

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

In the Matter of Summit Natural Gas of Missouri, Inc.’s Changes to the Company’s Purchase Gas Adjustment “PGA” Clause))))	<u>Case No. GR-2022-0191</u>
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STIPULATION AND AGREEMENT

COME NOW Summit Natural Gas of Missouri, Inc. (“SNGMO” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”), collectively the “Parties,” and submit the following *Stipulation and Agreement* (“Agreement”), which resolves the carrying (interest) cost calculation issue for the Storm Uri balance in this matter, for the Commission’s approval:

1. On November 2, 2022, SNGMO filed proposed tariff sheets to reflect changes in its Regular Purchased Gas Adjustment (“PGA”) factors and Actual Cost Adjustment (“ACA”) factors for its three PGA divisions: Gallatin, Warsaw/Lake of the Ozarks, and Rogersville/Branson. The Company subsequently filed substitute tariff sheets on November 4, and November 10, 2022, bearing effective dates of November 17, 2022.
2. The tariff sheets were approved by the Commission on an interim basis subject to refund, with an effective date of November 17, 2022.
3. Staff filed its recommendation on December 12, 2023.
4. SNGMO filed its Response to the Staff’s Recommendation on January 31, 2024, whereby the Company responded to the recommendations and adjustments proposed by Staff. In its response, SNGMO largely agreed with Staff’s adjustments to the ACA ending balance, however, the Company disagreed with Staff’s methodology for calculating the carrying (interest) cost applied to the Winter Storm Uri (“Storm Uri”) balance. SNGMO noted in its Response that

it would discuss its proposed methodology with Staff and determine if a resolution of the Storm Uri interest calculation issue could be reached.

5. Since the Company's Response to Staff's Recommendation was filed, the Company has met with both Staff and the OPC on numerous occasions to discuss the methodology that should be applied to calculating the Storm Uri interest balance. While the interest rate to be applied to the Storm Uri balance was established in the Unanimous Stipulation and Agreement filed on July 22, 2022, and approved in Case No. GR-2022-0122, the Stipulation did not address how the carrying costs would be calculated. As noted in paragraph 11 of the Stipulation, "[s]pecific application of the carrying cost rate will be subject to review in the appropriate ACA proceeding." The Parties have agreed to a methodology for the Storm Uri balance interest calculation as set forth below:

STORM URI ACA APPROACH FOR INTEREST CALCULATIONS

6. For the time period beginning May 8, 2022, through the end of the recovery period, the carrying cost for the Storm Uri balance shall be computed as follows:

The beginning Storm Uri ACA balance for a given month will be determined by adding the beginning balance from the prior month plus carrying cost accrued less actual recoveries during the prior month. The monthly Storm Uri carrying cost will be calculated by multiplying the beginning balance each month by the ** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

** pursuant to the Credit Agreement dated May 8, 2019 by and between Summit LDC Holdings, LLC and ** [REDACTED]

██████████** as Agent, and the financial institutions identified on the signature pages thereto, as Lenders, as may be amended, restated or supplemented from time to time (“Credit Agreement”). The applicable **██████████** shall be the same rate defined in the Credit Agreement. The **██████████** credit spread shall be fixed during the recovery term. The **██████████** adjustment is defined on page 1 of the Credit Agreement and shall be fixed during the recovery term.

7. Paragraph I. B. *ACA Approach for Interest Calculations* of the Company’s Purchased Gas Adjustment Clause tariff (Sheet No. 52) includes a provision that the interest rate calculation shall be computed for all PGA costs exceeding \$50,000. The Parties agree that in calculating the carrying cost for the Storm Uri balance, the \$50,000 not subject to the interest calculation should first be applied to the Storm Uri balance before applying it to the regular gas cost balance.

8. In applying the agreed upon approach to the Company’s 2021-2022 ACA balance, the Parties have agreed the ACA ending balance as of August 31, 2022 shall be as follows:

August 31, 2022 Ending ACA Balance (Calculated as of 4.25.2024)			
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	\$ (1,073,404.91)	\$ 18,787,177.05
Total ACA	\$ 22,436,972.28	\$ (731,901.83)	\$ 21,705,070.45
Warsaw/LOO			
Regular ACA	\$ 811,724.12	\$ (58,829.87)	\$ 752,894.25
Storm Uri ACA	\$ 6,941,090.35	\$ (33,528.65)	\$ 6,907,561.70
Total ACA	\$ 7,752,814.47	\$ (92,358.52)	\$ 7,660,455.95
Gallatin			
Regular ACA	\$ 40,205.57	\$ 14,625.02	\$ 54,830.59
Storm Uri ACA	\$ 515,804.81	\$ (41,168.60)	\$ 474,636.21
Total ACA	\$ 556,010.38	\$ (26,543.58)	\$ 529,466.80

9. At the conclusion of an ACA period (August 31st), if the Regular ACA balance results in an over recovery, the over recovered balance will be offset against any under recovered Storm Uri ACA balance.

10. This approach to calculating interest on Storm Uri ACA balances will terminate at the earlier of 1.) Storm Uri balance, by service area, is less than or equal to \$50,000 or 2.) November 2026 (expiration of five year period). At termination, any unrecovered Storm Uri balance will be considered “Regular” with interest calculated pursuant to Paragraph I. B. *ACA Approach for Interest Calculations* of the Company’s Purchased Gas Adjustment Clause tariff (Sheet No. 52). Staff will continue to evaluate the reasonableness of this approach to calculating Storm Uri interest in each subsequent ACA period.

General Provisions

11. This Agreement is being entered into solely for the purpose of settling the issue specified above. Unless otherwise explicitly provided herein, none of the signatories to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, and, except as explicitly provided herein, none of the signatories shall be prejudiced or bound in any manner by the terms of this Agreement (whether this Agreement is approved or not) in this or any other proceeding, other than a proceeding limited to enforcing the terms of this Agreement.

12. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

13. In the event the Commission approves the specific terms of this Agreement without condition or modification, and as to the specified issues, the signatories waive their respective

rights to call, examine, and cross-examine witnesses pursuant to § 536.070(2) RSMo; present oral argument and written briefs pursuant to §536.080.1 RSMo; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo; their respective rights to seek rehearing pursuant to §386.500 RSMo; and their respective rights to judicial review pursuant to §386.510 RSMo. These waivers apply only to a Commission order approving this Agreement without condition or modification issued in this above-captioned proceeding and only to the issues that are resolved hereby. These waivers do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

WHEREFORE, the Parties request the Commission issue an order approving this *Unanimous Stipulation and Agreement*.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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**ATTORNEY FOR THE OFFICE OF THE
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on all counsel of record on this 7th day of May, 2024.

/s/ J. Scott Stacey