

**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-2020-0123
Tariff No. YG-2020-0073

STAFF RECOMMENDATION

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

1. On October 31, 2019, Summit Natural Gas of Missouri, Inc. ("Summit" or "Company") filed three tariff sheets to reflect changes in its Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming season and changes in the Company's Actual Cost Adjustment (ACA) factors. Those tariff sheets bear a proposed effective date of November 15, 2019.

2. The Commission, in its *Order Directing Staff Recommendation*, ordered Staff to file its recommendation regarding Summit's tariff filing no later than November 8, 2019.

3. The changes applicable to the Company's Gallatin Division will decrease the firm sales customers' Total PGA from \$0.4280 per Ccf to \$0.3550 per Ccf. The proposed change represents a \$0.0730 per Ccf decrease.

4. The changes applicable to the Company's Warsaw and Lake of the Ozarks Divisions will increase the firm sales customers' Total PGA from \$0.3903 per Ccf to \$0.4497 per Ccf. The proposed change represents a \$0.0594 per Ccf increase. This Total PGA increase was due largely to the reversal of the division's ACA factor from a previous over-recovery to an under-recovery of gas costs. The under/over recoveries

were in part attributable to purchases of additional gas supply volumes at higher than estimated gas prices as compared to the other divisions.

5. The changes applicable to the Company's Rogersville and Branson Divisions will decrease the firm sales customers' Total PGA from \$0.4599 per Ccf to \$0.3381 per Ccf. The proposed change represents a \$0.1218 per Ccf decrease.

6. The Company's filing also reflects adjustments to the Company's ACA factors. Staff's Procurement Analysis Department (PAD) will review the Company's ACA filing and may recommend adjustments to the ACA account balance(s). Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the PAD has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 15, 2020.

7. Case No. GR-2020-0123, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2019-2020 ACA filing. Case No. GR-2019-0125 was established to track the Company's PGA factors to be reviewed in its 2018-2019 ACA filing. Any rate change implemented pursuant to this tariff filing should be implemented on an interim basis, subject to refund, pending final Commission decisions in Case Nos. GR-2020-0123 and GR-2019-0125. As explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated herein, Staff has reviewed the current filing and determined that the rates on the proposed tariff sheets were calculated in conformance with the Company's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheets on an interim basis, subject to

refund pending final Commission decisions in ACA Case Nos. GR-2020-0123 and GR-2019-0125.

8. Staff also recommends the Commission order PAD Staff to file the results of its review of the ACA factors represented in this filing no later than December 15, 2020.

9. Staff has verified that the Company has filed its annual report, and is not delinquent on its PSC assessment. Staff is not aware of any other matters before the Commission that affects or is affected by this filing except as noted herein.

10. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days' notice is demonstrated by Summit's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings.

WHEREFORE, Staff recommends the Commission approve the following tariff sheets on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2020-0123 and GR-2019-0123, and that the Commission order PAD Staff to file the results of its ACA review in this docket no later than December 15, 2020:

P.S.C. MO No. 3

5th Revised Sheet No. 56, Cancelling 4th Revised Sheet No. 56

5th Revised Sheet No. 57, Cancelling 4th Revised Sheet No. 57

5th Revised Sheet No. 58, Cancelling 4th Revised Sheet No. 58

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
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Missouri Public Service Commission

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Attorney for the Staff of the
Missouri Public Service Commission

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 8th day of November, 2019.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2020-0123, Tariff No. YG-2020-0073
Summit Natural Gas of Missouri, Inc.

FROM: Michael J. Ensrud, Rate & Tariff Examiner II - Procurement Analysis Dept.

/s/ David M. Sommerer 11/08/2019 /s/ Robert S. Berlin 11/08/2019
Financial and Business Analysis Div./Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Summit Natural Gas Scheduled Winter
PGA Filing Effective Date November 15, 2019

DATE: November 8, 2019

On October 31, 2019, Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”), filed three tariff sheets bearing a proposed effective date of November 15, 2019. In addition SNGMO filed a single cover letter and supporting worksheets. The tariff sheets were filed to reflect changes in SNGMO’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) factors.

On November 1, 2019 the Commission issued its “**Order Directing Staff Recommendation**”. The order directs Staff to file its recommendation no later than November 8, 2019.

SNGMO’s cover letter makes following representations:

These revised sheets include changes to Company’s Purchased Gas Adjustment (PGA) Clause as approved by the Commission. These revisions reflect adjustments to the Regular Purchased Gas Adjustment (RPGA) and Actual Cost Adjustment (ACA) factors.

The changes in the PGA factors applicable to the Company’s Gallatin Division will decrease the firm sales customers’ Total PGA from \$0.4280/Ccf to \$0.3550/Ccf.

...

The changes in the PGA factors applicable to the Company’s Warsaw and Lake of the Ozarks Divisions will [decrease the] [Sic] increase sales customers’ Total PGA from \$0.3903/Ccf to \$0.4497/Ccf.

...

The changes in the PGA factors applicable to the Company’s Rogersville and Branson Divisions will decrease the firm sales customers’ Total PGA from \$0.4599/Ccf to \$0.3318/Ccf.

The Company’s Warsaw and Lake of the Ozarks Divisions experienced an increased “Total PGA” primarily due to the reversal of its ACA factor from an over-recovery to an under-recovery of gas costs when comparing the current ACA factor of (\$0.0483) per Ccf to the proposed ACA factor of \$0.0596 per Ccf. These under/over recoveries were in part attributable to more purchases of higher than estimated gas supply prices and volumes, as compared to the other divisions.

Staff has also included a chart showing the change (in cost) per Ccf by division and the PGA percent change from the PGA in-place today when compared to SNGMO’s proposed PGA rates. These calculations are as follows:

| | <u>Old</u> | <u>New</u> | <u>Diff</u> | <u>% Change</u> |
|------------------------|------------|------------|-------------|---------------------|
| <u>Gallatin Div</u> | | | | |
| All Classes | \$0.4280 | \$0.3550 | (\$0.0730) | -17.06% |
| <u>Warsaw Div</u> | | | | |
| All Classes | \$0.3903 | \$0.4497 | \$0.0594 | 15.22% |
| <u>Rogersville Div</u> | | | | |
| All Classes | \$0.4599 | \$0.3318 | (\$0.1281) | -27.85% |

Case No. GR-2020-0123, under which these changes were filed, was established to track SNGMO’s PGA factors to be reviewed in its 2019-2020 ACA filing. Case No. GR-2019-0125 was established to track the Company’s PGA factors to be reviewed in its (2018-2019) ACA filing. These rate changes should be made on an interim basis, subject to refund pending final Commission decisions in ACA Case Nos. GR-2020-0123 (2019-2020 ACA filing) and GR-2019-0125 (2018-2019 ACA filing).

Due to the limited time available to review the documentation supporting the ACA factors submitted in this filing, the Procurement Analysis Department (PAD) requests permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 15, 2020.

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 SNGMO's PGA Clause. Staff asks the Commission to take notice of SNGMO's tariff language that allows for approval of these tariff sheets on less than thirty (30) days' notice is demonstrated by SNGMO's Commission-approved PGA clause allowing for ten (10) business days' for PGA change filings. Therefore, Staff recommends that the following tariff sheets filed on October 31, 2019 be approved on an interim basis, subject to refund:

P.S.C. MO No. 3

5th Revised Sheet No. 56, Cancelling 4th Revised Sheet No. 56

5th Revised Sheet No. 57, Cancelling 4th Revised Sheet No. 57

5th Revised Sheet No. 58, Cancelling 4th Revised Sheet No. 58

