1 2 3 4 5 6 7 8	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
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10	MISSOURI PUBLIC SERVICE COMMISSION
11	CASE NO. GR-2022-0122
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14	SURREBUTTAL TESTIMONY
15	OF
16	WALT MCCARTER
17	ON BEHALF OF
18	SUMMIT NATURAL GAS OF MISSOURI, INC.
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20	
21	June 22, 2022
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1		I. INTRODUCTION					
2	Q.	PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.					
3	A.	My name is Walt McCarter and I'm the Manager of Gas Supply and Contracts for					
4		Summit Natural Gas of Missouri ("SNGMO" or "the Company"). My business					
5		address is 115 N. 12 th Street, Fort Smith, Arkansas.					
6	Q.	ARE YOU THE SAME WALT MCCARTER THAT FILED DIRECT TESTIMONY					
7		IN THIS CASE?					
8	A.	Yes, I filed direct testimony on behalf of SNGMO.					
9		II. PURPOSE OF TESTIMONY					
10	Q.	WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?					
11	A.	The purpose of my surrebuttal testimony is to respond to assertions made by Staff					
12		Witness David Sommerer regarding the Company's gas storage.					
13		III. RESPONSE TO SOMMERER REBUTTAL					
14	Q.	IN HIS REBUTTAL TESTIMONY (PP. 1-2), STAFF WITNESS DAVID					
15		SOMMERER STATES THAT HE IS TRYING TO PROVIDE CONTEXT AND TO					
16		CLARIFY MATTERS RELATED TO PRUDENCY. IS THE PRUDENCY OF THE					
17		COMPANY'S DECISIONS REGARDING STORAGE AN ISSUE BEFORE THE					
18		COMMISSION AT THIS TIME?					
19	Α.	No, it is not. However, while Mr. Sommerer agrees with this position, he also goes					
20		on to make a comment regarding a storage issue. I want to respond to Mr.					
21		Sommerer's comments for the Commission's clarity regarding the Company's					
22		position on storage.					

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Q. MR. SOMMERER DISCUSSES HOW SNGMO NO LONGER HAS STORAGE ON 1 PARTS OF ITS SYSTEM SERVED BY SOUTHERN STAR CENTRAL ("SSC"). 2 3 (SOMMERER REBUTTAL, PG. 2). PLEASE BRIEFLY EXPLAIN WHY SNGMO NO LONGER HAS STORAGE ON SSC FOR ITS DISTRIBUTION SYSTEMS. 4 SNGMO had a storage contract on SSC from 2011-2016. In the Company's ACA 5 Α. 6 filing in Case No. GR-2012-0123, for the 2010 through 2011 ACA period, Staff questioned the prudency and rationale of SNGMO's storage decision. Based on 7 8 that feedback, prior to the contract renewal period, SNGMO's gas management agency conducted a cost-benefit analysis of the contract and learned that firm 9 10 storage capacity did not return dividends to customers during that time, as the costs associated with the storage contract outweighed the savings it provided. 11 12 Upon the end of the contract term in 2016, SNGMO bid a rate for the firm storage capacity based on its estimated value over the initial five-year term. Unfortunately, 13 14 SNGMO was outbid and the capacity was taken up by another customer on SSC. MR. SOMMERER FURTHER ALLEGES THAT THE COMPANY'S LACK OF Q. 15

STORAGE HAS INCREASED THE COMPANY'S RISK OF EXPOSURE TO ON THE-SPOT MARKET PRICING. (SOMMERER REBUTTAL, PG. 2). HAS THE
COMPANY TAKEN MEASURES TO MITIGATE ITS PRICE EXPOSURE SINCE
ITS STORAGE CONTRACT EXPIRED IN 2016?

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

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projected demand, by month. This increase in fixed price volumes replaced the
storage volume that was lost when the storage contract expired.

Q. MR. SOMMERER ASSERTS THAT THE COMPANY'S LACK OF STORAGE
MAY HAVE RESULTED IN HIGHER COST IMPACTS THAN OTHER MISSOURI
LDCs. (SOMMERER REBUTTAL, PG. 2). HOW DO YOU RESPOND?

- I cannot speak to the cost impacts to other Missouri LDCs; however I can say that 6 Α. 7 each LDC is situated differently in terms of geographical location, hedging 8 practices, distribution system, access to pipelines and customer classes. These are all factors that weigh into a Company's decision making process, which is later 9 10 evaluated by Staff in assessing prudency. The comparison that Mr. Sommerer is 11 making to other LDCs appears to ignore these other factors. In addition, this part 12 of the proceeding is designed to address the appropriate carrying costs, not prudency. As I mentioned earlier, prudency will be decided by the Commission 13 later in this proceeding. 14
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- IV. <u>CONCLUSION</u>
- 16 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?
- 17 A. Yes.
- 18

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BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Summit Natural Gas)	
Of Missouri, Inc.'s Changes to the)	Case No. GR-2022-0122
Company's Purchase Gas Adjustment)	
"PGA" Clause)	

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: Watt McCartar 2003A0EC45B...

Walt McCarter