

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

In the Matter of )  
Summit Natural Gas of Missouri Inc.'s ) File No. GR-2014-0086  
Filing of Revised Tariffs to Increase Its ) Tracking No. YG-2014-0285  
Annual Revenues for Natural Gas Service )

**MISSOURI PROPANE GAS ASSOCIATION'S STATEMENT OF POSITIONS**

COMES NOW the Missouri Propane Association (MPGA), and for its Statement of Positions in this case, states as follows:

**II. Rate Increase Request/Amount**

**A. Rate increase/amount; Rate switchers; Transportation service commodity charge calculations; O&M expense; Depreciation; and, Imputation of minimum level of volumes:**

Summit Natural Gas of Missouri (SNGMO) should be required to charge its customers the full cost of service based on class costs of service studies, plus a reasonable return on investment. It is important to MPGA because its members must compete for customers with SNG. Market forces determine what propane companies can charge for providing propane service, and one of this Commission's roles as a rate regulator is to act as a proxy for the market. If the Commission sets rates that are artificially low and not based on cost-of-service, it unfairly skews the market. From MPGA's standpoint, fair competition is welcome, but MPGA's members would like a level playing field on which to compete. In addition, if SNGMO's prices are set artificially below the cost-of-service, customers do not get a true picture of their utility costs when comparing natural gas to propane.

**III. Miscellaneous Tariff Issues**

**A. Promotional Practices and Conversion Issues:**

MPGA believes that customers should know the true costs to convert from propane to natural gas so that they can make an informed decision. SNGMO currently pays a subcontractor \$650 to run the service line to the customer, set the meter, and convert up to three appliances. Because this amount is subsidized by SNGMO, the customer is never informed of the true cost of converting to natural gas. Customers would be more likely to consider the implications of converting from propane if they were responsible and aware of the true cost of converting. Instead, the cost is hidden in SNG's rates, effectively making all customers pay to subsidize the conversion costs for new customers. That is why MPGA supports SNGMO's proposal to amend the Free Conversion Program, instead offering this service to customers for a charge. This program has been in place for 10 years. The program made sense when natural gas was not at an economic advantage over competing fuels, but that has not been the case for several years due to the low price natural gas has enjoyed. Under current circumstances, not charging for conversion costs would provide SNGMO with an unfair advantage over the small propane businesses that SNG competes with daily.


Further, MPGA is concerned that in some cases, SNGMO is converting appliances from propane to natural gas improperly, making the appliances unsafe. SNGMO should be required to convert only appliances that are approved and listed to be converted by, but not limited to, national codes, certification agencies, and manufacturers, as well as to follow all national and local codes and manufacturer's instructions relating to the fuel conversion of appliances.

Finally, a clause in SNGMO's customer contracts states: "For safety purposes, applicant agrees not to use propane inside of any structure using natural gas." MPGA is not aware of any safety issues that arise from using both types of fuel inside the same building. Most installations where both types of fuel are used would dictate that the propane is servicing a single appliance.

Having propane on the premises would not pose a threat to SNGMO's equipment or service lines. MPGA believes this is anti-competitive because it specifically prohibits customers from making a choice concerning the fuel type used. This clause should be removed from SGMO's customer contracts, and it should not be allowed to prohibit propane inside any structure using natural gas.

Respectfully submitted,

HEALY & HEALY,  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties on the official service list for this case on this 15th day of August, 2014.

  
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Terry M. Jarrett