

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED³

MAR 22 2011

**Missouri Public
Service Commission**

ST. LOUIS NATURAL GAS PIPELINE LLC,)
)
Complainant,)
)
vs.)
)
LACLEDE GAS COMPANY,)
)
Respondent.)

Case No:

**COMPLAINT, REQUEST FOR INVESTIGATION
AND
MOTION FOR EXPEDITED TREATMENT**

COMES NOW, St. Louis Natural Gas Pipeline LLC, a Missouri Limited Liability Company, by and through counsel, and for its Complaint to the Missouri Public Service Commission, pursuant to Sections 386.390, RSMo 2000 and 4 CSR 240-2.070, states as follows:

PARTIES

1. Complainant, St. Louis Natural Gas Pipeline LLC (hereinafter "SLNGP"), is a Missouri Limited Liability Company duly organized and in good standing under the laws of the State of Missouri. A copy of Complainant's Certificate of Good Standing from the Missouri Secretary of State is attached as Appendix A.

2. SLNGP's contact information is the following:

St. Louis Natural Gas Pipeline LLC
#1 Campbell Plaza, Floor 4B
59th and Arsenal
St. Louis, MO 63139
Tel: 713-306-9933 / 618-875-1153
Fax: 618-875-1505
Email: Chris.Allen@eaglemarineindustries.com

All correspondence, communications, orders and decisions of the Commission may be sent to Complainant's undersigned legal counsel.

3. Complainant SLNGP is a new natural gas transmission company organized for the purpose of constructing, owning and operating a new interstate natural gas transmission pipeline.

4. SLNGP has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years immediately prior to this Complaint. SLNGP has no annual reports or assessment fees that are overdue.

5. Respondent Laclede Gas Company (Laclede) is a Missouri Corporation with its principal place of business located at 720 Olive Street, St. Louis, MO 63101. Laclede supplies residential, industrial and commercial customers with natural gas pursuant to authority granted by this Commission.

GENERAL ALLEGATIONS

6. Complainant SLNGP proposes to construct and operate an interstate natural gas pipeline running from Glen Carbon, Illinois to St. Louis, Missouri, and to interconnect its pipeline with local distribution facilities owned and operated by Laclede Gas Company at Riverview Drive in St. Louis, Missouri.

7. A description of the proposed route of construction and a map illustrating the purposed route is attached as Appendix B, submitted as "Highly Confidential."

8. The gas supply for the proposed interstate pipeline would originate in the states of Wyoming, Colorado, New Mexico, Pennsylvania, West Virginia and Ohio and be transported through Missouri via the new Rocky Mountain Express (REX) pipeline, connecting in Illinois with a pipeline owned and operated by Natural Gas Pipeline Company of America LLC (NGPL).

9. As shown on Appendix B, Complainant's proposed natural gas pipeline would connect to the NGPL pipeline in Illinois and transport natural gas for delivery at a city gate point of interconnection owned and operated by Laclede Gas in St. Louis, Missouri.

10. The purpose of the interconnection is to sell transport services to Laclede Gas as well as to use Laclede's distribution facilities for the sale of transport services to other customers.

11. Complainant SLNGP has completed the following steps in preparation to construct the proposed interstate pipeline:

- a. Completed right of way survey and title work;
- b. Started the right of way acquisition process;
- c. Identified all permits necessary and is currently in discussions with the appropriate agencies to obtain the necessary permits;
- d. Developed a cultural resources plan;
- e. Completed preliminary engineering and construction cost estimating;
- f. Developed a capital budget for the entire project;
- g. Completed a capital budget for the proposed Laclede interconnect;
- h. Started discussions with FERC;
- i. Held an open house for all property owners on January 27, 2011; and
- j. Held open season meetings on February 16 and 17, 2011.

12. Authorized agents of SLNGP met with officials of Laclede and presented Complainant's proposal to construct the pipeline and interconnect with Laclede's system at its

facility located at St. Louis, Missouri. Complainant requested that Laclede enter into an Interconnect Agreement with Complainant. A public copy of the proposal with proposed Interconnect Agreement (portions redacted) is attached as Appendix C. An unredacted "Highly Confidential" copy of the same is attached as Appendix D.

13. SLNGP's proposal does not ask or require Laclede to contribute to the cost of construction in any way.

14. SLNGP's proposal includes design of the connecting equipment to meet the current specifications of Laclede's existing equipment, thereby minimizing or eliminating disruption in the interconnection.

15. Although Complainant's proposed construction offers numerous advantages to Laclede and its customers, Laclede has refused to enter into an interconnection agreement. A copy of Laclede's refusal is attached as Appendix E.

16. To the date of the Complaint, Laclede has rebuffed every effort by SLNGP to discuss or explain Laclede's refusal to permit the interconnection and has stated only that SLNGP's pipeline "does not fit Laclede's current gas supply needs" In the experience of SLNGP's principals, such refusal of a local distribution company such as Laclede is unprecedented.

17. The increased supply made possible by SLNGP's pipeline would permit natural gas to be provided to Laclede's customers at a cost lower than currently being charged.

18. The transportation of Laclede's current supply of natural gas is provided almost exclusively by Mississippi River Transmission Corporation (MRT) and a non-regulated affiliate of Laclede, Laclede Energy Resources, Inc. (LER).

19. SLNGP's proposed pipeline offers numerous additional advantages to Laclede and its customers, to wit:

- a. The source of SLNGP's natural gas is located in a different region of the United States than Laclede's current source(s); therefore, the risk of interruption in gas supply resulting from disruption by weather or natural disaster or terrorism in the Gulf, Laclede's current source, would be minimized;
- b. SLNGP's pipeline will increase the supply of gas to the St. Louis area served by Laclede, thereby permitting both increased development and lower costs to existing rate payers;
- c. SLNGP's pipeline will be new construction, thereby providing lower maintenance costs, lower levels of lost gas costs and less risk of interruption in service; and
- d. As new construction, SLNGP's pipeline also would be safer, and therefore more reliable, because of the decreased risk of infrastructure failings as compared to aging infrastructures currently used by Laclede.

20. Laclede's refusal to permit the interconnection, from and after the completion date of Complainant's proposed pipeline, will necessarily result in the charging of higher prices to Laclede's customers than would otherwise be necessary, the risk of shut downs for maintenance, decreased safety and other interruptions of service, which would not result if SLNGP's pipeline is constructed and interconnected.

21. Laclede's refusal also will cause rates which are artificially higher than would be possible with SLNGP's gas transport.

VIOLATIONS

22. The above-described facts indicate that Laclede is or will be violating numerous provisions of Missouri gas regulations and statutes, to-wit:

- a. Violation of 4 CSR 240-40.015 and/or 4 CSR 240-40.016 because refusal of interconnection with SLNGP provides a financial advantage to LER, an affiliate of Laclede.
- b. Violation of 4 CSR 240-40.018 because refusal of interconnection with SLNGP represents a failure on the part of Laclede to structure its portfolio

of transportation contracts to mitigate upward natural gas price spikes and provide a level of stability of delivered natural gas prices;

- c. Violation of section 393.130.1, RSMo, because refusal of interconnection with SLNGP will result in service instrumentalities and facilities that are less safe, less adequate, unjust and unreasonable, as well as unjust and unreasonable charges, in light of the SLNGP transport option;
- d. Violation of section 393.130.3, RSMo, because refusal of interconnection with SLNGP represents an undue and unreasonable preference and advantage to Laclede's existing affiliated and non-affiliated transporters and subjects SLNGP and Laclede gas consumers to undue and unreasonable prejudice and disadvantage;
- e. Violation of section 393.140(5), RSMo, because refusal of interconnection with SLNGP is unjust, unreasonable, unjustly discriminatory, unduly preferential and otherwise in violation of law; and
- e. Violation of section 393.140(11), RSMo, because refusal of interconnection with SLNGP represents a failure to regularly and uniformly extend a contract to SLNGP, similar to its other transport contracts.

23. Laclede's refusal constitutes an unlawful barrier to SLNGP's entry into the market of gas transport service to Missouri consumers, unlawfully and unfairly denies effective competition, unlawfully favors a Laclede affiliate, unlawfully discriminates against SLNGP and confers an unfair competitive advantage to MRT and LER. On information and belief, the refusal also violates state and federal antitrust and unfair competition laws.

JURISDICTION

24. Laclede is a gas corporation as defined in section 386.020(18) and a public utility, as described by §386.020(43), RSMo, and thus is, "subject to the jurisdiction, control and regulation" of the Missouri Public Service Commission. It is subject to regulation by this Commission pursuant to Chapters 386 & 393, RSMo.

25. The Commission has jurisdiction and authority over this Complaint pursuant to section 386.250(1) & (7) and section 393.140, RSMo, as well as a duty to investigate and remedy

the above-described violations. The Commission's authority includes, without limitation, the power to investigate the quality of the service, and the methods employed by Laclede in providing its services and in transacting its business; to order reasonable improvements to promote, protect and preserve the public interest; to order improvement and extension of Laclede's works; to order just and reasonable rates and other acts to be done and observed; and to prescribe safe, efficient and adequate equipment.

REQUEST FOR RELIEF

WHEREFORE, Complainant SLNGP prays the Commission to:

A. Order in the public interest the investigation of Laclede Gas Company's refusal of an interconnection agreement with SLNGP;

B. Order in the public interest the investigation of Laclede Gas Company's violation of 4 CSR 240-40.015, 4 CSR 240-40.016, 4 CSR 240-40.018, section 393.130.1 & .3, RSMo, and section 393.140(5) & (11) and declare Laclede to be in violation, if so warranted;

C. Order Laclede to make reasonable improvements to promote the public interest, extend its works, to take just and reasonable acts and to employ safe, efficient and adequate equipment, including without limitation by permitting SLNGP's interconnection with Laclede's distribution system and entering in good faith into an interconnection agreement with Complainant SLNGP; and

D. Order such other and further relief as the Commission deems just, proper and in the public interest.

REQUEST FOR EXPEDITED TREATMENT

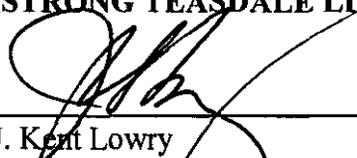
Pursuant to 4 CSR 240-2.080(16), Complainant SLNGP requests expedited treatment of this Complaint, as follows: (a) Respondent to answer Complaint within 15 days; (b) Commission

decision to investigate within 30 days; (c) Completion of investigation within 30 days thereafter; and (d) Hearing within 30 days thereafter.

If the Commission acts within the requested timeframe, there will be no negative effect on either party's customers or the general public. Expedited resolution of this matter will permit a considerable benefit to accrue to the general public in the form of lower gas rates and improved, safer facilities sooner. This Complaint was filed as soon as it could have been following the project's development and attempted negotiations with Laclede.

Respectfully submitted,

ARMSTRONG TEASDALE LLP

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**ATTORNEYS FOR COMPLAINANT
ST. LOUIS NATURAL GAS PIPELINE LLC**

Appendix A

Certificate of Good Standing

STATE OF MISSOURI



Robin Carnahan
Secretary of State

CORPORATION DIVISION CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**ST. LOUIS NATURAL GAS PIPELINE LLC
LC1082578**

was created under the laws of this State on the 1st day of September, 2010, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 9th day of December, 2010

Robin Carnahan

Secretary of State



Certification Number: 13384750-1 Reference:

Verify this certificate online at <https://www.sos.mo.gov/businessentity/sos/b/verify.asp>