

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 13th day of April, 2017.

In the Matter of the Application of Summit Natural Gas)
Of Missouri Inc., for Permission and Approval and a)
Certificate of Convenience and Necessity to Construct,) **File No. GA-2017-0016**
Install, Own, Operate, Maintain, and Otherwise Control)
And Manage a Natural Gas Distribution System to)
Provide Gas Service in Various Counties as an)
Expansion of its Existing Certificated Areas.)

**ORDER GRANTING CERTIFICATE OF
CONVENIENCE AND NECESSITY**

Issue Date: April 13, 2017

Effective Date: May 13, 2017

Summit Natural Gas of Missouri, Inc. (“Summit” or the “Company”) filed an application with the Missouri Public Service Commission requesting a Certificate of Convenience and Necessity (“CCN”). The CCN would authorize Summit to construct, install, own, operate, maintain, and otherwise control and manage a natural gas distribution system providing gas services in Barry, Daviess, Laclede, Lawrence, Pettis, Stone, Taney, and Webster Counties, Missouri. Summit is a wholly owned subsidiary of Summit Utilities, Inc. and is incorporated under the laws of the State of Colorado, with its principal place of business in Littleton, Colorado. The Company is a “gas corporation” and “public utility” as those terms are defined in Section 386.020, RSMo (Cum.Supp. 2013), and is subject to the jurisdiction of the Commission.

Summit acknowledges that most of the area at issue in its CCN Application is developed and currently served by a constructed natural gas system. The remaining areas are adjacent to the Company’s existing facilities and are likely areas of

expansion. Summit states that to provide natural gas service to most of the areas at issue in its Application, the Company will not require construction or new pipes, facilities, or financing. Summit amended the appendixes to its Application that describe the area for which it is seeking a CCN, and provide estimates of the number of customers, revenues, and expenses for service to the proposed areas. With its Application, Summit requested a waiver of the feasibility study filing requirements in Commission rule 4 CSR 240-3.205(1)(A)(5) and the 60-day notice requirement in Commission rule 4 CSR 240-4.020(2).

The Commission issued notice of the Company's application and granted the Missouri Propane Gas Association's application to intervene. The Commission's Staff conducted an investigation and filed its Report and Recommendation. The Commission set a deadline for the filing of objections to Staff's Report and Recommendation, but no objections were received.

The Reeds Spring School District has facilities located within the requested expanded service territory. Summit's proposed expansion allows all of the school district's facilities to use natural gas as its single source for heating fuel. Staff determined that Summit has the capacity to provide natural gas to the school district's facilities in the expanded area and that there is a need for the service.

During its investigation, Staff identified five Summit customers receiving service in an area where Summit only has a line certificate. In File No. GA-2007-0168, Summit's predecessor, Southern Missouri Natural Gas, entered into an agreement with Missouri Gas Energy ("MGE") not to serve customers from its line certificate except to provide farm taps, which should only be constructed with the written approval of MGE.

If the Commission approves the Application, Staff proposes Summit be instructed to obtain MGE's consent, in accordance with the agreement in File No. GA-2007-0168. Staff also suggests Summit file an independent CCN application should there be any attempt by customers holding right-of-way farm tap services to install a multi-tap on their property.

Staff reviewed the proposed expansion for potential positive and negative impacts on existing customers and analyzed the adequacy of transportation capacity for peak supply planning. The Company contracted for the additional capacity necessary to service an expanded area that includes Branson and Reeds Spring. The prudence of any underlying interstate pipeline contracts will be assessed in a separate Actual Cost Adjustment review to be performed later. Staff's Auditing Unit concluded that Summit has the financial ability to provide service within the proposed CCN area.

Staff recommends approval of a line certificate for the area being served by MGE in Lawrence County, Missouri. Staff supports a change to Summit's tariff Sheet No. 4J to add the line certificate identification under the heading, "Branson Route Only: Includes areas where the 8-inch line will be located but no local distribution service is anticipated."

Staff also recommends the Commission grant Summit the requested area certificate to serve areas in Barry, Daviess, Laclede, Pettis, Stone, Taney, and Webster Counties, Missouri.

The Commission will evaluate the unopposed application. No party has requested an evidentiary hearing, and no law requires one.¹ Therefore, the Commission

¹ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

need not separately state its findings of fact.² The Commission may grant a CCN to operate after determining that the operation is either “necessary or convenient for the public service.”³

The Commission articulated the specific criteria to be used when evaluating applications for utility CCNs in the case *In re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case 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 applicant's proposal must be economically feasible; and, (5) the service must promote the public interest.⁴

The Commission finds that Summit possesses adequate technical, managerial, and financial capacity to operate the natural gas systems in the requested areas in Barry, Daviess, Laclede, Lawrence, Pettis, Stone, Taney and Webster Counties, Missouri.

The Commission concludes that the factors for granting CCNs to Summit have been satisfied and that it is in the public interest for Summit to continue providing natural gas service to the customers in the proposed areas. Based on the Commission's independent and impartial review of the verified filings, the Commission will grant Summit's CCN to provide natural gas service within the proposed service areas.

² Section 536.010(4), RSMo (Cum.Supp. 2013).

³ Section 393.170.3, RSMo 2000.

⁴ The factors have also been referred to as the “Tartan Factors” or the “Tartan Energy Criteria.” See 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.).

The certificate is granted, conditioned upon the compliance of Summit with all of the obligations listed below in the ordered paragraphs.

The Application also asks the Commission to waive the 60-day notice requirement under 4 CSR 240-4.020(2), if necessary. Summit asserts that good cause exists for granting such waiver since Summit did not anticipate this proceeding being controversial or contested. Summit also states that it did not engage in conduct that would constitute a violation of the Commission's ex parte rule. The Commission finds that good cause exists to waive the notice requirement, and a waiver of 4 CSR 240-4.020(2) will be granted.

The Application also requests a waiver of the feasibility study requirements in Commission rule 4 CSR 240-3.205(1)(A)(5). This specific rule requires the submission of a feasibility study containing plans and estimates for the cost of construction for a three-year period. Summit states that it does not anticipate further construction in the requested area during that timeframe. Summit also amended its Application to provide updates on its estimated revenues and expenses for the areas. In its Report and Recommendation, Staff states that it does not object to the waiver request since Summit provided sufficient information to identify the Company's gas plant construction plans. No objections to Summit's request for a waiver of the feasibility requirement were filed. The Commission finds good cause exists to grant the requested waiver of the feasibility study requirements in 4 CSR 240-3.205(1)(A)(5).

THE COMMISSION ORDERS THAT:

1. Summit Natural Gas of Missouri, Inc., is granted permission, approval, and a certificate of convenience and necessity to construct, install, own, operate, maintain, control and manage a natural gas distribution system to provide gas service for the public in Barry, Daviess, Laclede, Lawrence, Pettis, Stone, Taney, and Webster Counties, Missouri. The description shall be as detailed in Appendix B-Amended Maps of Staff's Memorandum, which shall be attached and incorporated into this order.

2. Summit Natural Gas of Missouri, Inc. is granted a line certificate in Lawrence County, Missouri for Township 26N, Range 26W, Section 11.

3. Summit Natural Gas of Missouri, Inc. shall amend its tariff Sheet No. 4J to add the line certificate identification under the heading, "Branson Route Only: Includes areas where the 8-inch line will be located but no local distribution service is anticipated."

4. Summit Natural Gas of Missouri, Inc. shall obtain Missouri Gas Energy's consent, in accordance with the terms of its Stipulation and Agreement in File No. GA-2007-0168. A confirmation of Missouri Gas Energy's consent shall be filed no later than June 15, 2017.

5. No later than May 13, 2017, Summit shall submit as a 30-day filing revised tariff sheets that include the areas approved for in this order.

6. Summit Natural Gas of Missouri, Inc. shall file an independent application for a Certificate of Convenience and Necessity should any of its customers holding right-of-way farm tap service request to install a multi-tap on their property.

7. Nothing in the Staff Recommendation or this order shall bind the Commission on any ratemaking issue in any future rate proceeding.

8. Commission Rule 4 CSR 240-4.020(2) is hereby waived.
9. Commission Rule 4 CSR 240-3.205(1)(A)(5) is hereby waived.
10. This order shall become effective on May 13, 2017.
11. This file shall close on June 30, 2017.



BY THE COMMISSION

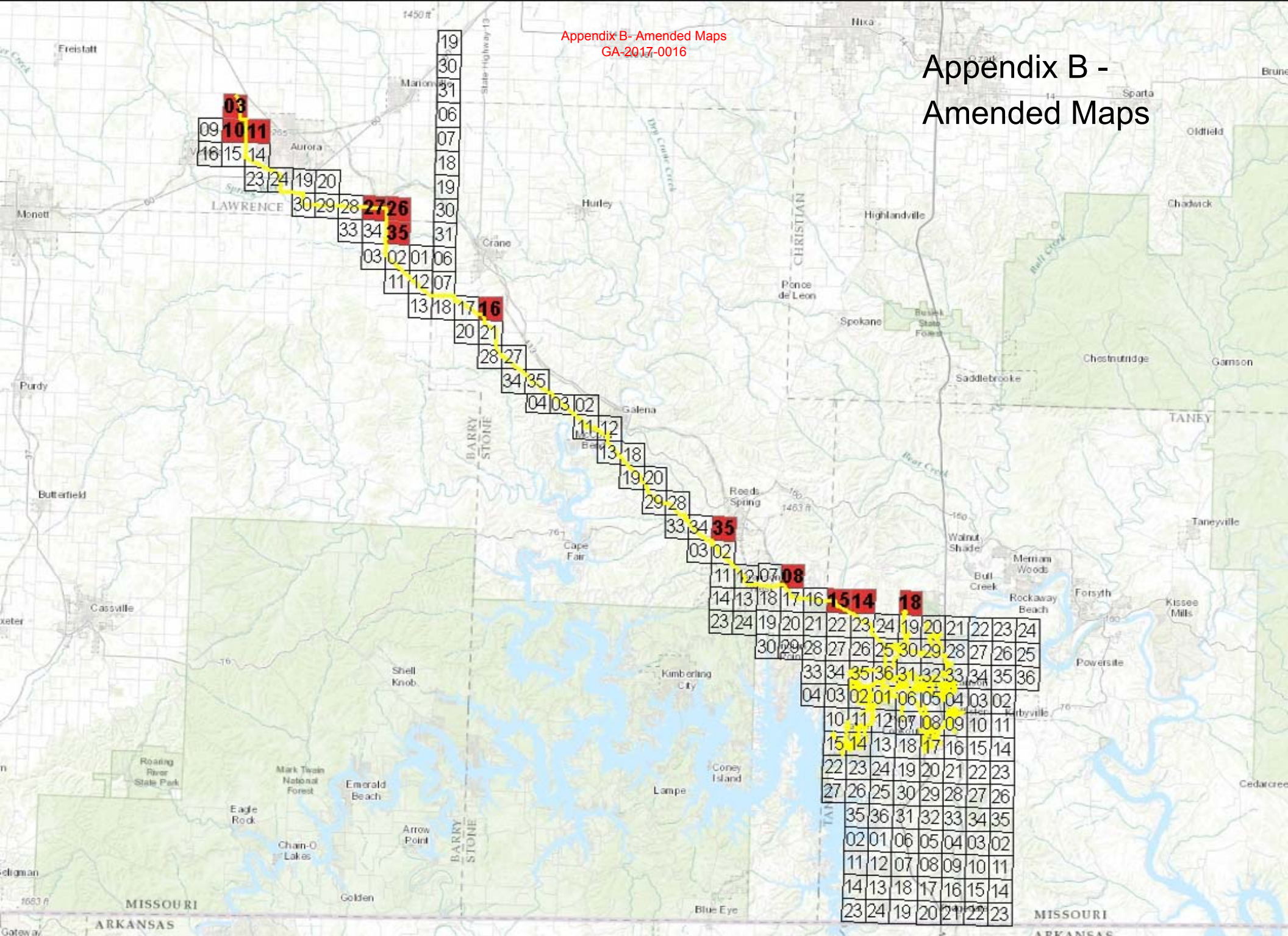
Morris L. Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp,
and Coleman, CC., concur.

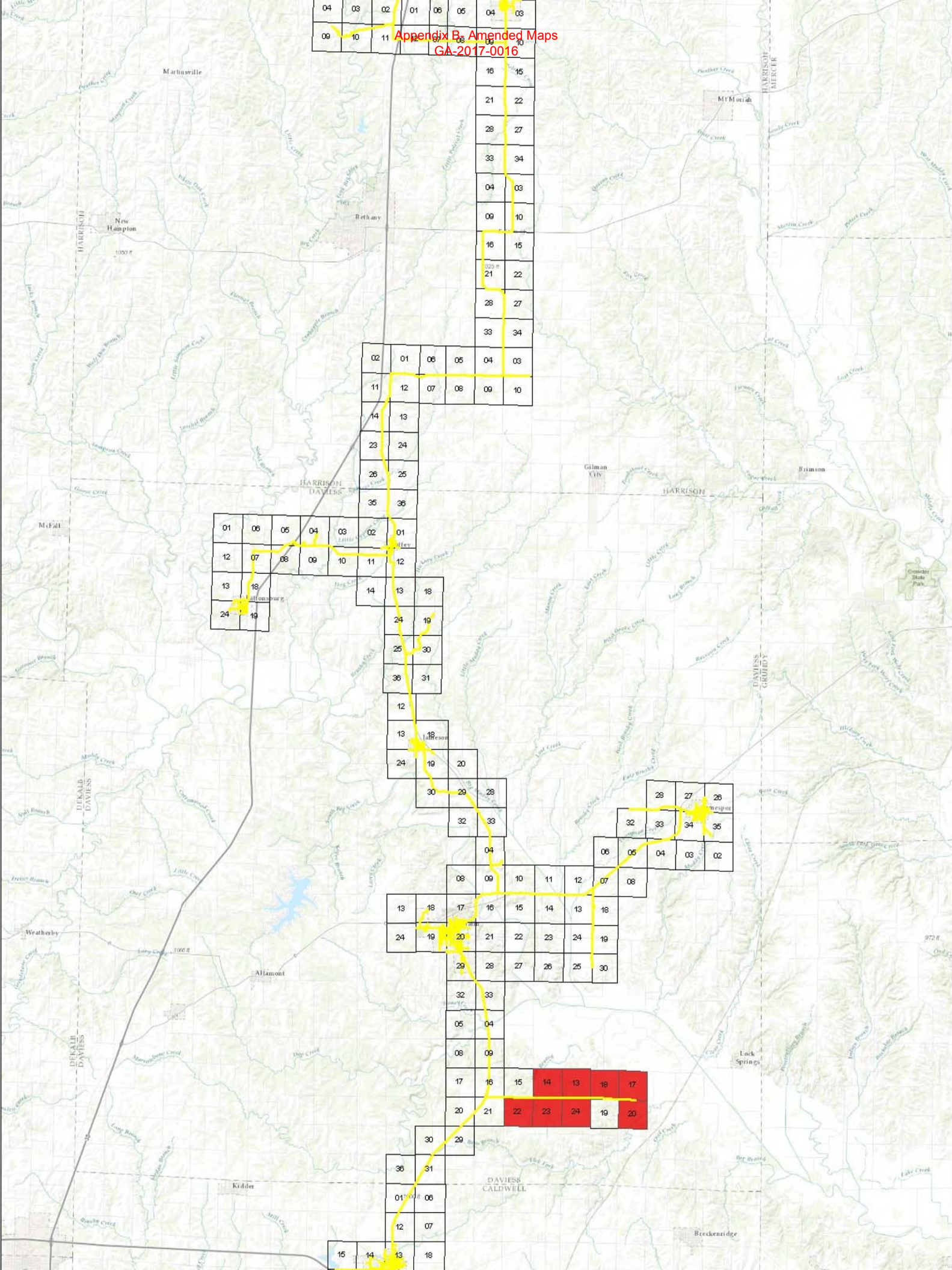
Burton, Senior Regulatory Law Judge.

Appendix B - Amended Maps



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Appendix B, Amended Maps
GA-2017-0016



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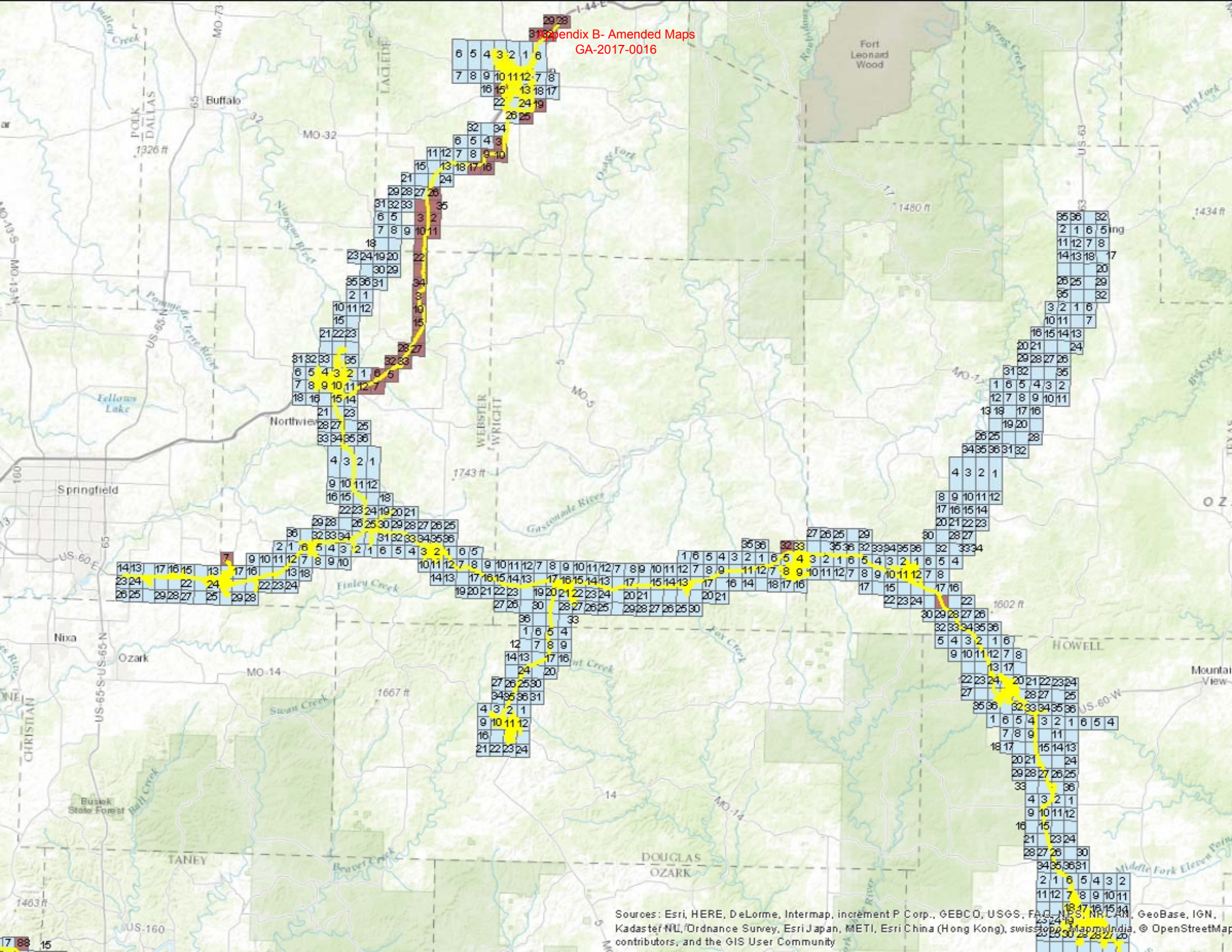
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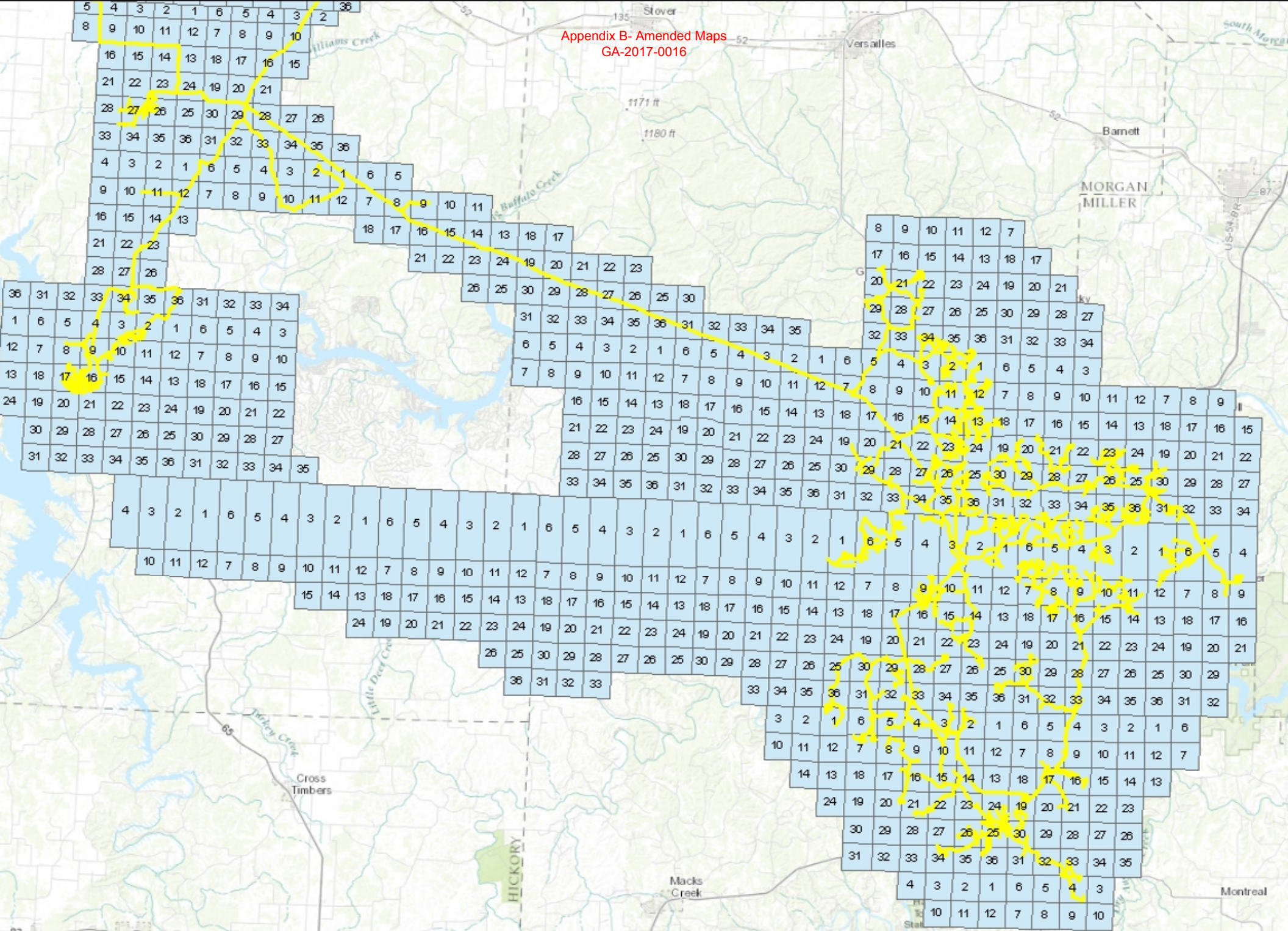
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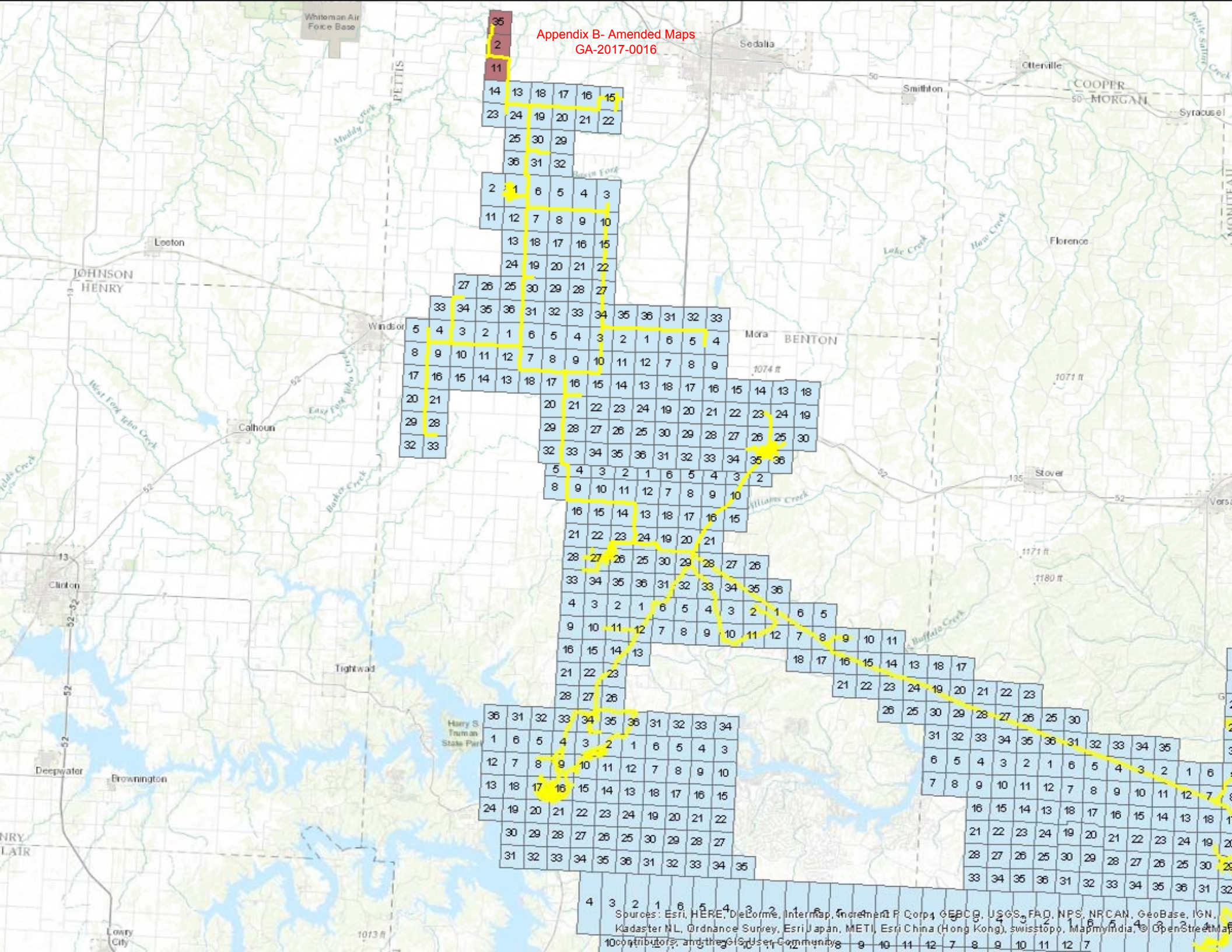
Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRC, NRI, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, Mapbox India, © OpenStreetMap contributors, and the GIS User Community

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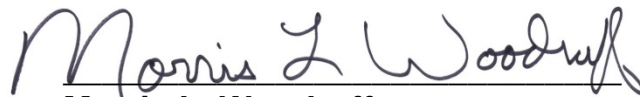
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 13th day of April 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

April 13, 2017

File/Case No. GA-2017-0016

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.