

**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)	
Annual Revenues for Natural Gas Service)	

**MISSOURI SCHOOL BOARDS' ASSOCIATION
APPLICATION FOR REHEARING**

COMES NOW the Missouri School Boards' Association ("MSBA") and for its Application for Rehearing pursuant to Section 386.500, RSMo Supp. 2013, respectively request rehearing of the Commission's October 29, 2014 Report and Order on the matters set forth below, and in support of rehearing, MSBA states as follows:

1. The Report and Order is factually and legally deficient, and not based on competent and substantial evidence, in that it:
 - a. Fails to address the unrefuted competent and substantial evidence demonstrating Rate Shock to MSBA schools. The Report and Order cannot factually or legally ignore MSBA Exhibit 404 demonstrating Rate Shock, and must adopt it as being just and reasonable as there is no evidence to the contrary. Unrefuted MSBA Exhibit 404 demonstrates an average rate increase to the MSBA schools of an average of 72.79%. Even disregarding the loss of the flex discount to schools, Exhibit 404 shows un-refuted increase of over 60%. Further, even disregarding the error regarding cashout in the Report and Order as address in subparagraph c below, Exhibit 404 demonstrates Rate Shock to schools with increases as high as 59.23%;
 - b. Fails to make a finding of fact or conclusion of law that the unrefuted rate increases set forth as Exhibit 404 are just and reasonable to the schools;

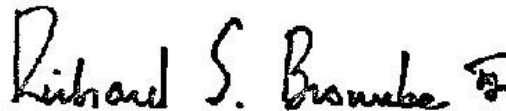
- c. The Order errors when it states that MSBA's position is the 20% cashout is based on tariff maximum penalty differences between pre-month projected usage and actual usage every month, and MSBA has the ability to prevent these imbalance usage differences:
- i. The record is void with regard to MSBA testimony that the 20% usage imbalance is every month. In fact the MSBA testimony uses 20% as the average annual price penalty - not the monthly usage imbalance;
 - ii. Tariff Rate Schedule Original Sheet 36A states the penalty cashout price is based on "the first-of-the month index price published in Inside *F.E.R.C.*'s Gas Market Report for applicable pricing location(s) for the month immediately following the month in which the imbalance occurred." The record also clearly states that MSBA price for gas is, to a large extent, based on the New York Mercantile Exchange market price. The cashout penalty gas cost is for a different month and at a different price than MSBA has incurred, which can create significant costs in addition to imbalance of projected and actual usage. The price and usage components together can certainly create an average annual cost increase to MSBA schools of 20% as set forth in Exhibit 404;
 - iii. The Order is in error with regard to MSBA having the ability to take action to prevent imbalance differences between projected usage and actual usage. To the contrary, the only record is Ervin testimony that imbalances are normal operating conditions. School usage is predominately for heating which is the function of weather and pre-month weather projections which are never perfect. The record does, however, correctly reference Section 393.310, RSMo which statutorily anticipates imbalances and provides for an administration and "balancing" charge that utilities can charge schools;
- d. The Order errors when it states: "MSBA cites increases in the schools' costs for retail gas and transportation that are outside the Commission's jurisdiction or authority." Specifically, the statutes allow the schools to aggregate their purchases for retail gas like large industrial or commercial basic transportation customers: for gas at retail on the open market and interstate for transportation regulated by the United States Federal Energy Regulatory Commission. The Company's price for transportation to the

schools is all that the Commission regulates. That regulation is further restricted by statutory requirements that the tariffs must not have any negative financial impact on the Company, SNGMo's customers, or local taxing authorities. MSBA's testimony regarding the "Rate Shock" impact was not entirely based on schools' costs for retail gas and transportation outside the Commission's jurisdiction and authority. On the contrary, MSBA's cites increases in charges under Commission jurisdiction. Further, in response to Commission questions, also shows in Exhibit 405 the diluted impact of the Commission jurisdictional increase when combined with retail gas and transportation. The bottom line remains a case of huge rate increases to the schools, which the Commission must address as either just and reasonable, or reject them.

- e. The Order improperly shifts the Commission's responsibility to MSBA to offer a Commission-acceptable resolution to un-just and un-reasonable rates, and instead rejects a phase-in rate option.

WHEREFORE, the Missouri School Boards' Association respectfully submits this Application for Rehearing.

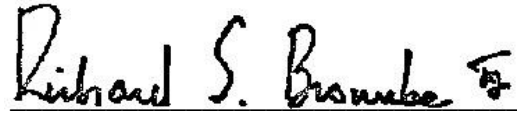
Respectively Submitted,



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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 21st day of November, 2014.

Handwritten signature of Richard S. Brownlee III in black ink, written over a horizontal line. The signature is cursive and includes a small flourish at the end.

Richard S. Brownlee III, Attorney