

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

In the Matter of Summit Natural Gas of)
Missouri, Inc., Changes to Company’s)
Purchased Gas Adjustment “PGA” Clause)

Case No. GR-2024-0157

**RESPONSE TO STAFF’S RECOMMENDATION
AND MEMORANDUM**

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”), and, as its *Response to Staff’s Recommendation and Memorandum*, states as follows to the Missouri Public Service Commission (“Commission”):

On December 12, 2024, the Staff of the Commission (“Staff”) filed its *Staff Recommendation* Regarding SNGMO’s 2022-2023 Actual Cost Adjustment Filing. Thereafter, the Commission issued its *Order Directing Filing* wherein it directed SNGMO to respond to the Staff Recommendation by January 15, 2024. SNGMO has reviewed the recommendations made by Staff and responds as to each as follows:

Staff Recommendation 1: In reviewing Staff’s recommended ending (over)/under recovery ACA balances for the period ending August 31, 2023, SNGMO found a slight discrepancy in the ending balance for the Warsaw service area, which is overstated by \$20,292.05. The Company determined the discrepancy was a result of a billing correction for a large commercial customer that was inadvertently excluded in the billing records shared with Staff. SNGMO has since provided documentation to Staff supporting the corrected balance for Warsaw. The ending ACA balance for the period ending August 31, 2023, should be as follows:

Table 1 – Ending ACA Balance as of August 31, 2023

August 31, 2023 Ending ACA Balance			
	Reported	Adjustments	Company
Rogersville/Branson			
Regular ACA	\$ 529,299.85	\$ 1,211,024.17	\$ 1,740,324.02
Storm Uri/ACA	\$ 15,716,721.35	\$ (654,422.85)	\$ 15,062,298.50
Total ACA	<u>\$ 16,246,021.20</u>	<u>\$ 556,601.32</u>	<u>\$ 16,802,622.52</u>
Waterloo/LOO			
Regular ACA	\$ 354,870.00	\$ (59,433.66)	\$ 295,436.34
Storm Uri/ACA	\$ 5,443,779.46	\$ 117,154.13	\$ 5,560,933.59
Total ACA	<u>\$ 5,798,649.46</u>	<u>\$ 57,720.47</u>	<u>\$ 5,856,369.93</u>
Gallatin			
Regular ACA	\$ (342,695.00)	\$ 38,870.00	\$ (303,825.00)
Storm Uri/ACA	\$ 427,389.00	\$ (47,456.00)	\$ 379,933.00
Total ACA	<u>\$ 84,694.00</u>	<u>\$ (8,586.00)</u>	<u>\$ 76,108.00</u>

Staff Recommendation 2.A.: Staff recommends that SNGMO evaluate its capacity needs for each service area on an annual basis based on contracted peak day supply.

SNGMO does and will continue to evaluate the capacity needs of each of its service areas on an annual basis.

Staff Recommendation 2.B.: Staff recommends the Company 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.

SNGMO already performs this type of evaluation as part of its gas supply planning and will continue to conduct such evaluation.

Staff Recommendation 2.C.: Staff recommends SNGMO 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.

SNGMO performs this evaluation each year when it prepares its gas procurement plan and

will continue to conduct such evaluation.

Staff Recommendation 2.D.: Staff notes that part of SNGMO’s hedging goals is to capture the lowest price prior to the beginning of winter months. Staff further notes that this market-timing approach can lead to a situation where SNGMO waits too long for natural gas prices to go down until it perceives them to be favorable while running the risk of higher prices.

SNGMO has recently added a significant amount of storage to its portfolio for the Rogersville, Branson, Warsaw and Lake of the Ozarks service areas. For this storage, gas is purchased in the summer months over the storage injection season from April to October at summer prices. The gas is withdrawn at the weighted average cost of gas, thereby eliminating the market timing risks noted by Staff. SNGMO does still hedge with fixed priced purchases for Gallatin but has reduced risk of market timing by hosting two separate requests for proposal over the summer months.


Staff Recommendation 2.E.: Staff notes that SNGMO’s hedging strategy includes utilizing storage based on a plan of filling storage as close to its MSQ by November 1 and using at least a certain percentage of the storage during the heating season. Staff further notes that when the storage is filled substantially below its MSQ, the Company could potentially overestimate an actual storage hedging outcome.

SNGMO endeavors to follow its hedging strategy to fill its storage according to plan and will consider Staff’s concern in this regard. In the event that storage is lower than planned at the beginning of November due to a cold October and the Company needs to withdraw gas from storage, the Company does have the ability to inject gas during the winter months to get back on plan.

WHEREFORE, Summit Natural Gas of Missouri, Inc. respectfully requests that the Commission consider this response to the *Staff Recommendation* and order the ACA ending balances for the period ending August 31, 2023, as set forth in this response and issue such orders as it believes to be reasonable and just.

Respectfully Submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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ATTORNEYS FOR SUMMIT NATURAL GAS OF MISSOURI, INC.

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail to the following counsel this 15^h day of January, 2025, to:

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