BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Summit Natural Gas of Missouri, Inc., Changes to Company's Purchased Gas Adjustment "PGA" Clause	)))	**Case No. GR-2025-0147**

RESPONSE TO STAFF'S RECOMMENDATION AND MEMORANDUM

COMES NOW Summit Natural Gas of Missouri, Inc. ("SNGMO" or "Company"), and, as its *Response to Staff's Recommendation and Memorandum*, states as follows to the Missouri Public Service Commission ("Commission"):

On December 11, 2025, the Staff of the Commission ("Staff") filed its *Staff Recommendation Regarding SNGMO's 2023-2024 Actual Cost Adjustment Filing* and accompanying memorandum, listing specific comments, concerns, and recommendations in the Billed Revenue, Actual Gas Cost, Reliability Analysis and Gas Supply Planning, and Hedging sections. Thereafter, the Commission issued its *Order Directing Filing* wherein it directed SNGMO to respond to the Staff's concerns, comments, and recommendations by January 12, 2026. SNGMO has reviewed the recommendations and concerns made by Staff and responds as to each as follows:

ACA Ending Balance

Staff Recommendation 1: SNGMO generally agrees with Staff's recommended ending over-recovery and under-recovery ACA balances for the period ending August 31, 2024, with the exception of the Gallatin Division. Staff's calculation of the ACA ending balance for Gallatin applies all of the Company's over-recovery dollars to reduce the regular ACA gas costs. The Company proposes that over-recovery dollars as of September 2023 of 303,825 be attributed to the Winter Storm Uri gas costs, thereby reducing the Winter Storm Uri balance. The Winter Storm Uri balance carries a higher interest rate than the regular ACA gas costs and this approach will reduce costs to customers. It will also more quickly eliminate the Winter Storm Uri balance for the Gallatin division.

The Company recommends the Commission order an ACA Ending Balance for the period ending August 31, 2024 for Gallatin as follows:

	Regular ACA	Storm Uri ACA	Total ACA
Ending Balance as of August 31, 2024	$(174,137.95)	$39,857.02	$(134,280.93)

Reliability Analysis and Gas Supply Planning

Staff Recommendation 2A.: SNGMO partners annually with third-party energy market and planning experts to evaluate design day and design hour demand requirements for each service area. These evaluations incorporate customer demand forecasts, weather assumptions, and system characteristics to determine peak day and peak hour requirements.

Based on these annual evaluations, the Company aligns its upstream transportation and supply portfolio to meet forecasted design day and design hour customer demand for each service area. Accordingly, SNGMO currently evaluates, and will continue to evaluate the upstream transportation capacity needs of each service area on an annual basis based on contracted peak day and design day supply, consistent with Staff Recommendation 2A.

Hedging

Staff Recommendation 2.B.: Staff recommends the Company evaluate the expected level of the customers' natural gas requirements that are reasonably protected (hedged) under warmer than normal, normal, and colder than normal weather scenarios.

SNGMO evaluates the expected level of customer natural gas requirements that are reasonably protected through hedging under warmer than normal, normal, and colder than normal weather scenarios as part of its annual gas supply planning process. These evaluations consider forecasted load sensitivity, weather variability, and the interaction between fixed-price supply, storage, and index-based purchases.

This analysis informs the Company's hedging decisions and supports a balanced approach between price stability and market responsiveness. SNGMO will continue to conduct these evaluations as part of its ongoing gas supply planning activities.

Staff Recommendation 2.C.: Staff recommends SNGMO evaluate its hedging strategy in response to the changing market dynamics as to how much the existing hedging strategy actually benefits its customers while achieving the goal of stable price level.

SNGMO evaluates the effectiveness of its hedging strategy annually as part of its gas procurement planning process, including consideration of prevailing market conditions, volatility, and evolving supply dynamics. The Company assesses how its hedging portfolio has performed in achieving its objectives of price stability and cost mitigation for customers while maintaining operational flexibility.

These evaluations are used to inform adjustments to the hedging strategy as appropriate to reflect changing market dynamics. SNGMO will continue to perform this evaluation each year in connection with its gas procurement planning.

Staff Recommendation 2.D.: Staff notes that part of SNGMO's hedging goals is to capture the lowest price prior to the beginning of winter months. Staff further notes that this market-timing approach can lead to a situation where SNGMO waits too long for natural gas prices to go down until it perceives them to be favorable while running the risk of higher prices.

SNGMO recognizes the risks associated with market-timing approaches to hedging and has taken steps to reduce reliance on timing-based fixed-price purchases. The Company has added a significant amount of storage capacity to its portfolio serving the Rogersville, Branson, Warsaw, and Lake of the Ozarks service areas. For these service areas, natural gas is purchased during the summer injection season, generally from April through October, and injected into storage at prevailing summer prices. Gas withdrawn from storage during the heating season is priced at the weighted average cost of gas, which mitigates exposure to winter price volatility and reduces market-timing risk.

For the Gallatin service area, where fixed-price purchases continue to be utilized, SNGMO has reduced market-timing risk by conducting multiple requests for proposals during the summer months rather than relying on a single execution window. These portfolio adjustments are intended to balance price stability with risk management while limiting exposure to unfavorable market timing.

Staff Recommendation 2.E.: Staff notes that SNGMO's hedging strategy includes utilizing storage based on a plan of filling storage as close to its MSQ by November 1 and using at least a certain percentage of the storage during the heating season. Staff further notes that when the storage is filled substantially below its MSQ, the Company could potentially overestimate an actual storage hedging outcome.

SNGMO's hedging strategy includes a targeted plan to fill storage inventories as close as practicable to maximum storage quantity (MSQ) by November 1 and to utilize storage volumes during the heating season in accordance with forecasted demand and system conditions. The Company actively monitors storage balances and recognizes that deviations from planned inventory levels may occur due to operational or weather-related factors, such as colder-than-normal conditions in October.

In the event storage inventories are below planned levels entering the heating season, SNGMO retains the operational flexibility to inject gas during the winter months, subject to storage and pipeline constraints, in order to realign inventories with its hedging objectives. The Company will continue to consider Staff's concern regarding storage fill levels as part of its ongoing hedging and operational planning.

WHEREFORE, Summit Natural Gas of Missouri, Inc. respectfully requests that the Commission consider this response to the *Staff Recommendation* and order the ACA ending balances for the period ending August 31, 2024, as set forth in this response and issue such orders as it believes to be reasonable and just.

Respectfully Submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: ____________________

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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 12th day of January, 2026, to:

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