailed	30 calendar days
Day 91	Un-paid balance charged off as uncollectible Account is turned over to collection agency	5 business days

## Cold Weather Rule Period: Collection Procedures

From November 1 to March 31, Kansas Gas Service will follow the Kansas Corporation Commission's Cold Weather Rule. If an account is inactive and the customer is reapplying for service, the guidelines allow the customer to pay 1/12 of the past-due balances accrued over the past three years to restore service. KGS will require the customer to pay the 1/12 plus disconnect/reconnect amount and the deposit. In the subsequent months, the customer will be required to pay the remaining 11 installments in addition to the current billing. The customer may elect to pay the deposit in 12 equal installments.

If any active customer cannot pay their bill during the Cold Weather Rule period, we will offer a 12-month agreement to the customer. The customer shall pay 1/12 of their total billed amount to establish the pay agreement. If the customer does not contact us to request a pay agreement and they have an arrearage, we will initiate the following collection procedures up to and including disconnection of service if the forecasted low for the next 48-hour period is to be above 35 degrees. On day one of that 48-hour period we issue orders to the field personnel 1) to tag the door (put a notice on the door that the premise's service is subject to disconnection) if the customer is not home or 2) if the customer is home, to either collect the amount owing or advise them to contact Kansas Gas Service to make a new pay arrangement on the bill. We also attempt a phone call to the customer the same day to again collect or make arrangements. The following day (day two of the 48-hour period), if the forecast for the next 24 hours is still above 35 degrees, we will continue the collection process. The accounts which were tagged or contacted the day before will be sent back to the service personnel. This time they are to collect or disconnect the service. The customer may pay the service person the 1/12 of the total bill plus the collection fee and we will establish a pay agreement for the customer.

During the Cold Weather Rule period, if the customer defaults on a pay agreement they have the ability to have another pay agreement if they pay another 1/12 of their total bill. They may have as many 12-month agreements as they want during this time period.

The collection of insufficient funds checks may create an exception to the temperature provision in the Cold Weather Rule period. If the bad check was given as a down payment or an installment for a Cold Weather Rule Payment Plan a 10-day disconnect notice will be sent to the customer. If the customer does not cure the insufficient payment within those 10 days, we will send an order to our service person for collection or disconnection of the customer's account.



# COLLECTION PROCEDURES

KANSAS GAS SERVICE  
A DIVISION OF ONEOK, INC  
September 29, 2005

## Cold Weather Rule Period: Collection Timeline

The number of days in a billing cycle will vary from month to month due to holidays and/or weekends during each month, therefore, the exact day of event may vary slightly. The following is a typical timeline in calendar days.

- |        |   |                 |
|--------|---|-----------------|
| Day 1  | First Bill issued. Includes: First month's service  |                 |
| Day 31 | Next billing cycle (approx 30 calendar days)<br>Unpaid First Bill becomes delinquent.   |                 |
|        | Second Bill issued. Includes: First month's delinquent service<br>Second month's service<br>A separate Disconnect Notice  |                 |
| Day 42 | Collection telephone call is made   | 8 business days |
| Day 44 | Weather forecast is reviewed  | 2 business days |
|        | <ul style="list-style-type: none"><li>• Forecast low temperature is above 35 degrees for the next 48-hour period:<ul style="list-style-type: none"><li>○ Disconnect Service Order for tagging is issued to field.</li><li>○ Collection telephone call is made.</li><li>○ Service personnel collect or tag door.</li></ul></li><li>• Forecast low temperature is below 35 degrees for next 48-hour period:<ul style="list-style-type: none"><li>○ All collection activities stopped.</li><li>○ Account is placed on hold until the weather allows collections or the account bills again for the next month.</li></ul></li></ul> |                 |
| Day 45 | Weather forecast is reviewed  | 1 business day  |
|        | <ul style="list-style-type: none"><li>• Forecast low temperature is above 35 degrees for the next 24-hour period:<ul style="list-style-type: none"><li>○ Disconnect Service Order for disconnect is issued to field.</li><li>○ Service personnel collect or disconnect service.</li></ul></li><li>• Forecast low temperature low is below 35 degrees for next 24-hour period:<ul style="list-style-type: none"><li>○ All collection activities stopped.</li><li>○ Account is placed on hold until the weather allows collections or the account bills again for the next month.</li></ul></li></ul>                             |                 |

# COLLECTION PROCEDURES

KANSAS GAS SERVICE  
A DIVISION OF ONEOK, INC  
September 29, 2005

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- |        |   |                  |
|--------|---|------------------|
| Day 54 | Account becomes inactive within the system.<br>Deposits are applied against the amount owed.<br>Final bill is issued. Includes:<br>First month's service<br>Second month's service<br>Service and charges from end of second billing<br>period until disconnection. | 10 calendar days |
| Day 84 | Final bill is due<br>Final bill reminder is mailed  | 30 calendar days |
| Day 91 | Un-paid balance charged off as uncollectible<br>Account is turned over to collection agency   | 5 business days  |

**GENERAL SERVICE COLLECTION PROCEDURES**

General Service Accounts are not subject to the Cold Weather Rule. Our policies allow us to commence the collection process sooner than in the case of residential customers. Kansas Gas Service requires all past due balances be paid to avoid disconnection of service. If the account is turned off due to non-payment, the full past-due balance must be paid along with the disconnect/reconnect fees before service is restored. If no deposit is held, KGS will require the full deposit. A large General Service customer (one whose usage averages greater than 50 Mcf/month) must pay the entire deposit before service is turned on. A small General Service customer (one whose usage averages less than 50 Mcf/month) will be required to pay 25% of the deposit before receiving service and pay the remainder in three additional installments.

**General Service Customers: Collection Timeline**

The number of days in a billing cycle will vary from month to month due to holidays and/or weekends during each month; therefore, the exact day of each event may vary slightly. The following is a typical timeline in calendar days.

- |        |   |
|--------|---|
| Day 1  | First bill issued. Includes: First month's service.   |
| Day 17 | Unpaid first bill becomes delinquent.<br>Disconnect notice is sent.   |
| Day 30 | Collection call is made.  |
| Day 31 | Second bill issued for monthly use.   |
| Day 32 | Service order for disconnect is issued to service personnel.<br>Service is disconnected or past due balance is collected.   |
| Day 42 | If disconnected, account finals and deposit is applied.<br>Final bill issued. Includes:<br>First month's service<br>Second month's service, and<br>Service from the end of second<br>month until disconnection. |
| Day 72 | Final bill is due<br>Final bill reminder is mailed.   |
| Day 79 | Unpaid balance is charged off and is sent to a collection agency.   |



## **KANSAS GAS SERVICE**

A DIVISION OF ONEOK

**John P. DeCoursey**  
Director - Law

September 13, 2005

Mr. Don Low  
Director of Utilities  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604-4027

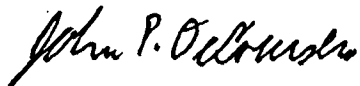
Dear Mr. Low:

Pursuant to Paragraph 13h of the Commission's June 24, 2005 Order Approving Joint Application in Docket No. 05-ATMG-643-GIG, I am writing to advise the Commission that Kansas Gas Service has just decided to implement a temporary change in its collection policy effective October 1, 2005. Beginning on that date, Kansas Gas Service will only require customers whose accounts have been written off and who are seeking reconnection of service to pay the greater of \$200.00 or 50% of the total amount owed for past service. This policy is in lieu of the Company's current practice during the non-Cold Weather Rule time frame of requiring customers to pay the full amount owed in order to have service reconnected.

The Company is adopting this practice at this time for three reasons. First, reducing the amount that must be paid in order to connect service will assist customers that want to get caught up on their arrearages but simply can't pay the full 100%. Second, the Company believes that it will be able to collect a greater amount under this policy at this time of the year rather than demanding the full amount owed. At this time of the year, customers who will seek service can typically wait until the beginning of the Cold Weather period and reconnect service at the significantly reduced sums that would be required to be paid under the Cold Weather Rule. With the reduced payment demand set forth above, customers will have a greater tendency to agree to pay the reduced amount now and receive service now rather than wait until it gets much colder, when the Cold Weather Rule period begins. Third, by having more customers reconnect now, this will level out the number of reconnections due to customers coming back on line under the Cold Weather Rule. Beginning November 1, the number of customers seeking reconnection exceeds our available personnel to quickly reconnect customers under the Cold Weather Rule. By having more customers reconnected earlier, there will be fewer delays reconnecting customers after November 1, 2005.

Beginning on April 1, 2006, the Company will resume its policy of requiring payment in full before reconnecting service for customers with amounts still owed to the Company.

Yours truly,

A handwritten signature in cursive script, appearing to read "John P. DeCoursey".

John P. DeCoursey

cc: Kyle Clem





**KANSAS  
GAS  
SERVICE**  
A DIVISION OF ONEOK

**Account # 1910106,  
1440100**

**Subject: Unrecovered Gas Billings**

**Effective Date: July 2005**

**Page 1 of 4**

**Revised Date: January 2007**

### **Background**

On February 1, 2005, Kansas Gas Service, in a joint application with Kansas utilities Atmos Energy Corporation and Aquila Networks – KGO, appealed to the Kansas Corporation Commission (KCC) for authority to recover the cost of gas charged off as uncollectible through its Cost of Gas Rider (COGR) tariff.

### **Authoritative Guidance**

The KCC issued its order in Docket No. 05-ATMG-643-GIC, dated June 24, 2005, allowing such recovery through the Actual Cost Adjustment (ACA) element of the COGR. Kansas Gas Service implemented the new tariff effective with July 2005 billing. The most significant of conditions for recovery are as follows:

- The company is required to use the filed bad debt level in the last rate case and assume that 71% of that amount is the gas cost portion embedded in current rates.
- The uncollectible amounts included in the annual ACA computation only include COGR customer accounts. No transportation or other non-COGR accounts should be included.
- The uncollectible amounts included in the annual ACA computation not contain interest or collection fees or charges.
- The company must have the ability, through its billing and accounting systems, to separately account for, track and report the individual components (cost of gas and margin) of each customer account written off as uncollectible.
- The company is required to notify the Commission any time their policy and procedures for recovering uncollectible accounts changes. Notice should be given at least 30 days in advance of the changes.

In addressing the first condition, the company acknowledged the negotiated “black box” settlement in Docket No. 03-KGSG-602-RTS deriving its current rates. In that application, the KCC staff recommended using a 5 year average level of bad debt expense in opposition to Kansas Gas Service proposed 3 year average. Kansas Gas Service apprised staff it will use the company’s proposed 3 year average in determining the 71% of embedded gas cost on which to base the deferral. The larger 3 year average of bad debt expense would result in a larger embedded base and therefore a potentially smaller deferral for recovery of gas cost through the COGR. Concurrently, the company’s supporting work papers for its embedded bad debt expense derived base gas cost of \$2,893,011.80 in the following periods –



**KANSAS  
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SERVICE**  
A DIVISION OF ONEOK

**Account # 1910106,  
1440100**

**Subject: Unrecovered Gas Billings**

**Effective Date: July 2005**

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**Revised Date: January 2007**

January	539,196.72
February	393,226.38
March	334,848.33
April	225,892.59
May	119,211.11
June	93,767.99
July	201,358.26
August	82,058.82
September	83,143.81
October	101,597.3
November	238,202.38
December	480,508.11
Total	2,893,011.80

The company's billing system (Banner) has the capability to track and account for the individual billing components and so identifies those components in the monthly amounts charged off as uncollectible.

#### **Accounting Treatment**

Kansas Gas Service records the recoverable amount of "Unrecovered Gas Billings" per tariff in account 19101xx UPGC KGS UGB through the following process.

Monthly, during the Banner close, finalized outstanding customer accounts deemed unrecoverable are charged off in part to account 1910106 UPGC KGS UGB with the COGR element of the bill and the remainder to account 1440100 Allowance for Bad Debts representing the margin element of the bill. The COGR amount charged to account 19101xx is compared to the corresponding monthly "base" amount in the above table and an entry is made to transfer to account 1440100 the base amount. In months where the monthly COGR amounts are greater than the base, a deferral is established. In months where the monthly COGR amounts are less than the base, the deferral is reduced.





Account # 1910106,  
1440100

Subject: Unrecovered Gas Billings

Effective Date: July 2005

Page 3 of 4

Revised Date: January 2007

Annually, at the end of the ACA period, the amount of the deferral in account 1910106 at June 30 is included in the next period ACA factor calculation and transferred to the applicable UPGC account.

Explanation as provided in 05-ATMG-643-GIG, KCC 5 – accounting for customer account write-offs:

(1) Recognize uncollectible accounts

The sequence of actions taken in response to account delinquency, disconnection and ultimate write-off are described in the responses to data requests 2 and 3. Kansas Gas Service considers an account to be “uncollectible” at the point that it is written off; normally, this is an automatic function of the Banner billing system that occurs 5 days after the “Final Bill” reminder notice is sent.

(2) Write off specific accounts

Accounts are written off as described in part 1 of our response to this data request.

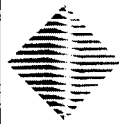
The current entry is to debit the allowance for doubtful accounts (144) and sales tax payable (241) and/or franchise fees payable (241) accounts and to credit the customer accounts receivable account (142).

The proposed entry would be to debit the allowance for doubtful accounts (144) for margin only, deferred purchased gas costs (191) for cost of gas and sales tax payable (241) and/or franchise fees payable (241) accounts and to credit the customer accounts receivable account (142).

(3) Estimate credit losses

The amount of uncollectible accounts entry is calculated by multiplying sales revenues by a percentage factor, for example .8% or 1%. Evaluation of the balance in the allowance for doubtful accounts (144) as being adequate to cover the future uncollectible portion of customer accounts receivable (142) is made monthly, and may result in changing the percentage factor used in this calculation.

The current entry is to debit uncollectible customer accounts (904) and to credit allowance for doubtful accounts (144) for the entire balance of the uncollectible accounts.



**KANSAS  
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A DIVISION OF ONEOK

**Account # 1910106,  
1440100**

**Subject: Unrecovered Gas Billings**

**Effective Date: July 2005**

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**Revised Date: January 2007**

The proposed entry would be the same accounts but only for the margin portion of the uncollectible accounts.

**(4) Recognize recoveries of accounts written off**

The recovery on an account that has previously been written off records the recovery with a debit to cash (131) and a credit to customer accounts receivable (142).

The current entry to establish the recovered balance on the customer's account is the opposite of the entry to write off the balance. That entry is to debit the customer accounts receivable account (142) and to credit the allowance for doubtful accounts (144) and the sales tax payable (241) and/or franchise fees payable (241) accounts.

The proposed entry to establish the recovered balance on the customer's account will be the opposite of the entry to write off the balance. That entry will be to debit the customer accounts receivable account (142) and to credit the allowance for doubtful accounts (144) for margin only, deferred purchased gas (191) for cost of gas and the sales tax payable (241) and/or franchise fees payable (241) accounts.

**Supplemental Regulatory Action**

The KCC issued Docket No. 06-KGSG-1209-RTS, dated November 16, 2006, which approved rate increases effective January 2007. Kansas Gas Service, in its application in the docket requested a proforma amount of bad debt expense consisting of only margin related components. Effective January 2007, with implementation of the new rates, the company eliminated the \$2,893,011.80 of base bad debt gas cost threshold prior to deferral of uncollectible gas cost.

**KANSAS GAS SERVICE**

**CUSTOMER SERVICE**  
**COLLECTION PROCEDURES**

**January 29, 2008**

**REDACTED VERSION**

## RESIDENTIAL COLLECTION PROCEDURES

Kansas Gas Service's collection policies and procedures will be consistent with the Kansas Corporation Commission's Billing Standards and with the company's General Terms and Conditions for Gas Service, all as filed with and approved by the KCC. The collection procedures for residential customers will vary depending upon whether we are in the Cold Weather Rule Period (November 1 through March 31) or outside this period.

### NON-COLD WEATHER RULE PERIOD: Collection Procedures

If an account is inactive (KGS has performed a service disconnect) and the customer is re-applying for service, we will collect all past-due balances the customer accrued over the past three years before turning on service for the customer.

If the account is active, Kansas Gas Service will require the customer to pay the entire past-due balance owing on their account to avoid disconnection. The exception is when complying with Section 4.07 of our General Terms and Conditions, which allows the customer to enter another 12-month agreement outside the Cold Weather Rule period if they have satisfied their previous cold weather rule period pay agreement.

The company will also require 25% of the total deposit applicable to the premise for which the customer is reapplying for service plus any reconnection or disconnection fees.

The practice of (a) requiring the active customer to pay the entire past-due balance owing to avoid service disconnection or (b) requiring the inactive customer to pay the entire past-due balance accrued over the past three years to have service restored may be relaxed from time to time. Our telephone representatives and field personnel have the discretion, on an individual basis when extraordinary conditions warrant such an exception, to accept less than the full amount owed in order to help a customer avoid disconnection. Such conditions may include, but are not limited to, such things as a billing dispute, a miscommunication between company and customer, or humanitarian reasons.

# COLLECTION PROCEDURES

KANSAS GAS SERVICE  
A DIVISION OF ONEOK, INC  
January 29, 2008

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## NON-COLD WEATHER RULE PERIOD: Collection Timeline

The number of days in a billing cycle will vary from month to month due to holidays and/or weekends during each month, therefore, the exact day of each event may vary slightly. The following is a typical timeline in calendar days.

Day 1	First Bill issued. Includes: First month's service	
Day 31	Next billing cycle (approx 30 calendar days) Unpaid First Bill becomes delinquent.	
	Second Bill issued. Includes: First month's delinquent service Second month's service A separate Disconnect Notice	
Day 42	Collection telephone call is made	8 business days
Day 44	Disconnect Service Order for disconnection is issued to field. Service personnel disconnect service	2 business days
Day 54	Account becomes inactive within the system. Deposits are applied against the amount owed. Final bill is issued. Includes: First month's service Second month's service Service and charges from end of second billing period until disconnection	10 calendar days
Day 84	Final bill is due Final bill reminder is mailed	30 calendar days
Day 91	Un-paid balance charged off as uncollectible Account is turned over to collection agency	5 business days

## COLD WEATHER RULE PERIOD: Collection Procedures

From November 1 to March 31, Kansas Gas Service will follow the Kansas Corporation Commission's Cold Weather Rule.

Inactive Accounts: If an account is inactive and the customer is reapplying for service, the guidelines allow the customer to pay 1/12 of the past-due balances accrued over the past three years to restore service. KGS will require the customer to make a minimum initial payment of the 1/12 plus the deposit installment plus the full amount of any disconnect/reconnect charges. In the subsequent months, the customer will be required to pay the remaining 11 installments in addition to the current billing. The customer may elect to pay the deposit in 12 equal installments.

Active Accounts: If any active customer cannot pay their bill during the Cold Weather Rule period, we will offer a 12-month agreement to the customer. The customer shall pay 1/12 of their total billed amount to establish the pay agreement plus, if applicable, the full amount of any disconnection /collection /reconnection charges.

If the customer does not contact us to request a pay agreement and they have an arrearage, we will initiate collection procedures up to and including disconnection of service:

- The forecasted low for the next 48-hour period must be above 35 degrees.
- On day one of that 48-hour period we will
  - issue orders to the field personnel to:
    - 1) if the customer is not home: tag the door (put a notice on the door that the premise's service is subject to disconnection) or
    - 2) if the customer is home: either collect the amount owing or advise them to contact Kansas Gas Service to establish a new pay arrangement.
  - attempt a phone call to the customer the same day to again collect or make arrangements.
- On day two of the 48-hour period, we will:
  - Continue the collection process if the forecast for the next 24 hours is still above 35 degrees.
  - Identify accounts which were tagged or contacted the day before and remain in arrears and without a pay agreement.
  - Issue orders to field personnel to collect or disconnect the service. The customer may pay the service person 1/12 of the total bill plus the collection fee and we will establish a pay agreement for the customer.

During the Cold Weather Rule period, a customer who defaults on a pay agreement may enter another pay agreement by paying another 1/12 of their total bill. A customer may have as many 12-month agreements as (s)he wants during this time period.

# COLLECTION PROCEDURES

KANSAS GAS SERVICE  
A DIVISION OF ONEOK, INC  
January 29, 2008

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The collection of insufficient funds checks may create an exception to the temperature provision in the Cold Weather Rule period. If the bad check was given as a down payment or an installment for a Cold Weather Rule Payment Plan, a 10-day disconnect notice will be sent to the customer. If the customer does not cure the insufficient payment within those 10 days, we will send an order to our field personnel for collection or disconnection of the customer's account, regardless of temperature.

## COLD WEATHER RULE PERIOD: Collection Timeline

The number of days in a billing cycle will vary from month to month due to holidays and/or weekends during each month, therefore, the exact day of event may vary slightly. The following is a typical timeline in calendar days.

- |        |   |  |
|--------|---|--|
| Day 1  | First Bill issued. Includes:  | First month's service  |
| Day 31 | Next billing cycle (approx 30 calendar days)<br>Unpaid First Bill becomes delinquent.   |  |
|        | Second Bill issued. Includes:   | First month's delinquent service<br>Second month's service<br>A separate Disconnect Notice |
| Day 42 | Collection telephone call is made   | 8 business days  |
| Day 44 | Weather forecast is reviewed  | 2 business days  |
|        | <ul style="list-style-type: none"><li>• Forecast low temperature is above 35 degrees for the next 48-hour period:<ul style="list-style-type: none"><li>○ Disconnect Service Order for tagging is issued to field.</li><li>○ Collection telephone call is made.</li><li>○ Service personnel collect or tag door.</li></ul></li><li>• Forecast low temperature is below 35 degrees for next 48-hour period:<ul style="list-style-type: none"><li>○ All collection activities stopped.</li><li>○ Account is placed on hold until the weather allows collections or the account bills again for the next month.</li></ul></li></ul> |  |

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Day 45	Weather forecast is reviewed <ul style="list-style-type: none"><li>• Forecast low temperature is above 35 degrees for the next 24-hour period:<ul style="list-style-type: none"><li>○ Disconnect Service Order for disconnect is issued to field.</li><li>○ Service personnel collect or disconnect service.</li></ul></li><li>• Forecast low temperature low is below 35 degrees for next 24-hour period:<ul style="list-style-type: none"><li>○ All collection activities stopped.</li><li>○ Account is placed on hold until the weather allows collections or the account bills again for the next month.</li></ul></li></ul>	1 business day
Day 54	Account becomes inactive within the system. Deposits are applied against the amount owed. Final bill is issued. Includes: First month's service Second month's service Service and charges from end of second billing period until disconnection.	10 calendar days
Day 84	Final bill is due Final bill reminder is mailed	30 calendar days
Day 91	Un-paid balance charged off as uncollectible Account is turned over to collection agency	5 business days





# **CONFIDENTIAL INFORMATION**

(Located in Docket Room)

In the Matter of Kansas Gas Service Filing Changes to  
Policy and Procedures for Recovering Uncollectible  
Accounts as Required in Docket No. 05-ATMG-643-GIG.

## **08-KGSG-723-CPL**

Confidential Kansas Gas Service Customer Service  
Collection Procedures.

*File Date:*

January 31, 2008