

Imhoff, Tom

From: Wood, Warren
Sent: Thursday, July 10, 2003 3:40 PM
To: 'David J. Ries'
Cc: 'Tino Monaldo'; Imhoff, Tom; Russo, Jim
Subject: RE: MGC tariff

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JAN 26 2007

Missouri Public
Service Commission

Dave,

Thanks for the quick reply. We have worked through the question responses and are making some additional changes to the draft tariff. I'm hopeful we will have a tariff back to you with a letter by next Monday at that latest.

Thanks,

Warren

-----Original Message-----

From: David J. Ries [mailto:riesdj@msn.com]
Sent: Thursday, July 03, 2003 4:42 PM
To: 'Wood, Warren'
Cc: 'Tino Monaldo'; 'Imhoff, Tom'; 'Morrissey, Carmen'; 'Sommerer, David'; 'Russo, Jim'; 'Micheel, Doug'; 'Anson, Laura'; 'Shemwell, Lera'
Subject: RE: MGC tariff

Warren, I have provided a mark up response to each of the questions on the attached. Most of these look straight forward, but if you would like to discuss further let me know. I plan to be in the office Monday and Tuesday morning if you want to call about any of these.

Dave

-----Original Message-----

From: Wood, Warren [mailto:warrenwood@psc.state.mo.us]
Sent: Thursday, July 03, 2003 1:04 PM
To: 'David J. Ries'
Cc: Tino Monaldo; Imhoff, Tom; Morrissey, Carmen; Sommerer, David; Russo, Jim; Micheel, Doug; Anson, Laura; Shemwell, Lera
Subject: RE: MGC tariff

Dave,

We are working through the tariff changes described below and trying to address some provisions in section 4. We are not sure how the gas balancing/penalty arrangements are planned to work. The attached lays out the questions we need to discuss with you when you have some time. Please call me when you have a minute to set up a time to talk next week. If you prefer, and this may be a quicker approach, you can just type in your responses to these questions and return the attachment to me. The answers to most of these questions look relatively straight forward.

If you have any questions, please e-mail or call me at (573) 751-2978.

Thanks,
 Warren

-----Original Message-----

From: David J. Ries [mailto:riesdj@msn.com]
Sent: Tuesday, June 24, 2003 7:09 PM
To: Warren Wood ; Tom Imhoff

Staff Exhibit No. 116
 Case No(s). GC 2006-0491
 Date 12/13/06 Rptr MU



12/11/2006

Cc: Tino Monaldo
Subject: MGC tariff

Attached are both a red lined version and clean version of the proposed changes to the MGC tariff. These changes follow our discussion of a few weeks ago. The 2 areas that you wanted more time to discuss internally have proposed changes as follows:

1. The penalties for Imbalances and OFO compliance are penalties only and do not include the purchase or sale of gas as this is not provided for within the tariff.
2. We have continued to delete Section 3.2 in both the firm and interruptible rate schedules. In section 17 of the GT&C a proposal has been added for quarterly reporting of all transportation agreements. There are still several references to nondiscriminatory treatment of shippers.

I believe that all the other changes include your requested changes to the previous red line version. Please review and let me know if you would like to change what we have submitted to you as attached. We are currently working through similar changes for the MPC tariff and will duplicate those changes to what is proposed here. Again, we would like to get the approval process started so that the Imbalance and OFO procedures are in place prior to the next heating season. If you have any questions, please feel free to call.

Dave

Questions To Missouri Gas Company
Regarding Section 4 of the General Terms and Conditions

1. In the situation described in Section 4.a.(i) in which the Transporter has received more gas than the Shipper takes in delivery and a penalty is assessed the Shipper, who owns the gas following the penalty? The Shipper still owns the gas.
2. Is the excess gas sold in order to remove it from the Transporter's pipeline? No.
3. If it is sold in order to remove it from the Transporter's pipeline, who receives the revenue generated by the sale of the excess gas? See #2.
4. If it is not a sale of the excess gas that prompts the removal of it from the Transporter's pipeline, what mechanism provides the authority to remove the gas from the Transporter's pipeline? The excess is held as an imbalance between PEPL and MPC/MGC.
5. If the situation in Question 4 is valid, who owns the excess gas while it remains on the Transporter's pipeline? The Shipper still owns the gas.
6. If the situation in Question 4 is valid, who takes ownership of the gas when it leaves the Transporter's pipeline? The Shipper still owns the gas.
7. Will the Transporter realize any revenues from the removal of excess gas from its pipeline? No - the revenues are limited to the application of the penalties as defined in Section 4.
8. Will any other party realize revenues from the removal of the excess gas from the Transporter's pipeline? Imbalance with PEPL is subject to penalties to MPC/MGC, therefore payment may be due to PEPL if it results in a penalty to MPC/MGC.
9. In the situation described in Section 4.a.(ii) in which the Transporter has received less gas than the Shipper takes in delivery and a penalty is assessed the Shipper, how will the additional gas be placed on the Transporter's pipeline? The Shipper is still short gas.

10. Who will purchase the additional gas? (In other words, as the additional gas is received on the pipeline, who owns the gas?) The Shipper must still balance the account.
11. Will the additional gas be sold to the Shipper? No, Shipper must supply the gas.
12. What party, if any, will receive revenue from the sale of the gas once it is on the Transporter's pipeline? There is no sale of gas under the current tariff changes.
13. What is the existing level of revenue received for:
 - a. Imbalances None - current tariff provisions are anemic.
 - b. Overruns None - overruns not currently allowed. Allowing the use of overrun volumes on FT agreements will replace the use of dual contracts for both firm and interruptible transportation by a single customer with 2 Imbalance accounts. Overrun revenue will be offset by less IT revenue.
 - c. Other scheduling or unauthorized use penalties None - tariff provisions do not exist or ineffective. Proposed penalties are intended to stop Shippers from stealing gas on peak days and putting the pipelines at risk for PEPL penalties.
14. Is there currently a distinction between authorized and unauthorized overruns on the pipeline? How are overruns currently addressed? No authorized over runs are allowed per current tariff. Nominations are not allowed to exceed shipper MDQ.
15. How are imbalance volumes currently resolved/reconciled? Please describe the process. A current Imbalance report is sent to each shipper each business day that identifies the Shippers current imbalance so they can adjust their nominations. For excessive Imbalances, we call the Shippers on the phone and verbally threaten to shut off their gas deliveries if they don't bring nominations in line with physical deliveries. This usually works with most shippers.
16. Did the pipeline ever buy or sell gas under past tariffs? Not that I am aware of under Aquila ownership. I don't know what they did before that.

17. Has PEPL ever charged the pipeline penalties because of shipper actions or inactions? Yes.
18. Fully describe the OBA and whether that is the only method or tool that has been used to settle imbalances on your intrastate pipelines. Under the OBA, the accumulated total Imbalance is maintained between PEPL and MPC/MGC. Under the OBA, all nominated Shipper volumes are assumed to be delivered and any Imbalance between nominations and physical deliveries are credited/debited to the MPC/MGC account. The only other tool that the pipelines have is that this Imbalance account offsets all shippers into one account, offsetting shippers that may be long or short volumes.
19. What proposed charges (overrun, balancing, OFO) are additive versus mutually exclusive? Overrun charges are offset by the reduction in interruptible transportation charges. Balancing and OFO charges are two completely different issues and per the proposed tariff changes are charged as each Shipper fails to comply with the tariff provisions or specific OFO's.
20. Does current month imbalance calculation allow offset of prior month accumulated amount? Is there a prior accumulated imbalance or is it "zeroed-out"? Imbalances are carried from month to month and thus each month starts with the prior month Imbalance.