

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

In the Matter of Summit Natural Gas of)
Missouri, Inc.’s Purchased Gas)
Adjustment Tariff Filing) Case No. GR-2022-0122

STATEMENT OF POSITION

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”) and states the following to the Missouri Public Service Commission (“Commission”) as its *Statement of Position* as to issues described in the *List of Issues, Order of Witnesses, and Order of Opening Statements and Cross-Examination* filed on June 27, 2022:

BACKGROUND

During the month of February 2021, an extreme winter weather event, Winter Storm Uri, resulted in a historic cost of gas for SNGMO’s September 1, 2020, to August 31, 2021, season.

SNGMO’s PGA Clause requires that the ACA factors be set by addressing the cumulative balance of over-recoveries or under-recoveries during a twelve-month period. (See Sheet No. 54). The PGA clause further requires that interest is credited to the customers or Company, as appropriate, at a simple rate equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of the following month), minus two (2) percentage points.

An exception is provided by Tariff Sheet No. 55, which provides in relevant part as follows:

In the event of an Act of God or weather circumstance that has an extraordinary impact on the natural gas market, the Company, Staff, or OPC may apply, supported by an affidavit, to the Commission to seek to extend the ACA recovery period beyond 12 months, not to exceed 5 years. If the Commission allows the extended ACA recovery period not to exceed 5 years, the Company may also apply for the recovery of carrying costs associated with such deferred recovery at a different rate, from the effective date of this tariff Sheet No. 55 on a going forward basis, from that identified in Sheet No. 52.

The Commission previously approved in this case SNGMO's request for an extended ACA recovery period (five years) due to Winter Storm Uri (a weather circumstance that had an extraordinary impact on the natural gas market). The purpose of this proceeding is to determine the associated carrying cost issues associated with these amounts.

LIST OF ISSUES

What rate should be used to determine allowable carrying costs for SNGMO's financing of unrecovered gas costs associated with the extended ACA recovery period previously approved by the Commission due to Winter Storm URI?

SNGMO Position: Under normal circumstances, SNGMO funds its gas supply costs through cash generated from operations. During February 2021, the magnitude of the gas supply costs incurred by SNGMO rendered the standard means of funding grossly insufficient as the magnitude of the February 2021 gas supply costs ruled out funding those costs solely through debt. As an initial solution to prevent an immediate liquidity crisis, SNGMO obtained an equity infusion to cover the extraordinary gas supply costs that were incurred on behalf of customers. The Company intends to replace approximately half of this equity injection with debt, consistent with the capital structure found to be reasonable by the Commission in Case No. GR-2014-0086.

Because SNGMO plans to finance those costs through a combination of debt and equity, the weighted average cost of capital is the most appropriate carrying cost to apply. For SNGMO, that would be the Company's last Commission approved pre-tax rate of return, 9.47%, as ordered in Case No. GR-2014-0086.

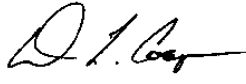
*Root Dir., Reb., Sur., All
McCarter Dir., and Sur., All.*

WHEREFORE, SNGMO respectfully requests the Commission consider its *Statement*

of Position.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on all counsel of record on this 5th day of July, 2022.

