

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 6<sup>th</sup> day of  
November, 2019.

In the Matter of the Application of       )  
Summit Natural Gas of Missouri, Inc.       )  
for Waiver Concerning Commission Rule       )  
20 CSR 4240-40.090                                )

**File No. GE-2020-0009**

**ORDER GRANTING WAIVER OF DEPRECIATION STUDY FOR FIVE YEARS**

Issue Date: November 6, 2019

Effective Date: December 6, 2019

**Background**

On July 15, 2019, Summit Natural Gas of Missouri, Inc. (“Summit” or “company”) filed for a waiver of rules that require a depreciation study, database, and property unit catalog no less often than every five years.<sup>1</sup> Summit states its assets remain relatively new for gas utility property, thus it does not have sufficient historical plant information to use in performing a depreciation study. The company states it will likely be at least another ten years before it has sufficient historical plant information to properly perform a depreciation study. The company states that a depreciation study would add expense without any corresponding benefit. Summit suggested the Commission impose conditions

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<sup>1</sup> Summit requested waiver of Commission rules 4 CSR 240-3.235 and 4 CSR 240-3.275. Upon request of Summit, the caption and application were updated to reflect a rule change, effective July 30, 2019, that rescinded the referenced rules and consolidated them to 4 CSR 240.40.090. 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 Title 20. For consistency, all references herein are to the new numbers, which do not change the end rule number citation. E.g. 4 CSR 240-2.010 will now be 20 CSR 4240-2.010. Note the Commission has updated the caption for a second time to reflect the August rule number change.

similar to those described in its previous case requesting waiver of the depreciation study, File Number GE-2014-0010. Summit also requested waiver of the 60-day notice requirement.<sup>2</sup>

On September 16, 2019, Staff recommended the Commission grant a waiver of the depreciation study requirement, but reject waiving the database and property unit catalog requirements. Staff also recommended conditions and suggested the waiver apply until July 1, 2029 (ten years). On September 26, 2019, Summit stated it did not object to Staff's recommendation or conditions.

On October 3, 2019, the Office of the Public Counsel ("Public Counsel") timely submitted their response to Staff's recommendation. Public Counsel objected to Staff's recommendation of a ten-year waiver, and recommended no more than a five-year waiver. On October 9, 2019, Summit responded they did not object to a five-year waiver. On October 11, 2019, Staff concurred with the Public Counsel's recommendation of a five-year waiver.

The Commission issued notice of Summit's request. There were no requests to intervene.

### **Discussion**

Summit has met all formal filing requirements to request waiver of a Commission rule. Waiver of a Commission rule requires a showing of good cause.<sup>3</sup> Summit asserts that good cause exists to allow a waiver of Commission rule 20 CSR 4240-40.090(1) because of its lack of historical plant information available for a depreciation study, and the cost of complying with the rule outweighs any benefit. Staff agreed that the lack of

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<sup>2</sup> Commission rule 20 CSR 4240-4.017(1).

<sup>3</sup> Commission rule 20 CSR 4240-2.205.

historical plant information qualifies as good cause for waiver of Commission rule 20 CSR 4240-40.090(1) requiring submission of a statistical depreciation study of vintage retirement dollars. Staff suggested that good cause does not exist to waive the other requirements of Commission rule 20 CSR 4240-20.090(1), and that Summit should be directed to file in its next rate case a property unit catalog, database, reserves for depreciation, surviving plant balance, and estimated final retirement rate and surviving dollar investment for each major facility or general office building. Staff also suggested that the Commission direct the company to comply with certain conditions.<sup>4</sup>

No parties objected to Staff's recommendation to partially grant the requested waiver, the suggested conditions, or Public Counsel's modification of the waiver lasting no more than five years. The Commission finds good cause to approve the application consistent with Staff and the Public Counsel's recommendations.

Summit also requested waiver of the 60-day notice requirement.<sup>5</sup> Commission rule 20 CSR 4240-4.017(1)(D) allows the Commission to grant a variance from the 60-day notice filing upon a finding of good cause, which includes "a verified declaration from the filing party that it has had no communication with the office of the commission within the prior 150 days regarding any substantive issue likely to be in the case". Summit verified this declaration in its application. No party objected to the company's request to waive the 60-day notice requirement. The Commission find good cause exists pursuant to 20 CSR 4240-4.017(1)(D), and will waive the 60-day notice requirement.

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<sup>4</sup> Those conditions have been included in the ordered paragraphs, but edited for clarity, with references to continuing obligations under existing rules deleted for brevity.

<sup>5</sup> Commission rule 20 CSR 4240-4.017(1).

**THE COMMISSION ORDERS THAT:**

1. Summit Natural Gas of Missouri, Inc.'s request to waive the 60-day notice requirement is granted.
2. The requirement that Summit Natural Gas of Missouri, Inc. submit a depreciation study pursuant to the every-five-year requirement under 40.090(1)(B)1 or the general rate case requirement under 40.090(1)(B)2 is waived until July 01, 2024.
3. Summit Natural Gas of Missouri, Inc. shall provide a non-statistical depreciation review, database, and property unit catalog upon submission of its next general rate increase request. The non-statistical depreciation reviews shall be conducted by an experienced depreciation professional for the utility industry. The review by the depreciation professional shall include: a plant tour, review of current accruals and accumulated reserves, review of retirement practices and records, and a review of depreciation rates to justify or recommend changes to the depreciation rates currently in use by Summit Natural Gas of Missouri, Inc.
4. This order shall become effective on December 6, 2019.
5. This case shall be closed on December 7, 2019.

**BY THE COMMISSION**



*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

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

Hatcher, Regulatory Law Judge

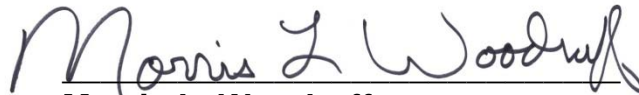
**STATE OF MISSOURI**

**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 6<sup>th</sup> day of November 2019.**



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

**MISSOURI PUBLIC SERVICE COMMISSION**

**November 6, 2019**

**File/Case No. GE-2020-0009**

**Missouri Public Service  
Commission**

Staff Counsel Department  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
staffcounsellservice@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**

Bob Berlin  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
bob.berlin@psc.mo.gov

**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,***

A handwritten signature in dark ink, reading "Morris L. Woodruff". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

**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.