

Exhibit No. 203

Exhibit No.: _____
Issue: Company and Customer Impact
Witness: Phil Marcum
Exhibit Type: Rebuttal
Sponsoring Party: Summit Natural Gas of Missouri, Inc.
Case No.: GC-2022-0158
Date: March 30, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GC-2022-0158

REBUTTAL TESTIMONY

OF

PHIL MARCUM

ON BEHALF OF

SUMMIT NATURAL GAS OF MISSOURI, INC.

Jefferson City, Missouri

March 30, 2022

Rebuttal Testimony of
Phil Marcum
Case No. GC-2022-0158

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1 I. **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Phil Marcum. My business address is 1201 Deadra Drive, Lebanon,
4 Missouri 65536.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

6 A. I am employed by Summit Utilities, Inc. (“Summit”), the ultimate parent company
7 of Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”). I am the Senior
8 Manager of Business Development for two Summit subsidiaries, SNGMO and
9 Colorado Natural Gas, Inc. (“CNG”).

10 **Q. WHAT ARE YOUR DUTIES AS MANAGER OF BUSINESS DEVELOPMENT AS
11 IT PERTAINS TO SNGMO?**

12 A. In this position, I oversee customer acquisition and retention efforts as well as
13 evaluate growth opportunities for SNGMO’s distribution systems. In addition, I am
14 the primary account management point of contact for large commercial customers,
15 industrial customers, and area government officials. I am a member of Summit’s
16 Executive Team and its Diversity and Engagement Committee.

17 **Q. WHAT IS YOUR PROFESSIONAL AND EDUCATIONAL EXPERIENCE?**

18 A. I attended Lindenwood College from 1995-1996, and Southwest Missouri State
19 University from 1996-1998. From 2002-2010, I was employed as the Finance
20 Manager at the Neil Twenter GM Center. I joined Summit as a sales representative
21 in 2010.

22 **Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY BODIES?**

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1 A. Yes. I provided testimony in a Colorado Natural Gas, Inc. rate case in Proceeding
2 No. 18AL-0305G.

3 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF OZARK MEDICAL**
4 **CENTER D/B/A OZARKS HEALTHCARE WITNESS JOSH REEVES?**

5 A. Yes.

6 **II. PURPOSE OF TESTIMONY**

7 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

8 A. The purpose of my testimony is to respond to Mr. Reeves' Direct Testimony by
9 providing an explanation of how the Ozark Medical Center d/b/a Ozarks Heathcare
10 ("OMC") imbalance and resulting cashout amount could impact SNGMO sales
11 customers.

12 **III. CUSTOMER IMPACT**

13 **Q. CAN YOU DESCRIBE THE RATE AREA IN WHICH OMC IS LOCATED?**

14 A. OMC is located in what is referred to as the Rogersville rate area. This area
15 includes Rogersville, Fordland, Marshfield, Seymour, Diggins, Mansfield, Ava,
16 Norwood, Mountain Grove, Cabool, Willow Springs, West Plains, Lebanon, and
17 rural areas in between. It is currently the largest rate area on the SNGMO system
18 and is connected to the Southern Star pipeline.

19 **Q. IS OMC THE ONLY HOSPITAL IN THAT RATE AREA?**

20 A. No. OMC is not the only hospital in the Rogersville rate area. Mercy Hospital is
21 located in Lebanon. There are several large clinics located in the area which are
22 also served by SNGMO.

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1 **Q. OMC SUGGESTS THAT THE AMOUNT OWED BY OMC SHOULD NOT BE**
2 **COLLECTED FROM OMC AND SHOULD INSTEAD BE DEFERRED ON**
3 **SNGMO’S BOOKS FOR LATER RECOVERY IN A GENERAL RATE CASE.**
4 **DOES SNGMO SUPPORT THE USE OF AN ACCOUNTING AUTHORITY**
5 **ORDER (“AAO”) AS A FORM OF RELIEF FOR THIS CUSTOMER**
6 **COMPLAINT?**

7 A. No. While SNGMO understands OMC’s position as a non-profit hospital serving
8 the community and that these fees could result in higher medical costs, SNGMO
9 does not agree that the best alternative is to potentially impose an increase of
10 SNGMO’s rates for all customers in that rate area.

11 **Q. WOULD AN AAO HAVE AN IMPACT ON SNGMO’S RESIDENTIAL**
12 **CUSTOMERS?**

13 A. Yes. An AAO would result in costs being spread to all SNGMO customers in the
14 same rate area as OMC. Spreading these costs to all firm customers, instead of
15 OMC paying the costs, penalizes customers. Those firm customers did not have
16 any role in determining if OMC should take the responsibility and risk of being a
17 transportation service customer, nor in making sure OMC was adequately
18 managing its supply.

19 **Q. WHY DO ENTITIES CHOOSE TRANSPORTATION SERVICE?**

20 A. Entities will choose to be a transportation customer in an effort to receive a more
21 favorable rate than sales customers by managing their own gas supply. The risks
22 associated with this choice should not be immediately passed onto sales
23 customers when an imbalance has occurred.

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1 **Q. OMC WITNESS REEVES ASKS THAT THE COMMISSION ADDRESS OMC'S**
2 **CASHOUT BALANCE THROUGH AN AAO. (REEVES DIR., P. 7). WOULD**
3 **DEFERRAL OF THE AMOUNT OWED BY OMC PURSUANT TO AN AAO**
4 **PROPERLY COMPENSATE SNGMO FOR THE AMOUNT IN CONTROVERSY?**

5 A. No. At this time, it is unclear when SNGMO will file for its next general rate case.
6 This could result in SNGMO carrying this amount on its books, interest free, for
7 possibly years. OMC used this gas. SNGMO was forced to purchase additional
8 gas supply at an elevated rate to ensure adequate supply on its system for its
9 customers. SNGMO paid for these costs using a mixture of debt and equity and is
10 incurring a cost to cover this amount for OMC. SNGMO should not be forced into
11 the position of providing long term financing for OMC's gas supply usage. Carrying
12 this amount on our books could limit necessary funds for other projects which
13 benefit SNGMO's customers. Therefore, not only does it not compensate SNGMO
14 adequately, it also potentially penalizes customers by limiting SNGMO's ability to
15 use these funds elsewhere.

16 **Q. OMC WITNESS REEVES STATES THAT HE "SUSPECT[S] THAT SNGMO**
17 **WILL FILE ITS NEXT RATE CASE RELATIVELY SOON." (REEVES DIR., P. 7).**
18 **IS SNGMO CURRENTLY PREPARING TO FILE A GENERAL RATE CASE?**

19 A. No. SNGMO is not currently preparing to file a general rate case and has no
20 immediate plans to do.

21 **q. AS AN ALTERNATIVE TO AN AAO, OMC WITNESS REEVES ASKS THAT THE**
22 **COMMISSION ORDER A SPECIAL PAYMENT ARRANGEMENT CALLING**
23 **FOR PAYMENTS OVER A TEN-YEAR PERIOD. (REEVES DIR., P. 7). DOES**

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1 **MR. REEVES SUGGEST THAT OMC WOULD PAY INTEREST ASSOCIATED**
2 **WITH THIS ARRANGEMENT?**

3 A. No. He does not.

4 **Q. WOULD SNGMO BE MADE WHOLE BY AGREEING TO A 10 YEAR PAYMENT**
5 **PLAN WITH OMC TO PAY ITS CASHOUT AMOUNT?**

6 A. No. SNGMO had to finance these costs. A lengthy payment period ties up capital
7 that could be used for projects. Further, SNGMO would be simultaneously
8 incurring financing costs related to those amounts. Asking SNGMO to allow a 10-
9 year plan, especially without interest, is not in the best interest of SNGMO's
10 customers. In essence, it would require SNGMO to provide long term financing to
11 a transportation service customer. That is not the business, or responsibility, of a
12 public utility.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

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

Ozarks Medical Center)
d/b/a Ozarks Healthcare)
)
Complainant)
v.)
)
Summit Natural Gas of Missouri, Inc.)
)
Respondent)

Case No. GC-2002-0158

AFFIDAVIT

STATE OF MISSOURI)
)
LACLEDE COUNTY)

1. My name is Phil Marcum and I am employed by Summit Utilities, Inc. as Senior Manager of Business Development.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Summit Natural Gas of Missouri, Inc., which has been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

DocuSigned by:
Phil Marcum
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Phil Marcum