

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

In the Matter of Summit Natural Gas	)	
of Missouri, Inc. Changes to Company's	)	Case No. GR-2019-0125
Purchased Gas Adjustment (PGA) Clause	)	

**RESPONSE TO STAFF'S AMENDED RECOMMENDATION AND  
MEMORANDUM**

COMES NOW Summit Natural Gas of Missouri, Inc. ("SNGMO"), and, as its *Response to Staff's Amended Recommendation and Memorandum*, states as follows to the Missouri Public Service Commission ("Commission"):

1. On December 17, 2019, the Staff of the Commission ("Staff") filed its *Staff Recommendation Regarding Summit's 2017-2018 Actual Cost Adjustment Filing*. In response, the Commission issued its *Order Directing Filing* wherein it directed SNGMO to respond to the Staff Recommendation.

2. Thereafter, on April 2, 2020, Staff filed its *Amended Recommendation Regarding Summit's 2017-2018 Actual Cost Adjustment Filing* ("*Amended Recommendation*"). SNGMO will respond to the various issues identified by the Memorandum attached to the *Amended Recommendation* in the following paragraphs. SNGMO's response will reference the Amended Memorandum by use of the same section titles utilized by the Staff.

**SECTION II - BILLED REVENUE AND ACTUAL GAS COSTS**

1. **Gas Procurement Practices.** As noted in Staff's Amended Memorandum, Staff reviewed purchasing practices during this period and recommended no adjustments. However, Staff identified errors and adjustments needed during the review of the Reconciliation of (Over)Under Collection.

a. The Company agrees to make an adjustment of (\$75,530) reduction to the cost of

gas/storage to correct an error on Invoice #433431 that was entered in the amount of \$184,555 but should have been entered as \$109,025.

- b. The Company agrees to make an adjustment of (\$31,655) reduction to the total cost of gas/storage to correct an overstated cost of gas/storage not initially recorded.
- c. The Company agrees to make an adjustment of \$5,265 to correct an understated total interest amount.
- d. The Company agrees to an adjustment of (\$39,208) to correct an understated cash out amounts.
- e. The Company agrees to an adjustment of \$1,160 to correct an understated cash out amount.
- f. The Company agrees to make an adjustment of (\$1,992) reduction to the Cost of Transportation to correct two invoices (#354338 and #354337), both dated for October 13, 2017. The total sum for these invoices was incorrectly entered as \$9,949.62 however the correct amount was \$7,958.14.
- g. The Company agrees to adjust the ending ACA balance in the amount of (\$736). The reported ending ACA balance of (\$13,720) did not include interest of (\$736).
- h. The Company agrees to an adjustment of \$1,199 in the northern service area to correct an understated interest amount. The adjustment will result in the total under recovery of interest in the amount of \$436.
- i. The Company agrees to an adjustment of \$8,026 in the northern service area to correct overstated cash out amounts resulting in an ending total cash out balance in of (\$27,905).
- j. The Company agrees to an adjustment of (\$871) reduction to cost of gas/storage to correct

an error on Invoice #1460234 that was entered in the amount of \$225,376.53. The correct amount of the invoice was \$224,505.94.

- k. The Company agrees to an adjustment of a \$980 increase to the cost of gas/storage for an error on Invoice #1462658.
- l. The Company agrees to an adjustment to increase total commodity cost in the amount of \$2,986.50 to correct a missing invoice for the month of June 2018.
- m. The Company agrees to an adjustment to increase total commodity cost in the amount of \$7,680.00 to correct a missing invoice for the month of July 2018.
- n. The Company agrees to an adjustment of (\$254) to correct an erroneous formula in the calculation of interest on over collected gas costs which were recorded as (\$2,330) and should have been recorded as (\$2,584).
- o. The Company agrees to an adjustment of \$618 in the southern service area to correct an understated interest amount. This adjustment will result in a total (over) recovery of interest in the amount of (\$1,966).
- p. The Company agrees to an adjustment of (\$17,853) in the southern service area to correct understated cash out amounts resulting in an ending total cash out balance of (\$28,493).

In summary, SNGMO agrees with the adjustments to reflect Staff's recommended ending (over)/under recovery ACA balances as set out in the tables found on pages 14-15 of the Amended Staff Memorandum.

### **SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING**

2. **Storage Planning.** The Company agrees to continue monitoring its storage balances to accommodate for warmer fall and winter weather.

3. **Reserve Margins.** The Company will continue monitoring its pipeline contracts and reserve margin for each division. The Company will also continue reviewing the seasonal firm gas requirements in all of its divisions, including Branson and Warsaw/Lake of the Ozarks.

#### **SECTION IV – HEDGING**

4. **Hedging Recommendations.** The Company's responses to the Staff Hedging Recommendations as follows:

- a. The Company agrees to 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. The Company will continue to 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. The Company agrees to establish 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. The Company will continue to monitor the market movements with regard to timing of hedge placements and price-driven approaches in its hedging practices. The Company will continue to document its reasoning for executing any hedging transactions or decisions.

#### **SECTION V – RECOMMENDATIONS**

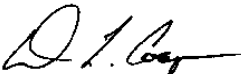
5. The Company agrees to implement additional procedures to ensure the accuracy of the information provided the ACA schedules.

**WHEREFORE**, Summit Natural Gas of Missouri, Inc. respectfully requests that the

Commission consider this response to the Staff Recommendations and issue such orders as it believes to be reasonable and just.

Respectfully Submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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ATTORNEYS FOR SUMMIT NATURAL GAS  
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### CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail to the following counsel this 6<sup>th</sup> day of April 2020:

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