MEMORANDUM

TO: Missouri Public Service Commission Official Case File
GR-2022-0191, Summit Natural Gas of Missouri, Inc.

FROM: Kwang Y. Choe, PhD, Economics Analyst – Procurement Analysis
Jacob R. Robinett, Associate Engineer – Procurement Analysis
Kimberly Tones, CPA, CIA, Lead Sr. Utility Regulatory Auditor – Procurement Analysis

/s/ *David M. Sommerer* 12/12/2023 — Project Coordinator / Date

/s/ *David Buttig P.E.* 12/12/2023 — Senior Professional Engineer / Date

SUBJECT: Staff Recommendation in Case No. GR-2022-0191, Summit Natural Gas of Missouri, Inc. 2021-2022 Actual Cost Adjustment Filing

DATE: December 12, 2023

EXECUTIVE SUMMARY

On November 2, 2022, Summit Natural Gas of Missouri, Inc. (Summit or Company) filed its Actual Cost Adjustment (ACA) for the 2021-2022 annual period for rates to become effective November 21, 2022. This filing revised the ACA rates based upon the Company's calculations of the ACA balance for the 2021-2022 period. On November 4, and again on November 10, 2022, Summit filed three substitute tariff sheets bearing effective dates of November 17, 2022.[1] The Commission approved those rates on an interim subject to refund basis, with an effective date of November 17, 2022.

The Procurement Analysis Department Staff ("Staff") of the Missouri Public Service Commission has reviewed the Company's ACA filing. Staff's analysis consisted of:

1. A review and evaluation of the Company's billed revenues and its natural gas costs for the period of September 1, 2021 to August 31, 2022;

2. A reliability analysis of the Company's estimated peak day requirements and the capacity levels to meet those requirements;

3. An examination of the Company's gas purchasing practices to determine the prudence of the Company's purchasing decisions; and

4. A hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period.

Based on Staff's review, adjustments to the Company's filed ACA balances have been recommended to reflect the actual billed revenues, less natural gas costs, for the period under

[1] The substitutions were to change the effective date and to correct errors identified by Staff.

Appendix A

review. Please see the Recommendations section for adjusted ACA balances and Staff's recommendations.

STAFF'S TECHNICAL DISCUSSION AND ANALYSIS

Staff's discussion of its findings is organized into the following five sections, which include Staff's concerns and recommendations:

I. OVERVIEW

<u>Service Area</u>

During the 2021-2022 ACA period, Summit provided natural gas service to customers in three defined service areas: Rogersville/Branson (Rogersville), Warsaw/Lake of the Ozarks (Warsaw/LOO), and Gallatin. The Rogersville Service Area includes the counties of Greene, Webster, Wright, Douglas, Texas, Howell, Laclede, Christian, Barry, Lawrence, Taney, and Stone. The Warsaw/LOO Service Area includes Benton, Camden, Greene, Miller, Morgan and Pettis Counties. The Gallatin Service Area includes the counties of Harrison, Daviess, and Caldwell.

The Rogersville Service Area served an average of 12,583 sales customers during the ACA period under review, while the Warsaw/LOO Service Area served an average of 4,857 customers. Both the Rogersville and Warsaw/LOO Service Areas are supplied by the Southern Star Central Gas Pipeline (SSCGP). In this period, neither Rogersville nor Warsaw/LOO Service Areas contracted for storage. The Gallatin Service Area served an average of 1,683 sales customers during the ACA period, and the ANR Pipeline Company (ANR) serves all customers in Gallatin Service Area.

The total sales customer count for all service areas is an average of 19,122 customers.

II. BILLED REVENUE AND ACTUAL GAS COST

ACA Balances

ACA balances are cumulative such that the ending balance of one period becomes the beginning balance of the next period. In this period, the Company's beginning ACA balance for each service area was adjusted to agree with the ending ACA Balance in accordance with the Commission's Order in Case No. GR-2021-0122, as noted in the table below (under-recovery represented by a positive balance and over-recovery represented by a negative balance.

ACA Balance Summary			
Service Area	**Reported 8.31.2021**	**Adjustments**	**Adjusted 8.31.2021**
Rogersville/Branson	$ 22,854,832.48	$ (742,097.97)	$ 22,112,734.51
Warsaw/LOO	$ 7,826,307.92	$ 448.11	$ 7,826,756.03
Gallatin	$ 584,312.94	$ (24,158.85)	$ 560,154.09

The 2021-2022 PGA/ACA rates proposed in Summit's annual filing included an allocation of the August 31, 2021, ending ACA balance between a regular portion of the ACA balance and the Storm Uri deferred ACA balance. Staff reviewed Summit's Storm Uri allocation of the ending August 31, 2021 ACA balance noting that all balances allocated as Storm Uri exceeded the Commission approved balances. Staff recalculated actual gas costs above budgeted costs for the duration of Storm Uri. In addition, Staff considered monthly over and under deliveries and prior year under/over balances to ensure regular over and under deliveries were not subjected to the higher carrying interest rates. Based on Staff's review and analysis, Staff recommends the following allocation for the beginning regular and Storm Uri ACA balances.

Beginning ACA Allocated Balances			
Service Area	**Regular ACA**	**Storm Uri ACA**	**Total ACA**
Rogersville/Branson	$ 429,630.25	$ 21,683,104.26	$ 22,112,734.51
Warsaw/LOO	$ -	$ 7,826,756.03	$ 7,826,756.03
Gallatin	$ 10,791.61	$ 549,362.48	$ 560,154.09

Billed Revenues

For each service area, Staff reviewed a sample of customer bills to ensure the PGA/ACA rates charged for natural gas reflected Commission approved PGA/ACA rates. In addition, Staff recalculated monthly billed revenue, applying approved rates to volumes of natural gas consumed, recalculating the ACA revenues allocated to Storm Uri. Further, Staff tested the reasonableness of total revenues reported by comparing the total natural gas volumes billed to the sum of natural gas volumes purchased, plus/minus changes in inventory and lost and unaccounted natural gas summaries. The following exceptions were noted:

1. Beginning in December 2021, Summit began splitting the total PGA rate into three components: the Regular Purchase Gas Adjustment (RPGA), regular ACA,

and Storm Uri ACA. These rates are approved to four decimal places, consistent with the tariff provisions stating these factors are to be expressed to the nearest $0.0001. However, the rates appearing on customer bills and those used to calculate PGA revenues did not agree to Commission approved rates. For example, the Commission approved PGA rate for supply delivered in February to June 2022 (Warsaw/LOO service area) was $0.9121 effective February 1, 2022. The rate that appeared on customer bills varied and included rates stated at $0.91249, $0.91219. Individually, the use of these unapproved rates had an immaterial +/-$0.01 calculation difference at the customer level.

2. Revenues reported did not agree to source documents. Two variances were attributed to unreported prior period adjustments. The third variance was an understatement of revenues reported for the Rogersville Service Area ($37,681.49).
3. Revenues allocated between RPGA, ACA and Storm Uri ACA were recalculated using the Commission approved rates applied to volumes consumed with most adjustments a reclassification between the three categories of revenues.

The table below summarizes the impact on revenues by service site and ACA balance type.

Revenues						
Regular		**Reported**		**Corrected**		**Adjustment**
Rogersville/Branson	$	(8,125,055.60)	$	(8,127,764.01)	$	(2,708.41)
Warsaw/LOO	$	(2,577,091.50)	$	(2,705,047.71)	$	(127,956.21)
Gallatin	$	(908,204.71)	$	(908,093.96)	$	110.75
Storm Uri						
Rogersville/Branson	$	(3,376,000.87)	$	(3,410,997.95)	$	(34,997.08)
Warsaw/LOO	$	(1,233,061.35)	$	(1,105,638.67)	$	127,422.68
Gallatin	$	(86,314.37)	$	(86,413.29)	$	(98.92)

<u>Natural Gas Costs</u>

Summit submitted invoices for all natural gas purchases made during the review period. Staff compared each natural gas invoice to Summit's ACA filing by service area. For the Gallatin Service Area, Staff also reconciled and recalculated storage balances, injections/withdrawals, and weighted average cost of gas (WACOG). On a test basis, Staff also verified invoiced natural gas rates to gas supply contracts or other referenced rate sources, such as First of Month (FOM) pricing, pipeline tariff, etc. Based on testing, natural gas costs allocated between the Rogersville/Branson and Warsaw/LOO Service Areas had not been reconciled requiring reclassification of commodity costs between the two service areas. **This is a repeat finding from the prior year's review.** See table below.

Natural Gas Purchase - Commodity						
Service Area		**Reported**		**Corrected**		**Adjustment**
Rogersville/Branson	$	7,679,560.64	$	7,763,593.02	$	84,032.38
Warsaw/LOO	$	2,613,662.41	$	2,529,640.03	$	(84,022.38)
Gallatin	$	940,258.26	$	940,258.26	$	-

Staff also reviewed the Request for Proposal (RFP) process noting the following items of concern:

1. Sharing bid pricing of winning awards with non-winning bidders;
2. Shifts from a diversified supplier group to a concentration of supply provided by a single supplier. For example, ** [redacted] ** of natural gas purchases for the Rogersville/Branson service were made from a single supplier this year where two years ago, this same supplier provided ** [redacted] ** of total supply purchased. Similar findings were noted for the Warsaw/LOO service area with ** [redacted] ** of purchases from the same supplier this period (and is the same supplier for Rogersville/Branson). Gallatin supplier diversity appears to be following this same trend.
3. A tying bid for the ANR system was awarded to the same single supplier providing the majority of supply rather than selecting a supplier that could add/maintain supplier diversity.
4. Decreasing number of bidders participating in the RFP process.

Imbalance/Cash Outs

Summit's transportation tariffs contain a cash out provision which reconciles a transportation customer's imbalance by requiring Summit to either buy (shown as a billing credit on the transporters bill) or sell (shown as a billing charge on the transporters bill) gas to the transportation customer equal to the customer's monthly imbalance[2]. A billing credit increases gas costs whereas a billing charge reduces gas costs for PGA sales customers. Staff recalculated imbalances and cash out calculations, on a test basis, and compared the recalculated charges/credits to transportation customer invoices and the ACA filing. Staff also compared the calculated cash outs to the sample of transportation customer bills provided. The following exceptions were noted:

1. Per Summit's tariff, over and under deliveries are cashed out using the lowest or highest weekly average price. Missing weekly average price indices resulted in incorrect rates used in cash out calculations overstating the ending ACA balances in the Rogersville and Warsaw/LOO Service Areas. **This is a repeat finding from the prior year's review.**
2. Calculated cash outs did not agree with amounts invoiced to customers. In one case, two customer's bills appeared to be switched resulting in a customer who should have been billed $5.96 receiving a bill for $2,167.92 and the customer who should have received a

[2] "Balancing" by a transportation customer or a pool of transportation customers means that the amount of gas put into Summit's system (receipts) is made equal to the amount used or taken out of Summit's system (deliveries). When a transportation customer puts more or less gas into Summit's system than it uses, this is referred to as an "imbalance."

bill for $2,167.92 was billed $5.96. This had no effect on the ending ACA balances; however, Staff had recommended Summit correct these billings.

3. Lost and unaccounted (L&U) factor used in the Gallatin Service Area was not supported by the L&U report initially filed by Summit.
4. Reconciling supporting documentation for a line item titled "Monthly Cash Out Adjustments" showed an adjustment of $150.83 (Rogersville/Branson) that was partially made twice resulting in a small difference of $87.32.

The following table summarizes the effects of the recalculated cash outs on the ACA ending balance.

Transportation Cash Out						
Service Area		**Reported**		**Corrected**		**Adjustment**
Rogersville/Branson	$	(356,959.70)	$	(357,915.25)	$	(955.55)
Warsaw/LOO	$	(28,311.24)	$	(29,113.15)	$	(801.91)
Gallatin	$	6,943.51	$	6,943.51	$	-

<u>Carrying (Interest) Cost</u>

Summit's tariff provides that interest equal to prime rate minus 2% shall be computed based upon the average of the accumulated beginning and ending monthly over or under recoveries of all PGA related costs that exceed $50,000. On November 5, 2021, Summit filed an application to extend cost recovery of approximately $30.7 million of winter storm gas supply costs for a period of five years at the last Commission approved pre-tax rate of return. The Commission approved Summit's request to extend recovery but not the proposed interest rate (order issued November 17, 2021).

In mid-July 2022, a Unanimous Stipulation and Agreement was reached regarding the treatment of carrying (interest) cost associated with the February 2021 cold weather event, Winter Storm Uri. Carrying (interest) costs associated with the Storm Uri portion of the ACA balance was calculated at the interest rates provided in that Stipulation Agreement. Consistent with Summit's PGA Clause, interest was computed based upon the average of the accumulated beginning and ending monthly over/under recoveries for both Regular and Storm Uri ACA balances. The first $50,000 to be excluded from interest calculations per the tariff was excluded from the Storm Uri ACA balances.

Any changes to either billed revenues or natural gas cost (Regular ACA only) will impact monthly over/under recovery balances. The table below summarizes the adjustments noted above as well as applying the applicable approved interest rates to the average over or under monthly recoveries excluding the first $50,000.

Carrying (Interest) Cost						
Regular		**Reported**		**Corrected**		**Adjustment**
Rogersville/Branson	$	31,834.62	$	38,633.51	$	6,798.89
Warsaw/LOO	$	7,963.09	$	8,963.82	$	1,000.73
Gallatin	$	33.79	$	311.10	$	277.31
Storm Uri						
Rogersville/Branson	$	557,044.84	$	516,723.77	$	(40,321.07)
Warsaw/LOO	$	194,893.88	$	186,615.11	$	(8,278.77)
Gallatin	$	14,360.88	$	11,719.68	$	(2,641.20)

III. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

As a gas corporation providing natural gas service to Missouri customers, the Company is responsible for conducting reasonable long-range supply planning and the decisions resulting from that planning. One purpose of the ACA process is to examine the reliability of the Local Distribution Company's (LDC) gas supply, transportation, and storage capabilities. For this analysis, Staff reviews the LDCs plans and decisions regarding estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this reserve margin, and natural gas supply plans for various weather conditions.

Staff's review for Summit's service areas produced the following comments and concerns:

Reserve Margins

When reviewing the reserve margins for Summit, staff compared the contracted capacity to the Upper 95% Confidence Interval peak day for each service area. Reserve margin is calculated by subtracting the supply demand from the contracted supply capacity, and then dividing that value by the supply demand.

The reserve margin for the Gallatin Service Area is at a ** [redacted] **% when considering the upper 95% confidence interval. From the 2021-2022 Natural Gas Supply plan, Summit has indicated that they are aware of the negative reserve margin and are analyzing options to cover the design day. The options indicated are (a) acquiring additional upstream capacity from ANR Pipeline, (b) increasing its storage volumes on ANR, or (c) contracting for a delivered winter service from a gas supplier.

The reserve margin for the Branson and Rogersville are ** [redacted] **% and ** [redacted] **% respectively when considering the upper 95% confidence interval. From the 2021-2022 Natural Gas Supply Plan, Summit has indicated that it may again utilize liquefied natural gas (LNG) to provide peak shaving to support the Rogersville system in the Lebanon area; however, LNG was not used during the 2021-2022 time period. For the Branson area, Summit intends to post much of its excess firm capacity for release on SSCGP's electronic bulletin board. The reserve margin for the Warsaw/LOO Service Area is at a ** [redacted] **% when considering the upper 95% confidence interval. From the 2021-2022 Natural Gas Supply plan, Summit has indicated that it intends to post some of its excess firm capacity for release on SSCGP's electronic bulletin board.

The Branson, Rogersville, and Warsaw/LOO Service Areas are relatively new and are experiencing variable growth. They are small systems, and interstate pipelines do not readily accommodate the levels of capacity or capacity adjustments that a small growing system might prefer. Staff finds that the high reserve margins in these service areas are reasonable in light of these circumstances.

Staff recommends Summit to evaluate its capacity needs for each service area on an annual basis based on contracted peak day supply.

IV. HEDGING

Summit's winter hedging plans are primarily designed to achieve a reliable natural gas supply and to protect its customers against price spikes. The hedging plan establishes known prices for ** [redacted] ** of normal winter (November – March) weather requirements for each of Summit's three service areas.

Summit's hedging plan for its Gallatin Service Area calls for Summit to fill storage as close to its maximum capacity as possible by November 1, which is the beginning of the winter heating season and utilize portions of the storage for delivery during the periods of November 2021 through March 2022. Additionally, fixed price purchases are a part of the hedging plan for the Gallatin Service Area.

The hedging plan for the Rogersville Service Area is to utilize fixed price purchases for this ACA period. Staff notes that Summit's storage agreement for the Rogersville Service Area expired in April 2016.[3]

For the Company's Warsaw/LOO Service Area, the hedging plan is to utilize fixed price purchases. The Company does not contract for storage capacity for this service area.

Summit's maximum storage quantity (MSQ) for the Gallatin Service Area represents about ** [redacted] ** of normal winter (November – March) weather requirements. Summit's actual storage injection by November 1, 2021 was about ** [redacted] **of MSQ. Summit also purchased fixed price volumes in July 2021 for delivery during the periods of November 2021 through March 2022. These fixed price volumes, which represent about ** [redacted] ** of normal winter weather requirements, combined with storage withdrawal, represent about ** [redacted] ** of normal winter weather requirements for the Gallatin Service Area.

---

[3] Staff notes that the Company indicated during recent updates that it would continue to search for storage agreement, though it implemented call options strategy to protect daily price spikes in part of hedging. Staff will continue to monitor the change in the Company's hedging strategy.

For the Rogersville Service Area, Summit purchased fixed price volumes in August 2021 for delivery during the winter period of November 2021 through March 2022. Additionally, Summit purchased fixed price volumes in December 2021for delivery during the winter period of January 2022 through March 2022. These fixed price volumes represent about ** [redacted] ** of normal winter (November – March) weather requirements. Summit also purchased First of Month Index (FOM) price volumes for delivery during the winter period of November and December 2021.[4] These volumes represent about ** [redacted] ** of normal winter weather requirements. The FOM agreement was made in September 2021. The fixed price volumes, combined with the FOM volumes represent about ** [redacted]** of normal winter weather requirements for the former Southern Missouri Natural Gas service area.

Summit purchased fixed price volumes in August 2021 for delivery in the periods of November 2021 through March 2022, for the Warsaw/LOO Service Area. Additionally, Summit purchased fixed price volumes in December 2021 for delivery during the winter period of January 2022 through March 2022. These fixed price volumes represent about ** [redacted] ** of normal winter (November – March) weather requirements for this service area. Summit also purchased First of Month Index (FOM) price volumes for delivery during the winter period of November and December 2021. These volumes represent about ** [redacted] ** of normal winter weather requirements. The FOM agreement was made in September 2021. The fixed price volumes, combined with the FOM volumes represent about ** [redacted] ** of normal winter weather requirements for the Warsaw/LOO Service Area.

Staff notes that in its response to Staff's data requests on the rationale for the FOM volumes for delivery during the winter period of November and December 2021 in lieu of the fixed price volumes to make up for ** [redacted] ** hedge target for the Rogersville and Warsaw/LOO Service Areas, Summit states, "*Each tiered hedge was competitively bid and deals were awarded based on best cost for firm service as requested in the RFP. Offers were very scarce for winter 2021-2022 due to the volatility experienced earlier that year.* ** [redacted]

[4] A FOM price is published on the first business day of each month for the month and the published price is effective for the duration of the month. A particular FOM price is not known until it is published for the particular month.

[redacted] **."

Conclusion

Staff has the following comments/concerns about the Company's hedging practices for this ACA's winter period:

1. It is important for Summit to evaluate the expected level of the customers' natural gas requirements that are reasonably protected (hedged) under warmer than normal, normal, and colder than normal weather scenarios.
2. Summit should evaluate its hedging strategy in response to the changing market dynamics as to how much the existing hedging strategy actually benefits its customers while achieving the goal of stable price level.
3. A part of Summit's hedging goals is to capture the lowest price prior to the beginning of winter months. However, this market-timing approach can lead to a situation where Summit waits too long for natural gas prices to go down until it perceives them to be favorable while running the risk of higher prices. For this ACA period under review, the market prices stayed elevated prior to the beginning of November 2021, though Summit took advantage of lower prices by purchasing fixed price volumes in December 2021 for delivery during the winter period of January 2022 through March 2022 when the market prices went down.
4. A part of Summit's hedging strategy utilizing storage is based on its plan of filling storage close to its MSQ by November 1 and using at least ** [redacted] ** of the storage during the heating season. When the storage is filled substantially below its MSQ, it could potentially overestimate an actual storage hedging outcome.

V. RECOMMENDATIONS

Staff recommends that the Commission issue an order requiring Summit to:

1. Adjust the balances in its next ACA filing to reflect Staff's recommended ending (over)/under recovery ACA balances per the following table:

August 31, 2022 Ending ACA Balance						
Rogersville/Branson		**Reported**		**Adjustments**		**Staff Recommended**
Regular ACA	$	2,576,390.32	$	341,503.08	$	2,917,893.40
Storm Uri ACA	$	19,860,581.96	$	(1,071,751.88)	$	18,788,830.08
Total ACA	$	22,436,972.28	$	(730,248.80)	$	21,706,723.48
Warsaw/LOO						
Regular ACA	$	811,724.12	$	(58,829.87)	$	752,894.25
Storm Uri ACA	$	6,941,090.35	$	(33,357.88)	$	6,907,732.47
Total ACA	$	7,752,814.47	$	(92,187.75)	$	7,660,626.72
Gallatin						
Regular ACA	$	40,205.57	$	14,625.02	$	54,830.59
Storm Uri ACA	$	515,804.81	$	(41,135.95)	$	474,668.86
Total ACA	$	556,010.38	$	(26,510.93)	$	529,499.45

A positive ACA balance indicates an under-collection that must be recovered from customers.
A negative ACA balance indicates an over-recovery that must be returned to customers.

Adjustment Summary - Rogersville/Branson			
Adjustment Description	**Regular ACA**	**Storm Uri ACA**	**Total ACA**
PY Commission Order	$ 254,335.77	$ (996,433.73)	$ (742,097.96)
Revenue	$ (2,708.41)	$ (34,997.08)	$ (37,705.49)
Cash Outs	$ (955.55)	$ -	$ (955.55)
Supply Cost	$ 84,032.38	$ -	$ 84,032.38
Carrying Cost	$ 6,798.89	$ (40,321.07)	$ (33,522.18)
Increase (Decrease) ACA	$ 341,503.08	$ (1,071,751.88)	$ (730,248.80)

Adjustment Summary - Warsaw/LOO			
Adjustment Description	**Regular ACA**	**Storm Uri ACA**	**Total ACA**
PY Commission Order	$ 152,949.90	$ (152,501.79)	$ 448.11
Revenue	$ (127,956.21)	$ 127,422.68	$ (533.53)
Cash Outs	$ (801.91)	$ -	$ (801.91)
Supply Cost	$ (84,022.38)	$ -	$ (84,022.38)
Carrying Cost	$ 1,000.73	$ (8,278.77)	$ (7,278.04)
Increase (Decrease) ACA	$ (58,829.87)	$ (33,357.88)	$ (92,187.75)

Adjustment Summary - Gallatin			
Adjustment Description	**Regular ACA**	**Storm Uri ACA**	**Total ACA**
PY Commission Order	$ 14,236.96	$ (38,395.83)	$ (24,158.85)
Revenue	$ 110.75	$ (98.92)	$ 11.83
Cash Outs	$ -	$ -	$ -
Supply Cost	$ -	$ -	$ -
Carrying Cost	$ 277.31	$ (2,641.20)	$ (2,363.89)
Increase (Decrease) ACA	$ 14,625.02	$ (41,135.95)	$ (26,510.93)

Please see Section II. Billed Revenues and Actual Gas Costs for detailed discussion of the recommended adjustments.

2. Respond to all concerns, comments, and recommendations summarized below within 30 days:

   A. As was noted in the report, the failure to include all applicable price indices in cash out calculations, failure to reconcile allocated natural gas supply invoices, missing billing adjustment files and supporting documentation that does to agree to amounts reported in the ACA filing all contributed to the adjustments recommended. To address these observations, Staff recommends (Section II. Billed Revenue and Actual Gas Costs):

      1) Reconciliation of the PGA/ACA components in DR2 to include a reconciliation of General Ledger (GL) balance to the ACA balances for revenues, commodity costs, cash outs, etc. in addition to the 191 account

currently provided to identify incomplete or inaccurate reports or balances for correction prior to submission;

2) Ensure all supply invoices are reconciled prior to filing with copies of the monthly reconciliations included with the supply invoices; and
3) Ensure all supporting source documents, such as the billed revenue reports, are agreed to the reported balances with any variances resolved by including billing or other adjustment reports are also submitted to support filing amounts.

B. Staff recommends Summit use and reflect Commission approved PGA/ACA rates expressed to the nearest $0.0001 both in amounts billed and rates shown on customer bills. (Section II. Billed Revenue and Actual Gas Costs)
C. Staff recommends Summit review its RFP process to address the items of concern noted including sharing awarded bid price with non-winning bidders, the impact of declining multiple bids for RFPs, the concentration of supply purchases with a single supplier, and documenting selection criteria when bids are otherwise equal to include the need to maintain a diversified supplier mix. (Section II. Billed Revenue and Actual Gas Costs)
D. Staff recommends Summit to evaluate its capacity needs for each service area on an annual basis based on contracted peak day supply. (Section III. Reliability Analysis and Gas Supply Planning)
E. Staff recommends Summit establish and maintain a current and consistent hedging policy with stated objectives based on month-specific normal weather requirements while also considering the impacts of warmer and colder than normal weather scenarios. (Section IV. Hedging)
F. Staff recommends Summit consider a combination of various alternatives such as storage withdrawals, call options, and other fixed price purchases for cost effective hedging during the winter months. (Section IV. Hedging)
G. Staff recommends Summit establish a realistic amount of MSQ that the Company plans to inject into storage by November 1 and to withdraw by March 31, thus determine a realistic amount of storage that can be utilized toward hedging and calculate the hedging percent utilizing storage and the overall hedging percent accordingly. (Section IV. Hedging)
H. Staff recommends Summit continue to monitor the market movements diligently and with regard to timing of hedge placements employ disciplined (time-driven) as well as discretionary (price-driven) approaches in its hedging practices to prevent from running the risk of higher prices when Summit waits

too long for natural gas prices to go down until it perceives them to be favorable. (Section IV. Hedging)

I. Staff recommends Summit continue to document its reasoning for executing any hedging transactions or decisions, whether by means of storage, fixed price contracting or other financial hedging instruments. (Section IV. Hedging)

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-2022-0191**

AFFIDAVIT OF KWANG Y. CHOE, PhD

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW Kwang Y. Choe, PhD, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form;* and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

Kwang Y. Choe

KWANG Y. CHOE, PhD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12th day of December 2023.

Dianna L. Vaught

Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

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-2022-0191**

AFFIDAVIT OF JACOB R. ROBINETT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Jacob R. Robinett, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form;* and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

Jacob R. Robinett

JACOB R. ROBINETT

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 11th day of December 2023.

Dianna L. Vaught

Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

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-2022-0191**

AFFIDAVIT OF KIMBERLY K. TONES, CIA, CPA

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Kimberly K. Tones, CIA, CPA, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form;* and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

Kim K Tones
KIMBERLY K. TONES, CIA, CPA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 11th day of December 2023.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

Dianna L. Vaught
Notary Public