

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

Case No. GR-2022-0122

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Summit Natural Gas of Missouri, Inc. (“SNGMO” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”), collectively the “Parties,” and submit the following *Unanimous Stipulation and Agreement* (“Agreement”), which resolves the pending carrying cost issue in this matter, for the Commission’s approval:

1. On November 4, 2021, SNGMO filed proposed tariff sheets to reflect changes in its Regular Purchased Gas Adjustment (“PGA”) factor as a result of estimated changes in the cost of natural gas. The tariff sheets also reflected adjustments to SNGMO’s Actual Cost Adjustment (“ACA”) factors.

2. On November 5, 2021, SNGMO filed an *Application to Extend the ACA Recovery Period and for Carrying Costs and Motion for Expedited Treatment and, in the Alternative, Motion for Leave*.

3. On November 8, 2021, substitute tariff sheets were filed which were updated to include costs associated with the February 2021 cold weather event, Winter Storm Uri.

4. Staff filed a recommendation on November 12, 2021. Staff explained that in File No. GT-2022-0093, SNGMO received approval for a new tariff provision that would allow the Company to expand the PGA recovery period beyond the typical 12 months for an “Act of God or

weather circumstance that has an extraordinary impact on the natural gas market.”¹ The tariff provision allows SNGMO to apply for higher carrying costs when an extended recovery period is authorized. Staff did not object to the extension of the recovery period for the Winter Storm Uri costs proposed by SNGMO but did object to the carrying costs proposed by SNGMO.

5. On November 17, 2021, the Commission issued its Order determining that an extended ACA recovery period due to the extreme cold weather event, Winter Storm Uri, was appropriate. However, the Commission stated that it could not approve the requested carrying costs without allowing time for Staff to conduct discovery and allowing time for a hearing, if requested.

6. The Commission therefore rejected the tariff sheets, as substituted, and permitted SNGMO to file new tariff sheets in accordance with the Order. The Commission stated that the carrying costs would be subject to true-up after the Commission determined the appropriate carrying costs.

7. SNGMO and Staff filed a joint motion on December 1, 2021, asking the Commission to adopt a procedural schedule. On December 8, 2021, the Commission issued its Order setting a procedural schedule to resolve the carrying cost issue.

8. The Parties subsequently filed direct, rebuttal and surrebuttal testimony. On June 27, 2022, the Parties filed a *List of Issues, Order of Witnesses, and Order of Opening Statements and Cross-Examination* identifying one issue:

What rate should be used to determine allowable carrying costs for SNGMO’s financing of unrecovered gas costs associated with the extended ACA recovery period previously approved by the Commission due to Winter Storm URI?

9. The Parties have discussed the matters in this case and have arrived at this Agreement, which resolves the above issue.

¹ Tariff Sheet No. 55.

10. Pursuant to the Agreement, carrying costs for SNGMO’s financing of unrecovered gas costs associated with the extended ACA recovery period previously approved by the Commission due to Winter Storm URI shall be calculated based on the following rates:

a. For the time period of March 1, 2021 to November 4, 2021, SNGMO shall use a carrying cost for each month per attached **Exhibit A**.

b. For the time period between November 5, 2021 to May 7, 2022, SNGMO shall use a carrying cost rate for each month per attached Confidential **Exhibit B**.

The applicable credit spread for this time period shall be 200 basis points (“bps”). Exhibit B has been marked Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(4), as it contains market-specific information relating to goods or services purchased or acquired for use by a company in providing services to customers.

c. For the time period between May 8, 2022 through the end of the recovery period, SNGMO shall use the ** _____

_____ ** pursuant to the Credit Agreement dated May

8, 2019 by and between Summit LDC Holdings, LLC and ** _____

_____,** as Agent, and the

financial institutions identified on the signature pages thereto, as Lenders, as

may be amended, restated or supplemented from time to time (“Credit

Agreement”). The applicable** _____** shall be the same rate defined in

the Credit Agreement. The ** _____** credit spread shall be fixed

during the recovery term. The ** _____** adjustment is defined on

page 1 of the Credit Agreement and shall be fixed during the recovery term.

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11. Specific application of the carrying cost rate will be subject to review in the appropriate ACA proceeding.

12. The Parties consent to the admission of all written testimony that has been filed in the Commission's Electronic Filing Information System and request that the Commission admit all such written testimony into the record in this proceeding, without the need for witnesses sponsoring pre-filed testimony to take the stand. Each party waives their right to cross-examine such witnesses.

General Provisions

13. This Agreement is being entered into solely for the purpose of settling the issue specified above. Unless otherwise explicitly provided herein, none of the signatories to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, and, except as explicitly provided herein, none of the signatories shall be prejudiced or bound in any manner by the terms of this Agreement (whether this Agreement is approved or not) in this or any other proceeding, other than a proceeding limited to enforcing the terms of this Agreement.

14. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

15. In the event the Commission approves the specific terms of this Agreement without condition or modification, and as to the specified issues, the signatories waive their respective rights to call, examine, and cross-examine witnesses pursuant to § 536.070(2) RSMo; present oral argument and written briefs pursuant to §536.080.1 RSMo; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo; their respective rights to seek rehearing pursuant to §386.500 RSMo; and their respective rights to judicial review pursuant to §386.510 RSMo. These waivers apply only to a Commission order approving this Agreement without condition or modification issued in this above-captioned proceeding and only to the issues that are resolved hereby. These waivers do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

WHEREFORE, the Parties request the Commission issue an order approving this *Unanimous Stipulation and Agreement*.

Respectfully submitted,

<p>BRYDON, SWEARENGEN & ENGLAND P.C. <u>/s/ Dean L. Cooper</u> Dean L. Cooper #36592 Jesse W. Craig #71850 312 East Capitol Avenue P.O. Box 456 Jefferson City, MO 65102 Telephone: (573) 635-7166 E-mail: dcooper@brydonlaw.com ATTORNEYS FOR SUMMIT NATURAL GAS OF MISSOURI, INC.</p>	<p><u>/s/ Jamie S. Myers</u> Jamie S. Myers Deputy Counsel Missouri Bar No. 68291 Attorney for the Staff of the Missouri Public Service Commission P.O. Box 360 Jefferson City, Mo 65102 (573) 526-6036 (Telephone) (573) 751-9285 (Facsimile) (Email) jamie.myers@psc.mo.gov ATTORNEY FOR STAFF OF THE PUBLIC SERVICE COMMISSION</p>
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Facsimile: (573) 751-5562 E-mail: Lindsay.VanGerpen@opc.mo.gov ATTORNEY FOR THE OFFICE OF THE PUBLIC COUNSEL	
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on all counsel of record on this 22nd day of July, 2022.

/s/ Dean L. Cooper

Summit LDC Holdings
Exhibit A - Unanimous Stipulation and Agreement
Carrying Cost Rate from March 1, 2021 to November 4, 2021

	<u>Prime Rate</u>	<u>Credit Spread Adjustment</u>	<u>Effective All-in Interest Rate</u>
Mar-21	3.25000%	-2.0000%	1.25000%
Apr-21	3.25000%	-2.0000%	1.25000%
May-21	3.25000%	-2.0000%	1.25000%
Jun-21	3.25000%	-2.0000%	1.25000%
Jul-21	3.25000%	-2.0000%	1.25000%
Aug-21	3.25000%	-2.0000%	1.25000%
Sep-21	3.25000%	-2.0000%	1.25000%
Oct-21	3.25000%	-2.0000%	1.25000%
Nov-21	3.25000%	-2.0000%	1.25000%

Source: Wall Street Journal

EXHIBIT B

HAS BEEN IDENTIFIED AS

CONFIDENTIAL

IN ITS ENTIRETY