

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

In the Matter of the Propriety of the)
Rate Schedules for Natural Gas Service of)
Summit Natural Gas of Missouri, Inc.)

File No. GR-2018-0230

**RESPONSE OF SUMMIT NATURAL GAS OF MISSOURI, INC. TO STAFF'S
REQUEST FOR CLARIFICATION OF PRIOR ORDER OR, IN THE ALTERNATIVE,
ISSUANCE OF NEW ORDER**

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMo” or the “Company”), and offers the following response to Staff’s September 27, 2018, Request for Clarification of Prior Order or, in the Alternative, Issuance of New Order (the, “Motion”)¹:

1. Though postured as a request for “clarification” of the Commission’s February 21, 2018, *Order Opening Rate Case, Directing Notice, Establishing Time to Intervene, and Requiring Company to Show Cause Why Its Rates Should Not Be Adjusted* (the “February Order”), Staff’s pleading is in practical fact a request for a determination on the ultimate merits of the case. Staff’s Motion requests that the Commission issue an accounting authority order (“AAO”) in this case notwithstanding that the Commission previously has determined that a change in a tax rate or an amount of a tax does not meet the criteria for an AAO. Accordingly, the Motion should be denied.

2. Staff correctly observes that the Commission’s April 18, 2018, *Order Scheduling Oral Argument Regarding the Issuance of Accounting Authority Orders to Address the Effect of Federal Tax Cuts* (the “April Order”) stated that the purpose of holding oral argument was “to address the question of whether the Commission should issue an accounting authority order in

¹ Although titled as a “request”, the pleading in practical fact is a motion for substantive relief.

each of these cases to preserve any excess revenues resulting from the income tax rate changes for possible adjustment in these or future rate cases.” (emphasis added) In advance of the May 24th hearing, SNGMO filed a Pre-Argument Brief² referring the Commission to two of its recent decisions which are dispositive of the question.³ For purposes of this Response, SNGMO incorporates by reference its Pre-Argument Brief as if fully set forth herein.

3. Staff’s argument that the February Order was intended by the Commission to be an AAO several months before the hearing in May, the stated purpose of which was, according to the April Order, to examine whether an AAO was available, is not plausible. It is notable that The Motion does not even mention the Commission’s *KCPL* or *MAWC* decisions in its Motion, presumably because those pronouncements cannot be reconciled with the relief Staff is requesting.

4. Another practical consideration is that no record has been established in this case that would provide a basis for a change in existing accounting policy or practice. There are no factual grounds for concluding that a change in the applicable federal corporate income tax rate is “extraordinary” within the meaning of General Instruction No. 7. Nor is there any factual basis for addressing the materiality standard.

5. Ultimately, and most significantly, no additional orders have been issued since the May 24th hearing in this case providing any principled grounds for changing or reversing its prior findings on this issue. As such, the current state of affairs is the same as had existed prior to the commencement of this case, that is, that a change in a tax rate, or an amount of a tax, does not meet the criteria for an AAO under the Uniform System of Accounts adopted by the Commission.

² See, EFIS item no. 9.

³ In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement a General Rate Increase for Electric Service, File No. ER-2014-0370, *Report and Order* dated September 2, 2015; In the Matter of the Application of Missouri-American Water Company for an Accounting Authority Order Related to Property Taxes in St. Louis and Platte Counties, File No. WU-2017-0351, *Report and Order* dated December 20, 2017.

6. In light of the foregoing, there are no grounds for the issuance of an AAO to create a deferral balance representing savings resulting from the lower corporate income tax rate brought about by the federal Tax Cuts and Jobs Act of 2017 as is being requested in the Motion.

WHEREFORE, for all the reasons aforesaid, there is no reasonable basis for granting the relief requested in Staff's Motion and it should be denied.

Respectfully submitted,

Paul A. Boudreau

Paul A. Boudreau, MBE#33155
Dean L. Cooper, MBE #36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-3847
Email: PaulB@brydonlaw.com

ATTORNEYS FOR SUMMIT NATURAL
GAS OF MISSOURI, INC.

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 3rd day of October, 2018:

Jeffry Keevil
Staff Counsel
Staffcounsel@psc.mo.gov
jeff.keevil@psc.mo.gov

Office of the Public Counsel
opcservice@ded.mo.gov

Richard S. Brownlee III
rbrownlee@rsblobby.com

Tim Opitz
tim@renewmo.org

Paul Boudreau