BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI

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In the Matter of Summit Natural Gas of Missouri, Inc. Changes to Company's Purchased Gas Adjustment (PGA) Clause

Case No. GR-2018-0106

RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM

Comes now Summit Natural Gas of Missouri, Inc. ("SNG" or "Company"), and respectfully provides to the Missouri Public Service Commission ("Commission") the following response to the Commission Staff Recommendation and Memorandum:

1. On December 17, 2018, the Staff of the Commission ("Staff") filed its recommendations regarding the Summit Natural Gas of Missouri, Inc. 2016-2017 Actual Cost Adjustment ("ACA") filings in this matter in Case No. GR-2018-0106. These documents set out the results of Staff's audit of the billed revenues and actual gas costs for the period September 1, 2016, through August 31, 2017, included in the Company's 2016-2017 ACA filings.

2. On December 18, 2018, the Commission issued its Order Directing Response wherein it required SNG to file a response to Staff's Recommendation no later than February 1, 2019. SNG will respond to the various issues identified by Staff in the following paragraphs. SNG'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

3. **Gas Procurement Practices**. As noted in Staff's Memorandum, the Company misstated the beginning balance for the Warsaw and Lake of the Ozarks division from Case No. GR-2016-0091, in the amount of \$50.00. The Company agrees to make the \$50.00 correction moving forward. The Company will also increase the Ending Total ACA Balance for the 2016-

2017 ACA by \$49.24 for the adjustment Staff notes for the Warsaw and Lake of the Ozarks division.

SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

4. **Storage Planning**. The Company agrees to continue reviewing its September and October planned storage balances in future gas supply plans to accommodate a potential warmer fall or winter. The Company notes that the gas supply plan is just a guide and that the Company is continually monitoring storage balances for changes in demand and responding accordingly.

5. **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

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

a. The Company will continue to outline a specific hedging strategy in its Gas Supply Plan. This plan is provided to Staff annually and will continue to document the reasoning for transaction decisions and consider the impacts of warmer and colder than normal weather.

b. The Company considers many of the options recommended by Staff (including a combination of storage withdrawals and other fixed price purchases for effective hedging during the winter months) as a normal course of business.

c. The Company will continue to evaluate plans for storage injections and

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withdrawals as part of the overall hedging strategy in its Gas Supply Plan.

- 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.
- e. The Company's criteria and reasoning for its hedging transactions are documented in its Gas Supply Plan provided to Staff each May.

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.

By:

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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 1st day of February, 2019:

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