

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

In the Matter of )  
Summit Natural Gas of Missouri, Inc. Changes to ) Case No. GR-2017-0126  
Company’s Purchased Gas Adjustment Clause )

**RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM**

Comes now Summit Natural Gas of Missouri, Inc. (“SNG” or “Company”), formerly known as Missouri Gas Utility and successor in interest to Southern Missouri Natural Gas Company, L.P., d/b/a Southern Missouri Natural Gas (“SMNG”), and respectfully provides to the Missouri Public Service Commission (“Commission”) the following response to the Commission Staff Recommendation and Memorandum:

1. On December 11, 2017, the Commission Staff (“Staff”) filed its recommendations regarding the Summit Natural Gas of Missouri, Inc. 2015-2016 Actual Cost Adjustment (“ACA”) filings in this matter in Case No. GR-2017-0126. These documents set out the results of Staff’s audit of the billed revenues and actual gas costs for the period September 1, 2015, through August 31, 2016, included in the Company’s 2015-2016 ACA filings.

2. On December 14, 2017, the Commission issued its Order Directing Response wherein it required SNG to file a response to Staff’s Recommendation no later than January 25, 2018. SNG will respond to the various issues identified by Staff in the following paragraphs. SNG’s response will reference the Memorandum by use of the same section titles utilized by the Staff.

**SECTION II - BILLED REVENUE AND ACTUAL GAS COSTS**

3. Gas Procurement Practices. As noted in Staff’s Memorandum, the Company misstated the balance for the Warsaw and Lake of the Ozarks division from Case No. GR-2016-

0091 in the amount of \$50.00. The Company agrees to make the \$50.00 correction moving forward.

### **SECTION III - RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING**

4. Storage Planning. The Company agrees to continue reviewing its September and October planned storage balances in future gas supply plans to accommodate a potential warmer fall or winter. The Company notes that the gas supply plan is just a guide and that the Company is continually monitoring storage balances for changes in demand and responding accordingly. In addition, the Company agrees to consider the expiration of the Rogersville/Branson division's storage gas contract when performing reliability analysis and gas supply planning.

5. Reserve Margins. The Company will continue monitoring its pipeline contracts and reserve margin for each division. The Company will also continue reviewing the seasonal firm gas requirements in all of its divisions, including Branson and Warsaw/Lake of the Ozarks.

6. Peak Day Estimation. As part of the annual gas supply plan, the Company will continue to evaluate its regression models for peak day estimates. As the system matures, the peak day estimates should become more accurate.

### **SECTION IV - HEDGING**

7. Hedging Recommendations. The Company's responses to the Staff Hedging Recommendations as follows:

a. Staff recommends that the Company establish and maintain a current and consistent hedging policy with stated objectives based on month-specific normal weather requirements while also considering the impacts of warmer and colder than normal weather scenarios. This information is provided in the overall Gas Supply Plan developed by the Company and is

provided to Staff each May.

b. The Company considers many of the options recommended by Staff (including a combination of storage withdrawals and other fixed price purchases for effective hedging during the winter months) as a normal course of business.

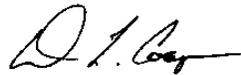
c. The Company will continue to evaluate plans for storage injections and withdrawals as part of the overall hedging strategy in its Gas Supply Plan.

d. The Company will continue to outline a specific hedging strategy in its Gas Supply Plan. This plan is provided to Staff annually and will continue to document the reasoning for transaction decisions.

e. The Company's criteria and reasoning for its hedging transactions are documented in its Gas Supply Plan provided to Staff each May and in the Company's Risk Management Committee minutes.

**WHEREFORE**, Summit Natural Gas of Missouri, Inc. respectfully requests that the Commission consider this response to the Staff Recommendations and issue such orders as it believes to be reasonable and just.

Respectfully submitted,



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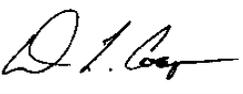
ATTORNEYS FOR SUMMIT NATURAL GAS  
OF MISSOURI, INC.

**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail to the following counsel this 25<sup>th</sup> day of January, 2018:

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