

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

In the Matter of)	
Summit Natural Gas of Missouri's)	Case No. GR-2013-0256
Purchased Gas Adjustment)	

RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM

Comes now Summit Natural Gas of Missouri, Inc. ("SNG" or "Company"), successor in interest to Southern Missouri Natural Gas Company, L.P., d/b/a Southern Missouri Natural Gas ("SMNG") and respectfully provides to the Missouri Public Service Commission ("Commission") the following response to the Commission Staff Recommendation and Memorandum:

1. On June 6, 2013, the Commission Staff ("Staff") filed its Recommendation Regarding the Summit Natural Gas of Missouri's 2011-2012 Actual Cost Adjustment (ACA) in this matter. This document set out the results of Staff's audit of the billed revenues and actual gas costs for the period September 1, 2011 through August 31, 2012, included in the Company's 2011-2012 Actual Cost Adjustment ("ACA") filing.

2. On June 7, 2013, the Commission issued its Order Directing Filing wherein it ordered SNG to file a response to Staff's Recommendation no later than July 8, 2013. SNG will respond to the various issues identified by Staff in the following paragraphs. SNG's response will reference the Memorandum by use of the same section titles utilized by the Staff.

SECTION II - BILLED REVENUE AND ACTUAL GAS COSTS

3. Compliance Adjustments (Revenue Recovery, Transportation Imbalances, Gas Supply, Storage, and ACA Approach for Interest Calculations). The Company agrees with all of the compliance adjustments recommended by Staff. Many of the adjustments are a result of an accounting error made in the Company's filing as a result of calculating the balances on an

accrual basis rather than a cash basis, as required by SNG tariffs. Most of the recommended compliance adjustments have already been corrected in the Company's books.

4. Transportation Imbalances. The Company agrees to making the proposed adjustment. However, SNG would like to clarify that it has treated transportation imbalances in accordance with its tariffs. In its filing, the Company provided transportation imbalance information in an attempt to account for the value of the imbalances in the 191 account. This was simply a balance sheet line item and these amounts were never collected.

5. School Aggregation. The Company agrees to re-examine the school aggregation and transporter tariff language within the context of its next general rate case.

SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

6. Reserve Margin for Rogersville Take Point. The Company will comply with the planning methodology proposed by Staff in the next planning period for the 2014-2015 ACA period. The Company has also been alerted to a potential deficiency in Rogersville in the 2013-2014 ACA period and will respond accordingly.

7. Gas Supply Planning and Decisions, Including Storage. SNG provided a 2013-2014 Gas Delivery Plan, including storage injections and withdrawals, to Staff and the Office of the Public Counsel on June 5, 2013. Therefore, the Company believes it has complied with this recommendation.

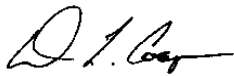
SECTION IV - HEDGING

8. SNG agrees with Staff's recommendations in regards to hedging practices and the need review and to potentially adjust those practices as circumstances change. As an example, there are currently hedging practice requirements for the former Southern Missouri Natural Gas ("SMNG") system identified in subparagraphs 3.d. and 3.h. of the Unanimous Stipulation and

Agreement in Commission Case No. GC-2006-0180. The Company is currently in compliance with these requirements. However, changes in owners of this system seem to have eliminated some of the concerns that brought about the requirements. Accordingly, the Company filed an application for a waiver of the referenced SMNG hedging requirements on June 20, 2013, in Commission Case No. GE-2013-0536.

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
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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 1st day of July, 2013:

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