

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

In the Matter of an Investigation into the)
Interruption of Summit Natural Gas of Missouri, Inc.’s) Case No. GO-2018-0195
Gas Deliveries in the Lebanon, Missouri Region)

SNGMO RESPONSE TO STAFF REPORT

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMo”), and, as its response to the Order Directing Summit to Respond to Staff’s Report (“Order”), respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. The Staff of the Commission (“Staff”) filed a Preliminary Report regarding its investigation on March 21, 2018 and filed a supplemental Final Report on April 20, 2018. The Commission thereafter issued its Order directing SNGMo to respond to Staff’s Preliminary and Final Reports no later than May 21, 2018.

2. In its Final Report, Staff summarized its recommendations as follows:

1. Summit improve its customer communication and education efforts.
2. Review and modify its tariffs and contracts to provide consistency and details related to curtailment processes and requirements.
3. Carefully monitor its use of the LDC compressor and consider more traditional methods, such as expansion of interstate pipeline service capability or economical pipeline looping alternatives.
4. Maintain a log of significant operational issues.
5. Update Staff regarding ** _____ **. **
6. Summit notify Staff of any operating issues that may result in customer outages, customer curtailments, interruptions, or the safety, integrity or reliability of its system on a going forward basis.

(Final Report, p. 3)

3. SNGMo will respond to each of Staff’s recommendations in the following

paragraphs.

Customer Communication and Education Efforts

4. Staff suggests that SNGMo “could have better informed its customers of the curtailment process” (Prel.Rep., p. 9) and “recommends Summit prepare and provide to nonresidential customers a document better describing the implementation of Emergency Curtailment Plan, and/or revise Tariff Sheet No. 87” (*Id.* p. 9-10) with certain specified language. Staff further suggests that the applicable documents be “fully discussed with prospective customers before executing contracts.” (*Id.*, p. 11) SNGMo will prepare documents better describing the implementation of its Emergency Curtailment Plan and will revise Tariff Sheet No. 87.

5. SNGMo’s firm service customers (including its non-residential firm service customers) are not likely susceptible to curtailment, except in extraordinary circumstances, such as an unplanned supply interruption. As stated in SNGMo’s tariff, all transportation service in SNGMo’s Rogersville District is interruptible. For that reason, SNGMo charges its transportation customers a lower distribution rate than its firm service customers. SNGMo’s transportation service customers are generally educated energy consumers that customarily engage in sophisticated commercial transactions. SNGMo communicates with these customers routinely in the ordinary course of business. Having said that, SNGMo agrees to provide additional information to its interruptible transportation service customers to augment prior communications and agrees to discuss the applicable documents with interruptible transportation service customers before executing transportation service agreements.

Review and Modify Tariffs and Contracts

6. As noted above, Staff recommends that SNGMo consider making certain tariff

modifications. It also suggests more generally that SNGMo review its “tariff sheets, contracts and internal documents” and modify them as necessary to more consistently inform customers of the curtailment processes and requirements. (Prel.Rep., p. 11) SNGMo agrees to perform the review and make Staff’s recommended modifications.

Improvement Projects

7. Staff recommends that SNGMo carefully monitor the use of its compressor and “consider more traditional methods, such as expansion of interstate pipeline service capability or economical pipeline looping alternatives.”

8. SNGMo will carefully monitor the use of its Rogersville District compressor.

9. Compressors are commonly used to transport and distribute natural gas, and natural gas service would not be practicable without them. Compressors are also used to increase pressure for industrial users taking service from distribution systems. The U.S. Energy Information Administration estimates that more than 1,400 compressor stations were in service based on 2007-2008 data.¹ Additionally, federal safety regulations contemplate using compressors to sustain system pressure in distribution systems that do not have access to other adequate gas supply. 49 CFR 192.167(b). Recently, the New York Public Service Commission approved the New York State Electric and Gas Corporation’s installation of compressors on its natural gas system in Tompkins County, New York as a cost-effective non-transmission alternative to support system reliability. See *Petition of New York State Electric & Gas Corp. for Authorization to Construct a Natural Gas Compressor Pilot Project in Tompkins County, NY*, Case 17-G-0432, Order (Nov. 16, 2017). For SNGMo’s Rogersville District, the cost of connecting to other interstate pipelines is clearly uneconomical. However, as growth continues

¹ U.S. Energy Information Administration. “Natural Gas: About U.S. Natural Gas Pipelines.” 2007. http://www.eia.gov/pub/oil_gas/natural_gas/analysis_publications/ngpipeline/index.html . Accessed May 16, 2018.

in the Rogersville District, SNGMo will continue to explore additional cost-effective methods of ensuring supply and reliability for customers.

Log

10. Staff recommends that SNGMo add a log of significant operational issues to its standard operations. (Fin.Rep., p. 3) SNGMo will create and maintain a log of significant operational issues consistent with its document retention policy.

Update Staff on Project Status

11. Staff requests that SNGMo keep it informed as to its investigation and consideration of SNGMo's ** _____ **. (Fin.Rep., p. 3) SNGMo will inform Staff as it proceeds with its investigation of this ** _____ **. SNGMo is in the final stages of developing plans for ** _____ ** and will update Staff if it decides to proceed with its plans, including with respect to ** _____ **.

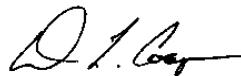
Notify Staff of Any Operating Issues

12. Lastly, Staff recommends that SNGMo “notify Staff as soon as practically possible of any significant operating issues on its system on a going-forward basis.” (Fin.Rep., p. 3) SNGMo will inform Staff of any significant operational issues as soon as practically possible.

WHEREFORE, Summit Natural Gas of Missouri, Inc. respectfully requests that the Commission consider this response to comply with its Order directing it to respond to Staff’s Preliminary and Final Reports and issue such further orders as the Commission finds to be

reasonable and just.

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 to the following counsel this 19th day of May, 2018:

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