

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

In the Matter of Summit Natural Gas	)	
of Missouri, Inc.'s Purchased Gas	)	<b><u>File No. GR-2015-0101</u></b>
Adjustment	)	Tariff No. JG-2015-0167

**STAFF RECOMMENDATION TO APPROVE INCREASE TO PGA RATE**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby respectfully states:

1. On October 17, Summit Natural Gas of Missouri (SNG or Company) submitted a revised tariff sheet designed to implement an increase in the total PGA rates for customers in the territory previously served by Missouri Gas Utility, which includes two separate PGA rates—one for the Company's northern service territory and one for its southern service territory. This represents SNG's winter PGA filing as required by the Company's tariff.

2. The total PGA rate is the cost of gas that SNG's customers will pay during the upcoming winter heating season. The total PGA rate comprises two components: the Regular Purchased Gas Adjustment (RPGA) and the Actual Cost Adjustment (ACA). With this filing, SNG is requesting approval to increase in its total PGA rate for the northern service area to \$0.6229 per Ccf from \$0.4383 per Ccf. For the southern service area, SNG is requesting approval to increase its total PGA rate to \$0.6385 per CCf from \$0.5228.

3. The RPGA represents SNG's best estimate of its costs for natural gas and the volumes of gas that will be used during the upcoming period.<sup>1</sup> In this case, SNG is requesting an increase in its RPGA factor to \$0.4676 per Ccf from \$0.4363 per Ccf in its northern service territory, and an increase in its RPGA factor to \$0.5853 from \$0.5478 in its southern service territory. SNG's filing in this matter includes a spreadsheet showing how the Company calculated these RPGA factors.

4. SNG is also requesting an increase to its ACA factor, which represents a true-up of its previous RPGA estimate. SNG has calculated the difference between its estimated gas costs from the previous PGA period and the actual cost of gas the Company incurred during that period. SNG has determined that it under-collected its gas cost during the prior PGA period, and therefore, with this filing, the Company is requesting an increase to its ACA in its northern service area to \$0.1553 from \$0.0019 per Ccf, and an increase to its ACA in its southern service area to \$0.0533 from \$0.0050 per Ccf. This increase is designed to recoup the under-collection. Staff's Procurement Analysis Unit (PAU) will review the documentation that SNG submitted to support this ACA factor and submit the results of its investigation no later than December 18, 2015. If the Commission orders any adjustments to SNG's ACA factor, that adjustment will be implemented in a future PGA filing.

5. As described in Staff's *Memorandum*, attached here as Appendix A and incorporated by reference, Staff has reviewed the PGA factors in this matter and determined that the rates on the proposed tariff sheets were calculated in conformance

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<sup>1</sup> Defined as the time from the date of the first full billing after the current filing is approved until the date of the first full billing after approval of a subsequent PGA filing.

with SNG's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheets on an interim basis, subject to refund.

6. Also, Staff recommends the Commission order Staff to file the results of its review of the ACA factor filed in this matter no later than December 18, 2015. During this time, PAU Staff will conduct a review of SNG's actual gas costs and gas purchasing practices during the 2013-14 ACA period. Staff will file the results of its review of this ACA factor in this docket next year.

7. Case No. GR-2014-0096 was established to track SNG's PGA factors and Staff's review of SNG's 2012-13 ACA filing. Staff recently completed its review of this previous ACA, and Staff filed the results of its review on October 10, 2014.

8. Staff has verified that SNG has filed its annual report and is not delinquent on any assessment. Staff is not aware of any issue currently pending before the Commission that affects or is affected by this filing, other than the cases mentioned above.

9. Finally, Staff is of the opinion that good cause for approval of this tariff sheet on less than 30 days' notice is demonstrated by SNG's Commission-approved PGA clause allowing for 10 business days' notice for PGA change filings.

**WHEREFORE**, Staff recommends Commission approve the following tariff sheets on an interim basis, subject to refund, and order PAU Staff to submit the results of the ACA portion of this filing no later than December 18, 2015:

P.S.C. MO. No.1

Fourteenth Revised Sheet No.51, Cancels Thirteenth Revised Sheet No. 51  
Eighth Revised Sheet No. 52, Cancels Seventh Revised Sheet No.52

Respectfully Submitted,

**/s/ John D. Borgmeyer**

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 23<sup>rd</sup> day of October, 2014.

**/s/ John D. Borgmeyer**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GR-2015-0101, File No. JG-2015-0167  
Summit Natural Gas

FROM: Michelle Bocklage, Energy Unit – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/23/2014  
Regulatory Review Division/Date

/s/ John Borgmeyer 10/23/2014  
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for the Summit Natural Gas Scheduled Winter Season  
PGA Filing – Proposed Effective Date November 1, 2014

DATE: October 23, 2014

On October 17, 2014, Summit Natural Gas (SNG or Company) of Littleton, Colorado, filed tariff sheets bearing a proposed effective date of November 1, 2014. The tariff sheets were filed to reflect changes in Summit's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November 2014 through March 2015.

For SNG's Northern Service Area (serving communities of Hamilton, Gallatin and Coffey plus the adjacent certificated service areas), this filing will increase the Total PGA factor to \$0.6229 per hundred cubic feet (Ccf) for the upcoming heating season, from the current Total PGA factor of \$0.4383 per Ccf. This represents an increase of \$0.1846 per Ccf.

For SNG's Southern Service Area and Lake of the Ozarks Service Areas (serving communities such as Warsaw and Cole Camp), this filing will increase the Total PGA factor to \$0.6385 per Ccf for the upcoming heating season, from the current Total PGA factor of \$0.5528 per Ccf. This represents an increase of \$0.0857 per Ccf.

Case No. GR-2015-0101, under which this change was filed, was established to track SNG's PGA factors to be reviewed in its 2013-2014 ACA filing. Case No. GR-2014-0096 was established to track the Company's PGA factors to be reviewed in its 2012-2013 ACA filing. These rate changes should be made on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2015-0101 and GR-2014-0096.

Due to the limited time available to review the documentation supporting the ACA factor submitted in this filing, the Procurement Analysis Unit (PAU) requests permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 18, 2015.

The Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects or is affected by this filing, other than those mentioned above.

Staff has reviewed this filing and determined that the rates on the proposed tariff sheets were calculated in conformance with SNG's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days' notice is demonstrated by SNG's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets be approved on an interim basis, subject to refund:

P.S.C. MO. No.1

Fourteenth Revised Sheet No.51, Cancels Thirteenth Revised Sheet No. 51  
Eighth Revised Sheet No. 52, Cancels Seventh Revised Sheet No.52

