

# Winter Prep 2024-2025



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# Safety



# Natural Gas Pipeline Safety

Pipelines are one of the safest, most reliable methods of transporting natural gas. At times something may happen that allows natural gas to escape from your piping.

Use your senses to detect a natural gas leak



## Smell

A rotten egg or sulfur-like odor



## Look

Discolored or dead vegetation, persistent bubbling in puddles or standing water



## Listen

An unusual noise like a hissing or roaring sound can indicate a leak on a pipeline



# What to do if Natural Gas is Detected

## Pipeline Safety — Recognition — Action

- Action
  - Should you detect one or more of the warning signs, leave the area immediately, going upwind if possible
  - Do not operate any electrical equipment, including lights
  - Warn others to leave the area with you
  - When in a safe area, call 911 and Kansas Gas Service at 888-482-4950 to notify emergency personnel



# What to do if Natural Gas is Detected

## Pipeline Safety — Recognition — Action

- Excavation
  - If you intend to excavate, you must request underground facilities be located.
  - Call 811 or visit [kansas811.com](http://kansas811.com) to have your underground natural gas facilities located. After requesting locates, you must wait two full working days for underground utilities to be located.





# Kansas Gas Service



# About Kansas Gas Service

## Did you know?

- Kansas Gas Service, a division of ONE Gas Inc., delivers safe, reliable, environmentally friendly natural gas to more than **648,000** customers in **360** communities in Kansas.
- Largest natural gas distributor in Kansas
- Total workforce of about 1,000 employees





# ONE Gas Overview

100% regulated natural gas utility

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2.3 million customers in Kansas, Oklahoma and Texas

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3,900 employees

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44,800 miles of pipeline

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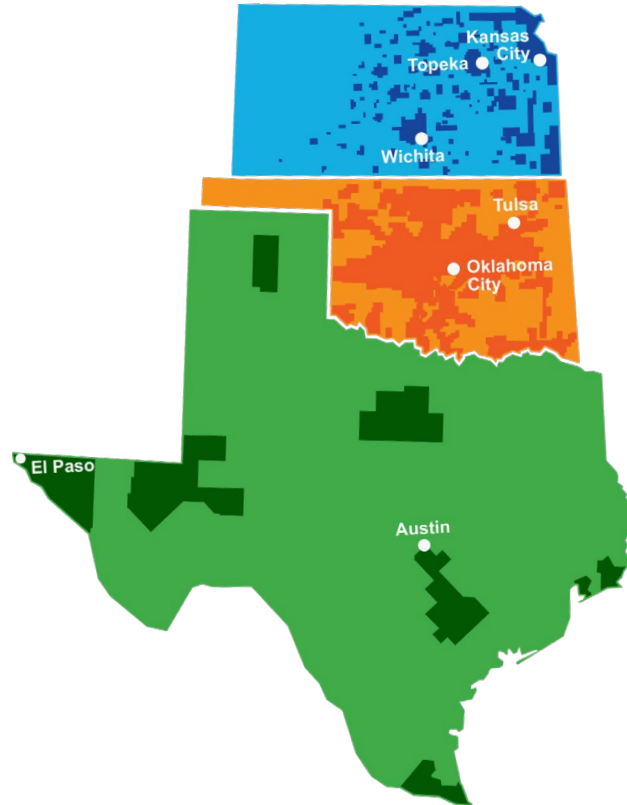
One of the **largest** publicly traded natural gas distribution companies

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More than **100 years of experience** in the natural gas industry



# Our Divisions



*71% market share,  
the largest in Kansas*



*89% market share,  
the largest in Oklahoma*



*13% market share, the  
third largest in Texas*

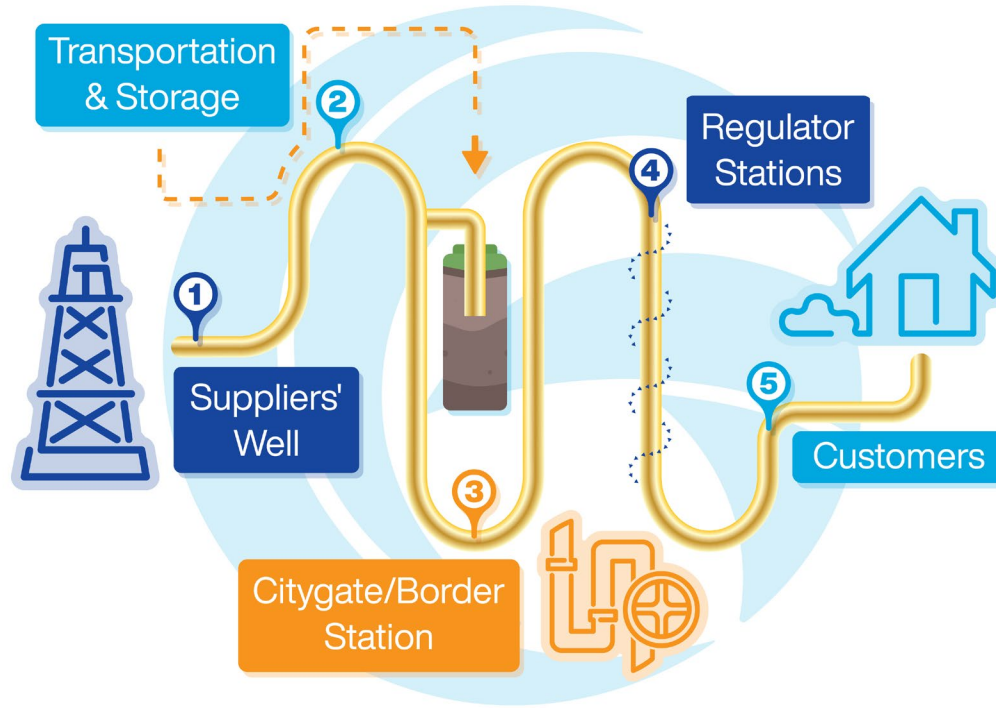


# Natural Gas:

Where does it come from?



# Wellhead to Burner Tip



# How Does Natural Gas Get to my Business?

- Producers drill and operate gas wells
- Gathering systems are used to bring raw natural gas to a processing plant
- Processed natural gas is delivered to a transmission pipeline
- Pipelines provide high pressure transmission – federal or state regulation
- Third-party natural gas supplier (many options) buys and delivers natural gas to the appropriate town border station – unregulated
- Local Distribution Company (Kansas Gas Service) moves the natural gas from the town border to your location – state-regulated



# Transportation Tariffs

Transport Service, Statistics,  
Qualifications, Requirements





# Transportation Service

## HOW IT WORKS:



- Provides the flexibility to make critical business decisions related to your natural gas supply requirements
- More information on our transportation tariffs may be found by visiting [kansasgasservice.com](https://kansasgasservice.com) and clicking Choose Gas > Transportation Services



# Kansas Gas Service Transportation

- Transportation service makes up more than half of the total natural gas that flows through the Kansas Gas Service distribution system
- 3,535 accounts
- 5,500 natural gas meters
- Over 30 active third-party natural gas suppliers
  - Contact information for approved third-party suppliers is available on our website at this link: [Kansas Gas Service – Natural Gas Transportation Services Third-Party Suppliers](#)



# Transportation Service Customer Qualifications

- Annual total usage of more than 800 Mcf (Mcf = 1,000 cubic ft)
- Meters on contiguous property can be consolidated/aggregated for qualification
- K-12 schools and irrigators regardless of usage



# Transportation Service Customer Qualifications

- Kansas Gas Service requires written notices from all customers or their third-party natural gas supplier and a transportation affidavit, if applicable, for any account transitions. These must be submitted by the 1<sup>st</sup> day of the month before the requested start or end date of transportation service.



# Tariff Requirements

- Customers may transition from transportation service to a general sales service tariff by providing a 30-day advance notice. Once this transition is made, the account must remain on the general sales service rate for a minimum of 12 months.
- Do I have to qualify each year?
  - No, there is no annual re-qualification to remain on transportation.



# Third-Party Natural Gas Suppliers





# Third-Party Natural Gas Suppliers

- A third-party natural gas supplier purchases the natural gas commodity on your behalf from independent producers or major energy companies.
- Your contracted third-party natural gas supplier arranges delivery of your gas to your assigned town border station.
- Kansas Gas Service does not have access to the contracts between customers and third-party natural gas suppliers.



# Notify Us

- Your natural gas supplier notifies Kansas Gas Service and the pipeline of the total amount of natural gas they will deliver for their total aggregated pool of customers. Individual nominations are not required when a customer is part of an aggregated pool.
- Non-aggregated customers' natural gas suppliers make the notifications individually.



# Electronic Flow Measurement (EFM)



# Requirements for Transportation Service

- Effective Jan. 1, 2024, an EFM device is required on ALL transport meters.
- For EFM meters, daily volume reports are available to customers and third-party natural gas suppliers via email.
- Kansas Gas Service has a three-year roll-out period to install EFM on all transport meters. Kansas Gas Service will notify customers ahead of EFM installation when schedule is known.



# Requirements for Transportation Service

- All K-12 public schools and irrigators on transport rates whose three-year rolling average annual usage is less than 3,000 Mcf will be exempt from the EFM installation requirement.



# EFM Installation Information

- Kansas Gas Service will be installing cloud-based EFM devices.
- In most instances, this will not require the customer to install A/C power.
- The cost to the customer is \$2,400 per EFM installation per meter.
  - Can be billed and paid in one installment
  - Or the customer may elect the monthly equipment fee option (\$23.77/month for 15 years)





# Additional EFM Fees on Monthly Bill

- Once the EFM installation is complete, customers will be charged a monthly fee of \$32.40 per meter. This includes \$17.40 EFM fee and \$15.00 fee for company-maintained cellular data service.

# Transportation Rates



# Transportation Tariff Rates

## K-System & T-System

- Small Transportation Service (ST) rates effective Nov. 1, 2024
  - \$59.00/mo./meter plus \$1.8549/Mcf/delivery (K-System)
  - \$59.00/mo./meter plus \$2.3272/Mcf/delivery (T-System)
- Large Volume Transportation (LV) rates effective Nov. 1, 2024
  - \$280.00/mo./meter plus \$1.1105/Mcf/delivery (K-System) for Tier 1 volumes
  - \$430.00/mo./meter plus \$1.8049/Mcf/delivery (T-System) for Tier 1 volume

T-System rates are higher because they include Kansas Gas Service-owned transmission line costs.



# Additional Bill Charges & Riders

- Monthly EFM fee
- Franchise fees (if applicable)
- Ad Valorem Tax surcharge
- Weather Normalization (Small Transport tariff only)
- Gas commodity can be found on third-party natural gas supplier's billing and non-aggregated customer billing
- Lost & Unaccounted (L&U) fuel- marketer billing
- You can find a complete listing of rates and riders at [kansasgasservice.com/rate-information/tariffs](https://kansasgasservice.com/rate-information/tariffs)



# General Sales Service Account

- Kansas Gas Service provides the natural gas commodity, storage, pipeline transportation, local delivery, metering and billing.
- Everything necessary to provide service is provided by one company with one monthly bill.



# Transportation Services Billing





# Aggregation

- Marketers and third-party natural gas suppliers enter into agreements with Kansas Gas Service to establish aggregation groups
- Third-party natural gas suppliers are allowed to aggregate customer imbalances during Operational Flow Orders (OFOs) or Periods of Curtailment (POCs) within aggregation areas established by Kansas Gas Service
- Kansas Gas Service will notify the marketer of OFO or POC
- Aggregation also applies to monthly cash-out



# Cash-Out Price Determination

- Effective Jan. 1, 2024, per general terms & conditions section 10, these prices will be applicable to the cash out of imbalances on any pipeline serving the Kansas Gas Service territory.
  1. **Highest cash-out price** shall be defined as the highest average daily midpoint price of the applicable month as published in Platts Gas Daily for the pipelines Southern Star, Panhandle, ANR and NGPL.
  2. **Lowest cash-out price** shall be defined as the lowest average daily midpoint price of the applicable month as published in Platts Gas Daily for the pipeline referenced above.



# Monthly Cash-Out (Usage Greater Than Nomination)

- If Kansas Gas Service's retainage-adjusted receipts for the customer are less than deliveries to the customer, the non-aggregated customer or the aggregated customer's third-party supplier shall pay:
  - a) No charge for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
  - b) The highest cash-out price plus \$0.15 for each MMBtu of imbalance which is greater than 5%, up to and including 10% of actual usage, and
  - c) The highest cash-out price plus \$0.30 for each MMBtu of imbalance which is greater than 10% of actual usage.



# Monthly Cash-Out (Usage Less Than Nomination)

- If Kansas Gas Service's retainage-adjusted receipts for the customer exceed deliveries to the customer, the non-aggregated customer or the aggregated customer's third-party supplier shall pay:
  - (a) No payment for each MMBtu of cumulative imbalance up to the greater of 5% of actual usage or 25 MMBtu per customer, to be carried over on account to the following month.
  - (b) The lowest cash-out price minus \$0.15 for each MMBtu of imbalance which is greater than 5% of actual usage, up to and including 10%, and
  - (c) The lowest cash-out price minus \$0.30 for each MMBtu of imbalance which is greater than 10% of actual usage.



# Operational Flow Orders (OFO)



# Operation Flow Orders (OFOs)

- Conditions require transport natural gas receipts and deliveries to be in balance to protect the integrity of the company's system or to ensure compliance with upstream pipeline requirements
  - Over-Delivery (cold weather): the customer uses more natural gas than the third-party supplier provides
  - Under-Delivery (warm weather): the third-party supplier provides more natural gas than the customer uses

OFOs can also be called standard operational flow orders, emergency operational flow orders and period of curtailment (POC).



# Operational Flow Order Notifications

- Kansas Gas Service notifies all natural gas suppliers
- Aggregated transport customer should be notified by their natural gas supplier
- Non-aggregated customers will be notified by Kansas Gas Service
- Kansas Gas Service annually conducts “mock” or practice notification drills in late summer or early fall





# Required Daily Quantity (RDQ) & Electronic Flow Measurement (EFM)





# Required Daily Quantity (RDQ)

- The predetermined Required Daily Quantity amount is assigned by Kansas Gas Service and is to be delivered each day of an OFO or POC (over-delivery)
- With the new tariff effective Jan. 1, 2024, and after Kansas Gas Service finishes installing EFM on all transport meters except those exempt, an RDQ will not be necessary. However, meters exempt from the EFM requirement will need an RDQ.



# RDQ Frequently Asked Question

## When do I receive my annual RDQ?

- Notifications are mailed out August 1, effective Nov. 1
- RDQ balanced meters are not read during an OFO or POC
- Zero tolerance for delivering less than the assigned RDQ
- Nomination applied to RDQ first and balance to any applicable EFM meter.
- The customer or customer's third-party supplier shall inform Kansas Gas Service of any dispute over the RDQ within 30 days of their notification.
- If you are unsure of your RDQ obligation, please contact your Kansas Gas Service representative.



# RDQ Frequently Asked Question

## What if I'm unable to use my RDQ?

- You can receive a temporary RDQ assignment upon written request and approval by Kansas Gas Service
  - Must be a significant event
  - Request must be received by Kansas Gas Service prior to 72 hours of an occurrence of a significant event
  - Effective for period of event and must be renewed if more than 30 days



# RDQ Frequently Asked Question

With EFM meters, how can I be compliant?

- Over-Delivery Penalties:
  - May be assessed during an Operational Flow Order or Period of Curtailment
  - May be assessed to any non-aggregated customer or the third-party supplier for an aggregation group using natural gas in excess of authorized volumes
  - Apply to unauthorized over-deliveries to EFM meters which are not within 5% of authorized daily delivery levels or to RDQ balanced meters with nominations less than the assigned RDQ



# Cont. RDQ Frequently Asked Question

With EFM meters, how can I be compliant?

- Kansas Gas Service may also distribute upstream penalties for unauthorized Over-Deliveries resulting from transport customer deliveries
- See Kansas Gas Service tariff GTC11 for details:

[General Terms and Conditions 11](#)



# Penalties



# Penalties Explained

Effective Jan. 1, 2024

- Standard OFO Penalties
  - For each day of the Standard OFO, the lessor of 2 ½ times the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over-or-Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$15 plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over-or-Under-Deliveries.



# Penalties Explained

Effective Jan. 1, 2024

- Emergency OFO Penalties
  - For each day of the Emergency OFO, the lessor of 5 times the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over-or-Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$50 plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star time the MMBtu of Unauthorized Over-or-Under-Deliveries.





# Penalties Explained

Effective Jan. 1, 2024

- Period of Curtailment Penalties
  - For each day of the POC, the lessor of 10 times the daily midpoint stated on Platt Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over-or-Under-Deliveries that exceed the tolerance level applicable under Section 11.06.01 or \$100 plus the daily midpoint stated on Platts Gas Daily's Index for Southern Star times the MMBtu of Unauthorized Over-or-Under-Deliveries.



# Price Spike Event

Effective Jan. 1, 2024

- An OFO or POC of over-deliveries with price spike event is defined as each day during an OFO or POC of Over-Deliveries where the daily midpoint stated on Platts Gas Daily's Index for Southern Star equals or exceeds 5 times the first of the month Platts Gas Daily's Index for Southern Star for the same month.
- Please access this link to see details of event credit levels and calculations: [KGS General Terms and Conditions Section 11 \(kansasgasservice.com\)](https://www.kansasgasservice.com)



# Avoiding a Cold Weather Penalty

- Make sure your third-party natural gas supplier delivers your RDQ amount
- Limit your usage for your EFM meter to stay within tolerance of your nomination (**plus or minus 5%**)
- Have your third-party natural gas supplier adjust/increase your delivery to maintain compliance



# Penalties Collected

- Penalty money is used to pay pipeline penalties and/or lower the cost of gas (COGR) for Kansas Gas Service's sales customers
- Kansas Gas Service has no financial incentive to issue an operational flow order or period of curtailment



# Curtailment



# Possible Conditions

- A supply curtailment could be issued after an OFO has been implemented and in situations where supplies may not be sufficient to maintain service to priority customers (e.g., loss of service would endanger human life)
- Under a system emergency, natural gas diverted from transport customers to higher priority customer would be reimbursed at the verifiable replacement cost



# Types of Curtailment

- Local system curtailment- Issued on short notice when demand on a portion of the Kansas Gas Service system exceeds the delivery capability of the system
- System-wide curtailment- Issued on short notice when demand on all the Kansas Gas Service system exceeds the delivery capability of the system
  - Customer notified by third-party natural gas supplier that transportation and sales service is curtailed based on end-use categories stated in the Kansas Gas Service's Priority of Service tariff provisions
  - Any natural gas used beyond the authorized amounts in the curtailed categories is considered unauthorized Over-Deliver and subject to penalty





# Curtailment Sequence

1. Large Volume Transport
2. Small Transport, General Sales and customers with endangered property
3. Residential and customers with endangered human life

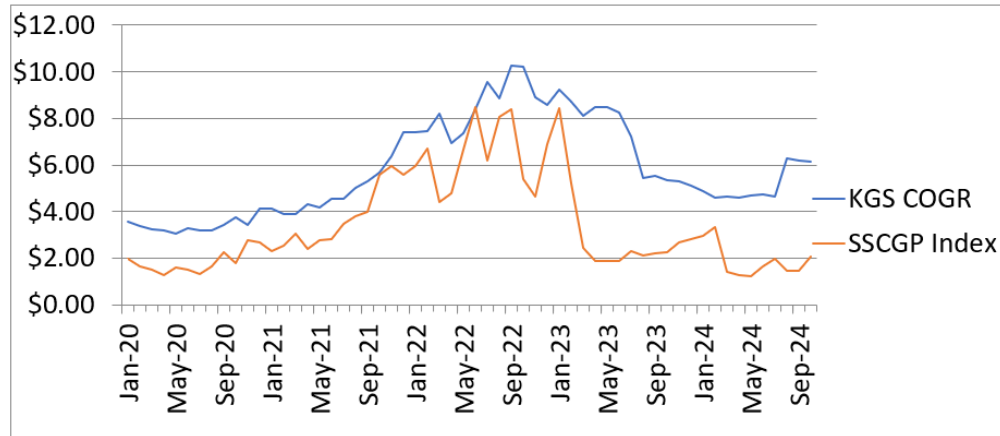


# Market Outlook



# Index Pricing, Kansas Gas Service COGR

- Historical index pricing, Kansas Gas Service cost of natural gas



Avg COGR =	\$ 5.84	Jan 2020 - Oct 2024:
Avg Index =	\$ 3.40	Max Diff \$ 6.62
Difference =	\$ 2.44	Min Diff \$ (0.12)

*Kansas Gas Service does not speculate on the price of natural gas.*



# Forecasting: 2024-2025

- Market Volatility
  - Neither ONE Gas or Kansas Gas Service can predict future natural gas commodity prices due to domestic and geopolitical factors.
    - War in Ukraine
    - The prediction of a La Nina winter with a stronger, southern storm track may lead to Kansas having normal ranges of snowfall, with the southwest portion of the state slightly higher than normal.
    - Liquefied Natural Gas (LNG) plants
    - Natural gas-fueled power plants experienced increased demand from record-high summer temperatures
    - Production lags demand
    - Other helpful links:

[EIA Outlook](#)

[EIA U.S. Energy Information Administration](#)



# Securitization



# Securitization

- Kansas Gas Service was allowed to issue securitized utility tariff bonds to recover qualified extraordinary costs from Winter Storm Uri.
- Cost recovery over 10 years using a fixed monthly charge, shown as a separate line item on General Sales customers' bills. This began Dec. 1, 2022.
- Transportation customers will not be assessed this fee.
- Sales customers who become Transport customers while securitization charges are being recovered must pay a Settlement Fee.
- If you have a new meter that you intend to add to the Transportation tariff, please notify your account rep and inform the Customer Service Representative when you call in to activate the meter.





# Meet the Team

Kansas Gas Service  
Key Accounts





# Key Accounts Staff



**Debbie Ferguson**  
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**Abigail Rice**  
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# Area Key Account Representative

- Primary Contacts for Transport Accounts
  - Ryan Browning – North Kansas City Metro & Northeast Kansas
  - Abigail Rice – South Kansas City Metro, Southeast Kansas and Northwest Central Kansas (Salina)
  - Ron Ediger – Northeast Central Kansas (Topeka)
  - Tonya Kohr – Western Kansas (Hutchinson)
  - Carrie Shankar – South Central Kansas (Wichita)



# Thank you!

For additional information, please  
contact your local Key Account  
Representative

