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Exhibit No.: _____
Issue: Gas Supply
Witness: Walt McCarter
Exhibit Type: Surrebuttal
Sponsoring Party: Summit Natural Gas of Missouri, Inc.
Case No.: GR-2022-0122
Date: June 22, 2022

MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2022-0122

SURREBUTTAL TESTIMONY
OF
WALT MCCARTER
ON BEHALF OF
SUMMIT NATURAL GAS OF MISSOURI, INC.

June 22, 2022

SURREBUTTAL TESTIMONY OF WALT MCCARTER
CASE NO. GR-2022-0122

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. My name is Walt McCarter and I'm the Manager of Gas Supply and Contracts for Summit Natural Gas of Missouri ("SNGMO" or "the Company"). My business address is 115 N. 12th Street, Fort Smith, Arkansas.

Q. ARE YOU THE SAME WALT MCCARTER THAT FILED DIRECT TESTIMONY IN THIS CASE?

A. Yes, I filed direct testimony on behalf of SNGMO.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to assertions made by Staff Witness David Sommerer regarding the Company's gas storage.

III. RESPONSE TO SOMMERER REBUTTAL

Q. IN HIS REBUTTAL TESTIMONY (PP. 1-2), STAFF WITNESS DAVID SOMMERER STATES THAT HE IS TRYING TO PROVIDE CONTEXT AND TO CLARIFY MATTERS RELATED TO PRUDENCY. IS THE PRUDENCY OF THE COMPANY'S DECISIONS REGARDING STORAGE AN ISSUE BEFORE THE COMMISSION AT THIS TIME?

A. No, it is not. However, while Mr. Sommerer agrees with this position, he also goes on to make a comment regarding a storage issue. I want to respond to Mr. Sommerer's comments for the Commission's clarity regarding the Company's position on storage.

SURREBUTTAL TESTIMONY OF WALT MCCARTER
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1 **Q. MR. SOMMERER DISCUSSES HOW SNGMO NO LONGER HAS STORAGE ON**
2 **PARTS OF ITS SYSTEM SERVED BY SOUTHERN STAR CENTRAL (“SSC”).**
3 **(SOMMERER REBUTTAL, PG. 2). PLEASE BRIEFLY EXPLAIN WHY SNGMO**
4 **NO LONGER HAS STORAGE ON SSC FOR ITS DISTRIBUTION SYSTEMS.**

5 A. SNGMO had a storage contract on SSC from 2011-2016. In the Company’s ACA
6 filing in Case No. GR-2012-0123, for the 2010 through 2011 ACA period, Staff
7 questioned the prudence and rationale of SNGMO’s storage decision. Based on
8 that feedback, prior to the contract renewal period, SNGMO’s gas management
9 agency conducted a cost-benefit analysis of the contract and learned that firm
10 storage capacity did not return dividends to customers during that time, as the
11 costs associated with the storage contract outweighed the savings it provided.
12 Upon the end of the contract term in 2016, SNGMO bid a rate for the firm storage
13 capacity based on its estimated value over the initial five-year term. Unfortunately,
14 SNGMO was outbid and the capacity was taken up by another customer on SSC.

15 **Q. MR. SOMMERER FURTHER ALLEGES THAT THE COMPANY’S LACK OF**
16 **STORAGE HAS INCREASED THE COMPANY’S RISK OF EXPOSURE TO ON-**
17 **THE-SPOT MARKET PRICING. (SOMMERER REBUTTAL, PG. 2). HAS THE**
18 **COMPANY TAKEN MEASURES TO MITIGATE ITS PRICE EXPOSURE SINCE**
19 **ITS STORAGE CONTRACT EXPIRED IN 2016?**

20 A. Yes, of course. Since the expiration of the storage contract, the Company has
21 increased its fixed price physical “hedge” volumes for the winter months to total a
22 fixed price “baseload” of gas equivalent to sixty percent (60%) of its average daily

SURREBUTTAL TESTIMONY OF WALT MCCARTER
CASE NO. GR-2022-0122

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

In the Matter of Summit Natural Gas)
Of Missouri, Inc.’s Changes to the)
Company’s Purchase Gas Adjustment)
“PGA” Clause)

Case No. GR-2022-0122

AFFIDAVIT

STATE OF ARKANSAS)
) ss
COUNTY SEBASTIAN)

1. My name is Walt McCarter. I am employed by Summit Utilities, Inc. as Manager of Gas Supply and Contracts.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Summit Natural Gas of Missouri, Inc., which has been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

DocuSigned by:

 6A172003A0EC45B...
 Walt McCarter