

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

In the Matter of the Application of Summit Natural Gas of Missouri Inc., for Permission and Approval and a Certificate of Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a Natural Gas Distribution System to Provide Gas Service in Daviess County as an Expansion of its Existing Certificated Areas)
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) **File No. GA-2018-0220**
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STAFF REPORT AND RECOMMENDATION

COMES NOW the Staff ("Staff"), of the Missouri Public Service Commission, ("Commission") by and through counsel, and for its *Staff Report and Recommendation*, states as follows:

1. On February 8, 2018, Summit Natural Gas of Missouri, Inc. ("Summit" or the "Company"), submitted its *Application for CCN and Request for Waiver*, requesting permission and approval and a certificate of convenience and necessity ("CCN") to construct, install, own, operate, maintain, and otherwise control and manage a natural gas distribution system to provide gas service in Daviess County, Missouri, as a further expansion of its existing certificated area ("Application"). The Application also contained a request to waive the sixty (60) day notice requirement of Commission Rule 4 CSR 240-4.017(1).

2. In its February 9, 2018, *Notice and Order Directing Filing*, the Commission ordered an intervention deadline of March 12, 2018, and directed Staff to file a recommendation on the application no later than March 26, 2018.

3. On March 23, 2018, Staff requested an extension until May 22, 2018, in which to file its recommendation on Summit's Application in this matter. On March 26,

2018, the Commission issued its *Order Extending Time to File Recommendation* granting Staff's request.

4. Section 393.170 RSMo, requires the Commission to address the question of approving the service territory of public utilities and whether the provision of that service is necessary or convenient. Commission Rule 4 CSR 240-3.205(1)(E) requires applicants to state "The facts showing that the granting of the application is required by the public convenience and necessity." The term "necessity" means the additional service would be an improvement justifying its costs.¹ Furthermore, the Commission's allocation of service territory must be done on the basis of public interest.²

5. Members of the Staff's Tariffs/Rate Design Unit, Procurement Analysis Unit, and Auditing Department have reviewed Summit's application and all available information. Staff submits its verified Recommendation in Staff's Memorandum attached hereto as Appendix A.

6. Summit's requested CCN would allow it to serve a development known as Lake Viking in Daviess County. To serve this area, Summit will need to extend its facilities from the city of Gallatin, Missouri several miles to Lake Viking, and install additional distribution main. Along with its Application, Summit submitted a feasibility study estimating the costs of the project that included assumptions regarding the number of customers that would sign up for natural gas service with Summit and their usage. However, the Company's usage assumptions lack essential detail regarding the actual propane use of current residents of Lake Viking. Staff also has concerns relating to gas supply and transportation impacts, adding additional weight to the need for

¹ *State ex rel. Intercon Gas, Inc. v. Public Service Com'n of Missouri*, (1993), 848 S.W.2d 593.

² *State ex rel. Consumers Public Service Co. v. Public Service Commission*, (1944), 180 S.W.2d 40, 352 Mo. 905.

accurate estimates of the eventual customer load. When these concerns are considered in the context of the size of the project, as compared to the existing Gallatin system, Staff is unable to recommend approval of Summit's Application.

7. For these reasons, more fully explained in Staff's Memorandum, Staff recommends the Commission deny Summit's Application.

WHEREFORE, for the above stated reasons, Staff prays the Commission deny Summit Natural Gas of Missouri, Inc. a certificate of convenience and necessity for the service areas described in the Company's February 8, 2018, Application; and grant such other and further relief as is appropriate under the circumstances.

Respectfully submitted,

/s/ Mark Johnson

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all counsel of record this 22nd day of May, 2018.

/s/ Mark Johnson