

FILED

JAN 26 2007

Imhoff, Tom

Missouri Public
Service Commission

Staff Exhibit No. 10

From: Wood, Warren

Sent: Friday, June 13, 2003 1:49 PM

To: Imhoff, Tom

Subject: FW: MGC Tariff Changes - Staff Reply Letter & Markup

Attachments: Reply MGC Tariff 6 13 03.doc; MGC tariff revision 5-23-03 staff revisions.doc

Case No(s). GC-2006-0491
Date 12/13/06 Rptr MV

Tom,

For some reason the e-mail address in the message below was your old address - you should receive this version.

Thanks,
Warren

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

From: Wood, Warren

Sent: Friday, June 13, 2003 1:47 PM

To: 'David J. Ries'

Cc: Tino Monaldo; Tom Imhoff; Shemwell, Lera; Schwarz, Tim; Morrissey, Carmen; Anson, Laura; Russo, Jim; Sommerer, David; Lock, Phil*; Micheel, Doug; Henderson, Wess; Schallenberg, Bob

Subject: MGC Tariff Changes - Staff Reply Letter & Markup

Dave,

Staff's reply letter and tariff markup are attached for your review for our meeting next Tuesday.

If you have any questions between now and our meeting next Tuesday, please call me at (573) 751-2978.

Thanks,
Warren

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

From: David J. Ries [mailto:riesdj@msn.com]

Sent: Monday, May 26, 2003 4:15 PM

To: Warren Wood ; Tom Imhoff

Cc: Tino Monaldo

Subject: MGC tariff changes



Attached is a red lined markup of the proposed changes to the MGC tariff. I will summarize the most significant of the proposed changes.

1. Deleting all references or sections that referred to Aquila or UtiliCorp. This will update the tariff to reflect current ownership and the subsequent lack of affiliates previously associated. There are currently no affiliated transactions associated with MPC/MGC and the previous reporting requirements need to be reduced. As a substitute we have added nondiscriminatory treatment for similarly situated shippers language typically used for FERC regulated pipelines.
2. Adding language for OFO procedures to require shorter time frame response by shippers to match loads. As we discussed this is required primarily to stop a minority of shippers from abusing tariff language and shorting the pipeline on critical flow days.
3. Dropped any reference that would have allowed MGC to buy or sell gas. This is carried through the penalty provisions to allow for penalties only and not the purchase or sale of imbalance volumes. I have included a provision to allow for holding capacity on upstream pipelines to add service flexibility.
4. Significant updating and expanding of imbalance penalties. The proposed language closely matches that of PEPL to provide a timelier disincentive to certain shippers for

- loading up or shorting volumes on the pipeline and creating potential imbalance penalties between MPC/MGC and PEPL.
5. At your suggestion, included a new Section 6 in the General Terms and Conditions to credit back penalties less costs. Once implemented, I do not anticipate that any revenue will be significant so annual crediting to non-offending firm shippers should be sufficient.
 6. Based upon our discussion, any support of commodity transactions for the small towns will be transacted through Omega and will be provided independent of any transportation services provided by MGC to those towns. Based upon the independence of those transactions staff does not consider these to be affiliated transactions and therefore should provide a workable platform for assisting those customers that need help with commodity purchases. This is all premised upon the fact that it not change the regulated status Omega and its primary role of providing direct service to the Fort not withstanding the requirement for Omega to comply with the Seller of Energy Rule if applicable.
 7. Allowance of authorized overrun for FT agreements provides for matching of FT and IT services under one contract with only one imbalance account. This is an improvement in service with no change in revenues expected.

Warren, I appreciate your input and comments to the proposed changes. I would like to proceed to file this revised tariff for MGC and a similar one for MPC by mid-June. I would very much like to do that filing with the recommendation of the Staff to the Commission to adopt the changes. If you have any comments or further suggestions, please let me know soon either verbally or through a mark up of the proposal so that we can deal with the specific concerns between now and mid-June.

Dave

David J. Ries, President
Missouri Gas Company
110 Algana Court
St. Peters MO 63376

June 13, 2003

Dear Mr. Ries,

This is in response to the red lined markup of the proposed Missouri Gas Company (MGC) tariff you provided our office for review on May 26, 2003. We have attached our markup version and responses to your summary of significant changes are provided below. Please note that this markup version is for DISCUSSION PURPOSES ONLY and has not been through a full Staff review or approval process.

Deleting all references or sections that refer to Aquila or Utilicorp

The Staff agrees with this item.

Inclusion of language for OFO compliance

The Staff has made changes and additions in the markup version of the proposed tariff.

Removing references allowing MGC to buy or sell gas

The Staff will discuss this issue when we meet with MGC on Tuesday, June 17th.

Updating and expanding of imbalance penalties

The Staff has made changes and additions in the markup version of the proposed tariff.

New language in Section 6 in the General Terms and Conditions

The Staff is considering a process where the penalties would be segregated by OFO periods, with OFO penalties for each period being returned to non-violated FT customers during each period. We have not determined our preference on how this should be addressed and would like to discuss this on Tuesday, June 17th.

Affiliated Transactions

Staff believes transactions transacted through Omega may be subject to all or parts of the affiliated transaction rules. Staff has re-inserted affiliate transaction language in the markup version of the proposed tariff. In order to move this issue closer to resolution it may be necessary for you to document what provisions of the affiliated transaction rules you believe you should be granted a waiver from and your reasons why these particular provisions should be waived. You may also want to consider what types of reporting requirements would provide for the surveillance that Staff and OPC need to perform if particular provisions are waived.

Matching of FT and IT services under one contract

Staff agrees with this item.

Staff has other suggested tariff language changes in addition to the items discussed above, and is looking forward to meeting with you to discuss these proposed tariff changes in more detail. As previously noted, these proposed tariff changes are for DISCUSSION PURPOSES ONLY at this point. Please contact me at (573) 751-2978 if you have any questions between now and our meeting next Tuesday.

Sincerely,

Warren T. Wood, PE
Energy Department Manager
MO Public Service Commission