

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 18<sup>th</sup> day of  
September, 2019.

In the Matter of the Application of Summit	)	
Natural Gas of Missouri, Inc. for Authority to	)	
Increase the Amount of Indebtedness Secured	)	<b><u>File No. GO-2019-0406</u></b>
by the Pledge of its Capital Stock by its Parent	)	
Summit LDC Holdings, LLC	)	

**ORDER GRANTING APPLICATION AND  
WAIVER OF 60-DAY NOTICE**

Issue Date: September 18, 2019

Effective Date: October 18, 2019

On January 24, 2019, Summit Natural Gas of Missouri, Inc. ("SNGMO"), then a wholly-owned subsidiary of Summit Utilities, Inc. ("Summit"), filed an application requesting authority to undertake a corporate restructuring (referred to herein as the "Original Application"<sup>1</sup>). Under the corporate restructuring, a newly-formed parent company (referred to in the Original Application as "Midco") would hold all of SNGMO's capital stock and pledge that capital stock in support of a financing for up to \$225 million of indebtedness. The proceeds of the financing, in part, were to pay all amounts outstanding under SNGMO's credit facility and refund and replace outstanding secured indebtedness held at the SNGMO level. On March 13, 2019, the Commission issued its Order Granting Application authorizing the corporate restructuring and Midco's pledge of SNGMO's capital stock for the purposes described in the Original Application.

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<sup>1</sup> File No. GO-2019-0216.

The corporate restructuring occurred on May 8, 2019, at which time Midco became Summit LDC Holdings, LLC (“Summit Holdings”) and entered into a \$310 million debt financing for use by Summit Holdings and its subsidiaries. The indebtedness was secured by a pledge of the capital stock of its direct subsidiaries, including SNGMO. The difference between the aggregate indebtedness referred to in the Original Application (\$225 million) and the aggregate indebtedness available at closing (\$310 million) was due to the pay-off of indebtedness of Summit Holdings’ subsidiary Colorado Natural Gas, Inc., and the exchange of approximately \$35 million of notes issued by Summit Holdings’ subsidiary Arkansas Oklahoma Gas Corporation with notes issued by Summit Holdings in the same amount. The payoff of the Colorado Natural Gas, Inc., debt and the exchange of the Arkansas Oklahoma Gas Corporation notes were not certain at the time the Original Application was filed.

SNGMO filed the current application on June 18, 2019, requesting the Commission grant Summit Holdings authority to increase the amount of debt secured by its pledge of the capital stock of SNGMO by an additional \$85 million to a total of \$310 million, which is the full principal amount of indebtedness available under the financing. SNGMO also requested a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1).<sup>2</sup> SNGMO stated that good cause exists to grant the waiver because it had no communication with the Commission within the prior 150 days regarding any substantive issue likely to be in this case other than the pleadings filed on the record.

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<sup>2</sup> Effective August 28, 2019, all of the Commission’s regulations were transferred from the Department of Economic Development’s (DED) Title 4 to the Department of Commerce and Insurance’s (DCI) (formerly Department of Insurance, Financial Institutions and Professional Registration) Title 20.

On August 1, 2019, the Staff of the Commission filed its recommendation to approve the application with two conditions.<sup>3</sup> Staff's recommended conditions were that nothing in the Commission's order be considered a determination of the value of the transactions for ratemaking purposes and that SNGMO provide quarterly statements for all the subsidiaries showing the retirement of the debts and the migration of the debts to the parent company. Staff also recommended the request for waiver be granted. SNGMO filed a response to Staff's recommendation accepting the conditions Staff proposed.

The Commission has reviewed and considered SNGMO's verified application and Staff's verified recommendation. Based on the Commission's review of these unopposed pleadings, the Commission finds that SNGMO's transaction is not detrimental to the public interest and concludes that the application should be approved subject to Staff's reasonable conditions. As required by Section 393.200, RSMo, it is the Commission's opinion that the proposed issuance of debt securities is reasonably required for the purposes specified in the application and that such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income. The Commission finds that the additional \$85 million of indebtedness was used to retire debt at Colorado Natural Gas, Inc., and to elevate the debt of Arkansas Oklahoma Gas Corporation to Summit LDC Holdings, LLC.

Further, the Commission finds good cause exists to grant SNGMO's request for a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1).

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<sup>3</sup> On August 6, 2019, Staff corrected certain amounts in its recommendation.

**THE COMMISSION ORDERS THAT:**

1. Summit Natural Gas of Missouri, Inc.'s motion for waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is granted.
2. Summit Natural Gas of Missouri, Inc.'s application filed on June 18, 2019, is granted subject to the conditions recommended by the Staff of the Commission and set out below.
3. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for ratemaking purposes, which includes, but is not limited to, the capital structure, and the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and their effect on the cost of capital in future rate cases.
4. Summit Natural Gas of Missouri, Inc., shall provide quarterly statements for all the subsidiaries showing the retirement of the debts and, migration of the debts to Summit LDC Holdings, LLC.
5. This order shall be effective on October 18, 2019.
6. This case shall close on October 19, 2019.

**BY THE COMMISSION**



Morris L. Woodruff  
Secretary



Silvey, Chm., Kenney, Hall,  
Rupp, and Coleman, CC., concur.

Dippell, Senior Regulatory Law Judge

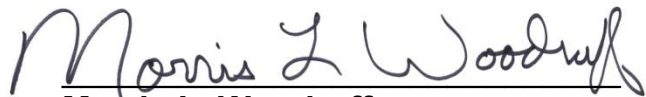
**STATE OF MISSOURI**

**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 18<sup>th</sup> day of September 2019.**



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

**MISSOURI PUBLIC SERVICE COMMISSION**

**September 18, 2019**

**File/Case No. GO-2019-0406**

**Missouri Public Service  
Commission**

Staff Counsel Department  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
staffcounsel@psc.mo.gov

**Office of the Public Counsel**

Marc Poston  
200 Madison Street, Suite 650  
P.O. Box 2230  
Jefferson City, MO 65102  
opcservice@opc.mo.gov

**Missouri Public Service  
Commission**

Ron Irving  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
Ron.Irving@psc.mo.gov

**Summit Natural Gas of  
Missouri, Inc.**

Paul A Boudreau  
312 East Capitol Avenue  
P.O. Box 456  
Jefferson City, MO 65102  
PaulB@brydonlaw.com

**Summit Natural Gas of  
Missouri, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

***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.