

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 17th day of
July, 2012.

In the Matter of the Application of Summit Natural)
Gas of Missouri, Inc., for a Certificate of Convenience)
and Necessity Authorizing it to Construct, Install,)
Own, Operate, Control, Manage and Maintain a)
Distribution System to provide Gas Service in)
Benton, Morgan, Camden and Miller Counties in)
Missouri, as a Certificated Area)

File No. GA-2012-0285

**ORDER GRANTING CERTIFICATE
OF CONVENIENCE AND NECESSITY**

Issue Date: July 17, 2012

Effective Date: July 27, 2012

Background

On March 2, 2012, Summit Natural Gas of Missouri, Inc., filed an application with the Missouri Public Service Commission requesting authority to construct and operate a gas system and provide gas service to customers in Benton, Morgan, Camden and Miller Counties. On March 6, the Commission issued notice of the application and on June 1, the Staff of the Commission filed a recommendation to approve the application and grant the company a certificate of convenience and necessity

Although there were no requests to intervene in response to the notice, Michaelae McDuffey, an individual, on June 4 requested intervention after receiving information from the company. The Commission granted her request on June 27. Thereafter, the Commission immediately set this matter for a prehearing conference, which was held on July 11.

During the prehearing conference, Michaela McDuffey stated that she does not oppose the application but wanted only to express certain concerns with the process. On July 12, she filed a statement of those concerns and a motion to withdraw as a party. Her concerns are:

- That there was a lack of notification of the application to residents and property owners;
- There was no opportunity for public input;
- There was no notification of the application to owners of the private rights-of-way for the proposed 6" gas main;
- There is a lack of transparency in the application and approval process;
- The general use of private rights-of-way.

Further details of her concerns are set out in her *Position of Application of Summit Natural Gas for a Certificate of Convenience and Necessity*.¹

Staff Recommendation

Staff recommends that the Commission approve the application and grant to Summit the requested certificate. However, Staff asserts that the certificate should be subject to the following conditions:

1. Summit has the operational capability to provide gas service in its requested area;
2. The requested Certificate of Convenience and Necessity (CCN) area for gas service would not jeopardize natural gas service to the company's existing customers;
3. Summit's shareholders shall be responsible for the success of this project, with no liability or responsibility put on its customers;
4. Summit shall keep separate books and records for the proposed service area;

¹ Item No. 20 in this Docket.

5. Summit shall file separate class cost of service studies and revenue requirements for this new service area at the time it files its next rate case that includes this service territory in its rate case request;
6. The Lake of the Ozarks system must support the rate structure on a stand-alone basis;
7. Summit shall use the rates identified in its amended application for its Lake of the Ozarks system;
8. The Lake of the Ozarks system's Allowance for Funds Used during Construction rate shall use 10 percent as the common equity calculation;
9. Summit shall not capitalize any portion of its sales advertising and promotion payroll for this company;
10. Summit shall use the same operation and maintenance expense ratio for payroll that they agreed to in the MGU rate case, File No. GR-2008-0060 Unanimous Stipulation and Agreement, for Lake of the Ozarks' first rate case, unless the company can demonstrate through timesheets and time reporting that some other ratio is more appropriate;
11. Summit shall use the depreciation rates outlined in Appendix C;
12. Summit shall not file a rate increase request for this service territory until after 42 months of the effective date of the Commission order granting the CCN in this proceeding;
13. Summit shall obtain adequate capacity on the pipeline to reliably serve all customers in this area, including capacity necessary to serve any future growth;
14. Summit shall file revised tariff sheets reflecting this proposed CCN in this case within 30 days of the Commission's order approving this application.

Discussion

The Commission may grant a certificate of convenience and necessity to a gas corporation upon determining that such grant of authority is "necessary or convenient for the public service."² The Commission has relied on the following criteria in making this determination:

² Section 393.170, RSMo 2000.

1. There must be a need for the service;
2. The applicant must be qualified to provide the proposed service;
3. The applicant must have the financial ability to provide the service;
4. The applicant's proposal must be economically feasible; and
5. The service must promote the public interest.³

Based on the verified application and the verified Staff Recommendation, the Commission finds that granting Summit a Certificate of Convenience and Necessity meets the above-listed criteria and is therefore necessary and convenient for the public service.

The law requires the Commission to make this determination "after due hearing."⁴ There was no request for an evidentiary hearing. The requirement for a hearing is met when the opportunity for hearing is provided and no party requests the opportunity to present evidence.⁵ The Commission therefore need not hold an evidentiary hearing.

Having found that granting this certificate is necessary and convenient for the public service, the Commission will grant the request relief. Summit has not opposed the conditions set out by Staff in its Recommendation. The certificate will therefore be subject to those conditions. Finally, because the Commission does not wish to delay Summit's endeavor, the order will be given a 10-day effective date.

THE COMMISSION ORDERS THAT:

1. Summit Natural Gas of Missouri, Inc. is granted Certificate of Convenience and Necessity to construct, install, own, operate, control, manage and maintain a gas

³ *In re Tartan Energy Company*, 2 Mo. P.S.C. 173, 177 (1994).

⁴ Section 393.170.3, RSMo 2000.

⁵ *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Comm'n of the State of Missouri*, 776 S.W.2d 494 (Mo. App. W.D. 1989).

distribution system to provide gas service in Benton, Morgan, Camden and Miller Counties in Missouri.

2. The certificate granted in ordered paragraph 1 is subject to the conditions recommended by the Staff of the Commission and set out in the body of this order.

3. This order shall become effective on July 27, 2012.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett, Kenney,
and Stoll, CC., concur.

Jones, Senior Regulatory Law Judge