

*Exhibit No.:*  
*Issue(s):* Carrying Costs  
*Witness:* Randall T. Jennings  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* GR-2022-0122  
*Date Testimony Prepared:* June 22, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**FINANCIAL ANALYSIS DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**RANDALL T. JENNINGS**

**SUMMIT NATURAL GAS OF MISSOURI, INC.**

**CASE NO. GR-2022-0122**

*Jefferson City, Missouri*  
*June 2022*

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RANDALL T. JENNINGS  
SUMMIT NATURAL GAS OF MISSOURI, INC.  
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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **RANDALL T. JENNINGS**

4 **SUMMIT NATURAL GAS OF MISSOURI, INC.**

5 **CASE NO. GR-2022-0122**

6 Q. Please state your name and present title.

7 A. My name is Randall T. Jennings. I am employed by the Missouri Public Service  
8 Commission (“Commission”) as a member of Commission Staff (“Staff”) and my title is  
9 Utility Regulatory Auditor for the Financial Analysis Department, in the Financial and Business  
10 Analysis Division and my business address is P.O. Box 360, Jefferson City, Missouri 65102.

11 Q. Are you the same Randall Jennings who filed rebuttal testimony in this docket?

12 A. Yes.

13 **I. EXECUTIVE SUMMARY**

14 Q. What is the purpose of your surrebuttal testimony?

15 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony  
16 of Craig Root filed on behalf of Summit Natural Gas of Missouri, Inc. (“SNGMO”), a wholly  
17 owned subsidiary of Summit LDC Holdings, LLC (“Summit Holdings”) and an indirect,  
18 wholly-owned subsidiary of Summit Utilities, Inc. (“Summit”). Mr. Root sponsored carrying  
19 costs testimony.

20 Within my testimony, I will address Mr. Root’s recommendation that the Commission  
21 approve SNGMO’s request to apply SNGMO’s last Commission-approved pre-tax rate of  
22 return (ROR) in the amount of 9.47%, as ordered in case No. GR-2014-0086.

1 **II. RESPONSE TO REBUTTAL TESTIMONY OF MR. ROOT**

2 Q. Do you agree with Mr. Root's recommendation that the Commission approve  
3 SNGMO's request to apply SNGMO's last Commission-approved pre-tax ROR in the amount  
4 of 9.47%, as ordered in case No. GR-2014-0086?

5 A. No. As I explained in my rebuttal testimony for this proceeding, Mr. Root's  
6 recommended ROR is approximately eight years old and economic conditions have changed  
7 since that decision. In the most recent decision filed, the fully-litigated natural gas rate case of  
8 Spire Missouri in 2021, the Commission authorized an ROR of 6.37%<sup>1</sup>, which results in  
9 a pre-tax ROR of 7.83%.

10 In addition, Mr. Root's recommended carrying cost of ROR of 9.47% is too high  
11 compared to the average authorized ROR in recent gas utility rate cases in the US. According  
12 to S&P Capital IQ, from January 1, 2021 through May 20, 2022, fifty-two (52) rate cases,  
13 involving natural gas companies, have been settled or fully litigated. The average ROR for  
14 these 2021 & 2022 rate cases has been 6.81% and 6.73% respectively.

15 Q. What is your opinion about Mr. Root's citation of other natural gas companies  
16 addressing the Storm Uri carrying cost?

17 A. Mr. Root's rebuttal testimony indicates that two SNGMO affiliates in Arkansas  
18 were also addressing the Storm Uri carrying cost issue. Mr. Root stated that on June 6, 2022,  
19 the Arkansas Public Service Commission (ARPS) issued orders authorizing RORs  
20 of 5.73% & 6.18% respectively. These allowed carrying costs are much lower than Mr. Root's  
21 recommended carry cost of 9.47%.

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<sup>1</sup> On page 97, *Amended Report and Order* issued November 12, 2021, in Case No. GR-2021-0108.

1 **III. SUMMARY AND CONCLUSIONS**

2 Q. Please summarize the conclusions of your rebuttal testimony.

3 A. Mr. Root's recommended carrying cost is an out dated ROR and is too high in  
4 comparison to RORs approved in current natural gas rate cases and the recent carrying cost  
5 decisions listed above. Staff recommends the Commission reject Mr. Root's proposed carry  
6 cost of 9.47%. For a more detailed Staff recommendation regarding carrying cost, please see  
7 Staff witness David Sommerer's surrebuttal testimony.

8 Q. Does this conclude your surrebuttal testimony?

9 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Summit Natural Gas of )  
Missouri, Inc.'s Changes to the Company's ) Case No. GR-2022-0122  
Purchase Gas Adjustment "PGA" Clause )

**AFFIDAVIT OF RANDALL T. JENNINGS**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW RANDALL T. JENNINGS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Randall T. Jennings*; and that the same is true and correct according to his best knowledge and belief.

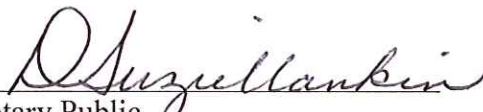
Further the Affiant sayeth not.

  
\_\_\_\_\_  
RANDALL T. JENNINGS

**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 21<sup>st</sup> day of June 2022.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
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Notary Public