# BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI

In the Matter of Summit Natural Gas of	)	
Missouri, Inc., Changes to Company's	)	Case No. GR-2021-0124
Purchased Gas Adjustment "PGA" Clause	)	Tariff No. YG-2021-0108

# RESPONSE TO STAFF'S RECOMMENDATION AND MEMORANDUM

COMES NOW Summit Natural Gas of Missouri, Inc. ("SNGMO" or "Company"), and, as its Response to Staff's Recommendation and Memorandum, states as follows to the Missouri Public Service Commission ("Commission"):

On December 15, 2021, the Staff of the Commission ("Staff") filed its *Staff Recommendation* Regarding SNGMO's 2019-2020 Actual Cost Adjustment Filing. Thereafter, the Commission issued its *Order Directing Filing* wherein it directed Summit to respond to the Staff Recommendation by January 14, 2022. SNGMO will respond to the various issues identified by Staff in the following paragraphs. SNGMO's response will reference the Memorandum by use of the same section titles utilized by the Staff.

#### SECTION II - BILLED REVENUE AND ACTUAL GAS COST

- 1. **Natural Gas Costs**. As noted in Staff's Memorandum, Staff reviewed purchasing practices during this period and made a recommendation to the "Natural Gas Costs." The Company's response to Staff's recommendations are as follows:
- a. **Cost of Gas/Storage**: The Company agrees to Staff's adjustment of \$462.26 to the ending ACA balance in the Gallatin Service Area to correct the prior ACA ending balance from \$393,674.42 to \$394,136.68.
- b. **ACA Approach for Interest Calculation**: The Company agrees to Staff's adjustment of \$1.59 to correct the prior ACA ending balance from (255.69) to (\$254.10).

# SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

2. **Reserve Margins**. The Company will continue monitoring its pipeline contracts and reserve margin for each division. Specifically, in the North region, the Company will continue to discuss procuring additional upstream capacity to alleviate the negative reserve margin. Staff also recommended that the Commission order SNGMO to submit to Staff an analysis of its transportation capacity needs and a plan for addressing those needs, with an emphasis on areas served from Southern Star Pipeline, no later than June 30, 2022. SNGMO agrees to submitting this analysis and plan to Staff as outlined in Staff's memorandum.

### **SECTION IV – HEDGING**

- 3. **Hedging Recommendations**. The Company's responses to the Staff Hedging Recommendations as follows:
- a. The Company agrees to establish and maintain a current and consistent hedging policy with stated objectives based on month-specific normal weather requirements while also considering the impacts of warmer and colder than normal weather scenarios.
- b. The Company will continue to consider a combination of various alternatives such as storage withdrawals, call options, and other fixed price purchases for effective hedging during the winter months.
- c. The Company agrees to establish a realistic amount of MSQ that the Company plans to inject into storage by November 1 and to withdraw by March 31, thus determining a realistic amount of storage that can be utilized toward hedging and calculate the hedging percent utilizing storage and the overall hedging percent accordingly.
- d. The Company will continue to monitor the market movements with regard to timing of hedge placements and price-driven approaches in its hedging practices. The Company will continue to document its reasoning for executing any hedging transactions or decisions.

e. The Company will continue to document its reasoning for executing any hedging transactions and decisions.

WHEREFORE, Summit Natural Gas of Missouri, Inc. respectfully requests that the Commission consider this response to the *Staff Recommendation* and issue such orders as it believes to be reasonable and just.

Respectfully Submitted,

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ATTORNEYS FOR SUMMIT NATURAL GAS OF MISSOURI, INC.

#### CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail to the following counsel this 14<sup>th</sup> day of January, 2022, to:

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