BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Summit Natural Gas of Missouri, Inc. Changes to Company's Purchased Gas Adjustment (PGA) Clause	)))	**Case No. GR-2016-0091**

STAFF RECOMMENDATION REGARDING SUMMIT NATURAL GAS OF MISSOURI, INC.'S 2014-2015 ACTUAL COST ADJUSTMENT FILING

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and files its Actual Cost Adjustment ("ACA") Recommendation in this case concerning Summit Natural Gas of Missouri, Inc.'s ("Summit" or "Company") 2014-2015 ACA filing as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. Summit filed its ACA for the 2014-2015 period in this case on October 19, 2015. This filing contained Summit's ACA account balance calculation.

2. The Procurement Analysis Unit ("Staff") has reviewed Summit's filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked Appendix A (which is incorporated herein by reference). Staff's analysis consisted of an examination of Summit's gas purchasing practices to evaluate the prudence of the Company's purchasing decisions for this ACA period; a reliability analysis, including a review of estimated peak day requirements and the capacity levels needed to meet those requirements and a review of supply plans for various weather conditions; and a hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period. Staff's review also included a comparison of the Company's billed revenues and its actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balances. An over-

recovery by the Company is shown as a negative ACA balance that must be returned to customers; an under-recovery is shown as a positive ACA balance that must be collected from customers.

3. Based on its review, as discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order requiring Summit to make the adjustments and reflect the Staff recommended ending over- or under-recovery balances for this ACA period as shown in the tables in the "Recommendations" section of the Staff Recommendation Memorandum.

4. In addition to the dollar adjustments referenced above, based on its review Staff has certain concerns and recommendations as reflected in the accompanying Staff Recommendation Memorandum. Staff recommends the Commission order Summit to respond to these recommendations and concerns within forty-five (45) days.

WHEREFORE, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order directing Summit to respond within 45 days to Staff's recommendations and concerns included in the Staff Recommendation Memorandum, and to make the adjustments and reflect the Staff recommended ending over- or under-recovery balances for this ACA period as shown in the tables in the "Recommendations" section of the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
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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 this 13th day of December, 2016.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
GR-2016-0091, Summit Natural Gas of Missouri, Inc.

FROM: Joshua Nash, Regulatory Auditor – Procurement Analysis
Kwang Choe, Ph.D., Regulatory Economist – Procurement Analysis
Michael Rush, Utility Engineering Specialist III – Procurement Analysis

/s/ David M. Sommerer 12/13/16
Project Coordinator / Date

/s/ Jeffrey A. Keevil 12/13/16
Staff Counsel's Office / Date

/s/ Derick Miles P.E. 12/13/16
Utility Regulatory Engineer II / Date

SUBJECT: Staff Recommendation in Case No. GR-2016-0091, Summit Natural Gas of Missouri, Inc. 2014-2015 Actual Cost Adjustment Filing

DATE: December 13, 2016

EXECUTIVE SUMMARY

On April 27, 2011 Southern Missouri Gas Company (SMNG) and Missouri Gas Utility (MGU) filed an application for Commission authority to merge, with MGU as the surviving entity (Case No. GM-2011-0354). The parties filed a Unanimous Stipulation and Agreement on September 15, 2011, which the Commission approved on September 28, 2011.

On February 3, 2012, MGU filed to change its name to Summit Natural Gas of Missouri, Inc. ("SNG", "Summit" or "Company") and for Summit to adopt MGU's tariffs. On February 23, 2012, Summit filed tariff sheets to adopt SMNG's tariffs.

On October 19, 2015, Summit filed its Actual Cost Adjustment (ACA) for the 2014-2015 period in Case No. GR-2016-0091. This filing revised the ACA rates based upon the Company's calculations of the ACA balances for the 2014-2015 period.

The Procurement Analysis Unit ("Staff") of the Missouri Public Service Commission has reviewed the Company's ACA filing for the **former Southern Missouri Natural Gas (SMNG) service area** (Rogersville and Branson Division), **Northern service area** (Gallatin Division), and **Southern service area** (Warsaw and Lake of the Ozarks Division). A comparison of billed revenue recovery with actual gas costs will yield either an over-recovery or under-recovery of the ACA balance. An over-recovery by the Company is shown as a negative ACA balance that must be returned to customers; an under-recovery is shown as a positive ACA balance that must be collected from customers.

Staff conducted the following analyses:

- a review of billed revenue compared with actual gas costs;
- a reliability analysis including a review of estimated peak-day requirements and the capacity levels needed to meet these requirements and a review of supply plans for various weather conditions;
- a review of the Company's gas purchasing practices to evaluate the prudence of the Company's purchasing decisions for this ACA period; and,
- a hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period.

Based on its review, Staff recommends the following adjustments to the Company's **former SMNG service area** (Rogersville and Branson Division) filed 2014-2015 (over)/under-recovery ACA balances:

SMNG Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
Prior ACA Balance 8-31-14	$874,446	$0	$874,446
Cost of Gas/Storage	$5,003,671	$0	$5,003,671
Cost of Transportation	$2,603,514	($13,048)	$2,590,466
Revenues - PGA billed	($8,628,532)	$0	($8,628,532)
ACA Approach for Interest Calculation	$3,713	$0	$3,713
Cash Outs	($142,747)	$0	($142,747)
ACA cost correction	($76,491)	$0	($76,491)
Total ACA Balance 8-31-15	($362,426)	($13,048)	($375,474)

Staff has one transportation adjustment related to avoidable overrun charges for the SMNG service area of ($13,048), which is a reduction to gas costs. (Reliability Analysis and Gas Supply Planning section).

Based on its review, Staff recommends no adjustments to the Company's filed 2014-2015 (over)/under-recovery ACA balances for **Summit's Northern service area** (Gallatin Division):

Northern Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
Prior ACA Balance 8-31-14	$275,762	$0	$275,762
Cost of Gas/Storage	$741,901	$0	$741,901
Cost of Transportation	$128,352	$0	$128,352
Revenues - PGA billed	($1,082,202)	$0	($1,082,202)
Revenues Otherwise billed	($2,037)	$0	($2,037)
ACA Approach for Interest Calculation	$1,708	$0	$1,708
Cash Outs	3,229	$0	$3,229
ACA Cost Correction	($18,484)	$0	($18,484)
Total ACA Balance 8-31-15	$48,229	$0	$48,229

Based on its review, Staff recommends the following adjustments to the Company's filed 2014-2015 (over)/under-recovery ACA balances for **Summit's Southern service area** (Warsaw and Lake of the Ozarks Division):

Southern Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
Prior ACA Balance 8-31-14	$264,512	$0	$264,512
Cost of Gas/Storage	$1,955,346	$0	$1,955,346
Cost of Transportation	699,969	($2,279)	$697,690
Revenues – PGA billed	($2,832,482)	$0	($2,832,482)
ACA Approach for Interest Calculation	$2,708	$0	$2,708
Cash Outs	($21,436)	($6,406)	($27,842)
ACA Cost Correction	($577)	$0	($577)
Total ACA Balance 8-31-15	$68,040	($8,685)	$59,355

Staff made an adjustment related to cash out charges on the Company's Southern service area for ($6,406), which is a reduction to gas costs. (Billed Revenue and Actual Gas Cost).

Staff has one transportation adjustment related to avoidable overrun charges for the Southern service area of ($2,279), which is a reduction to gas costs. (Reliability Analysis and Gas Supply Planning section).

Staff has no adjustments related to hedging; however Staff's concerns/comments are addressed in the Hedging section of the memorandum.

Staff recommends the Commission order the Company to respond to Staff's concerns and recommendations within 45 days.

STAFF'S TECHNICAL DISCUSSION AND ANALYSIS

Staff's discussion of its findings is organized into the following five sections, which include Staff's concerns and recommendations:

I. Overview
II. Billed Revenue and Actual Gas Cost
III. Reliability Analysis and Gas Supply Planning
IV. Hedging
V. Recommendations

I. OVERVIEW

During the 2014-2015 ACA, Summit provided natural gas service to customers in the south and west-central portion of the state including the counties of Benton, Camden, Greene, Miller, Morgan and Pettis, also known as the "Southern service area." Summit served an average of 4,567 sales customers and 2 transportation customers in the Southern service area. Southern Star Central Gas Pipeline (SSCGP) serves all customers in Summit's Southern service area. Summit also provides natural gas service to customers in the Northwest Missouri counties of Caldwell, Daviess and Harrison, also known as the "Northern service area." Summit served an average of 1,572 sales customers and one transportation customer in the Northern service area. ANR Pipeline Company (ANR) serves all customers in Summit's Northern service area.

During the 2014-2015 ACA, Summit also provided natural gas service to customers in the south and south-central portion of the state including communities in Greene, Webster, Wright, Howell, Texas, Douglas, Laclede, Stone and Taney counties, also known as the "SMNG service area." Summit served an average of 11,984 sales customers and 33 transportation customers for the combined Branson and Rogersville systems. Southern Star Central Gas Pipeline (SSCGP) serves all customers in Summit's former SMNG service territory.

II. BILLED REVENUE AND ACTUAL GAS COST

Gas Procurement Practices

Staff observed in its review of the Company's gas purchasing procedures that the Company requests bids from a standard list of a few select marketing companies. The list of marketing companies remained largely unchanged throughout the entire period that Staff reviewed. With this approach in place, Staff noted that a large percentage of the Company's offers only generated a single bid from the same marketing company. In an effort to generate competition and lessen the Company's dependence on a single source for its gas supply, Staff recommends that the Company review its current gas procurement process.

Transportation Customer Cash Outs

The Company began billing transportation customers for cash outs in December 2014 in accordance with Sheets No. 35-37 of the Company's tariff. Staff reviewed these costs and noted a discrepancy between the total cash outs calculated by the Company in its work papers for the South (Warsaw/LOO) district in April 2015 and the amount reflected as that component of the district's gas costs for that month. In response to Staff's inquiry, the Company indicated it had incorrectly recorded a billing adjustment for a transportation customer as a $3,203 credit to that customer when it should have been a $3,203 credit to the Company. With the adjustment, Staff was able to reconcile the cash out amount originally provided by the Company in its work papers to the gas costs shown by the Company for the South (Warsaw/LOO) district in April 2015. Accordingly, Staff has adjusted the Company's cost of gas in the South (Warsaw/LOO) by $6,406 ($3,203+ $3,203) to remove the $3,203 cost that was incorrectly recorded as a credit to the transportation customer and include $3,203 that should have been recorded as a credit to the Company.

III. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

As a natural gas corporation providing natural gas service to Missouri customers, Summit is responsible for conducting reasonable long-range supply planning to meet its customer needs. Summit must make prudent decisions based on that planning. One purpose of the ACA process is to examine the reliability of the Local Distribution Company's (LDC) natural gas supply, transportation, and storage capabilities. For this analysis, Staff reviewed the LDCs' plans and decisions regarding estimated peak-day requirements and the LDC's pipeline capacity levels to meet those requirements, peak day reserve margin and the rationale for this reserve margin, and natural gas supply plans for various weather conditions.

A. Weather Normal Data

In planning for normal, warmer and colder winters, the Company uses a 30-year normal weather data as a basis of estimating demand in response to various winter weather conditions. For the 2014/2015 ACA, the Company used the 30-year normal weather data from 1981-2010 as was recommend by Staff in case GR-2015-0101 and agreed to by the company in response to the staff recommendation in case GR-2014-0096.

B. *Peak Day Forecasting*

For the 2014/2015 ACA, the Company's peak day models for the Branson portion of the SMNG service area [1] and the Southern service areas more accurately forecast actual demand on cold days than previous models. For the Branson service area, the Company's peak day model underestimated the demand per customer 6 of the 10 coldest days but the average underprediction was only -0.6%.

Staff notes that the regression model for the 2014/2015 ACA improved (the regression R^2 value increased to 0.81 from 0.60 in the 2013/2014 ACA period). Staff recommends that the Company continue to refine its model for Branson peak day demand.

For the Southern service area, the Company's model during the 2013/2014 ACA appeared to consistently overestimate the demand per customer. This overestimate was due to poor regression results because of limited information for the service area which had a rapidly changing and expanding customer base. This issue was discussed more thoroughly in the 2013/2014 ACA review. The improved peak day model should more properly estimate customer demand going forward and Staff recommends that the Company continue to refine the Southern service area model.

C. *Reserve Margins*

The Company considers peak day demand and future growth projections in its calculation of reserve margins. The Company calculates a 95% Upper Confidence Interval (95% UCI) peak day demand and a +2 times standard error (+2*SE) peak day that would account for variability in its peak day needs. However, it does not consider variability of the data in its calculation of reserve margins. For the Northern service area, Staff has compared the Company's calculated reserve margins using the coefficient peak day with future projections of 95% UCI and +2*SE peak day:

Year	Estimated Customers	Company Coefficient		+2*SE Peak Day		95% UCI Peak Day	
		Peak Day	Reserve Margin	Peak Day	Reserve Margin	Peak Day	Reserve Margin
2015/2016	1,672	2,340	11.1%	2,681	-3.0%	2,679	-2.9%
2016/2017	1,705	2,387	8.9%	2,735	-4.9%	2,732	-4.8%
2017/2018	1,739	2,435	6.8%	2,789	-6.8%	2,787	-6.7%

[1] The Branson service area is part of the SMNG service area and includes Branson and Hollister. The Company has a separate transportation contract with SSCGP and the take-point is in Aurora, MO. Because of the physical separation of the Branson service area from the remaining SMNG system (Rogersville to West Plains line with Lebanon and Ava laterals), capacity needs and reserve margins are evaluated separately.

By considering only the coefficient peak day estimates, reserve margins remain positive through 2017/2018. However when either the 95% UCI peak day or +2*SE peak day estimates are considered, reserve margins are negative in the 2015/2016 winter. Since the purpose of either the 95% UCI or the 2*SE are to anticipate the probability of the peak day falling within those margins, Staff recommends that the Company consider either the 95% UCI or the +2*SE peak day or some other method to account for this variability when calculating reserve margins and considering what are necessary capacity requirements.

D. Supply for Peak Day and Other Cold Weather Plans

Staff recommends the Company continue to seek bids for firm swing contracts and/or firm peaking contracts and evaluate those costs when evaluating and establishing its winter supply portfolio for the Northern service area in addition to the SMNG service area. The added measure of reliability for having a portion of the swing/incremental requirements in firm contracts must be a consideration in evaluating the costs.

E. Proposed Disallowance for Avoidable Capacity Over-run Charges

The Company incurred numerous overrun charges on its transportation contracts with Southern Star Central Gas Pipeline (SSCGP) for its Southern and SMNG service areas between November 2014 and March 2015. This was unexpected since the Company had sufficient total transportation capacity to meet its daily requirements in each of these service areas and Staff had questioned the Company about these overrun charges during the 2013/2014 ACA review.

Staff reviewed the Company's gas supply nominations on SSCGP and found that the Company had preferentially nominated to selected Transportation Service Agreements (TSAs) in each service area,[2] while other available transportation capacity remained either unused or was released to third parties.

When questioned by Staff, the Company acknowledged that the scheduling practices which resulted in these overrun charges were continuing:

> … In researching its response to Staff's April 14, 2015 DR No. 0065.1 in Docket No. GR-2015-0101 (case number for the 2013/2014 ACA review), Company discovered that it incurred Authorized Overrun charges on days when it did not utilize all of its contracted firm capacity. Further at that time, Company identified the same issue for winter 2014-15, which is the subject of the current ACA Review and this Data Request.

[2] The Company had multiple transportation service agreement contracts with SSCGP serving each of its Southern and SMNG service areas during the 2013/2014 ACA period.

> … Company was aware of the charges each month when it reviewed the Southern Star invoices; however, at that time, Company erroneously concluded the charges were appropriate. In researching its response to Staff's April 14, 2015 DR No. 0065.1 in Docket No. GR-2015-0101, Company became aware that some of these charges were incurred due to improper scheduling procedures by Company. [3]

The overrun charges began during the 2013/2014 ACA period and have continued through March 6, 2015, near the end of the 2014/2015 ACA period. As the charges continued during the 2014/2015 ACA period, after being questioned during the 2013/2014 ACA review, there is no evidence that the Company attempted to minimize or eliminate the overrun charges. If the Company had taken steps to correct the improper scheduling issue raised by Staff and acknowledged by the Company, it could have taken steps to avoid nomination errors during the 2014/2015 ACA period. Staff recommends that going forward the Company review its scheduling process and question non-routine or unexpected pipeline charges as it reviews invoices for monthly payment.

Consistent with the Staff Adjustments for the 2013/2014 ACA, Staff is recommending a disallowance of the overrun charges that were reasonably avoidable to the extent that the charges were not off-set by capacity release credits.

Staff considered the following reductions to overrun charges:

- To the extent that daily overrun charges were off-set by capacity release credits, Staff subtracted a capacity release credit based on the amount of overrun capacity that was unavailable due to the capacity release. This is then multiplied by the capacity release unit price rate.
- During the 2013/2014 ACA review, SSCGP issued a partial refund of interim rates in accordance with an Unopposed Stipulation and Agreement Settling Rate Case, Docket RP13-941. Staff adjusted the previous recommended disallowance for these refunds during the 2013/2014 ACA review. Staff is not aware of any refunds from SSCGP during the 2014/2015 ACA period.

Staff has calculated a "Net Avoidable Overrun" disallowance as the invoiced overrun charge related to allowable overruns minus capacity release credits for the overrun volumes if applicable, as summarized in the following tables for the Southern service area and the SMNG service area:

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[3] sngmo staff response GR-2016-0091 dr0030.2

Southern Service Area Net Avoidable Overruns				
Contract	Overrun Quantity	Overrun Charge	Capacity release credit	Net Avoidable Overrun
	(a)	(b)	(c)	e = b-c
TA 15443	9,346	$1,590	$0	$1,590
TA 20684	5,735	$976	$289	$689
Total	15,081	$2,566	$289	$2,279

SMNG Service Area Net Avoidable Overruns				
Contract	Overrun Quantity	Overrun Charge	Capacity release credit	Net Avoidable Overrun
	(a)	(b)	(c)	e = b-c
TA 797	135,316	$23,017	$13,076	$9,941
TA 10757	7,962	$1,354	$0	$1,354
TA 16345	4,568	$777	$320	$457
TA 814	14,520	$3,403	$2,107	$1,296
Total	162,366	$28,551	$15,503	$13,048

Staff's total proposed disallowance for the "Net Avoidable Overrun" charges is $15,327. Staff's proposed disallowance for the Southern service area represents about $1.06/customer and for the SMNG service area about $0.38/customer.

F. Northern Service Area: Supply-Storage Decisions

The Company's ANR storage serves at least two primary functions during the winter:

- First, storage is required operationally to meet demand in cold weather, and
- Second, the Company considers 100% of its contracted storage capacity to be part of its winter hedge.

The Company's actual storage injections during May 2015 were in excess of planned storage injections resulting in storage levels nearing 91% of MSQ by June 2015. The Company's storage plan called for storage to be filled by the end of October 2015. While the commodity cost of the gas in May 2015 was low ($2.27/Dth), filling storage early in summer exposes the customer to additional storage costs as well as eliminates the opportunity to take advantage of potential low cost gas later in the injection season. Overall, the 2014/2015 winter was about 7% colder than normal for the St. Joseph, Missouri area.

> Staff recommends the Company review its processes for supply purchasing decisions to enhance its responsiveness to changing conditions and give consideration to its own estimates of warm, normal and cold monthly supply requirements. Staff recommends the Company, at a minimum, reviews and evaluates storage balances versus plan on a weekly basis during winter months and on a monthly basis during non-winter months.

IV. HEDGING

Summit's winter hedging plans are primarily designed to achieve a reliable natural gas supply and to protect its customers against price spikes. The hedging plan establishes known prices for 60% of normal winter (November – March) weather requirements for each of the Company's three service areas. The Company's Northern service area calls for the Company to fill storage as close to its maximum capacity as possible by November 1, the beginning of the winter heating season. Additionally, fixed price purchases are a part of the hedging plan for the Northern service area.

For the Company's Southern service area, the hedging plan is to utilize fixed price purchases. There is no storage capacity contracted for the Southern service area.

For the Company's former SMNG service area, the hedging plan is to utilize storage as well as fixed price purchases.

Summit's maximum storage quantity (MSQ) for the Northern service area represents about 41% of normal winter (November – March) weather requirements for the service area. Summit's actual storage injection by November 1, 2014 was about 98% of MSQ. Summit also purchased fixed price volumes in June 2014 for delivery during the period December 2014 - February 2015. These fixed price volumes, which represent about 19% of normal winter weather requirements, combined with actual storage at the beginning of the winter season represent about 59% of normal winter weather requirements for the Northern service area.

For the Southern service area, Summit purchased fixed price volumes in June 2014 for delivery in the period December 2014 through February 2015. Summit purchased additional fixed price volumes in July and in August 2014 for delivery in the period December 2014 through February 2015. The fixed price volumes represent about 60% of normal winter weather requirements for the Southern service area.

For the former SMNG service area, Summit purchased fixed price volumes in June 2014 for delivery during the winter period December 2014 - February 2015, which represent about 30% of normal winter weather requirements. These fixed price volumes, combined with storage at the beginning of the winter season for the service area, represent about 60% of normal winter weather requirements for the former SMNG service area.

Conclusion

Staff has the following comments about the Company's hedging practice for this ACA's winter period:

1) It is important for the Company to evaluate the expected level of the customers' natural gas requirements that are reasonably protected (hedged) under warmer than normal, normal, and colder than normal weather scenarios.
2) Additionally, the Company should evaluate its hedging strategy in response to the changing market dynamics as to how much the existing hedging strategy actually benefits its customers while achieving the goal of stable price level.
3) A part of Summit's hedging goals is to capture the lowest price. However, this market-timing approach can lead to a situation where Summit waits too long for natural gas prices to go down until it perceives them to be favorable while running the risk of higher prices.
4) Summit's hedging strategy utilizing storage is based on its plan of filling storage to its MSQ by November 1 and use of the entire MSQ by the end of March. However, the Company typically does not fill storage to MSQ. Additionally, the Company finishes the last month of the winter heating season (March) with a portion of MSQ left in storage. Therefore, its hedging plan utilizing storage could overestimate an actual hedging outcome.

Hedging Recommendations

Staff recommends that the Company:

(a) Establish and maintain a current and consistent hedging policy with stated objectives based on month-specific normal weather requirements while also considering the impacts of warmer and colder than normal weather scenarios.

(b) Consider a combination of various alternatives such as storage withdrawals, call options, and other fixed price purchases for effective hedging during the winter months.

(c) Establish what is a realistic amount of MSQ that the Company plans to inject into storage by November 1 and to withdraw by March 31. Thus, determine a realistic amount of storage that can be utilized toward hedging and calculate the hedging percent utilizing storage and the overall hedging percent accordingly.

(d) Continue to monitor the market movements diligently and with regard to timing of hedge placements employ disciplined (time-driven) as well as discretionary (price-driven) approaches in its hedging practices.

(e) Continue to document its reasoning for executing any hedging transactions or decisions, whether by means of storage, fixed price contracting or other financial hedging instruments.

V. RECOMMENDATIONS

The Staff recommends that the Commission issue an order requiring Summit to:

1) Adjust the balances in its next ACA filing to reflect the Staff recommended ending (over)/under recovery ACA balances per the following tables:

SMNG Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
Prior ACA Balance 8-31-14	$874,446	$0	$874,446
Cost of Gas/Storage	$5,003,671	$0	$5,003,671
Cost of Transportation	$2,603,514	($13,048)(A)	$2,590,466
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ACA cost correction	($76,491)	$0	($76,491)
Total ACA Balance 8-31-15	($362,426)	($13,048)	($375,474)

(A) Over-run charges

Northern Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
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Cost of Transportation	$128,352	$0	$128,352
Revenues - PGA billed	($1,082,202)	$0	($1,082,202)
Revenues Otherwise billed	($2,037)	$0	($2,037)

Northern Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
ACA Approach for Interest Calculation	$1,708	$0	$1,708
Cash Outs	3,229	$0	$3,229
ACA Cost Correction	($18,484)	$0	($18,484)
Total ACA Balance 8-31-15	$48,229	$0	$48,229

(Warsaw-Lake Ozarks) Southern Service Area Description (+) Under-recovery (-) Over-recovery	Ending Balances Per Filing	Staff Adjustments for 2014-2015 ACA	Staff Recommended Ending Balances
Prior ACA Balance 8-31-14	$264,512	$0	$264,512
Cost of Gas/Storage	$1,955,346	$0	$1,955,346
Cost of Transportation	699,969	($2,279)(A)	$697,690
Revenues – PGA billed	($2,832,482)	$0	($2,832,482)
ACA Approach for Interest Calculation	$2,708	$0	$2,708
Cash Outs	($21,436)	($6,406)(B)	($27,842)
ACA cost correction	($577)	$0	($577)
Total ACA Balance 8-31-14	$68,040	($8,685)	$59,355

(A) Over-run charges
(B) Cash-out Correction

2) Respond to Staff's concerns/recommendations in Section II – Billed Revenue and Actual Gas Cost.

3) Respond to the concerns/recommendations expressed by Staff in the Reliability Analysis and Gas Supply Planning section (Section III).
4) Respond to Staff's recommendations in Section IV - Hedging.
5) Respond to all recommendations and concerns included herein within 45 days.

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AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Kwang Y. Choe and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Kwang Y. Choe

Kwang Y. Choe, Ph.D.

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 12th day of December, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434

Jessica Luebbert
NOTARY PUBLIC

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AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Joshua Nash and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Joshua Nash

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 12th day of December, 2016.

Jessica Luebbert
NOTARY PUBLIC

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Summit Natural Gas of Missouri, Inc. Changes to Company's Purchased Gas Adjustment (PGA) Clause	)))	**Case No. GR-2016-0091**

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Michael Rush and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Michael Rush

Michael Rush

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 12th day of December, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
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Jessica Luebbert
NOTARY PUBLIC