

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 17<sup>th</sup>  
day of November, 2021.

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

**ORDER REJECTING TARIFF, APPROVING EXTENDED RECOVERY  
PERIOD, DELEGATING AUTHORITY, AND DIRECTING FILING OF  
PROCEDURAL SCHEDULE**

Issue Date: November 17, 2021

Effective Date: November 19, 2021

On November 4, 2021, Summit Natural Gas of Missouri, Inc. (Summit) filed proposed tariff sheets to reflect changes in its Regular Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas. The tariff sheets also reflect adjustments to Summit's Actual Cost Adjustment (ACA) factors. The original tariff sheets filed bore an effective date of November 15, 2021. On November 5, 2021, the Missouri Public Service Commission (Commission) directed that no later than November 9, 2021, the Staff of the Commission (Staff) file a recommendation and that any party wishing to do so file a response to the tariff sheets or to Staff's recommendation by that date. Substitute tariff sheets were filed on November 5, 2021, to change the effective date to November 19 to allow for 10 business days', rather than 10 calendar days' notice.

On November 5, Summit filed an *Application to Extend the ACA Recovery Period and for Carrying Costs and Motion for Expedited Treatment and, in the Alternative, Motion for Leave*. On November 8, 2021, additional substitute tariff sheets were filed which were updated to include costs associated with the February 2021 cold weather event, Winter

Storm Uri. The proposed effective date of the November 8 substitute tariff sheets remained unchanged at November 19. On November 8, 2021, the Commission extended the deadlines for both the Staff recommendation and response to the tariff sheets or to Staff's recommendation from November 9 to November 12. Staff filed a recommendation on November 12, 2021. No other party filed a response.

In its recommendation, Staff determined that the rates in the proposed tariff sheets were calculated in conformance with Summit's PGA tariff provision with the exception of carrying costs for the extended ACA recovery period for Winter Storm Uri costs. Staff expressed concerns about the carrying costs in the proposed tariff sheets. Staff explained that in File No. GT-2022-0093, Summit received approval for a new tariff provision that would allow the company to expand the PGA recovery period beyond the typical 12 months for an "Act of God or weather circumstance that has an extraordinary impact on the natural gas market."<sup>1</sup> Summit's current PGA tariff provision generally provides for carrying costs of prime minus 2%. The tariff provision also allows Summit to apply for higher carrying costs when an extended recovery period is authorized. In the current tariff filing, Summit is requesting approval of carrying costs valued at a 9.64% interest rate as part of the current ACA rate. Staff objects to inclusion of the higher than normal ACA carrying costs prior to any determination of the prudence of the gas costs in question and without any thorough discovery or hearing regarding the costs associated with the company's debt and equity sources, or the availability of short-term debt.

Staff also reports that the company appears to be quantifying "forward interest" that places approximately one fifth of the carrying cost amount in current rates. Staff objects to this "forward interest" being included in current rates. Staff recommends that

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<sup>1</sup> Tariff Sheet No. 55.

the tariff sheets be rejected or suspended. Staff also requests the parties be required to file a procedural schedule to resolve the outstanding issues and to file its recommendation on Summit's ACA filing no later than December 15, 2022. Staff did not object to the extension of the recovery period for the Winter Storm Uri costs.

Summit filed a response to Staff's recommendation on November 16, 2021. Summit disagrees with Staff's proposals regarding the timing of carrying costs. Summit also disagreed with a procedural schedule that would not resolve the carrying costs issue until Staff's ACA recommendation. Summit requested the Commission either approve its tariff filing or reject it and direct Summit to file tariff sheets applying the current tariff carrying costs rate until such time as the Commission determines alternative carrying costs, subject to a true-up. Summit also requests that the Commission make the carrying costs determination prior to the ACA recommendation.

The Commission has considered the tariff sheets, the verified application, Staff's recommendation, and Summit's response and finds that the proposed tariff sheets, as substituted, conform to Summit's Commission-approved PGA tariff provision, with the exception of the requested 9.64% carrying costs which are still at issue. The Commission determines that an extended ACA recovery period due to the extreme cold weather event, Winter Storm Uri, is appropriate. However, the Commission cannot approve the requested carrying costs without allowing time for Staff to conduct discovery and allowing time for a hearing, if requested. The Commission will, therefore, reject the tariff sheets, as substituted, and permit Summit to file new tariff sheets which include an extended ACA recovery period with interim carrying costs at the current rate of prime minus 2% and do not include any "forward interest" as objected to by Staff. These carrying costs shall be subject to true-up when the Commission determines the appropriate carrying costs. The

Commission will also require Staff and Summit to file a proposed procedural schedule to resolve the carrying cost issue.

Summit's PGA clause allows for PGA change filings to take effect on 10 calendar days' notice and Summit filed these proposed tariff sheets with a November 19, 2021 effective date. Because of the short time to consider this tariff filing, and because Summit has requested the Commission reject the tariff sheets as one of its alternatives, this order will become effective in fewer than 30 days. Further, due to the expedited nature of these tariff filings, the Commission will delegate authority to the regulatory law judge to dispose of further tariff filings in compliance with this order.

**THE COMMISSION ORDERS THAT:**

1. The following tariff sheets filed in the matter by Summit and assigned Tracking No. JG-2022-0146, as substituted, are rejected:

**P.S.C. MO No. 3**

7th Revised Sheet No. 56, Cancelling 6th Revised Sheet No. 56  
7th Revised Sheet No. 57, Cancelling 6th Revised Sheet No. 57  
7th Revised Sheet No. 58, Cancelling 6th Revised Sheet No. 58

2. The Commission approves the uncontested request for an extended ACA recovery period due to Winter Storm Uri.

3. Summit may file proposed PGA tariff sheets that include carrying costs at the current tariffed rate, excluding any "forward interest", until such time as the Commission determines alternative carrying costs.

4. The regulatory law judge assigned to this action shall have full authority to rule on any dispute relating to Summit's tariff filed in compliance with this order, including approval, suspension, or rejection of a compliance tariff and any motions concerning the tariff effective date.

5. No later than December 1, 2021, Staff and Summit shall jointly submit a proposed procedural schedule to resolve the carrying cost issues.

6. This order shall become effective on November 19, 2021.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and  
Kolkmeier CC., concur.

Dippell, Deputy Chief Regulatory Law Judge


**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 17<sup>th</sup> day of November, 2021.**



  
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**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**November 17, 2021**

**File/Case No. GR-2022-0122**

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**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**



**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.