

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

In the Matter of the Complaint Against Kansas)
Gas Company by David L. Johnson) Docket No. 24-KGSG-603-COM

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

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), and files its Report and Recommendation regarding the Complaint of David L. Johnson against Kansas Gas Service (KGS).

Staff has thoroughly investigated this complaint by reviewing in detail the significant evidence provided by KGS of this customer's account details. While sympathetic to the situation and circumstances Mr. Johnson finds himself in, based on the information available to Staff, we are not able to conclude that KGS has made any mistakes, violated any tariff, law, or Commission Order. Staff recommends the Commission dismiss the complaint in its entirety.

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

Respectfully submitted,

/s/ Carly R. Masenthin

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**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

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

FROM: Justin Prentiss, Senior Rate Analyst
Justin Grady, Deputy Director of Utilities
Jeff McClanahan, Director of Utilities

DATE: June 21, 2024

SUBJECT: Docket No. 24-KGSG-603-COM: In the Matter of the Complaint Against Kansas Gas Company by David L Johnson

EXECUTIVE SUMMARY:

On February 29, 2024, David L. Johnson filed a formal complaint against Kansas Gas Service (KGS). Mr. Johnson alleges his December 2022/2023 and January 2023/2024 usages were not accurate, the billed amount was inaccurate, the price of gas is not completely fixed, there were never any investigations into his complaints, the franchise fees were never explained to him, he received an insufficient funds charge that should have never been billed, he never agreed to various types of average payment plans/delinquent bill payment plans, and that payments made were not being properly credited to his account.

On March 22, 2024, KGS filed an Answer and Motion to Dismiss. In this response KGS refutes Mr. Johnson's claims by citing to several confidential exhibits attached to the pleading and stating that some of Mr. Johnson's claims request relief which cannot be granted. KGS also states that there are not facts or evidence to support the allegations against KGS, and/or the claims are "not a violation of law, Commission order, or tariff."¹

Staff has thoroughly investigated this complaint by reviewing in detail the significant evidence provided by KGS of this customer's account details. While sympathetic to the situation and circumstances Mr. Johnson finds himself in, based on the information available to Staff, we are not able to conclude that KGS has made any mistakes, violated any tariff, law, or Commission Order. Staff recommends the Commission dismiss the complaint in its entirety.

¹ Kansas Gas Service, a Division of ONE Gas, Inc. Answer and Motion to Dismiss (Response). March 22, 2024.

BACKGROUND:

On February 29, 2024, David L. Johnson filed a formal complaint against KGS. Mr. Johnson alleges his December 2022/2023 and January 2023/2024 usages were not accurate, the billed amount was inaccurate, the price of gas is not completely fixed, there were never any investigations into his complaints, the franchise fees were never explained to him, he received an insufficient funds charge that should have never been billed, he never agreed to various types of average payment and delinquent account payment plans, and that payments made were not being properly credited to his account.²

On March 22, 2024, Kansas Gas Service filed an Answer and Motion to Dismiss. In this response KGS refutes Mr. Johnson's claims by citing to several confidential exhibits attached to the pleading and stating that some of Mr. Johnson's claims request relief which cannot be granted. KGS also states that there are not facts or evidence to support the allegations against KGS, and/or the claims are "not a violation of law, Commission order, or tariff."³

In the Analysis section that follows Staff restates each element of the complaint levied by the customer and, where applicable, we provide the response provided by the company. We conclude with a recommendation for each complaint.

ANALYSIS:

Mr. Johnson's allegations are as follows:

December 2022/2023 and January 2023/2024 usages were not accurate

In December 2022, the highest temperature reached was 66F, the highest in January 2023 was 63F, the highest in December 2023 was 66F, and the highest in January 2024 was 69F. This is compared to the rest of 2023 which, other than February with a high of 68F, had high temperatures ranging from 76F to 111F. The higher temperature in the rest of the year is why the gas usage, especially that used for heating, was significantly lower than in each December and January. To note, the customer's usage in February 2023 as he included in his complaint was between his December 2022 and January 2023 usages. Staff's observation is that Mr. Johnson's gas usage is varying with weather variations in order to maintain comfortable living conditions. Nothing in Mr. Johnson's usage patterns suggest to Staff that there is anything abnormal with how KGS is billing Mr. Johnson.

December 2022/2023 and January 2023/2024 bills were not accurate

The information provided by the customer showed that his amounts billed matched the amounts used. E.g. His December 2023 usage was listed at 96 Ccf this is equivalent to 9.6 Mcf at the rate of \$2.3485/Mcf. This usage would equate to a billed amount as follows: $\$2.3485/\text{Mcf} * 9.6\text{Mcf} = \22.55 , for this portion of the Delivery Charge on the bill. Per Index 48.1 of KGS' tariffs, the Ad Valorem Tax Surcharge is applied to the Delivery Charge. The Ad Valorem Surcharge at \$0.1896/Mcf would translate into a billed amount of $\$0.1896/\text{Mcf} * 9.6\text{Mcf} = \1.82 which added to the \$22.55 would be \$24.37. This matches what is listed in the billing material provided by the

² Formal Complaint Against Kansas Gas by David L Johnson (Complaint). February 29, 2024.

³ Kansas Gas Service, a Division of ONE Gas, Inc. Answer and Motion to Dismiss (Response). March 22, 2024.

customer. Similarly, the other portions of the bill can also be matched up to the corresponding rates. Thus, Staff can only conclude that the billed amounts, match the billed usage.

The price of gas is not completely fixed

Natural Gas is a price deregulated market commodity and its price varies on a daily basis. That is one reason the COGR (Cost of Gas Rider) was developed and implemented, which was to allow the utility the ability to recover the cost of gas purchased for customers in a more efficient fashion, and without the need to file a full rate case. These costs are passed through to the customer without mark-up or profit, and Staff audits KGS's COGR on a yearly basis to ensure that this is the case.

Staff also evaluates KGS's Gas purchasing and hedging practices on an annual basis for reasonableness and prudence. The company purchases gas through long term contracts, short term contracts, the daily physical gas market, and other hedging methods to keep the cost of gas as low as possible, without jeopardizing reliability of service. Because the price of gas changes, especially through the daily purchases, the monthly cost will almost always vary. Thus, while unfortunate that a consistent cost of gas cannot always be achieved, that is the reality of the natural gas market.

There were never any investigations into his complaints

The company performed two distinct investigations due to Mr. Johnson's complaints. The first one was performed on February 7, 2023, after attempting to alleviate Mr. Johnson's complaints through multiple conversations with customer service agents. The tests included the pilot light, a soap test, and a flame ionization test. No issues were noted. The company came to test the meter again on January 23, 2024. Again, both the heater and the meter indicated no problems. They also noted at this time the temperature was set at 75F.⁴ From February 2, 2023 to March 14, 2024 various conversations occurred between KGS and Mr. Johnson regarding several of Mr. Johnson's concerns. Thus between the home visits and several phone conversations, Staff concludes the company did investigate and explore the various complaints.

The franchise fees were never explained to him

The franchise fees were explained in a call on November 17, 2023. A customer service representative attempted to explain the franchise fees on December 19, 2023. An explanation about the fees was emailed to Mr. Johnson on December 21, 2023, and finally explained the fees again during a phone call on January 24, 2024. Thus, with the information available to and reviewed by Staff, Staff can see that KGS did explain the franchise fees to Mr. Johnson.

He received an insufficient funds charge that never occurred

KGS acknowledged that the insufficient funds charge occurred in 2021. They have since reversed the charge, so Staff considers the issue moot.

He never agreed to any various types of plans/payment plans

On February 2, 2023 Mr. Johnson set up level pay. Multiple payment arrangements were also set up throughout 2023. Staff also listened to three of the phone calls, including ones that have set up payment plans and one where there was confirmation of it ending.⁵ Thus Staff verifies that Mr.

⁴ For reference, the temperature at the Wichita weather station (KICT) had a range in January 2024 of -4F to 69F (weather.gov).

⁵ Kansas Corporation Commission (KCC) DR – 1.

Johnson did agree to set up Level Pay and on various other dates enrolled in payment arrangements to address delinquent balances.

Payments made were not being applied to his account

The payment standards of the Commission require that all payments be applied to accounts in order of the oldest balance; so, when there are overdue and late balances on the account, it can seem like payments are not being applied because they are being applied not to the current bill but an old one. Thus, Staff can see that, while it may seem like the payments are not decreasing the account balance, it is because new charges are accumulating as payments are applied to the oldest charges. Staff concludes there are no errors or aberrations in the line item billing of Mr. Johnson's account.

RECOMMENDATION:

Staff has reviewed the complaints of David L Johnson, the responses of KGS, and the various information and exhibits submitted by both Mr. Johnson and KGS. KGS tried working with Mr. Johnson over the phone and with two on-site inspections to try and resolve the complaints. Also, the information supplied by KGS in their response supports their claims and what KGS has done to try to rectify the situation with Mr. Johnson. While sympathetic to the situation and circumstances Mr. Johnson finds himself in, based on the information made available, Staff is not able to conclude that KGS has violated any tariff, law, or Commission Order. Staff recommends that the Commission dismiss the complaint in its entirety.

CERTIFICATE OF SERVICE

24-KGSG-603-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 8th day of July, 2024, to the following:

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/s/ Ann Murphy

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