

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

Ozarks Medical Center d/b/a Ozarks Healthcare,	)	
	)	
Complainant,	)	
	)	
v.	)	<b>Case No. GC-2022-0158</b>
	)	
Summit Natural Gas of Missouri, Inc.,	)	
	)	
Respondent.	)	

**STATEMENT OF POSITION**

**COMES NOW** Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”) and states the following to the Missouri Public Service Commission (“Commission”) as its *Statement of Position* as to issues described in the *List of Issues, Order of Witnesses, and Order of Opening Statements and Cross-Examination* filed on May 13, 2022:

**BACKGROUND**

Ozark Medical Center d/b/a Ozarks Healthcare (“OMC”) is authorized to receive natural gas service as a transportation customer under SNGMO’s tariff. Customers who elect transportation service must manage their own gas supply needs and must secure natural gas supply either directly from a pipeline supplier or through the use of a marketer who secures supply from a pipeline supplier on behalf of the customer. Because the transportation service customer is providing its own supply, it is the transportation service customer’s obligation to nominate appropriate amounts of gas supply so that there is neither an over, nor under, supply of natural gas on SNGMO’s system (within certain tolerance) for that customer to use.

The “cashout” provision of SNGMO’s tariff addresses the treatment of a transportation natural gas customer’s imbalance between its use of natural gas and the actual amount of gas it has delivered. If a transportation customer uses more gas than is delivered to SNGMO’s system,

the cashout provision requires a transportation customer to pay for the gas that SNGMO must supply in its place. A charge for this “imbalance” is then reflected in the transportation customer’s monthly bill.

The imbalance amount at issue in this case is the result of OMC’s use of more gas than it delivered to the system in February of 2021. In other words, during that month OMC was using natural gas purchased by SNGMO on behalf of its firm sales customers. OMC’s net nominations for the month of February 2021 were 2,413 dekatherms (Dth), but its actual consumption was 3,639 Dth, which resulted in a shortage (or imbalance) of -1,225 Dth or -33.67%.

### **LIST OF ISSUES**

**1. Should the Public Service Commission address OMC’s cashout imbalance by authorizing/directing SNGMO to track and defer the imbalance as a regulatory asset for recovery in SNGMO’s next general rate proceeding?**

**SNGMO Position:** No. The consequence of such a Commission action would be to potentially require SNGMO to carry this amount on its books without payment until new rates are implemented following the Company’s next general rate case. It would further require SNGMO’s sales customers (who are located from near the Iowa border to the north, through west central Missouri and almost to Arkansas in the south) to pay for OMC’s imbalance. Any denial of SNGMO’s recovery of the valid charges under its tariff would be a “taking” in violation of both the United States and Missouri Constitutions. SNGMO and its sales customers should not be required to cover the costs of OMC’s gas supply usage.

*Marcum Reb., All*  
*McCarter Reb., All*

**2. Should the Public Service Commission order SNGMO to address OMC’s cashout imbalance through a separate payment arrangement? If so, what should the length and payment terms be for any ordered payment arrangement?**

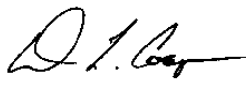
**SNGMO Position:** No. SNGMO has attempted to reach agreement with OMC on a payment arrangement that would provide OMC payment flexibility and keep SNGMO's sales customers whole. To date, the parties have not reached such an agreement. The Commission should not (and, perhaps, may not) order a customer-specific payment arrangement. Having said this, if the Commission were to order a payment arrangement for OMC, such arrangement should be no longer than five (5) years and should require variable interest equal to that charged through the Actual Cost Adjustment for SNGMO's under recovered gas costs in order to keep SNGMO sales customers whole, many of whom are located outside the OMC service area.

*Marcum Reb., All*  
*McCarter Reb., All*

**WHEREFORE**, SNGMO respectfully requests the Commission consider its *Statement of Position*.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:   
Dean L. Cooper #36592  
Jesse W. Craig #71850  
312 East Capitol Avenue  
P.O. Box 456  
Jefferson City, MO 65102  
Telephone: (573) 635-7166  
E-mail: dcooper@BrydonLaw.com

ATTORNEYS FOR SUMMIT NATURAL GAS  
OF MISSOURI, INC.

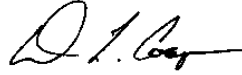
**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 18<sup>th</sup> day of May 2022, to:

General Counsel's Office  
[staffcounsel@psc.mo.gov](mailto:staffcounsel@psc.mo.gov)

Office of the Public Counsel  
[opcservice@opc.mo.gov](mailto:opcservice@opc.mo.gov)

Caleb Hall  
[Caleb.hall@stinson.com](mailto:Caleb.hall@stinson.com)



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