

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 19th day  
of December, 2012.

In the Matter of the application of Summit Natural Gas of Missouri, Inc., for authority to issue up to and Including \$100,000,000 of long-term indebtedness )  
 ) **File No. GF-2013-0261**  
 )

**ORDER AUTHORIZING ISSUANCE OF DEBT**

Issue Date: December 19, 2012

Effective Date: December 29, 2012

**Background**

On November 7, 2012, Summit Natural Gas of Missouri, Inc. filed an application to issue no more than \$100,000,000 of long-term debt. In its application, Summit states that it is a gas corporation and a public utility and that it provides natural gas in Missouri. With its application, the company has filed the required documents<sup>1</sup> for the Commission's review.

The request is made to: (1) refinance outstanding debt; (2) finance capital needs associated with expansion efforts around the Lake of the Ozarks; (3) finance capital needs of the incremental fill-in efforts of the existing system; and (4) finance a one-time cash distribution to the Infrastructure Investment Fund. The company affirms that the transactions will not be detrimental to the public interest and asks that the Commission issue an order approving the request no later than December 19.

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<sup>1</sup> Commission rule 4 CSR 240-3.220.

## **Staff Recommendation**

The Staff of the Commission filed its recommendation on December 18. Staff informs the Commission that Summit will forgo its one-time cash distribution into the Infrastructure Investment Fund but will instead use those funds to aid in construction at the Lake of the Ozarks. Staff states that the funds will be distributed as follows; \$43 million for refinancing of the bridge-loan issued to effectuate the Summit and Missouri Gas Utility merger; \$53 million for the Lake project; and \$4 million for projects related to the existing system. Staff recommends that the Commission approve Summit's application with the following conditions:

1. That nothing in this Memorandum or the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding.
2. That the company file with the Commission all final terms and conditions of the proposed secured debt.
3. That all future funds acquired through the collateralization of Summit Natural Gas of Missouri's utility properties shall be used exclusively for the benefit of its Missouri utility properties, which shall not include a distribution to the Infrastructure Investment Fund.
4. That the amount authorized for purposes of the requested lien or encumbrance shall be limited to \$100,000,000.

## Discussion

Section 393.190 states that no gas corporation shall, without Commission approval, encumber any part of its franchise necessary or useful in the performance of its duties. In satisfaction of this statutory requirement, Summit now seeks such approval.

No party has stated that Summit's application is detrimental to the public interest. The Commission therefore concludes that Summit's request for financing is not detrimental to the public interest and will approve the application subject to the conditions set out in Staff's Recommendation.

### **THE COMMISSION ORDERS THAT:**

1. Summit Natural Gas of Missouri, Inc.'s application for authority to borrow up to and including \$100,000,000 is approved.
2. The approval of the application is subject to the conditions set out in the Staff of the Commission's Recommendation and in the body of this order.
3. Summit Natural Gas of Missouri, Inc. shall file in this case file, all final terms and conditions of the proposed secured debt as stated in condition number 2, above.
4. This order shall become effective on December 29, 2012.

### **BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

Gunn, Chm., Jarrett, Kenney,  
and Stoll, CC., concur.

Jones, Senior Regulatory Law Judge