

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

In the Matter of the Application of Kansas Gas)
Service, a Division of ONE Gas, Inc., for)
Approval by the Commission for Gas System) Docket No. 19-KGSG-088-TAR
Reliability Surcharge Per K.S.A. 66-2201)
through 66-2204)

ORDER APPROVING GAS SYSTEM RELIABILITY SURCHARGE

This matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings and conclusions:

BACKGROUND

1. On March 28, 2019, Kansas Gas Service, a Division of ONE Gas, Inc., (“KGS”) filed an Application with the Commission seeking approval of the 2018 Gas System Reliability Surcharge (“GSRS”) True-Up. The True-Up filing supported an over recovery of GSRS revenue in the amount of \$14,324, for the period of September 2018 to January 2019.

2. On November 8, 2018, in the instant docket, the Commission approved KGS’ request for a total GSRS revenue requirement of \$5,257,937. Additionally, KGS filed a rate case, Docket No. 18-KGSG-560-RTS (“18-560 Docket”), on June 29, 2018, in which the previous GSRS amount was included in base rates as required by K.S.A 66-2204(f)(1).

3. On February 6, 2019, KGS’ new base rates became effective. Accordingly, KGS was required to file a True-Up based on K.S.A. 66-2204(f)(2).

DISCUSSION

4. On June 21, 2019, Commission Staff (“Staff”) filed a Report and Recommendation, analyzing and recommending approval of KGS’ GSRS True-Up. Staff noted that during the period from September 2018 through January 2019, KGS over-recovered the amount of GSRS revenue authorized in the subject docket on November 8, 2018. The amount of \$14,324, if immediately reconciled through the use of a one-time refund to customers, would result in a credit to residential customers of \$0.02.

5. Additionally, Staff noted that certain statutory provisions require KGS to file a True-Up relating to the rebasing of its GSRS charge when KGS’ base rates changed in the 18-560 docket. While KGS is required to reconcile the differences after a base rate case, there is no mention in any statutory provision indicating if the over-recovery should be charged or refunded to customers.

6. Ultimately, Staff determined that given the de minimis nature of the credit, and in order to promote administrative efficiency, KGS’ request to postpone the refund of its True-Up until its next GSRS filing should be approved.

FINDINGS AND CONCLUSIONS

7. Upon review of the record as a whole, the Commission finds Staff’s recommendation to be reasonable and adopts the same. KGS shall be allowed to defer inclusion of its over-recovery, in the amount of \$14,324, until KGS’ next GSRS filing.

THEREFORE, THE COMMISSION ORDERS:

A. Kansas Gas Service's request to defer inclusion of its over-recovery in the amount of \$14,324 until its next GSRS filing is approved.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it deems necessary.

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 07/09/2019



Lynn M. Retz
Executive Director

PZA

¹ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Dwight D. Keen
Commissioner Shari Feist Albrecht
Commissioner Susan K. Duffy

FROM: Brad Hutton, Auditor
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: June 21, 2019

SUBJECT: Docket No. 19-KGSG-088-TAR: In the Matter of 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:

On March 28, 2019, Kansas Gas Service (KGS) filed an Application for approval of the 2018 Gas System Reliability Surcharge (GSRS) True-Up. The True-Up filing supported an over-recovery of GSRS revenue in the amount of \$14,324 for the period of September 2018 to January 2019. Staff performed an audit, discussed below, and recommends approval of KGS' request to defer the refund of the True-Up until its next GSRS filing, with an anticipated filing date later this year.

BACKGROUND:

In the subject Docket, KGS requests to defer refunding to customers an over-recovery of \$14,324 in the Company's next GSRS filing, which is anticipated to be filed later this year.

On November 8, 2018, in this Docket, the Commission approved KGS's request for a total GSRS revenue requirement of \$5,257,937. KGS filed a rate case in Docket 18-KGSG-560-RTS on June 29, 2018, in which the previous GSRS amount was included in base rates as required by K.S.A. 66-2204 (f) (1):

“A natural gas public utility that has implemented a GSRS pursuant to the provisions of K.S.A. 66-2202 through 66-2204, and amendments thereto, shall file revised rate schedules to reset the GSRS to zero when new base rates and charges become effective

for the natural gas public utility following a commission order establishing customer rates in a general rate proceeding that incorporates in the utility's base rates, subject to subsections (h) and (i), eligible costs previously reflected in the currently effective GSRS"

KGS' new base rates became effective February 6, 2019. Accordingly, KGS is required to file a True-Up based on K.S.A. 66-2204 (f) (2) which states:

"upon the inclusion in a natural gas public utility's base rates subject to subsections (h) and (i) of eligible costs previously reflected in a GSRS, the natural gas public utility shall immediately thereafter reconcile any previously unreconciled GSRS revenues as necessary to ensure that revenues resulting from the GSRS match as closely as possible the appropriate pretax revenues as found by the commission for that period."

In this Docket, KGS filed a True-Up of its previously approved GSRS to comply with the above-referenced statutory provisions.

ANALYSIS:

In the period September 2018 through January 2019,¹ KGS over-recovered the amount of GSRS revenue authorized in the subject docket on November 8, 2018. The amount of \$14,324, if immediately reconciled through the use of a one-time refund to customers, would result in a credit to residential customers of \$(0.02). In its True-up filing, KGS requested that in lieu of a one-time credit to customers that it be allowed to defer these costs until the Company's next GSRS filing.

As discussed in the background section above, there is a statutory provision that requires KGS to file a True-Up, relating to the rebasing of its GSRS charge when KGS' base rates changed in its most recent base rate case. While KGS is required to reconcile the differences after a base rate case, there is no mention of when this should be charged or refunded to customers in K.S.A. 66-2204.

Given the de minimis nature of the credit and to promote administrative efficiency, Staff supports KGS' request to postpone the refund of its True-Up to ratepayers until its next GSRS filing. Staff Reviewed the True-Up calculations included in the filing and found no errors in the calculations or supporting documentation.

RECOMMENDATION:

Staff recommends the Commission approve KGS' request to defer inclusion of its over-recovery in the amount of \$14,324 until KGS' next GSRS filing. KGS's GSRS filing has an anticipated filing date of later this calendar year.

¹ Estimated recoveries for September through November of 2018 were used in KGS' previous GSRS. This True-Up filing includes the actual recoveries for those months.

CERTIFICATE OF SERVICE

19-KGSG-088-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of
electronic service on 07/09/2019.

THOMAS J. CONNORS, ATTORNEY AT LAW
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
tj.connors@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.nickel@curb.kansas.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
s.rabb@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

PHOENIX ANSHUTZ, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
p.anshutz@kcc.ks.gov

JANET BUCHANAN, DIRECTOR- REGULATORY AFFAIRS
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W 129TH ST
OVERLAND PARK, KS 66213-2713
Fax: 913-319-8622
janet.buchanan@onegas.com

JUDY JENKINS HITCHYE, MANAGING ATTORNEY
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W 129TH ST
OVERLAND PARK, KS 66213-2713
Fax: 913-319-8622
judy.jenkins@onegas.com

/S/ DeeAnn Shupe

DeeAnn Shupe