

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 6th day of May, 2020.

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

In the Matter of the Application of Summit)
Natural Gas of Missouri Inc., for Certificates of)
Convenience and Necessity to Construct, Install,)
Own, Operate, Maintain, and Otherwise Control) **File No. GA-2020-0251**
and Manage Natural Gas Lines to Provide Gas)
Service in Certain Areas of Laclede and)
Webster Counties in Conjunction with its)
Existing Certificated Areas)

**ORDER GRANTING CERTIFICATES
OF CONVENIENCE AND NECESSITY**

Issue Date: May 6, 2020

Effective Date: June 5, 2020

On February 21, 2020, Summit Natural Gas of Missouri Inc. (Summit), filed an application seeking approval for two service area certificates of convenience and necessity (CCN) for natural gas lines and to provide gas service in specified areas of Laclede and Webster Counties, Missouri, adjacent to the Company's existing certificated areas in those counties, and in conjunction with the construction of certain upgrades to its system. On April 7, 2020, Summit filed a supplement to its application. Summit also seeks waiver of the 60-day notice of case filing requirement.

The Commission directed notice of the filings and set an intervention deadline. No applications to intervene were received. On April 24, 2020, the Staff of the Missouri Public

Service Commission (Staff) filed its recommendation and supporting memorandum to approve the CCNs, with conditions.

The requested service area CCNs are necessary to complete a 3-phase system upgrade in the Rogersville rate district.¹ Portions of the system upgrade will be within Summit's existing certificated area; however, two segments of line must be constructed adjacent to Summit's existing certificated area in Laclede and Webster Counties. In addition to the upgraded service, there are potential customers located along the proposed expansion route. Due to the potential customers, Summit requests area certificates rather than line certificates.² Thus, this upgrade fulfills two purposes: (1) to address the pressure and capacity issues on the Rogersville system;³ and (2) to allow for continued customer growth.

Summit's pressure issues are currently being addressed by heavy reliance on Southern Star Central Gas Pipeline and its ability to provide a certain pressure at the interconnect point. Phase 1 of the upgrade will allow Summit to ensure minimum pressure requirements to serve the entire Rogersville rate area by installing two compressors near the interconnect point.

Phase 2 of the upgrade will provide two additional main feed inputs into the City of Lebanon system where there is currently only one. This will mitigate the distribution system pressure and capacity issues for the Lebanon system, which is a portion of the Rogersville rate area.

¹ Summit has a total of 5 rate districts in Missouri.

² 20 CSR 4240-3.205(1)(A) addresses filing requirements for a service area certificate and 20 CSR 4240-3.205(1)(B) addresses filing requirements for a gas transmission line certificate.

³ These issues were the subject of investigation docket File Number GO-2018-0195.

Phase 3 will provide enough capacity and pressure on the transmission line to effectively serve the current and future needs of Summit's firm customers. The system has a current bottleneck in its connection between an 8 inch steel line and 4 and 6 inch lines. For the past two winters, Summit's capacity issues were addressed via a temporary mobile liquefied natural gas connection. The pressure issue is currently addressed by using a rented compressor. Two segments of the line being constructed to address the bottleneck must be constructed in territory adjacent to, but not within, Summit's existing service territory in Laclede and Webster Counties. It is these areas for which Summit seeks area CCNs.

A new transmission line would alleviate all expenses related to the operation and maintenance of the liquid natural gas facility and compressor station, approximately \$54,400 per year. The compressor station costs approximately \$9,000 per month for the compressor rental.

The cost of these upgrades would be recovered from existing and future customers served within Summit's existing certificated areas, all of whom would benefit from the increased pressure and capacity. The area CCNs that Summit is applying for will create the possibility of dispersing the costs across a broader customer base if new customers connect in these new certificated areas. Summit estimates approximately 70 customers who are currently unable to access natural gas, could be served after the installation of the new transmission lines.

Summit intends to finance this upgrade by a combination of equity and debt utilizing its existing line-of-credit revolver, and will not need external financing. The rates

for the proposed area will be those currently approved and in effect for services provided in Summit's adjacent certificated territories under its existing tariff.

Staff recommends the Commission approve Summit's requested CCNs subject to the following conditions:

- Reserve all rate making determinations regarding the revenue requirement impact of this service area extension request until the Company's next general rate making proceeding, subject to the in-service criteria listed in Staff's memorandum;
- Reserve all determination regarding prudence of the proposed upgrades until Summit's next general rate making proceeding; and
- Require Summit to file to update its tariffs to incorporate the requested sections for Laclede County and Webster County.

Commission rule allows parties 10 days to respond to pleadings. More than ten days have elapsed since Staff filed its recommendation. No party has objected to the recommendation or the recommended conditions.⁴ Further, no party has objected to the application. Therefore, the Commission will consider the application, and Staff's recommendation, with the recommended conditions, unopposed.

Summit is a gas corporation and a public utility subject to Commission jurisdiction.⁵ The Commission may grant a gas corporation a certificate of convenience and necessity to operate after determining that the construction and operation are either "necessary or convenient for the public service."⁶ The Commission set forth the specific criteria used to evaluate CCNs in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173 (1994):

- (1) there must be a need for the service;
- (2) the applicant must be qualified to provide the proposed service;

⁴ Summit filed its statement that it had no objection to the recommendation or conditions on May 4, 2020.

⁵ Section 386.020(18) and (43), RSMo 2016.

⁶ Section 393.170, RSMo 2016.

- (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.

There is a need for these services as Summit experienced capacity constraints in the Rogersville system in January 2018. There is also a need with the identified potential customers who are currently unable to access natural gas. Summit is qualified to provide the service as it is currently providing gas service, and owns and manages its facilities, including undertaking improvements to provide reliable service. Summit has the financial resources through its parent companies, and does not require additional external finance. The proposal is economically feasible with anticipated customer growth, and Summit's ability to take advantage of economies of scale. The dual purposes of addressing pressure and capacity issues, as well as future growth, together contribute to the proposal's economic feasibility. The proposal promotes the public interest as demonstrated by positive findings in in the first four Tartan Factors.

Based on the unopposed application and supplemental application, and Staff's unopposed recommendation and conditions, the Commission finds the application for a CCN to provide gas service meets the above listed criteria, when subject to the conditions recommended by Staff. No party has objected to Summit being granted a CCN, subject to the recommended conditions, nor has any party requested a hearing.⁷ The Commission will grant Summit's requested CCNs, subject to the conditions recommended by Staff.

⁷ The requirement for a hearing is met when the opportunity for hearing is provided and no proper party requests the opportunity to present evidence. No party requested a hearing in this matter; thus, no hearing is necessary. *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).

Summit also requested a variance from the Commission's 60-day notice requirement. Commission rule allows the Commission to grant a variance 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 submitted a verified declaration as described. No parties opposed Summit's request for a waiver of the 60-day notice requirement. The Commission will grant Summit's request for a waiver of the 60-day notice requirement.

THE COMMISSION ORDERS THAT:

1. The 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.
2. Summit is granted permission, approval, and a certificate of convenience and necessity to construct, install, own, operate, control, manage, and maintain natural gas lines and to provide gas service in Laclede and Webster Counties, Missouri, as more particularly described in its application and supplemental application, subject to the conditions described in this order.
3. Nothing in this Order shall be considered a finding by the Commission of the value for ratemaking purposes of the properties, transactions, and expenditures related to this natural gas distribution system service area expansion. The Commission reserves the right to consider any ratemaking treatment to be afforded the properties, transactions, and expenditures in Summit's next general rate making proceeding, subject to the in-service criteria listed in Staff's memorandum.

4. The Commission reserves all determinations regarding prudence of the proposed upgrades until Summit's next general rate making proceeding.

5. Summit shall update its tariffs to incorporate the requested sections for Laclede County and Webster County.

6. This order shall be effective on June 5, 2020.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Hatcher, Regulatory Law Judge