

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

In the Matter of the Application of Summit	)	
Natural Gas of Missouri Inc. for Approval of a	)	<b><u>File No. GT-2022-0093</u></b>
Tariff Revision Related to Its PGA Clause to	)	Tariff No. JG-2022-0065
Allow Flexibility as to Recovery	)	

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its *Staff Recommendation* respectfully states as follows:

1. On September 30, 2021, Summit Natural Gas of Missouri, Inc. (SNGMO) filed its *Application for Approval of Tariff Revision Related to the PGA Clause, Motion for Expedited Treatment, and Request for Waiver* (“Application”). To support its Application, SNGMO submitted tariff sheet no. 55, Tariff No. JG-2022-0065, on September 30, 2021, as substituted on October 14, 2021, with an effective date of October 30, 2021, that reflects SNGMO’s request stated in its Application for approval of changes to its Purchased Gas Adjustment Clause that will allow it the flexibility to spread the recovery of the gas costs from the Cold Weather Event over a longer period than the currently required 12 months.

2. On September 30, 2021, the Commission issued an Order directing Staff to file a recommendation regarding SNGMO’s tariff (Tariff No. JG-2022-0065) no later than October 15, 2021.

3. On October 14, 2021, SNGMO filed a revised substitute tariff sheet after Staff discussed concerns with SNGMO regarding its initial revised tariff sheets filing.

4. Staff has reviewed SNGMO’s Application, submitted data requests to SNGMO regarding its Application, and reviewed SNGMO’s tariff filings, Tariff No.

JG-2022-0065, and submits its Staff Recommendation and accompanying and incorporated Memorandum.

5. As noted in the attached Memorandum, Staff has concerns that with this requested tariff change SNGMO might seek recovery of carrying costs greater than “prime minus 2%” for the historical 2020-2021 ACA period that it will file in the next two to three weeks. Staff may object to the inclusion of these higher costs but notes that Staff’s opinion is that the appropriate time, under this requested tariff, to litigate issues with regarding to appropriate carrying costs would be in a subsequent ACA proceeding.

6. Staff generally recommends that tariff changes be made in the context of a general rate case, where all relevant factors are examined by the Commission. However, Staff recognizes that the February 2021 Cold Weather Event resulted in an unprecedented spike in daily natural gas costs.<sup>1</sup> Staff is not opposed to the Commission approving, or allowing to go into effect by operation of law, SNGMO’s requested tariff, as substituted on October 14, 2021, Tariff No. JG-2022-0065.

7. Regarding SNGMO’s request that the Commission waive the 60-day filing notice required by 20 CSR 4240-4.017(1), Staff has reviewed SNGMO’s request and verified affidavit on pages 7 and 9 of its Application, and Staff is not opposed to the Commission granting SNGMO’s request.

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<sup>1</sup> See **Staff Report** in Case Nos. AO-2021-0264 and GO-2021-0367.

**WHEREFORE** Staff submits its *Staff Recommendation*, consistent with the Order issued on September 30, 2021, for the Commission's information and consideration.

Respectfully submitted,

**/s/ Jamie S. Myers**

Jamie S. Myers  
Deputy Staff Counsel  
Missouri Bar Number 68291  
P.O. Box 360  
Jefferson City, MO 65102  
573-526-6036 (Voice)  
573-526-6969 (Fax)  
[jamie.myers@psc.mo.gov](mailto:jamie.myers@psc.mo.gov)

Attorney for Staff of the  
Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record on this 15<sup>th</sup> day of October, 2021.

**/s/ Jamie S. Myers**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. GT-2022-0093, Tariff No. JG-2022-0065  
Summit Natural Gas of Missouri, Inc.

**FROM:** David M. Sommerer, Procurement Analysis

/s/ Mark Oligschlaeger 10/15/2021  
Financial and Business Analysis Division/Date

/s/ Jamie S. Myers 10/15/2021  
Staff Counsel's Office/Date

**SUBJECT:** Staff Recommendation in Summit Natural Gas of Missouri Inc. (“SNGMO” or the “Company”) Application to Amend its Purchased Gas Adjustment (“PGA”) Clause

**DATE:** October 15, 2021

On September 30, 2021, Summit Natural Gas of Missouri Inc. (“SNGMO” or the “Company”) , filed its *Application for Approval of Tariff Revision Related to the PGA Clause, Motion for Expedited Treatment, and Request for Waiver* (“Application”) for approval to amend its Purchased Gas Adjustment Clause to extend the Actual Cost Adjustment (“ACA”) recovery period beyond twelve months. To support its Application the Company submitted Tariff Sheet No. 55 in Tariff No. JG-2022-0065 on September 30, 2021, and substituted on October 14, 2021, with an effective date of October 30, 2021.

On September 30, 2021, the Commission issued an Order requiring Staff to file a Recommendation regarding the Company’s Application no later than October 15, 2021.

In February 2021 the United States experienced a major winter storm with the cold weather reaching southern states resulting in wellhead freeze-offs and extraordinary gas costs for utility companies. As explained in Staff’s report in Case No. AO-2021-0264<sup>1</sup>, during the February 2021 Cold Weather Event<sup>2</sup> daily natural gas prices spiked to unprecedented levels for interstate pipelines serving Missouri. The Company states its gas costs from February 2021 were \$34,335,700 while its gas costs for the entire 2020 calendar year were \$6,884,678<sup>3</sup>. The Company is required to update its ACA factor in its upcoming PGA/ACA to be filed between October 15 and November 4, 2021. The ACA factor will be updated to reflect the reconciliation of actual gas costs with revenue recoveries for the period of September 1, 2020 through August 31, 2021, which includes

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<sup>1</sup> Case No. AO-2021-0264, Staff Report pages 59-61

<sup>2</sup> Also known as Winter Storm Uri

<sup>3</sup> Case No. AO-2021-0264, docket item no. 11, SNGMO’s Written Responses to Commission Questions March 23, 2021, page 5

the extraordinary gas cost resulting from the February 2021 Cold Weather Event. Rather than recovering its gas costs over twelve months as its current tariff requires<sup>4</sup>, SNGMO is requesting the Commission approve changes to its PGA Clause that will allow it the flexibility to spread its recovery of the gas costs from the Cold Weather Event over a longer period than the required 12 months.

Interest is accrued on the average ACA account balance (that exceeds \$50,000) at the prime bank lending rate minus 2%<sup>5</sup>. By spreading the gas cost recovery over more than one year, customers will pay more in carrying costs than they would have to pay under the normal operation of the ACA mechanism. However spreading these gas costs over a longer period than its current tariff requires helps to mitigate the impact to customer bills on an overall basis.

On October 14, 2021, SNGMO filed a substitute tariff to address some concerns raised by Staff. The substitute tariff clarifies that Staff and the Office of Public Counsel may also request deferral of ACA under-recoveries. It places a cap on the number of years of deferral at a maximum of 5 years. It requires an affidavit in support of such deferral requests.

Certain clarifications with regard to “carrying costs” were also made in the substitute tariff. However, the Staff continues to express concern that the Company might be seeking recovery of carrying costs greater than “prime minus 2%” for the historical 2020-2021 ACA period that it will file in the next two to three weeks. The Staff may object to the inclusion of those higher carrying costs at the time of the Company’s upcoming mandatory ACA filing. The Staff believes the appropriate time to litigate issues with regard to appropriate carrying costs would be in a subsequent ACA proceeding.

Staff’s ACA review of the prudence of the Company’s actions leading up to and during the February 2021 Cold Weather Event will occur during 2022 with a Staff recommendation expected in December 2022.

Staff has verified that SNGMO has filed its annual report, and is not delinquent on its PSC assessment.

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<sup>4</sup> Tariff Sheet No. 54

<sup>5</sup> Tariff Sheet No 52

OFFICIAL CASE FILE MEMORANDUM

MO PSC Case No. GT-2022-0093

Tariff No. JG-2022-0065

October 15, 2021

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Staff has reviewed this filing and generally recommends tariff changes be made in a general rate case. However in this instance because of the extraordinary gas cost impact to customer bills and the mandatory November 2021 ACA factor update, Staff is not opposed to the Commission approving, or allowing to go into effect by operation of law, the following tariff sheet filed in Tariff No. JG-2022-0065 on September 30, 2021 and substituted on October 14, 2021:

P.S.C. MO. No. 3

1st Revised Sheet No. 55 Cancelling Original Sheet No. 55

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

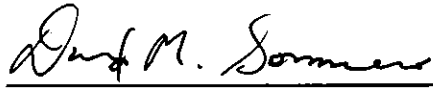
In the Matter of the Application of Summit	)	<b><u>Case No. GT-2022-0093</u></b>
Natural Gas of Missouri Inc. for Approval of a	)	Tracking No. JG-2022-0065
Tariff Revision Related to its PGA Clause to	)	
Allow Flexibility as to Recovery	)	

**AFFIDAVIT OF DAVID M. SOMMERER**

STATE OF MISSOURI     )  
   )  
 COUNTY OF COLE        )     ss.

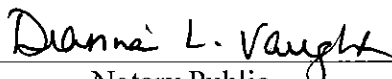
**COMES NOW** David M. Sommerer, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

  
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 David M. Sommerer

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of October, 2021.

  
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 Notary Public

