

**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-2020-0123
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 15, 2020, the Staff of the Commission (“Staff”) filed its *Staff Recommendation Regarding Summit’s 2018-2019 Actual Cost Adjustment Filing*. Thereafter, the Commission issued its *Order Directing Filing* wherein it directed Summit to respond to the Staff Recommendation by January 27, 2021.

2. On January 25, 2021, SNGMO filed a Motion for Extension requesting the deadline be extended to March 2, 2021. The Company indicated that after review of the recommendation and discussions with Staff, further discussion would be beneficial to efficient processing. Further, Staff had no objection to the requested deadline extension.

3. On February 23, 2021, SNGMO filed a Second Motion for Extension requesting the deadline be extended to March 23, 2021 to allow for further discussion and exchange of information.

4. Thereafter, on March 19, 2021, Staff filed its *Amended Recommendation Regarding Summit’s 2018-2019 Actual Cost Adjustment Filing* (“*Amended Recommendation*”). SNGMO will respond to the various issues identified by Staff in the following paragraphs. SNGMO’s response will reference the 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 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 Staff's adjustment of \$9,225.62 in the Northern Service Area to correct the prior ACA ending balance from (\$16,448.62) to (\$7,223.00).
- b. The Company agrees to make an adjustment of \$114.78 to correct the ending interest balance from (\$11.63) to \$103.15 in the Northern Service Area.
- c. As a result of the sum of the adjustments made to the Northern Service Area in the amount of \$9,340.40, the Company agrees to the new ending ACA balance of (\$17,613.26), up from (\$26,953.66).
- d. The Company agrees to Staff's adjustment of (\$17,234.93) in the Southern Service Area to correct the prior ACA ending balance from (\$82,443.07) to (\$99,678.00).
- e. The Company agrees to an adjustment of (\$5,999.28) in the Southern Service Area to correct invoices and account for a refund all pertaining to the cost of transportation related to Southern Star Central Gas Pipeline. The adjustment results in a decrease from \$720,194.51 to \$714,195.23.
- f. The Company agrees to an adjustment of (\$621.32) to correct the ending interest balance from \$4,905.19 to \$4,283.88 in the Southern Service Area.
- g. As a result of the sum of the adjustments made to the Southern Service Area in the amount of (\$23,855.53), the Company agrees to the new ending ACA balance of \$256,114.21, down from \$279,969.73.
- h. The Company agrees to an adjustment of (\$64,437.00) in the SMNG Service Area to correct the prior ACA ending balance from \$178,827.00 to \$114,390.00.
- i. The Company agrees to an adjustment of \$4,270.37 in the SMNG Service Area to correct

the cost of gas in storage amount related to the LNG facility from \$3,894,360.22 to \$3,898,630.59.

- j. The Company agrees to an adjustment of (\$2,072.19) to correct the ending interest balance from (\$177.14) to (\$2,249.33) in the SMNG Service Area.
- k. As a result of the sum of the adjustments made to the SMNG Service Area in the amount of (\$62,238.82), the Company agrees to the new ending ACA balance of (\$575,241.81) down from (\$513,002.99).

SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

2. **Reserve Margins.** The Company will continue monitoring its pipeline contracts and reserve margin for each division. Specifically, in the North region, the Company will continue to discuss procuring additional upstream capacity to alleviate the negative reserve margin.

SECTION IV – HEDGING

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

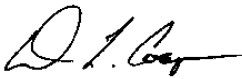
- a. The Company agrees to establish and maintain a current and consistent hedging policy with stated objectives based on month-specific normal weather requirements while also considering the impacts of warmer and colder than normal weather scenarios.
- b. The Company will continue to consider a combination 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 determining 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.
- e. The Company will continue to document its reasoning for executing any hedging transactions and decisions.

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
OF MISSOURI, INC.

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 23rd day of March, 2021, to:

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