

**Summit Natural Gas of Missouri, Inc.**  
**MPSC Case No. GR-2014-0086**  
**Response to MSBA Direct Testimony and MPSC Staff Revenue Requirement**  
**Testimony**

Mr. Louie R. Ervin sponsored testimony for the Missouri School Boards' Association (MSBA) concerning the School Aggregation Program. Mr. Thomas M. Imhof sponsored testimony for the Staff of the Missouri Public Service Commission concerning the same subject. This report will address the issues cited by each and recite SNGMO's positions.

Although SNGMO is responding to Mr. Ervin's testimony with respect to cash-out pricing determinants, it is important to understand that cash-out pricing applies to all SNGMO's shippers.

**SNGMO's Response to Mr. Ervin's Testimony**

**Clarifying Language**

On page 6 of Mr. Ervin's testimony, he cites three issues related to clarifying language:

**Issue 1** – SNGMO believes Mr. Ervin's recommendation to clarify the language surrounding the definition of "Shipper", "Participant", "School District" and "Customer" is acceptable in principle.

**Issue 2** - Mr. Ervin recommends the School Program be subjected only to Tier I cash-out pricing status. Summit accepts Mr. Ervin's proposal.

SNGMO proposes to modify its tariff P.S.C. MO No.3, Original Sheet No. 47, paragraph 4, to add subparagraph c. as shown below:

c. All end of the month imbalances, positive or negative, will be treated as Imbalance Tier 1 for purposes of calculating monthly cash-outs as described on Tariff Sheets 35 through 37.

The absence of telemetry for School Program shippers makes this distinction among shippers necessary.

**Issue 3** – Mr. Ervin proposes the elimination of interruptible status for School Program Shippers as cited on Original Sheet No. 25, Availability Section.

SNGMO agrees with Mr. Ervin's proposal, but only to the extent School Program natural gas supply is received by SNGMO at the Town Border Station (TBS) from the upstream pipeline (which shall be determined by the upstream pipeline's final allocated volumes).

Accordingly, SNGMO proposes the addition of paragraph 10. on Proposed Tariff Sheet 49, to read as follows:

10. Delivery Priority

Each Shipper taking service under the Missouri School Program will possess the same delivery priority as retail sales customers to the extent the Pool Operator delivers and is allocated natural gas to the TBS from the upstream pipeline.

**Cash-Out Price Determinants**

On page 9 of Mr. Ervin's testimony, he recommends the elimination of one of SNGMO's proposed cash-out price determinants. Unlike Mr. Ervin's other recommendations; this recommendation affects all of SNGMO's transportation customers.

SNGMO opposes Mr. Ervin's recommendation. Explanation of this position is found in SNGMO witness Nitura's testimony.

**Billing**

On page 11 of Mr. Ervin's testimony, he recommends that each school district be charged a \$50 per month customer charge.

SNGMO opposes Mr. Ervin's customer charge proposal and embraces Staff's comprehensive proposal (page 55 of Staff Cost of Service Revenue Requirement Report), as cited below.

*"Staff supports a monthly customer charge for each metered location and billed at the companion sales rate for each school participating in this program (see Appendix 3, Schedule PL-1 (Highly Confidential)). Missouri Revised Statutes Section 393.310.5 states that the tariffs will not have any negative financial impact*

*on its other customers as a result of this program. All customer charges under the Missouri School Program should be equal to the Company's companion sales rate for each school and for each meter location, thereby eliminating the potential for negative financial impact on other customers."*

Using the same justification cited above from RSMO Section 393.310, SNGMO proposes to charge the School Program Shippers a commodity charge based on the otherwise applicable retail sales tariff for each metered facility.

To do this, SNGMO's proposed tariff, P.S.C. Mo No. 3, at Original Sheet No 48, paragraph 6 – should add the following language as new subparagraph d:

d. The Customer Charge and the Transportation Charge shall be those applicable based upon the class of service under which each metered facility would take service as a retail sales customer, provided that changes in usage volumes while enrolled in the school transportation program shall result in a change in class of service (and rates) as provided in the applicable rate schedules of this tariff for each metered facility.

### **Elimination of \$250 per month charge replaced by \$.004 per Ccf**

On page 12 of Mr. Ervin's testimony, he recommends the elimination of SNGMO's proposed tariff language charging the Pool Operator \$250.00 per month for each Pool, replaced by \$0.004 per Ccf applied to delivered volume.

SNGMO does not oppose Mr. Ervin's recommendation.

To effectuate this change, the language proposed in paragraph 6a, Sheet No. 48 will need to be replaced.

## **SNGMO's Response to Staff Witness Imhoff's Testimony**

### **Billing**

See comments above.

### **Miscellaneous Recommendations**

Beginning on page 15 of Staff's Report on Class Cost-of-Service, Staff offers the following eight recommendations, all of which are acceptable to SNGMO, except as noted:

- (1) Capacity release clarification - Staff suggests language as shown on the CCOSS Rate Design Report, p.16.
- (2) Tariff language requiring the Pool Operator to execute a written agreement.
- (3) Standard form Pool Operator agreement inclusion. An example is attached to Staff's CCOSS Rate Design Report.
- (4) If SNGMO contemplates nonschool pools, adopt a standard form agreement for those customers. SNGMO is not contemplating nonschool pools.
- (5) Recommendation to standardize balancing language - SNGMO has already accomplished this in the proposed tariff.
- (6) Pool Operator fees - Page 19 of Staff's CCOSS Rate Design Report offers language on additional fees and charges from the Pool Operator. It requires all fees be credited to Account 191.
- (7) Page numbering error is identified.
- (8) Telemetry requirement should reflect the statute language concerning >100,000 therms annually.