

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

In the Matter of the Application of Kansas )  
Gas Service, a Division of ONE Gas, Inc. )  
for Adjustment of its Natural Gas Rates in ) Docket No. 24-KGSG- 610 - RTS  
the State of Kansas. )

**DIRECT TESTIMONY  
OF  
MINDY R. EDWARDS  
ON BEHALF OF KANSAS GAS SERVICE  
A DIVISION OF ONE GAS, INC.**

**MARCH 1, 2024**

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A DIVISION OF ONE GAS, INC.  
DOCKET NO. 24-KGSG-\_\_\_-RTS**

1       **I.       Position and Qualifications**

2       **Q.       Please state your name and business address.**

3       A.       My name is Mindy R. Edwards. My business address is 15 East Fifth Street in Tulsa,  
4               Oklahoma.

5       **Q.       By whom are you employed and in what capacity?**

6       A.       I am employed by ONE Gas, Inc., (“ONE Gas”) as a Rates Analyst II.

7       **Q.       Please describe your education and professional experience.**

8       A.       I am a licensed Certified Public Accountant with a Bachelor of Science degree in  
9               Accounting and a minor in Economics from Oklahoma State University. From January  
10              2014 to September 2014, I served as an audit associate for BKD, LLP. I began my  
11              employment with ONE Gas on September 29, 2014, as an Accountant in the Financial  
12              Reporting Department. From February 2016 to July 2018, I served as an Accountant  
13              in the Corporate Accounting and Financial Reporting Departments. In August 2018, I  
14              began serving in the Rates and Regulatory Department as a Rates Analyst I and was  
15              promoted to Rates Analyst II in April 2020.

16       **Q.       Was this testimony prepared by you or under your direct supervision?**

17       A.       Yes, it was.

1       **Q.     Have you previously testified before the Kansas Corporation Commission?**

2       A.     No.

3       **II.     Executive Summary**

4       **Q.     Please summarize the key issue(s) you address.**

5       A.     The purpose of my testimony is to explain and support rate base adjustments for ONE  
6       Gas' capital investment, prepayments, materials and supplies, and depreciation and  
7       amortization expense allocated to Kansas Gas Service ("KGS" or the "Company").

8       **III.    Rate Base Adjustments**

9       **Q.     Why is it necessary to include ONE Gas capital investment, prepayments, and**  
10       **materials and supplies in rate base?**

11      A.     ONE Gas' capital investment, prepayments, and materials and supplies are  
12      expenditures necessary for the provision of utility service by KGS but are not reflected  
13      in KGS direct costs; thus, an adjustment is necessary to include these costs in rate  
14      base to determine the revenue requirement. This is the same approach applied in  
15      KGS's 2003, 2006, 2012, 2016, and 2018 rate cases.<sup>1</sup> Additionally, the allocations  
16      applied to these rate base adjustments follow the corporate allocation methodology,  
17      which is discussed further in Company Witness Ms. Keara J. Downum's Direct  
18      Testimony.

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<sup>1</sup> *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 Nos. 03-KGSG-602-RTS, 06-KSGS-1209-RTS, and 12-KGSG-835-RTS; In the Matter of the Application of Kansas Gas Service, a Division of ONE Gas, Inc. for Adjustment of its Natural Gas Rates in the State of Kansas: Docket Nos. 16-KGSG-491-RTS, and 18-KGSG-560-RTS.*

1 Corporate investments and prepayments provide critical services supporting all  
2 employees in their efforts to serve customers. Examples of ONE Gas investments  
3 include offices and training spaces for employees, technology systems, software, and  
4 hardware. ONE Gas made these investments to provide gas service to customers  
5 safely and reliably. For instance, if a technology system becomes unavailable,  
6 operations may be impaired. Thus, reliable technology systems, infrastructure, and  
7 office/training facilities are necessary to protect sensitive customer information,  
8 enhance cybersecurity, and to minimize disruptions to customers and employees,  
9 including those who provide indirect support to customers through dispatching, and  
10 scheduling of emergency and service calls, leak detection, emergency response  
11 support, and customer billing.

12 **Q. Has the Company removed certain rate base investments from its rate filing?**

13 A. Yes. The Company removed certain rate base investments for which it is not seeking  
14 recovery. Examples of these costs include costs associated with prepayments  
15 attributable to legislative advocacy activities, aviation related assets, software used for  
16 tracking civic contributions and donations, artwork, and retirement of end-of-life  
17 assets.

18 **Q. What are the adjustments you are sponsoring related to ONE Gas capital  
19 investment, prepayments, materials and supplies, and depreciation and  
20 amortization expense, allocated to KGS?**

21 A. The adjustments I am sponsoring are summarized below in Table 1:  
22

Table 1				
Adjustment Number	Description	Causal Allocated Adjustment	Distrigas Adjustment Amount	Total Increase (Decrease) to Rate Base
PLT 3	Corporate Assets	\$6,997,177	\$83,176,433	\$90,173,610
ADA 2	Accumulated Depreciation on Corporate Assets	(\$2,580,623)	(\$37,366,197)	(\$39,946,820)
WC 1	Corporate Materials and Supplies	\$4,263,528		\$4,263,528
WC 3	Corporate Prepayments (165)		\$5,274,370	\$5,274,370
WC 4	Corporate Long-Term Prepayments (186)		\$1,862,099	\$1,862,099
				Total Increase (Decrease) to Operating Income
IS 24	Annualized Corporate Depreciation and Amortization			(\$869,944)

1

2 **Q. Please provide an explanation for rate base adjustment PLT 3 reflecting**  
3 **corporate Plant in Service ("PIS"), Construction Completed not Classified**  
4 **("CCNC"), and Construction Work in Progress ("CWIP"), allocated to KGS.**

5 A. Adjustment PLT 3, shown on Schedule 4-B, increases the Company's PIS, CCNC,  
6 and CWIP to include corporate investment allocated to KGS in the amount of  
7 \$90,173,610. Corporate investment is allocated to KGS using the 2023 fourth quarter

1 allocation percentages. As mentioned above, this investment is necessary in the  
2 provision of utility service by KGS but is not reflected in KGS direct plant; thus, this  
3 adjustment is necessary to include in rate base for purposes of determining the KGS  
4 revenue requirement. Table 2 reflects the total adjusted PIS, CCNC, and CWIP  
5 amounts included in this adjustment.

6 **Q. Please provide an explanation for rate base adjustment ADA 2 reflecting**  
7 **corporate Accumulated Provision for Depreciation and Amortization, allocated**  
8 **to KGS.**

9 A. Adjustment ADA 2, shown on Schedule 5-B, is the Accumulated Provision for  
10 Depreciation and Amortization adjustment for ONE Gas' capital investment, allocated  
11 to KGS, in the amount of (\$39,946,820). This adjustment recognizes the portion of  
12 accumulated depreciation and amortization associated with ONE Gas' PIS and CCNC,  
13 allocated to KGS, in Adjustment PLT 3. Adjustments PLT 3 and ADA 2 result in a net  
14 increase to rate base of \$50,226,790. Table 2 reflects the adjusted net plant resulting  
15 from these adjustments.

Table 2		
Total Adjusted Net Plant allocated to KGS		
101	Plant in Service	\$77,635,808
106	Construction Completed Not Classified	5,415,179
107	Construction Work in Progress	7,122,623
Adjusted Test Year Plant		\$90,173,610
108	Accumulated Provision for Depr. And Amort.	(39,946,820)
Adjusted Net Plant		\$50,226,790

16  
17 **Q. Please provide an explanation for working capital adjustment WC 1 reflecting**  
18 **ONE Gas Measurement Assets ("OMA") inventory allocated to KGS.**

19 A. Adjustment WC 1, shown on Schedule 6-C, increases rate base by \$4,263,528 for  
20 OMA inventory allocated to KGS. The Company calculated a 13-month average for

1 OMA inventory, which normalizes fluctuations in the account during the test year. The  
2 average 13-month balance has been adjusted to remove miscoded activity and reflect  
3 the fourth quarter 2023 customer count allocation percent. The OMA inventory  
4 balance includes investments such as meters, automatic meter readers, electronic  
5 receiver transmitters, and regulators, held at a centralized meter shop. These  
6 inventories are necessary to the provision of utility service by KGS but are not reflected  
7 in the KGS direct costs; thus, an adjustment is necessary to include these investments  
8 in rate base to determine the revenue requirement.

9 **Q. Please provide an explanation for working capital adjustments WC 3 and WC 4**  
10 **reflecting corporate prepayments and long-term prepayments, allocated to KGS.**

11 A. Adjustments WC 3 and WC 4, shown on Schedule 6-C, are calculated by taking  
12 the average 13-month balance for corporate prepayments and long-term  
13 prepayments, allocated to KGS. WC 3 and WC 4 increase rate base by \$5,274,370  
14 and \$1,862,099, respectively. Prepayments are included in rate base as they  
15 represent an investment ONE Gas has made for the provision of utility service by its  
16 divisions. Corporate allocated prepayments represent expenditures for items such as:  
17 annual equipment and software maintenance agreement fees; software license fees;  
18 insurance policy premiums for general liability, automobile, and workers'  
19 compensation; agreements and purchases for industry dues and subscriptions; and  
20 bulk purchases of company logo paper and envelopes used for mailings of customer  
21 bills, pamphlets, notices, and brochures. By taking the average balance over 13  
22 months, fluctuations are normalized in the prepayment accounts during the test year.  
23 The average 13-month balance was adjusted to: (1) remove activity for which the  
24 Company is not seeking recovery, similar to those previously discussed; and (2) reflect  
25 the fourth quarter 2023 Distrigas allocation percent.

1       **Q.     Please provide an explanation for the income statement adjustment IS 24**  
2       **reflecting corporate depreciation and amortization expense, allocated to KGS.**

3       A.     Adjustment IS 24, shown on Schedule 9-B, increases depreciation and amortization  
4       expense by \$869,944 to reflect annualized costs, allocated to KGS, and the  
5       annualization of fourth quarter 2023 cost allocation percentages. Corporate  
6       depreciation and amortization expense is calculated by multiplying the  
7       depreciation/amortization rates by the adjusted corporate plant balances included in  
8       this filing. The Company proposes to continue the use of existing  
9       depreciation/amortization rates for ONE Gas plant. Corporate depreciation rates and  
10      amortization periods are consistent throughout ONE Gas and its Divisions and have  
11      been approved by the Kansas Corporation Commission<sup>2</sup>, Oklahoma Corporation  
12      Commission<sup>3</sup>, and RRC<sup>4</sup>.

13      **Q.     Does this conclude your testimony.**

14      A.     Yes, it does.

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<sup>2</sup> *In the Matter of the Application of Kansas Gas Service, a Division of ONE Gas, Inc. for Adjustment of its Natural Gas Rates in the State of Kansas, Docket No. 16-KGSG-491-RTS, Order Approving Unanimous Settlement Agreement, ¶ 14 (Nov. 29, 2016).*

<sup>3</sup> *Application of Oklahoma Natural Gas Company, a Division of ONE Gas, Inc., for Approval of its Performance Based Rate Change Plan Calculations for the Twelve Months Ending December 31, 2016, Energy Efficiency True-Up and Utility Incentive Adjustments for Program Year 2016, and Changes or Modifications to its Tariffs. Cause No. PUD 20170079 (March 15, 2017).*

<sup>4</sup> *Statement of Intents of Texas Gas Service Company, a Division of ONE Gas, Inc., to Increase Gas Utility Rates: GUD No. 10488, Final Order at FoF 45; GUD No. 10506, Final Order at FoF 77; GUD No. 10526, Final Order at FoF 43; GUD No. 10656, Final Order at FoF 30; GUD No. 10739, Final Order at FoF 39; GUD No. 10766, Final Order at FoF 37; GUD No. 10928, Final Order at FoF 68; and Case No. OS-22-00009896 at FoF 87.*



**VERIFICATION**

STATE OF OKLAHOMA            )  
  ) ss.  
COUNTY OF TULSA            )

Mindy R. Edwards, being duly sworn upon her oath, deposes and states that she is the Rates Analyst II for ONE Gas, Inc.; that she has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information, and belief.

Mindy R Edwards  
Mindy R. Edwards

Subscribed and sworn to before me this 20<sup>th</sup> day of February 2024.



Joanne C Davis  
NOTARY PUBLIC

My appointment Expires:  
October 25, 2025