

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

In the matter of the Application of Summit Natural)
Gas of Missouri, Inc. for Authority to Participate in a) File No. _____
Money Pool with its Affiliates.)

APPLICATION AND MOTION FOR WAIVER

COMES NOW Summit Natural Gas of Missouri, Inc. (“SNGMO”) and pursuant to 20 CSR 4240-2.060, 20 CSR 4240-40.015, and 20 CSR 4240-4.017, and for its *Application and Motion for Waiver* (“Application”) states to the Missouri Public Service Commission (“Commission”) as follows:

SNGMO

1. SNGMO is a wholly-owned subsidiary of Summit LDC Holdings, LLC (“Summit LDC”), which is a wholly-owned subsidiary of Summit Utilities, Inc. (“SUI”) and affiliate of Summit Utilities Holdings, LLC (“SUH”). SNGMO is a corporation duly incorporated under the laws of the State of Colorado, with its principal offices located at 10825 E. Geddes Avenue, Suite 410, Centennial, Colorado 80112. A copy of a certificate from the Missouri Secretary of State showing SNGMO is authorized to do business in Missouri as a foreign corporation was submitted in Case No. GE-2024-0345 and is incorporated herein by reference in accordance with Commission Rule 20 CSR 4240-2.060(1)(G).

2. SNGMO conducts business as a “gas corporation” and a “public utility” as those terms are defined at §386.020, RSMo, and provides natural gas service in Missouri, subject to the jurisdiction of the Commission as provided by law.

3. Other than cases that have been docketed at the Commission, SNGMO has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court within the past three years that involve customer service or rates.

4. SNGMO has no annual reports or assessment fees that are overdue.
5. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to the undersigned counsel.

BACKGROUND

6. The Commission has previously defined a “Money Pool” as:

... a cash management arrangement amongst utilities, under which a utility may make short-term loans (less than 365 days) to affiliates when it has excess cash, and may make short-term borrowings from affiliates when it has short-term cash needs. Excess funds will also be invested in short-term high-quality liquid investments (such as money market funds) after the needs of borrowing participants have been met.¹
7. SUI is working to establish a Money Pool by which all operating company subsidiary operating funds would go into a trust fund managed by Summit Utilities Holdings, LLC (“SUH”), an affiliate of SNGMO, that holds the operating company money pool balance. As a part of this process, all operating company subsidiaries (except for Summit Natural Gas of Maine, Inc.) would be restructured to be indirect subsidiaries of SUH. (See **Appendix A**)
8. All participating operating companies would be permitted to borrow funds on a short-term basis (364 days, or fewer) from the Money Pool, or have funds available to loan on a short-term basis through their participation in the Money Pool. No participant would be required to effect a borrowing through the Money Pool if such participant determines that it can effect such borrowing at more advantageous terms from a third-party lender. No loans through the Money Pool will be made to, and no borrowings through the Money Pool will be made by SUH, as administrator of the money pool. SNGMO would enter into a Utility Money Pool Agreement with its affiliates similar in form to the draft attached hereto as **Appendix B**. **Appendix B** has been

¹ Report and Order, p. 5, *In the Matter of the Application of The Empire District Electric Company, et al. for an Affiliate Transactions Rule Variance*, Case No. AO-2018-0179 (August 15, 2019).

identified as Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6) as it contains market specific information and information representing strategies employed in contract negotiations.

9. The daily outstanding balance of loans from the Money Pool to any participant, and contributions to the Money Pool from any participant, will accrue interest at the ** _____

_____ ** as determined on a monthly basis by SUH. The matters in this paragraph bracketed by asterisks (** _____ **) have been identified as Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6) as they contain market specific information and information representing strategies employed in contract negotiations.

10. SNGMO's participation in the Money Pool would not require any pledge of SNGMO's equity and no Money Pool transactions would encumber the whole or any part of SNGMO's franchise, works or system, necessary or useful in the performance of its duties to the public.

RELIEF REQUESTED

Case No. GO-2005-0120

11. Under its prior name of Missouri Gas Utility, Inc. (MGU), SNGMO's first case in Missouri was its expedited certificate of convenience and necessity (CCN) application for the purpose of acquiring the Gallatin and Hamilton natural gas distribution systems (Case No. GO-2005-0120).² The CCN was issued by the Commission in Case No. GO-2005-0120 with its approval of a *Nonunanimous Stipulation and Agreement* (Stipulation) on December 14, 2004.

² The case was filed on October 29, 2004, and the *Order Approving Stipulation and Agreement* was issued on December 14, 2004.

12. The *Nonunanimous Stipulation and Agreement* provides, in part, that:

[SUI] and [SNGMO] shall not, directly or indirectly, . . . give, transfer, invest, contribute or loan to [SUI] or any of its subsidiaries, any equities or cash without Commission approval.

13. By this Application, SNGMO requests that the Commission approve SNGMO's participation in the Money Pool.

14. The requested authority would not be detrimental to the public interest because the public health, safety and welfare is being served by SNGMO's ability to obtain temporary debt capital and invest excess cash on more advantageous terms. Granting the authority requested will not cause any adverse impact on customer service or rates.

Affiliate Transactions Rule

15. The Commission has an Affiliate Transactions Rule (20 CSR 4240-40.015) that is applicable to gas corporations. Because all transactions in the proposed money pool conducted by SNGMO would be with SNGMO's affiliates, the Affiliate Transactions Rule appears to apply to the proposed Money Pool.

16. 20 CSR 4240-40.015(2)(A) provides:

(2) Standards.

(A) A regulated gas corporation shall not provide a financial advantage to an affiliated entity. For the purposes of this rule, a regulated gas corporation shall be deemed to provide a financial advantage to an affiliated entity if—

1. It compensates an affiliated entity for goods or services above the lesser of—
 - A. The fair market price; or
 - B. The fully distributed cost to the regulated gas corporation to provide the goods or services for itself; or
2. It transfers information, assets, goods or services of any kind to an affiliated entity below the greater of—
 - A. The fair market price; or
 - B. The fully distributed cost to the regulated gas corporation.

17. Thus, interest paid by SNGMO on money borrowed from the money pool would have to be charged at the “lesser of - A. The fair market price; or B. The fully distributed cost to

the regulated gas corporation to provide the goods or services for itself.” Interest received by SNGMO related to money it supplies to the money pool would have to be computed at the “greater of - A. The fair market price; or B. The fully distributed cost to the regulated gas corporation to provide the goods or services for itself.”

18. 20 CSR 4240-40.015(3)(A) provides:

(3) Evidentiary Standards for Affiliated Transactions.

(A) When a regulated gas corporation purchases information, assets, goods or services from an affiliated entity, the regulated gas corporation shall either obtain competitive bids for such information, assets, goods or services or demonstrate why competitive bids were neither necessary nor appropriate.

19. This provision would suggest that competitive bidding may be necessary for such borrowings.

20. Both Commission Rule 20 CSR 4240-40.015(2)(A) and (3)(A) could be implicated by SNGMO’s participation in the Money Pool. Accordingly, SNGMO is seeking a waiver/variance from these provisions of the Affiliate Transaction Rule.

21. The Commission previously approved the use of a money pool in Commission File No. AO-2018-0179. The matter that went to hearing was a requested variance from the competitive bidding rule (20 CSR 4240-40.015(3)(A)). The Commission’s *Report and Order* granted the variance in question subject to ten safeguards discussed in the *Report and Order*, which were a part of a *Non-Unanimous Stipulation and Agreement* between the Applicants and Staff.

22. SNGMO is amenable to the following conditions:

a. SNGMO may borrow from the Money Pool only if the interest rate on borrowing from the Money Pool does not exceed the actual interest cost for the funds obtained or used to provide the funds borrowed by SNGMO.

b. SNGMO will not borrow from outside the Money Pool in order to make loans to Borrowing Affiliates.

c. SNGMO may only loan funds through the Money Pool if SNGMO cannot earn a higher rate of return on investments of similar risk in the open market, or if SNGMO will earn no less than the rate SNGMO would have earned on investments in existing short-term investments accounts maintained by SNGMO during the period in question.

d. A variance of the competitive bidding requirement will be granted with respect to borrowing rates so long as the Money Pool is funded pursuant to the terms of the Money Pool Agreement.

e. During the period that outside borrowing or lending is being utilized by SNGMO, any administrative costs that are not related to a specific borrowing or lending should not be charged to SNGMO.

f. On the same date it files its annual Affiliate Transactions Report, SNGMO will submit an annual report to the Commission for the prior calendar year, which summarizes the activities of the Money Pool, including monthly summaries of investments, earnings, borrowings and interest rates for all participants.

g. SNGMO will file a copy of any proposed amendment to the Utility Money Pool Agreement, with the Commission and serve a copy of the filing on Staff, Public Counsel, and any party to SNGMO's most recently preceding Money Pool case before the Commission.

h. SNGMO agrees that it will not lend surplus funds to the Money Pool which will be loaned to a future affiliate which is a future member of the Money Pool without filing notice with the Commission and serving a copy of the filing on Staff, Public Counsel, and any party to SNGMO's most recently preceding Money Pool case before the Commission. In its filing SNGMO will:

- 1) identify the full name of the future member,
- 2) identify the future member's affiliate relationship with Applicant Utilities,
- 3) describe the future member's corporate organization, and
- 4) state the future member's business purpose.

MOTION FOR WAIVER

23. Commission Rule 20 CSR 4240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application. As such, and to the extent required, SNGMO seeks a waiver of the 60-day notice requirement.

24. Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, SNGMO declares (as verified below) that it has had no communication with the Office of the Commission (as defined by Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, SNGMO moves for a waiver of the 60-day notice requirement of Rule 20 CSR 4240-4.017(1) and acceptance of this Application at this time.

WHEREFORE, SNGMO requests the Commission to issue an Order as follows:

- A. Authorizing SNGMO to give, transfer, invest, contribute or loan cash to its affiliates as a participant in the Money Pool described herein;
- B. Granting SNGMO a waiver/variance from the competitive bidding requirements of Rule 20 CSR 4240-40.015(3)(A) and from the asymmetrical pricing standard of Rule 20 CSR 4240-40.015(2)(A);
- C. Waiving the requirement of a sixty (60) day notice of intent to file as set forth in 20 CSR 4240-4.017(1) for good cause shown; and,
- D. Granting such other relief as may be necessary or appropriate in the circumstances.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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**ATTORNEYS FOR SUMMIT NATURAL GAS
OF MISSOURI, INC.**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 28th day of January 2025 to:

General Counsel's Office

staffcounsel@psc.mo.gov

Office of the Public Counsel

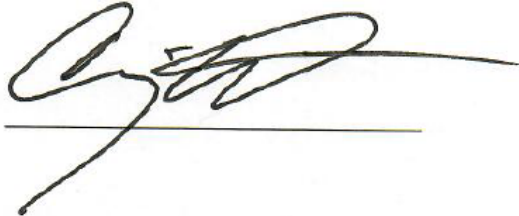
opc@opc.mo.gov

/s/ **Dean L. Cooper**

VERIFICATION

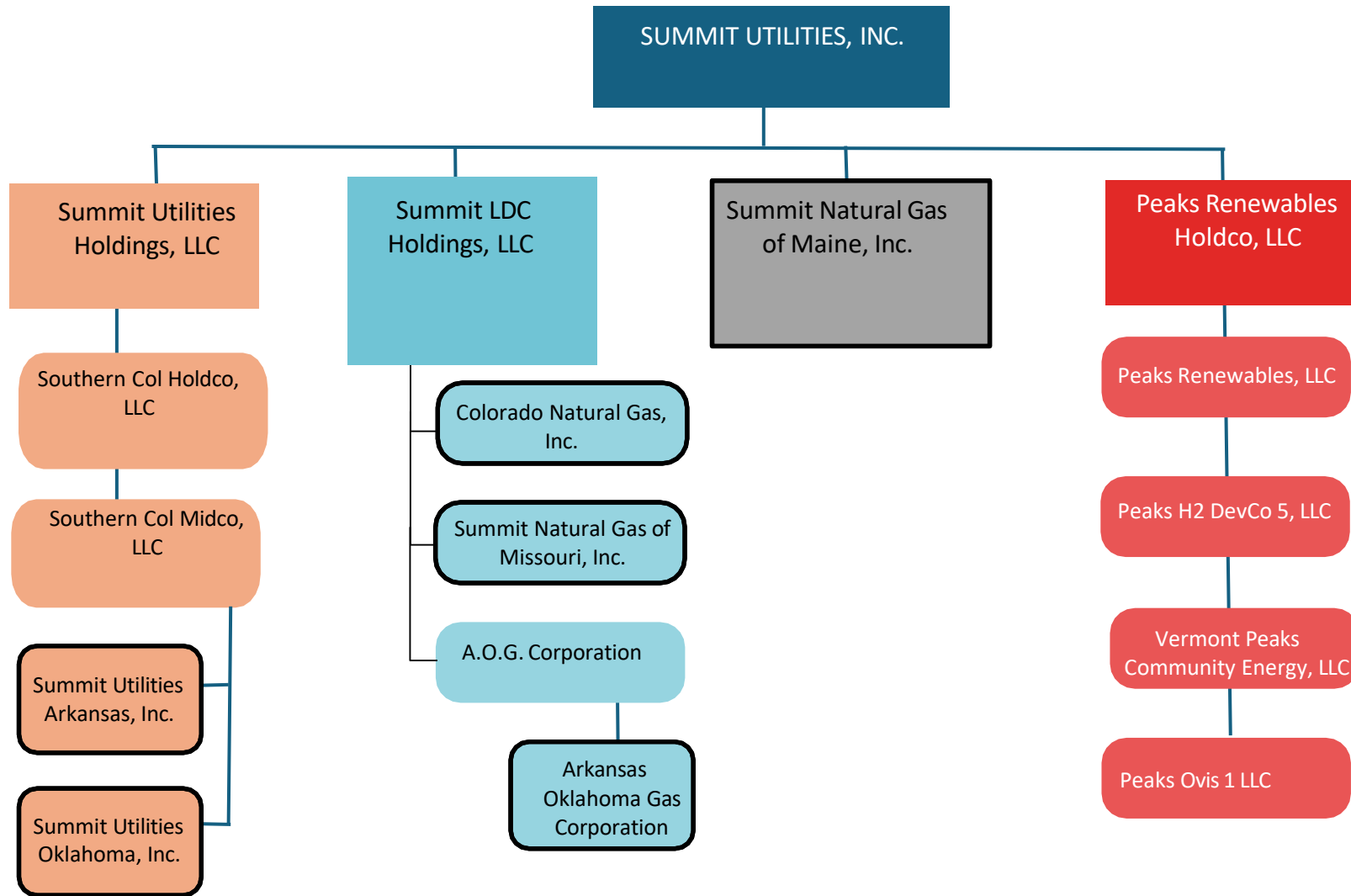
State of Minnesota)
)
County of Scott) ss

I, Craig R. Root, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am the Vice President and Corporate Treasurer of Summit Utilities, Inc., that I am duly authorized to make this affidavit on behalf of Summit Natural Gas of Missouri, Inc. ("SNGMO"), that I have knowledge of the matters stated herein, and that said matters are true and correct to the best of my knowledge and belief. Additionally, no representative of SNGMO has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the immediately preceding 150 days regarding the subject matter of this Application.

A handwritten signature in black ink, appearing to be "Craig R. Root", is written over a horizontal line.

Current Debt Structure

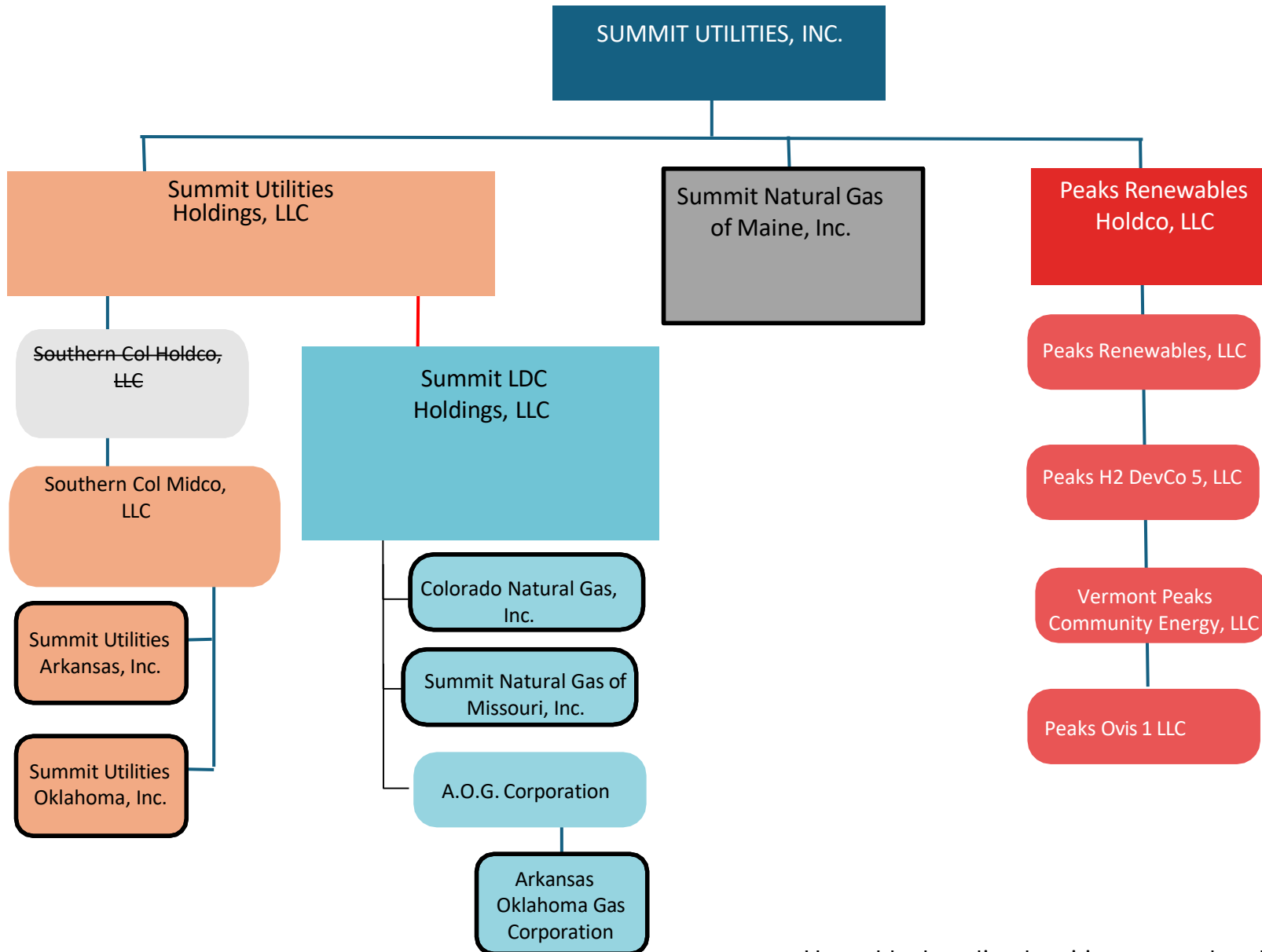
APPENDIX A



Heavy black outlined entities are regulated companies

Proforma Debt Structure

APPENDIX A



Heavy black outlined entities are regulated companies

APPENDIX B

HAS BEEN IDENTIFIED AS

CONFIDENTIAL

IN ITS ENTIRETY