

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

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|--|---|-----------------------|
| In the Matter of Summit Natural Gas of |) | |
| Missouri, Inc.'s Proposed Conversion |) | Case No. GO-2013-0360 |
| Rebate Program. |) | |

APPLICATION/MOTION FOR VARIANCE

COMES now Summit Natural Gas of Missouri, Inc. ("SNG" or the "Company"), by and through its undersigned counsel, and, in accordance with Missouri Public Service Commission ("Commission") Rules 4 CSR 240-2.060 and 4 CSR 240-14.010, for its application/motion for a variance from portions of the Commission's promotional practices rules as described further below, states as follows:

THE APPLICANT

1. SNG is a wholly owned subsidiary of Summit Utilities, Inc., and is a corporation duly incorporated under the laws of the State of Colorado with its principal offices located at 7810 Shaffer Parkway, Suite 120, Littleton, Colorado 80127. A copy of a certificate from the Missouri Secretary of State that SNG is authorized to do business in Missouri as a foreign corporation was submitted in Case No. GA-2012-0285 and is incorporated by reference in accordance with Commission Rule 4 CSR 240-2.060(1)(G). Other than cases that have been docketed at the Commission, SNG has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court within the past three (3) years that involve customer service or rates. SNG has no annual report or assessment fees that are overdue.

2. SNG conducts business as a "gas corporation" and a "public utility" as those terms are defined at § 386.020 RSMo and provides natural gas service in the Missouri counties of Harrison, Daviess, Caldwell, Pettis, Benton, Morgan, Camden, Miller, Dallas, Greene, Polk,

Webster, Laclede, Wright, Douglas, Texas, Howell, Stone, and Taney subject to the jurisdiction of the Commission as provided by law.

3. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to the undersigned counsel and:

Martha Wankum
Missouri Regulatory Manager
Summit Natural Gas of Missouri, Inc.
312 East Capitol Avenue
Jefferson City, MO 65101
Telephone: 573-635-9150
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Cell: 573-317-7863
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and

Michelle A. Moorman
Director of Regulatory Affairs
Summit Natural Gas of Missouri, Inc.
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Email: mmoorman@summitutilitiesinc.com

SUMMARY

4. SNG has two tariff books. One applies to the territory formerly served under the Missouri Gas Utility, Inc. name (P.S.C. Mo. No 1). The second applies to the territory formerly served by the Southern Missouri Natural Gas Company (P.S.C. Mo. No. 2). On December 28, 2012, SMNG filed a proposed tariff sheet (P.S.C. Mo. 2, Fifth Revised Sheet No. 71) in Tracking No. JG-2013-0300 seeking to extend a conversion program for the former Southern Missouri Gas Company (Southern Missouri) territory that has been in place since approximately 1994. In the absence of a new tariff sheet, the program expired on December 31, 2012.

5. The conversion program provides “no charge” unit conversions for residential and commercial customers up to \$350.00. Costs in excess of \$350.00 are recovered by the Company through a pro rata monthly charge added to the customer’s monthly gas bill for a period of up to thirty-six months. The most common conversions are to change parts for the purpose of converting propane burning appliance to natural gas burning appliances.

6. The purpose of the conversion program is to “encourage the connection of more customers, some of who may not be able to afford the conversion, and should result in safer, more cost-saving construction and lower rates to all customers.” (See Sheet No. 71)

7. Original Sheet No. 71 became effective as a result of *In re Tartan Energy Company d/b/a Southern Missouri Gas Company L.C.*, Case No. GA-94-127. On October 1, 1994, the Commission issued its Report and Order in Case No. GA-94-127, which granted the Company's predecessor a certificate of convenience and necessity to construct and operate a natural gas distribution system in southern Missouri. The Commission also granted therein a variance from 4 CSR 240-14.020(1)(E), (F) and (H), the Commission's Promotional Practices Rule, to permit Southern Missouri to offer a conversion incentive program for a 24-month period during the construction of the distribution system.

8. 1st Revised Sheet No. 71. In Case No. GO-98-172, Southern Missouri Gas Company filed an application for variance in which it requested that it be permitted to extend its conversion program throughout its service territory until November 15, 2000. A stipulation and agreement between Southern Missouri and Staff resulted in a variance from 4 CSR 240-14.020(1)(E), (F) and (H) until November 15, 2000. Southern Missouri was ordered to file Revised Sheet Nos. 63, 65 and 71, within 10 days after the effective date of the order approving the Stipulation and Agreement.

9. 2nd Revised Sheet No. 71. At the conclusion of Case No. GR-00-485, a 2nd revised tariff sheet was filed that extended the program.

10. 3rd Revised Sheet No. 71. In Case No. GE-2006-0189, Southern Missouri again requested a variance from the provisions of 4 CSR 240-14.020 for the purpose of the conversion program. Staff recommended approval of a variance and tariffs for 4 years or 48 months. Thus, in 3rd Revised Sheet No. 71 the program was extended until December 31, 2009.

11. 4th Revised Sheet No. 71. The 4th Revised Sheet No. 71 was filed under Tracking No. JG-2011-0253 (and Case No. GR-2010-0347) and became effective February 1, 2011. This tariff sheet extended the conversion the program until December 31, 2012.

12. On December 28, 2012, SNG filed a proposed 5th Revised Sheet No. 71 in Tracking No. JG-2013-0300 for the purpose of extending the conversion program until December 31, 2014. In the absence of a new tariff sheet, the program expired on December 31, 2012. In response to the OPC's Motion to Suspend and Request for Evidentiary Hearing, the Commission suspended the tariff until March 30, 2013. Subsequently, pursuant to agreement of the parties, the Commission further suspended the tariff until May 30, 2013, and established a procedural schedule.

VARIANCE

13. The Company seeks an Order from the Commission granting a variance from the provisions of 4 CSR 240-14.020(1)(E), (F) and (H) (Promotional Practices Rule) through December 31, 2014, for good cause shown, and for an Order approving SNG's proposed conversion plan for assisting consumers to gain access to natural gas service in the Southern Missouri service area. SNG operates as a growth utility, and has several times successfully expanded its systems to areas of Missouri that did not previously have the option of natural gas.

The Company has identified and begun conversations with several additional communities where it hopes to build natural gas main line and distribution systems in the next five (5) years. These efforts are generally well-received by the subject communities. As an example, attached hereto as Appendix 1 is a letter from the City of Buffalo in support of the conversion program. Additionally, based on historical experience, SNG expects growth of at least 200 customers annually through 2018 in the Southern Missouri service area.

14. For the reasons stated herein, SNG hereby requests a variance from Commission Rule 4 CSR 240-14.020(1)(E), (F) and (H), which states as follows:

(1) No public utility shall offer or grant any of the following promotional practices for the purpose of inducing any person to select and use the service or use additional service of the utility:

* * *

(E) The provision of free or less than cost or value, wiring, piping, appliances or equipment to any other person; provided, that a utility, engaged in an appliance merchandising sales program, shall not be precluded from conducting legitimate closeouts of appliances, clearance sales and sales of damaged or returned appliances;

(F) The provision of free, or less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring or piping of any other person;

* * *

(H) The financing of the acquisition of any appliance or equipment at a rate of interest or on terms more favorable than those generally applicable to sales by nonutility dealers in the appliances or equipment, except sales to company employees;...

15. A variance from these provisions may be granted by the Commission for good cause in accordance with Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.255 and 4 CSR 240-14.010.

16. The Commission has previously found good cause for the existence of this program and SNG believes that good cause continues to support the requested variance and extension of the Company's conversion plan. These reasons include the following:

a. The conversion program will continue to permit consumers to gain access to natural gas more quickly, more effectively and efficiently.

b. The conversion program will continue to permit conversions to be made more quickly and effectively at the lowest possible cost.

c. The conversion program will continue to result in economic advantages from the ordering of large bulk quantities of various parts and materials that will be available to consumers through this conversion policy.

d. The conversion program will continue to benefit low income and fixed income consumers who might not otherwise have the opportunity to enjoy the benefits of low-cost natural gas without the significant outlay of funds for conversion.

e. The conversion policy will encourage the development of natural gas demand faster to ensure the economic operations of the natural gas system and the lowest possible rates to consumers both near-term and long-term.

f. The conversion policy will permit SNG to compete with unregulated competitors (primarily propane providers) who have the ability to make conversions to competing sources of energy without charge to customers; therefore, providing customers with a cost-regulated energy source that cannot increase drastically without cause after a customer has

converted.

17. Since December 2010, SNG has shared a portion of its service territory with The Empire District Electric Company (“Empire”)¹. However, the SNG conversion program has in the past had very little impact on electric utilities. In fact, it is uncommon to convert and all-electric home due to the cost of replacing electric appliances. The most common conversions are to change parts for the purpose of converting propane burning appliances to natural gas burning appliances. Included on page 8 of the Direct Testimony of Michelle A. Moorman in this case are tables that show the number of electric conversions that have occurred relative to the total number of conversion under the SNG Conversion Program. This information shows that the conversion program has very little impact on electric utilities in general; therefore, the presence of another regulated electric utility in a portion of the SNG territory should not be the primary consideration in determining whether this longstanding program should be extended. In an effort to obtain approval to extend this program, SNG is willing to modify the conversion program to only include conversions to a customer premise where propane is used. If the program is modified in this manner, there would be no regulated public utilities within SNG’s service area that could potentially be affected by the conversion program.

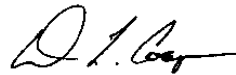
18. SNG’s conversion program will be provided on a uniform and contemporaneous basis to all residential and commercial customers throughout its service area. It will not vary the rates, charges and rules in the SNG tariff (P.S.C. Mo. No. 2), and will otherwise be just and reasonable, reasonable as a business practice, economically feasible, compensatory and reasonably calculated to benefit both SNG and its prospective customers.

¹ Empire is the only public utility which arguably may provide the same or competing utility service in the subject service area. Thus, as indicated in the Certificate of Service, SNG will provide a copy of this Application/Motion to Empire contemporaneously with its filing.

19. Accordingly, SNG requests a variance from the provisions of Commission Rule 4 CSR 240-14.020(1)(E), (F) and (H) permitting SNG to offer conversions to prospective customers in the manner described above.

WHEREFORE, SNG respectfully requests that the Commission grant a variance from the provisions of 4 CSR 240-14.020(1) (E), (F) and (H) and issue its Order approving the proposed conversion program in this proceeding.

Respectfully submitted,



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ATTORNEYS FOR SUMMIT NATURAL GAS
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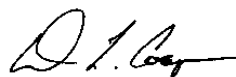
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on February 14, 2013, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
gencounsel@psc.mo.gov

Office of the Public Counsel
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Jefferson City, MO 65101
opcservice@ded.mo.gov

The Empire District Electric Company
Attn: Kelly Walters
Vice President – Regulatory and General Services
kwalters@empiredistrict.com



State of Colorado)
) ss.
County of Jefferson)

[Handwritten signature]

Subscribed and sworn before me this 14th day of February, 2013

Erin Campbell
Notary Public

My Commission expires: 6/7/2016

