

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

In the Matter of Summit Natural Gas of Missouri, Inc.’s Purchased Gas Adjustment Tariff Filing)
) **Case No. GR-2022-0122**
) Tracking No. JG-2022-0146
)

SNGMO RESPONSE TO STAFF RECOMMENDATION

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMO”), and, as its response to the Staff of the Missouri Public Service Commission’s (“Staff”) Recommendation in the above referenced matter, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. The Staff of the Commission filed its Recommendation on November 12, 2021.
2. In its Recommendation, Staff summarized its recommendations as follows:
 - Reject SNGMO’s second substituted revised tariff sheets as filed on November 8, 2021 in Tracking No. JG-2022-0146;
 - Order SNGMO to refile its PGA/ACA tariff sheets and exclude in its refiling any impact of the higher carrying cost rate or future interest calculations;
 - Require Staff and SNGMO to file a proposed procedural schedule to resolve the outstanding issues; and
 - Direct Staff to file its recommendation on SNGMO’s ACA filing no later than December 15, 2022.
3. Per its tariff, in the event of an Act of God or weather circumstance that has an extraordinary impact on the natural gas market, SNGMO may apply to the Commission to seek to extend the ACA recovery period beyond 12 months not to exceed 5 years, and if Commission *allows* the extended ACA recovery period, SNGMO may also apply for the recovery of carrying costs at a different rate than tariff sheet no. 55.
4. On November 5, 2021, SNGMO filed its *Application to Extend the ACA Period*

for Carrying Costs and Motion for Expedited Treatment and, in the Alternative, Motion for Leave (“Application”). Within the Application, SNGMO requested an extended recovery period of 5 years and a carrying cost at SNGMO’s Commission approved pre-tax rate of return, 9.64%.¹

5. SNGMO has concerns that Staff did not request the Commission to approve the extended recovery period or confirm that they will consider the extended recovery period at hearing. SNGMO requests that the Commission approve its second substituted tariff sheet filed November 8, 2021; or reject its second substituted tariff sheet filed November 8, 2021 and direct SNGMO to refile its tariff sheet in accordance with the Commission’s direction, either approving the extended recovery period or allowing SNGMO to continue recovery for 5 years subject to a final hearing and order within the same order in which carrying costs are determined.

6. Further, SNGMO also requests that the Commission approve its second substituted tariff sheet filed November 8, 2020; or, reject its second substituted tariff sheet filed November 8, 2021 and direct SNGMO to refile its tariff sheet in accordance with the Commission’s direction, either allowing SNGMO’s requested carrying cost of 9.64%, subject to a final determination based on Staff’s prudence review and true-up as necessary, or directing SNGMO to apply a carrying cost at the current tariff sheet no. 55 rate until such time as the Commission determines an alternative carrying costs, which will then also be subject to a true-up. Staff implies that it is agreeable to the Commission approving that portion of SNGMO’s tariff which allows for extended recovery period prior to discovery or a hearing, but argues carrying costs cannot be set without discovery and a hearing. SNGMO believes that if an extended recovery period can be set or approved prior to discovery and a hearing, carrying costs can as well.

7. SNGMO has concerns about the Staff’s proposed timing for determining

¹ SNGMO’s last Commission approved pre-tax rate of return as ordered in Case No. GR-2014-0086.

appropriate carrying charges for the Winter Storm costs. Staff recommends that Staff and SNGMO file a proposed procedural schedule. However, it is unclear what time frame is sought for that schedule. Staff further seeks to conclude and submit this recommendation by December 15, 2022, over 22 months after the costs of Winter Storm Uri were incurred. If Staff is proposing that the appropriate carrying costs will not be determined until December of 2022, SNGMO may not be able to begin applying the appropriate carrying costs until 2023 and then would be limited to less than 5 years for recovery. Therefore, SNGMO requests that either Staff conclude its review of the documentation supporting the ACA factors sufficiently sooner to allow time for a hearing regarding appropriate carrying costs for the Winter Storm costs prior to SNGMO's 2022 PGA/ACA filing deadline of November 4, 2022, or direct that the determination of carrying costs be resolved prior to SNGMO's next ACA filing.

8. Staff notes in the Memorandum attached to its Application that the Company's affiliate has a similar case before the Arkansas Public Service Commission. However, in the Arkansas case, the Company's affiliate is able to begin recovery at a Commission ordered interest rate and duration, subject to adjustments and a true-up, while the parties are actively participating in discovery and a hearing on the final carrying costs and recovery period. This is different from Staff potentially asking SNGMO to postpone recovery until after Staff has completed its review prior to engaging in discovery and a hearing to set the recovery period and carrying costs.

9. As an additional note, the Company's affiliate in Arkansas is able to earn what Staff here describes as "forward interest" and there is no bar to SNGMO doing so in Missouri. The Winter Storm costs are unique and separate from the typical cost of gas expenses the Company recovers over 1 year under the PGA/ACA filing. These costs have been incurred in the

past and paid for by the Company, but recovery is occurring over 5 years, to the benefit of customers. Therefore, the Company should be able to receive interest on these costs, given the extended recovery period. SNGMO further requests that the Commission reject Staff's assertion that "forward interest" is not allowed.

WHEREFORE, for the foregoing reasons, SNGMO respectfully requests that the Commission, after consideration of this response, issue an order that (1) orders SNGMO to begin recovery of Winter Storm costs based on a 5 year recovery period and at 9.64% subject to a true-up, pending Staff's review and a final hearing on the matters; (2) require Staff to complete and file its recommendation on SNGMO's ACA filing in a timely manner, but prior to SNGMO's 2022 PGA/ACA filing deadline of November 4, 2022; (3) orders Staff and SNGMO to file a proposed procedural schedule to resolve outstanding issues in a timely manner, but with a final hearing prior to SNGMO's 2022 PGA/ACA filing deadline; and, (4) includes such further orders as the Commission finds to be reasonable and just.

Respectfully submitted,

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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
Email: Dcooper@brydonlaw.com

SUMMIT NATURAL GAS OF MISSOURI, INC.

/s/ Brooke South Parsons
Brooke South Parsons
Corporate Counsel
Missouri Bar #66624
115 N. 12th Street
Fort Smith, AR 72902-2414
Phone: (479) 462-1178

bsouth@aogc.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 ___ day of November, 2021:

Jamie Myers
General Counsel's Office
Jamie.Myers@psc.mo.gov
Staffcounsel@psc.mo.gov

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

_____/s/ Brooke South Parsons_____
Brooke South Parsons