

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 1<sup>st</sup> day of May, 2013.

In the Matter of the Application of Summit Natural Gas )  
of Missouri, Inc., for a Certificate of Convenience and )  
Necessity Authorizing it to Construct, Install, Own, )  
Operate, Control, Manage and Maintain a Natural Gas ) **File No. GA-2013-0404**  
Distribution System to Provide Gas Service in Pettis )  
County and Benton County, Missouri as a New )  
Certificated Area )

**ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: May 1, 2013

Effective Date: May 11, 2013

On February 27, 2013, Summit Natural Gas of Missouri, Inc. (“SNG”) filed an application requesting that the Missouri Public Service Commission (“Commission”) grant it a Certificate of Convenience and Necessity to expand its service territory into Sections W ½ 5, 8-10 in Township 43 North, Range 23 West in Pettis County, Missouri, and Sections 15, 16, 17, 20, 21, 28, 29, 32, and 33 in Township 43 North, Range 23 West in Benton County, Missouri.<sup>1</sup> This area is adjacent to SNG’s existing certificated service area. The CCN would permit SNG to provide service to additional persons in those areas who may wish to obtain natural gas service.

The Commission issued notice and set a deadline for intervention requests. No person or entity intervened, and no party requested a hearing. On April 18, 2013, the Commission’s Staff filed its recommendation to grant the CCN subject to certain conditions.

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<sup>1</sup> SNG filed its application pursuant to Section 393.170, RSMo 2000, and Commission Rules 4 CSR 240-2.060 and 3.205.

On April 22, 2013, SNG filed a response stating that it has no objections to the conditions outlined in Staff's recommendation.

SNG is a "gas corporation" and a "public utility" as defined in Subsections 386.020(18) and (43), RSMo 2000. It is subject to the jurisdiction of this Commission under Chapters 386 and 393, RSMo 2000. A gas corporation may not exercise any right under a franchise without first obtaining the permission and approval of this Commission.<sup>2</sup> The Commission may give permission and approval when it has determined after due hearing<sup>3</sup> that such construction or the exercise of such right under a franchise is "necessary or convenient for the public service."<sup>4</sup> The Commission may also impose such conditions as it deems reasonable and necessary upon its grant of permission and approval.<sup>5</sup>

The Commission has articulated the filing requirements for gas utility CCNs in Commission Rule 4 CSR 240-3.205, and the specific criteria to be used when evaluating applications of gas utility CCNs are more clearly set out in the case *In Re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases, and set forth the following criteria: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the

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<sup>2</sup> Section 393.170, 1 and 2, RSMo 2000.

<sup>3</sup> The requirement for a hearing is met when the opportunity for hearing is provided and no proper party requests the opportunity to present evidence. No party requested a hearing in this matter; thus, no hearing is necessary. *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Comm'n of the State of Missouri*, 776 S.W.2d 494 (Mo. App. W.D. 1989).

<sup>4</sup> Section 393.170.3, RSMo 2000.

<sup>5</sup> *Id.*

applicant's proposal must be economically feasible; and (5) the service must promote the public interest.<sup>6</sup>

The Commission's Staff recommended approval of SNG's application because: (1) granting the application would be in the public interest; (2) SNG's proven ability to attract and secure financing for prior expansions indicates the project is feasible; (3) no persons have intervened or objected; (4) SNG anticipates using customary rights-of-way; (5) the requested service area is expected to develop new customers; and (6) no new franchises are necessary. SNG's verified application demonstrates a need for natural gas service in the service area identified.

Staff's recommendation is subject to SNG complying with the following conditions, to which SNG has consented:

1. SNG has the operational capability to provide gas service in its requested service area;
2. The requested CCN area for gas service would not jeopardize natural gas service to the Company's current customers;
3. SNG's shareholders are totally responsible for the success of this project, with no liability or responsibility put on customers;
4. SNG shall keep separate books and records for the proposed service area;
5. SNG shall file separate class cost of service studies and revenue requirements for each SNG tariffed area when SNG files its next rate case request;
6. The Pettis and Benton system must support the rate structure on a stand-alone-basis;
7. The Pettis and Benton County system's Allowance for Funds Used during Construction (AFUDC) rate shall use 10 percent as the common equity in its calculation;
8. SNG shall not capitalize any portion of its sales advertising and promotion payroll for this Company;
9. SNG shall use the same operation and maintenance expense (O & M) expense ratio for payroll that they agreed upon in the MGU rate case, Case Number GR-2008-0060 Unanimous Stipulation and Agreement for

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<sup>6</sup> Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994), 1994 WL 762882, \*3 (Mo. P.S.C.).

- Pettis and Benton County's first rate case, unless the Company can demonstrate through timesheets and time reporting that some other ratio is more appropriate;
10. SNG shall use the depreciation rates currently on file with the Commission; and
  11. SNG shall obtain adequate capacity on the pipeline to reliably serve all customers in this area, including capacity necessary to serve any future growth.


Based on the Commission's independent and impartial review of the verified filings, the Commission determines that SNG has satisfied all necessary criteria for the grant of a CCN. SNG's provision of natural gas service to the service areas described is in the public interest and the Commission will grant the request for the certificate. Since SNG has not objected to Staff's recommended conditions, and because the Commission finds the conditions to be in the public interest, the Commission will incorporate the conditions into the ordered paragraphs below.

**THE COMMISSION ORDERS THAT:**

1. Summit Natural Gas of Missouri, Inc. is granted a Certificate of Convenience and Necessity to expand its service territory into Sections W ½ 5, 8-10 in Township 43 North, Range 23 West in Pettis County, Missouri, and Sections 15, 16, 17, 20, 21, 28, 29, 32, and 33 in Township 43 North, Range 23 West in Benton County, Missouri, as more specifically described in its application and subject to Staff's conditions as delineated in the body of this order.
2. Summit Natural Gas of Missouri, Inc. shall file revised tariff sheets including the newly certificated service areas granted by this order within thirty (30) days of the issue date.

3. This order shall become effective on May 11, 2013.
4. This file may be closed on May 12, 2013.

**BY THE COMMISSION**



Joshua Harden  
Secretary

R. Kenney, Chm., Jarrett, Stoll,  
and W. Kenney, CC., concur.

Bushmann, Regulatory Law Judge