

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

In the Matter of Summit Natural Gas of)	
Missouri, Inc.'s Proposed Conversion)	File No. GO-2013-0360
Program Extension.)	

RESPONSE TO MOTION TO SUSPEND TARIFF

Comes now Summit Natural Gas of Missouri, Inc. (SNG or Company) and, in response to the Motion to Suspend Tariff and Request for Evidentiary Hearing filed by the Office of the Public Counsel (OPC), respectfully states as follows to the Missouri Public Service Commission (Commission):

INTRODUCTION

SNG has two tariff books. One applies to the territory formerly served under the Missouri Gas Utility, Inc. name (P.S.C. Mo. No. 1). The second applies to the territory formerly served by Southern Missouri Natural Gas Company (P.S.C. Mo. No. 2). On December 28, 2012, SNG filed a tariff sheet seeking to extend a conversion program for the former Southern Missouri Gas Company (Southern Missouri) territory that has been in place since approximately 1994. OPC has objected to that filing alleging that SNG needs a formal waiver for the proposed extension.

SNG believes that the process it has undertaken to extend the conversion program is in accordance with Commission rules. Further, SNG does not believe that it is good policy to eliminate an existing, longstanding conversion program that benefits residential customers without some substantive finding that the program is unjust and unreasonable.

BACKGROUND

1. On December 28, 2012, SNG filed a proposed tariff sheet (P.S.C. Mo. 2, Fifth Revised Sheet No. 71). The purpose of this filing was to extend a conversion program in the

territory formerly served by Southern Missouri. In the absence of a new tariff sheet, the program would expire on December 31, 2012.

2. The subject conversion program provides “no charge” unit conversions for residential and commercial customers up to \$350.00. Costs in excess of \$350.00 are recovered by the Company through a pro rata monthly charge added to the customer’s monthly gas bill for a period of up to thirty-six (36) months. The most common conversions are to change parts for the purpose of converting propane burning appliances to natural gas burning appliances. This program has been in place since approximately 1994.

3. Original Sheet No. 71 became effective as a result of *In re Tartan Energy Company d/b/a Southern Missouri Gas Company L.C.*, Case No. GA-94-127. On October 1, 1994, the Commission issued its Report and Order in Case No. GA-94-127, which granted the Company's predecessor a certificate of convenience and necessity to construct and operate a natural gas distribution system in southern Missouri. The Commission also granted therein a variance from 4 CSR 240-14.020(1)(E), (F) and (H), the Commission's Promotional Practices Rule, to permit Southern Missouri to offer a conversion incentive program for a 24-month period during the construction of the distribution system.

4. 1st Revised Sheet No. 71. In Case No. GO-98-172, Southern Missouri Gas Company filed an application for variance in which it requested that it be permitted to extend its conversion program throughout its service territory until November 15, 2000. A stipulation and agreement between Southern Missouri and Staff resulted in a variance from 4 CSR 240-14.020(1)(E), (F) and (H) until November 15, 2000. Southern Missouri was ordered to file Revised Sheet Nos. 63, 65 and 71, within 10 days after the effective date of the order approving the Stipulation and Agreement.

5. 2nd Revised Sheet No. 71. At the conclusion of Case No. GR-00-485, a 2nd revised tariff sheet was filed that extended the program.

6. 3rd Revised Sheet No. 71. In Case No. GE-2006-0189, Southern Missouri again requested a variance from the provisions of 4 CSR 240-14.020 for the purpose of the conversion program. Staff recommended approval of a variance and tariffs for 4 years or 48 months. Thus, 3rd Revised Sheet No. 71 the program was extended until December 31, 2009.

7. 4th Revised Sheet No. 71. The 4th Revised Sheet No. 71 was filed under Tracking No. JG-2011-0253 (and Case No. GR-2010-0347) and became effective February 1, 2011. This tariff sheet extended the conversion the program until December 31, 2012.

8. On December 28, 2012, SNG filed a proposed 5th Revised Sheet No. 71 for the purpose of extending the conversion program until December 31, 2014. The only substantive change is the proposed extension of the conversion program through December 31, 2014. The specific provisions of the conversion program are found on Sheets Nos. 63-67, and remain unchanged. In response to the filing of 5th Revised Sheet No. 71, the OPC filed its Motion to Suspend and Request for Evidentiary Hearing.

RESPONSE

9. As can be seen from the history of Sheet No. 71, the conversion program has been in place in the Southern Missouri territory since 1994. This purpose of this program is to “encourage the connection of more customers, some of whom may not be able to afford the conversion, and should result in safer, more cost-saving construction and lower rates to all customers.” (See Sheet No. 71)

10. OPC argues that the program should terminate at this point in time for procedural reasons. OPC argues that SNG should formally file an application seeking variance from the

Commission's Promotional Practices Rules where the Commission can decide if good cause exists for such waiver. In doing so, OPC cites to Chapter 40 of the Commission Rules (in paragraphs 3, 4, 7 and 8). Chapter 40 appears to have been cited erroneously as there is no Promotional Practices Rule in Chapter 40. We assume OPC instead meant to refer to Chapter 14.

11. No such formal application is required by the Commission rules. The specific rules governing gas utility "requirements" (not "application") for variance from the Promotional Practices Rules are found in Commission Rule 4 CSR 240-3.255. Therein, it is stated, in part, as follows:

(2) No gas utility or its affiliate shall offer or grant any additional promotional practice or vary or terminate any existing promotional practice, directly or indirectly, or in concert with others, or by any means whatsoever, *until a tariff filing showing the addition or variation or termination in the form prescribed by this rule has been made with the commission* and a copy furnished to each other gas utility providing the same or competing utility service in any portion of the service area of the filing utility.

(emphasis added)

12. Commission Rule 4 CSR 240-3.255 makes it clear that a variance may be obtained through the filing of a tariff sheet containing the appropriate information related to the proposed program ("... until a tariff filing showing the addition ... has been made ..."). The existing tariff sheets, combined with the revised Sheet No. 71, contain this information. There is no other application or process required, as alleged by OPC.

13. The real question is whether an existing, longstanding program, previously given a variance from Promotional Practices Rules, which is of assistance to customers (primarily residential customers) and about which no complaint has been lodged, should be terminated without some sort of substantive objection to the program. The Commission has previously

found good cause for the existence of this program and many of those reasons continue to be present. For example, the conversion program benefits low income and fixed income consumers who might not otherwise have the opportunity to enjoy the benefits of natural gas; it encourages the development of natural gas demand to ensure the economic operation of the natural gas system and the lowest possible rates to consumers both near-term and long-term; and it permits consumers to gain access to natural gas more quickly, more effectively and efficiently.

14. The only real objection OPC has in regard to a continuation of the program is its assertion that notice should be provided to “each public utility providing the same or competing utility service in all or any portion of the service area of the filing utility.” (Motion, para. 5) This citation, which was provided by OPC, is from Commission Rule 4 CSR 240-14. However, as previously mentioned, no formal application is required by the commission rules because the specific rules governing gas utility requirements for variance from the Promotional Practices Rules are found in Commission Rule 4 CSR 240-3.255.

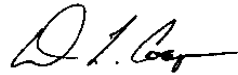
15. Moreover, this notice requirement is of little practical import. First, as stated previously, this program has been in place since 1994 and published in Commission tariff sheets, thereby giving notice to the world. Further, the Commission notice provisions would not require the notice alleged by OPC. Commission Rule 4 CSR 240-3.255 states that notice must be provided to “each other *gas utility* providing the same or competing utility service in any portion of the service area of the filing utility.” (emphasis added) There are no other such gas utilities. Thus, even if the existing, approved tariff sheets did not constitute notice to the world, the Commission rules do not require any further notice in this circumstance.

CONCLUSION

SNG has followed the Commission Rules in regard to proposing an extension of the conversion program in the former Southern Missouri service territory. Because OPC's objections are procedural, and not supported by the Commission's Rules, the proposed 5th Revised Sheet No. 71 should be allowed to go into effect on January 29, 2013, as currently proposed.

WHEREFORE, SNG respectfully requests that the Commission deny OPC's Motion to Suspend Tariff and Request for Evidentiary Hearing and allow the underlying tariff to become effective on January 29, 2013, as a matter of law.

Respectfully submitted,



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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 or by U.S. Mail, postage prepaid, on January 24, 2013, to the following:

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