

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

In the Matter of the Application of Summit)
Natural Gas of Missouri, Inc. for Authority)
for Summit LDC Holdings, LLC to Pledge)
SNGMO's Capital Stock as Security in)
Regard to Certain Indebtedness)

Case No. GF-2025-0207

PUBLIC COUNSEL'S NON-OPPOSITION TO SETTLEMENT

COMES NOW the Office of Public Counsel ("Public Counsel") and states that it does not oppose the "STIPULATION AND AGREEMENT," between Summit Natural Gas of Missouri, Inc. and the Staff of the Missouri Public Service Commission that they filed on April 25, 2025, because of the agreed-upon conditions included in it, in particular Condition A.—the Commission's authorization shall not be considered "a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital in any future proceeding"—for reasons that Public Counsel explains in the verified memorandum of Public Counsel's finance expert David Murray which is attached to this pleading.

Respectfully,

/s/ Nathan Williams

Nathan Williams
Chief Deputy Public Counsel
Missouri Bar No. 35512

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 25th day of April 2025.

/s/ Nathan Williams

MEMORANDUM

To: Public Service Commission of the State of Missouri
From: David Murray, Office of the Public Counsel
Subject: Office of the Public Counsel Response to Stipulation and Agreement
Date: April 25, 2025

The Office of the Public Counsel (“Public Counsel”) does not oppose the Stipulation and Agreement (“S&A”) executed by Summit Natural Gas of Missouri (“SNGMO”). The Public Counsel does not oppose the S&A primarily because it includes Condition A., which qualifies that the Commission’s authorization shall not be considered “a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital in any future proceeding.”

Public Counsel notes that while SNGMO’s filing of the application for Commission authority specifically relates to SNGMO’s intermediate holding company, Summit LDC Holdings LLC (“Summit LDC”), request to pledge SNGMO’s capital stock as security for debt financing, the associated debt transactions include the transferring of \$122 million of Summit LDC debt to Summit LDC’s intermediate holding company Summit Utilities Holdings, LLC (“SUH”). As identified in SNGMO’s application, the collective impact of the restructuring and proposed financing will cause Summit LDC’s capital structure to contain a higher equity ratio percentage because the \$122 million of debt transferred to SUH will now be reclassified as an equity contribution in Summit LDC.

In 2019 SNGMO filed an application to create Summit LDC (in the application referred to as “Midco”) for purposes of consolidating the financing needs of SNGMO, Colorado Natural Gas Inc. (“CNG”), and Arkansas Oklahoma Gas Corporation (“AOG”).¹ SNGMO expressed that the benefit of the restructuring and issuance of debt at Summit LDC was that the debt would have more favorable terms which would “tend to result in a lower cost of service for the Company than would otherwise be the case.”² The more favorable terms also included less stringent financial covenants, such as a higher debt-to-capitalization ratio, which allowed Summit LDC to incur a higher debt-to-capital ratio than the pro forma ratios identified in the instant application.

As the Commission is aware from testimony in general rate cases, a fair and reasonable ratemaking capital structure is often a contested issue. Although SNGMO has not filed for a rate increase since 2014, parties litigated a fair and reasonable capital structure for SNGMO in that case. Public Counsel does not expect this dynamic to change.

¹ Case No. GO-2019-0216

² *Id.*, SNGMO Application, p. 3, Paragraph 8.

Public Counsel understands the economic efficiencies that may occur under the requested financing transaction. However, the movement of debt to another holding company should not result in SNGMO's ratepayers funding a higher authorized rate-of-return. Therefore, based on the condition that the Commission's approval of the proposed transaction is not precedential for ratemaking, Public Counsel does not oppose the S&A.

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OF THE STATE OF MISSOURI**

AFFIDAVIT OF DAVID MURRAY

STATE OF MISSOURI)
)
COUNTY OF COLE) SS.

COMES NOW DAVID MURRAY and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Memorandum* and that the same is true and correct according to his best knowledge and belief.

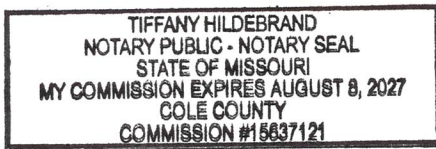
Further the Affiant sayeth not.

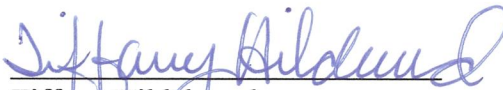


David Murray
Utility Regulatory Manager

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25th day of April, 2025.





Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.