

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Summit Natural Gas  
of Missouri Inc., for Certificates of Convenience and )  
Necessity to Construct, Install, Own, Operate, )  
Maintain, and Otherwise Control and Manage Natural )  
Gas Lines to Provide Gas Service in certain areas of )  
Laclede and Webster Counties in Conjunction with its )  
Existing Certificated Areas )

**File No. GA-2020-0251**

**STAFF RECOMMENDATION**

**COMES NOW** Staff of the Missouri Public Service Commission, through counsel, and recommends that the Commission grant permission and approval and certificates of convenience and necessity (“CCNs”) to Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”) to construct, install, own, operate, maintain, and otherwise control and manage natural gas distribution lines and system to provide gas service in Laclede County and Webster County, Missouri. In support, Staff states as follows:

1. On February 21, 2020 SNGMO filed its Application for Certificates of Convenience and Necessity and Motion for Waiver (“Application”) with the Commission requesting approval and issuance of CCNs to construct and operate a natural gas distribution system in Laclede and Webster Counties, Missouri. SNGMO filed a supplemental application April 7, 2020.

2. SNGMO states in its Application that it seeks two service area CCNs. SNGMO seeks a service area CCN for an area in Laclede County described as Township 34 North, Range 16 West, Sections 21, 27, and 28 located in Laclede County. The other is in Webster County for an area described as Township 29 North, Range 17 West, Sections 6, 7, 16 and 17. SNGMO states that the requested CCNs are

necessary to complete a three phase system upgrade in the Rogersville rate district.<sup>1</sup> Further, SNGMO asserts that there are potential customers located along the proposed expansion route and for this reason, it requests area certificates rather than line certificates.<sup>2</sup>

3. In its Application, SNGMO also requested a waiver of the 60 day notice requirement of 20 CSR 4240-4.017(1). SNGMO verified that in the prior 150 days it had no Commission communication regarding any issue likely to be substantive in this case.

4. On February 24, 2020 the Commission ordered Staff to file a recommendation by April 24, 2020.

5. Based on Staff's review of the Application and data request responses submitted by the Company, Staff determined this project fulfills two purposes: (1) to address the pressure and capacity issues on the Rogersville system and (2) to allow for continued customer growth. Staff is aware of the pressure and capacity issues because they were the subject of investigation docket File No. GO-2018-0195.

6. Upon review of the project estimates in the Application and assumptions used by SNGMO, the requested CCNs do not initially appear to be an economically feasible extension of SNGMO's service area unless the growth opportunities identified by SNGMO become reality. However, the justification of the project lies in addressing the existing pressure and capacity issues, unlike other traditional territory area expansion applications that rely on additional customer growth to pay for the costs of the expansion.

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<sup>1</sup> SNGMO has five rate districts: Gallatin, Warsaw, Lake of the Ozark, Rogersville and Branson.

<sup>2</sup> 20 CSR 4240-3.205(1)(A) addresses filing requirements for a service area certificate and 20 CSR 4240-3.205(1)(B) addresses filing requirements for a gas transmission line certificate.

Said another way, the scope of SNGMO's project meets the need to improve system reliability by addressing current pressure and capacity issues.

7. Pursuant to § 393.170, RSMo, no gas corporation shall provide service to customers without first obtaining Commission approval. In determining whether to grant such approval, the Commission applies the five "Tartan Energy Criteria" established in In the Matter of Tartan Energy Company, et al., 3 Mo. PSC 3d 173 (1994). These criteria examine (1) the need for service; (2) the applicant's qualifications; (3) the applicant's financial ability; (4) the economic feasibility of the proposal; and (5) promotion of the public interest.

8. As explained in Staff's Memorandum, attached as Appendix A and incorporated herein, Staff investigated SNGMO's request. Based upon this review, Staff determined that SNGMO fulfills the requirements of the Tartan Energy Criteria. Accordingly, Staff asserts that approving SNGMO's Application and issuing CCNs to SNGMO is necessary and convenient for the public service and is not detrimental to the public interest.

9. Further, based on the information provided by SNGMO and discussed in further detail in Staff's Memorandum, Staff recommends the Commission approve the Company's requested CCNs subject to the following conditions:

- Reserve all rate making determinations regarding the revenue requirement impact of this service area extension request until the Company's next general rate making proceeding, subject to the in-service criteria listed in Staff's Memorandum.
- Reserve all determination regarding prudence of the proposed project until the Company's next general rate making proceeding.
- Require SNGMO to file to update its tariffs to incorporate the requested sections for Laclede County and Webster County provided above.

10. Staff does not oppose SNGMO's request for a waiver of the 60 day notice requirement of 20 CSR 4240-4.017(1).

11. The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989). Should not party request a hearing in this matter, the Commission need not hold a hearing to allow the issuance of CCNs to SNGMO.

**WHEREFORE**, for the reasons discussed above and in detail in Staff's Memorandum, Staff requests that the Commission approve SNGMO's Application and issue CCNs, subject to the conditions described above and in Staff's Memorandum, to construct and operate a natural gas distribution system in Laclede and Webster Counties, Missouri.

Respectfully submitted,

**/s/ Karen E. Bretz**

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**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing was served via e-mail on counsel for the parties of record to this case on this 24th day of April, 2020.

**/s/ Karen Bretz**