

In the Matter of the Application of)
Kansas Gas Service, A Division)
of ONEOK, Inc. for Adjustment of)
its Natural Gas Rates in the State)
of Kansas)

DOCKET NO. 12-KGSG-~~83~~RTS

Received
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by
State Corporation Commission
of Kansas

**DIRECT TESTIMONY
OF
JUSTIN W. CLEMENTS
ON BEHALF OF
KANSAS GAS SERVICE
A DIVISION OF ONEOK, INC**

DIRECT TESTIMONY
OF
JUSTIN W. CLEMENTS
KANSAS GAS SERVICE
DOCKET NO. 12-KGSG-___-RTS

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Justin W. Clements. My business address is 7421 W. 129th Street,
4 Overland Park, Kansas, 66213.

5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. I am employed by Kansas Gas Service, a Division of ONEOK (“KGS” or “Company”).
7 I hold the position of Rates Analyst II.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **PROFESSIONAL EXPERIENCE.**

10 A. In May 1999, I earned a Bachelor of Arts Degree from the University of Kansas. I
11 graduated with a Masters of Business Administration from Baker University in 2011.
12 I began work at KGS in 2002 as a Customer Service Representative. I have held the
13 positions of Customer Advisor and Customer Service Supervisor. I joined the Rates
14 and Regulations Department in 2007. I am liaison to the division of Public Affairs and
15 Consumer Protection (“PACP”) of the Kansas Corporation Commission (“KCC”). I
16 also support KGS’s various regulatory efforts.

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. I am sponsoring Section 18, changes to the Company’s various rate schedules.
19 Primary of these changes are the proposed rates, the derivation of which are
20 reflected in Mr. Paul Raab’s testimony and exhibits, specifically Exhibit (PHR-5). I

1 am also sponsoring revised rate schedules, the support for which are explained in
2 the testimony of Company witnesses David Dittmore and Paul Raab. Among these
3 are the Company's request to phase out the current Weather Normalization
4 Adjustment (WNA) Rider and replace it with a Revenue Normalization Adjustment
5 ("RNA") which is explained by Company witness David Dittmore. Other changes
6 which are explained by Company witness Paul Raab, involve the separating of the
7 General Service rate schedule into three separate rate schedules. Mr. Raab also
8 testifies in support of combining rate schedules STk and GTk into rate schedule STk;
9 Mr. Raab also supports combining rate schedules STt and GTt into rate schedule
10 STt. I will also sponsor a number of additional modifications to the General Terms
11 and Conditions ("GTC"), including some more substantive changes and a list of
12 minor updates. My testimony will focus mainly on the more substantive changes to
13 the GTC.

14 **II. CHANGES TO RATE SCHEDULES**

15 **Q. PLEASE DESCRIBE THE CHANGES TO THE GENERAL SERVICE RATE**
16 **SCHEDULE.**

17 A. As described in the testimony of Company witness Paul Raab, the General Sales
18 ("GS") class is being separated into three distinct sales classes. The three proposed
19 general service classes are GS-Small (usage less than 200 Mcf annually), GS-Large
20 (usage between 200 and 1,500 Mcf annually), and GS-Transport Eligible (usage over
21 1,500 Mcf annually). The Company will place a customer in the appropriate class
22 based on weather normalized usage history for current customers and estimated
23 load requirements for newly constructed premises. Pursuant to Section 2.08 Choice
24 by Customer of the Company's GTC, customers will still have the opportunity to
25 select an applicable rate schedule based on existing or anticipated service

1 requirements as defined by the customer. However, as explained in 2.09 Change of
2 Rates, the customer may not change to another rate within 12 months. The General
3 Service Small and General Service Large rate schedules have the RNA tariff added
4 to these tariffs. The RNA tariff is explained by Mr. Dittmore. The RNA clause is also
5 added to the Residential rate schedule. The WNA rate schedule has been modified
6 and is explained in the testimony of David N. Dittmore.

7 **Q. PLEASE IDENTIFY RATE SCHEDULES STk and STt.**

8 A. These schedules represent the combination of rate schedules STk and Gk into the
9 STk rate schedule and the combination of rate schedules STt and Gt into the STt
10 rate schedule. The Gt and Gk rate schedules will be canceled. Commercial and
11 industrial customers will qualify for the STt and STk rate schedules if they have
12 annual deliveries of at least 1,500 Mcf at a single location. When other rate
13 schedules reference Gt and Gk, those references have been eliminated.

14 **Q. ARE THERE MODIFICATIONS TO ANY OF THE COMPANY'S OTHER RATE**
15 **SCHEDULES?**

16 A. Yes. I have updated the docket reference in the Ad Valorem Tax Surcharge Rider
17 ("ATSR"). Currently, this tariff references Docket No. 06-KGSG-1209-RTS, KGS's
18 last rate case. For the reference to remain current, the docket number should be that
19 of the instant rate request. The Company does not propose to change the process by
20 which we calculate the ATSR.

21 I also made changes to the Cost of Gas Rider ("COGR") eliminating language
22 pertaining to the Gas Cost Assistance Program which expired several years ago. I
23 updated the Unrecovered Gas Billing provision of the COGR to recognize that the
24 gas portion of bad debt is no longer included in our base rates. The reference to

1 Account 904 was changed to Account 144. The other changes to the COGR are
2 minor.

3 **III. CHANGES TO GTC**

4 **Q. WHAT SUBSTANTIVE CHANGES ARE YOU PROPOSING TO THE GTC?**

5 A. I am proposing the following changes to the Company's GTC:

- 6 • Section 4 Billing and Payment and Section 9 Metering: Clarifying the Company's
7 corrected bill procedures for either known usage or unknown usage.
- 8 • Section 6 Customer's Obligations: Clarifying customer responsibility to pay for
9 work performed on the customer's property.
- 10 • Section 7 Company Obligations: Increasing the customer's service line
11 installation allowance from 60 feet to 100 feet.
- 12 • Section 10 Transportation Services: Revising the requirements in the Cash Out
13 section.
- 14 • Section 11 Priority of Service: Modifying the customer notification requirements
15 for service restriction.
- 16 • Section 12 Miscellaneous Charges: Establishing a new Diversion Reconnection
17 Charge of \$55.00.

18 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO THE COMPANY'S BILLING**
19 **ADJUSTMENT PROCEDURES.**

20 A. As suggested by Commission Staff, the current GTC language is being clarified to
21 explain the difference between issuing corrected bills based on known and unknown
22 consumption. The method used in calculating corrected bills is also being clarified.
23 Section 4 Billing and Payment has been reorganized to provide a clearer description
24 of how the company either estimates unknown usage or allocates known usage
25 amounts. Current Company procedures of estimating monthly meter reads and

1 correcting previously estimated meter reads through the traditional method of peer
2 groups remains unchanged. For the purpose of making adjustments to incorrect or
3 erroneously reported meter reads, language has been added describing an
4 estimating method that is more customer-specific, which includes the use of weather
5 data, customer-supplied information, and historical usage at the premises. In addition
6 to the changes in Section 4 Billing and Payment, Section 9.02.05 Adjustment of Bills
7 for Meter Error is updated to differentiate between known and unknown billing
8 adjustments and to reference the newly described estimating method in Section 4.

9 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO SECTION 6 CUSTOMER'S**
10 **OBLIGATIONS INVOLVING WORK PERFORMED ON A CUSTOMER'S**
11 **PREMISES.**

12 A. Section 6 has been modified to clarify a customer's responsibility to pay for work
13 performed on the customer's property to accommodate a customer request or
14 authorized agent for a change in service requirements on the Company's side of the
15 meter. For example, if upgrades to equipment such as piping or additional valves on
16 the Company's side of the meter are required to sustain increased pressure needs of
17 a customer, the Company may charge for work performed.

18 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO SECTION 7 COMPANY'S**
19 **SERVICE OBLIGATIONS INVOLVING SERVICE LINE INSTALLATION**
20 **ALLOWANCES.**

21 A. Currently, under Sections 7.05.01 Service Line and Yard Line Installation and
22 Maintenance and 7.05.03 Replacement of Customer-Owned Service Lines and Yard
23 Lines, customers are charged for service line installation and renewals but are given
24 an allowance of 60 feet from the property line to the meter. The proposed change

1 increases the allowance to 100 feet. This will reduce installation or replacement
2 costs incurred by the individual customer.

3 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO THE GENERAL TERMS**
4 **AND CONDITIONS INVOLVING TRANSPORTATION.**

5 A. In Section 10 Transportation, the Cash Out provisions related to imbalance
6 percentages and usage have been modified to lessen the impact on the Company's
7 storage withdrawals and injections due to monthly Cash Outs. An imbalance is when
8 the natural gas received by KGS from the transporter does not match the natural gas
9 volumes delivered by KGS to the end use customer. To account for this imbalance, a
10 monthly reconciliation is prepared. If the imbalance is over the stated tolerance, the
11 imbalance is cashed out pursuant to the price set in Section 10.09.03. Lowering the
12 Cash Out percentages and usage requirements will mitigate the cost impact relating
13 to excessive imbalances.

14 In Section 11 Pipeline System Restrictions & Priorities, which was previously Priority
15 of Service, there are two significant changes. First, language has been added
16 authorizing the Company to restrict service to transport customers for operational
17 repairs and maintenance. Current language authorizes service restriction only to
18 protect supply to higher priority customers. Second, notice requirements to these
19 transport customers have been updated.

20 **Q. PLEASE DESCRIBE THE PROPOSED CHANGE TO ADD A MISCELLANEOUS**
21 **CHARGE TO SECTION 12 MISCELLANEOUS CHARGES.**

22 A. A new Diversion Reconnection Charge of \$55.00 has been added to recover costs
23 incurred by the Company to investigate and repair instances of service diversion and
24 meter tampering. Such instances occur when a customer uses unauthorized
25 equipment or material to bypass the Company's meter in an effort to obtain

1 unregistered and, subsequently, unbilled volumes of natural gas. While the current
2 tariff requires a customer who has been found to divert service or tamper with a
3 meter to pay for natural gas consumed, it does not provide the Company with
4 authorization to partially recover Company costs associated with repairing diversion
5 and tampered meters nor provide the means of effectively deterring customers from
6 doing so.

7 **Q. WHAT OTHER MINOR CHANGES ARE YOU PROPOSING TO THE GENERAL**
8 **TERMS AND CONDITIONS?**

9 A. I am proposing minor changes to the following:

- 10 • Update the Rate Schedule Index, Communities Index and GTC Contents
11 Schedule.
- 12 • Section 1 Definitions: Include definitions for Diversion and Fraud, and remove the
13 definitions for Burner Tip Balancing and Period of Daily Balancing (“PODB”)
14 which no longer apply.
- 15 • Section 2 Application for Service: Insert language defining the parameters under
16 which the Company may be justified in refusing service due to customer threats
17 or intimidation.
- 18 • Section 3 Credit and Deposits: Add language clarifying that a guarantor is
19 responsible for an unpaid balance up to the amount of the deposit in instances of
20 disconnection and or final billing.
- 21 • Section 5 Disconnection: Eliminate outdated language referencing joint utility
22 service and how customers may direct a partial payment to either gas or electric
23 service.
- 24 • Section 8 Extension Policy: Remove language referencing the expired mobile
25 home distribution system replacement program.

- 1 • Section 10 Transportation Service: Delete language regarding monthly
2 imbalances as it no longer applies. Also, update customer procedures for
3 nominating gas volumes to correspond to those described by the North American
4 Energy Standards Board (NAESB).
- 5 • Section 11 Pipeline System Restriction & Priorities: Eliminate the PODB
6 language and the related references to PODB because the contract language
7 giving rise to this requirement no longer exists. Also, remove the repetitive
8 language in the Penalties for Unauthorized Usage section.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.

VERIFICATION

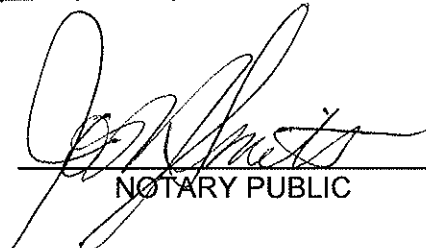
STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

JUSTIN W. CLEMENTS, being duly sworn upon his oath, deposes and states that he is Rate Analyst II for Kansas Gas Service, a Division of ONEOK, and Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information, and belief.



JUSTIN W. CLEMENTS

Subscribed and sworn to before me this 14th day of May 2012.



NOTARY PUBLIC

My Appointment Expires:

9/28/2012

