

Exhibit No.:  
Issue: Detriment to Public  
Interest and Proposed  
Conditions  
Witness: Julianne J. Heins  
Type of Exhibit: Cross Surrebuttal Testimony  
Sponsoring Party: Union Electric Company  
d/b/a AmerenUE  
Case No.: GM-2001-585  
Date Prepared: August 23, 2001

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. GM-2001-585**

**CROSS SURREBUTTAL TESTIMONY**

**OF**

**JULIANNE J. HEINS**

Exhibit No. 8  
Date 9-05-01 Case No. GM-2001-585  
Reporter KF

MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI


In the Matter of the Joint Application )  
of Gateway Pipeline Co., Inc., Missouri )  
Gas Company and Missouri Pipeline ) CASE NO. GM-2001-585  
Company and the Acquisition by Gateway )  
Pipeline Company of the Outstanding )  
Shares of UtiliCorp Pipeline Systems, Inc. )

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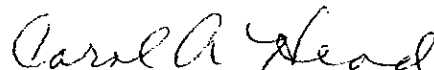
STATE OF MISSOURI )  
 ) SS.  
CITY OF ST. LOUIS )

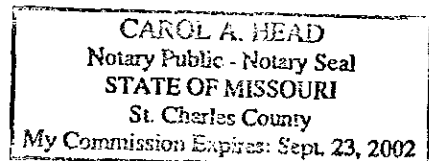
I, Julianne J. Heins, do state upon oath as follows:

1. I am employed by AmerenEnergy Fuels and Services Company as a Gas Supply and Transportation Director in the Natural Gas Supply and Transportation Department.
2. Attached hereto and made a part hereof for all purposes is my Cross Surrebuttal Testimony consisting of 5 pages which have been prepared in written form for introduction into evidence in the above-referenced case.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
Julianne J. Heins

Subscribed and sworn to before me this 23 day of August, 2001.





2 CROSS SURREBUTTAL TESTIMONY OF JULIANNE J. HEINS

3 MISSOURI PUBLIC SERVICE COMMISSION

4 UNION ELECTRIC COMPANY

5 d/b/a AmerenUE  
6

7 Q. Please state your name.

8 A. Julianne J. Heins.

9 Q. Are you the same Julianne J. Heins who filed Rebuttal Testimony on behalf  
10 of Union Electric Company d/b/a AmerenUE ("AmerenUE") in this  
11 proceeding ?

12 A. Yes, I am.

13 Q. What is the purpose of your Cross Surrebuttal Testimony?

14 A. The purpose of my Cross Surrebuttal Testimony is to address the Rebuttal  
15 Testimony filed by other parties in this proceeding.

16 Q. Why is it important for you to address the Rebuttal Testimony of the other  
17 parties?

18 A. As an employee of AmerenUE, pursuant to the Protective Order issued by the  
19 Missouri Public Service Commission ("Commission") in this proceeding, I have  
20 not been permitted to review any of the material designated by the applicants as  
21 "Highly Confidential." Because the applicants have designated so much material  
22 as "Highly Confidential," my ability to review the merits of the application has  
23 been significantly limited. As a consequence, in my direct testimony, I simply  
24 listed the concerns AmerenUE had about Gateway Pipeline Company, Inc.'s

1 ("Gateway") acquisition of the outstanding shares of UtiliCorp Pipeline Systems,  
2 Inc. ("UtiliCorp").

3 **Q. Has the Rebuttal Testimony filed by other parties in this proceeding affected**  
4 **any of these concerns?**

5 A. Yes. In general, the Rebuttal Testimony filed by witnesses who have had access  
6 to the "Highly Confidential" information has increased my concerns about this  
7 transaction. And with regard to one issue, the Rebuttal Testimony of the Staff has  
8 helped to alleviate one of the concerns I expressed in my Rebuttal Testimony.

9 **Q. Please explain how the Staff's Rebuttal Testimony has helped to alleviate one**  
10 **of your concerns.**

11 A. The Rebuttal Testimony of Staff Witness John D. Kottwitz addresses safety issues  
12 related to this transaction. Mr. Kottwitz testifies that subject to three conditions  
13 that Gateway has already agreed to implement, the effect of this transaction on  
14 pipeline safety and code compliance should be minor. The three conditions cited  
15 in Mr. Kottwitz's testimony are:

16 1) Missouri Pipeline Company ("MPC") and Missouri Gas Company ("MGC")  
17 must follow the pipeline safety regulations as contained in 4 CSR 240-40.020,  
18 40.030, and 40.080.

19 2) MPC and MGC must continue to use an adequate number of qualified  
20 personnel to operate and maintain the pipelines and respond to any  
21 emergencies along the pipeline. These personnel must continue to be  
22 qualified in accordance with 4 CSR 240-40.030(12)(D).

1           3) There must be no lapse in the call center, dispatch, emergency response,  
2           SCADA monitoring, and gas control functions for MPC and MGC during the  
3           transition of UtiliCorp to Gateway. Gateway should plan for the transition of  
4           these functions because they must continue to be provided on a 24 hours/day,  
5           7 days/week, 365 days/year basis.

6           If these conditions are required by the Commission, and adhered to by Gateway,  
7           they will substantially alleviate the concern I expressed in my Rebuttal Testimony  
8           about the operational reliability of MPC following its acquisition by Gateway.

9   **Q. Please explain how the Rebuttal Testimony filed by the other parties to this**  
10 **proceeding has increased your concerns about other aspects of this**  
11 **transaction.**

12 A. One concern I expressed in my Rebuttal Testimony is that Gateway may not have  
13 the financial resources to operate MPC over the long run. The Rebuttal  
14 Testimony filed in this proceeding by witnesses who have had access to all of the  
15 "Highly Confidential" financial information supplied by Gateway in this  
16 proceeding deepens my concern about this issue. For example, Staff witness  
17 Roberta A. McKiddy, who conducted a thorough review of the financial details of  
18 this transaction expresses many concerns in this area, including questions about  
19 Gateway's capital structure, business plan and pro forma financial statements. In  
20 fact, Ms. McKiddy testifies that without the necessary supporting documentation,  
21 "Staff believes that the pro forma financial statements provided by Gateway are  
22 nothing short of speculative." (McKiddy, Rebuttal, p 15.) In addition, Ms.  
23 McKiddy indicates that it would be possible for another entity to pledge

UtiliCorp's common stock as collateral or security for its own debt without Commission approval. (McKiddy, Rebuttal, p. 17.) Staff witness Mark L. Oligschlaeger also apparently expresses some additional concerns about the financial aspects of this transaction, although most of his testimony has been designated as "Highly Confidential." Based on the testimony of these Staff witnesses, AmerenUE's concerns about Gateway's financial resources have increased significantly.

**Q. Have any of AmerenUE's other concerns increased based on the Rebuttal Testimony filed by other parties?**

**A.** Yes. AmerenUE's concerns that Gateway's acquisition of MPC might significantly diminish the service provided to customers or increase the rates paid by customers has significantly increased based on the Rebuttal Testimony filed by the other parties. In this regard, the Rebuttal Testimony filed by Laclede Gas Company ("Laclede") witness Christopher C. Pflaum is particularly relevant. Mr. Pflaum documents numerous operating problems experienced by other companies owned by the principal owner of Gateway. In addition, Mr. Pflaum and the Staff witnesses identify problems which would result if MPC became a FERC jurisdictional pipeline. This testimony only enhances my concerns about the diminution of service and increase in rates which may result from this transaction.

**Q. Laclede witness Pflaum has testified that if the Commission approves this transaction, it should be conditioned on seven specific requirements, set forth on pages 14 and 15 of Mr. Pflaum's Rebuttal Testimony. Do you agree that these conditions are appropriate?**

1     A.     Yes. All of the conditions proposed by Mr. Pflaum are appropriate, and  
2           AmerenUE especially agrees with Mr. Pflaum's proposed requirements which  
3           would prohibit Gateway from bypassing the local distribution companies it  
4           serves, which would require it to provide existing customers with a right of first  
5           refusal to retain their firm contract entitlements on MPC's system, and which  
6           would require MPC to submit plans showing that the addition of any new  
7           customers will not impose additional costs or adversely affect service for existing  
8           customers. AmerenUE is particularly concerned that the addition of more firm  
9           customers could adversely affect MPC's ability to provide gas at sufficient  
10          pressures and hourly flow rates necessary to meet AmerenUE's peak day needs.  
11          If the addition of such customers did compromise MPC's service, AmerenUE  
12          believes it would be appropriate for the new customers, rather than the existing  
13          customers, to pay the cost of any operational enhancements, such as the addition  
14          of compression, which may be necessary to maintain service at its pre-existing  
15          level.

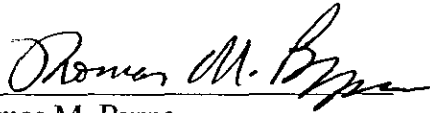
16    **Q.     Does this conclude your Cross Surrebuttal Testimony?**

17    A.     Yes, it does.

18

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Cross Surrebuttal Testimony of Julianne J. Heins, on behalf of AmerenUE, was sent by overnight delivery on this 23rd day of August, 2001, to all parties listed on the attached Service List.

  
Thomas M. Byrne



STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

**CASE NO. GM-2001-585**

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cf  
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dlb

August 23, 2001

FILED<sup>2</sup>

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**VIA FEDERAL EXPRESS**

Missouri Public  
Service Commission

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
Governor Office Building  
200 Madison Street, Suite 100  
Jefferson City, MO 65101



Re: In the Matter of the Joint Application of Gateway  
Pipeline Co., Inc., Missouri Gas Company and  
Missouri Pipeline Company and the Acquisition  
by Gateway Pipeline Company of the Outstanding  
Shares of UtiliCorp Pipeline Systems, Inc.  
Case No. GM-2001-585

Dear Mr. Roberts:

Enclosed for filing on behalf of AmerenUE in the above matter are an original  
and eight (8) copies of the Cross Surrebuttal Testimony of Julianne J. Heins.

Please kindly acknowledge receipt of this filing by stamping as filed a copy of  
this letter and returning it to the undersigned in the enclosed, self-addressed,  
stamped envelope.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas M. Byrne".

Thomas M. Byrne  
Associate General Counsel

TMB:rd  
enclosures