

## LOB's to assist KS Gas following storms

TOPEKA – The Kansas Corporation Commission (KCC) has approved a settlement agreement and financing order giving Kansas Gas Service (KGS) authorization to issue securitized bonds to recover \$328 million in deferred costs and associated carrying costs resulting from the 2021 winter storm. The use of low interest securitized bonds is expected to save ratepayers \$35 to \$46 million compared to recovery through traditional rates.

The exact amount of the winter weather recovery charge KGS customers will see on their monthly bills won't be determined until the bonds are issued. Variables include the length of term and interest rate based on current market conditions. It is estimated the monthly charge, to be labelled "Winter Event Securitized Cost" on customer bills, will range from \$4.87 to \$6.42 over seven to ten years. Without securitized bonds, ratepayers would see charges of \$9.04 per month over five years or \$13.90 per month over three years using traditional ratemaking.

During the winter weather event, the KCC ordered regulated utilities to do everything possible to continue providing natural gas service to its customers, defer the charges, and then develop a plan to allow customers to pay the unusually high costs over time to minimize the financial impact. The Commission emphasized it was in the public interest for KGS to incur the extraordinary costs to ensure the integrity of the gas system and ensure continuous service to its customers.

The 2021 Kansas Legislature later passed the Utility Financing and Securitization Act, which allows utilities to use securitized bonds to pay for extraordinary costs at more favorable terms than traditional financing.

Wholesale natural gas prices are not regulated by the KCC or any other government entity. The U.S. Congress deregulated natural gas prices back in the mid-1980s. Prices are market driven by supply and demand. The Commission has stated that any proceeds recovered by KGS resulting from state or federal investigations into possible market manipulation, price gouging, etc., will be passed on to customers.

Many Signals Communications