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SERVICES

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ORIGINAL

Missouri Public
Service Commission

PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

vs.

MISSOURI PIPELINE COMPANY, et al.

Case No. GC-2006-0378

VOLUME I
DEPOSITION OF DAVID (B.J.) LODHOLZ

JULY 17, 2006

Staff Exhibit No. 256
Case No(s). GC-2006-0491
Date 12/13/06 Rptr MU

OFFICES MISSOURI ■ ILLINOIS ■ KANSAS

HEADQUARTERS: 711 NORTH ELEVENTH STREET, ST. LOUIS, MISSOURI 63101

800.280.3376

EXHIBIT

tabbles®
256

1 A. Yes.

2 MS. SHEMWELL: Kellene, if I'm correct this
3 will be 4.

4 (EXHIBIT NO. 4 WAS MARKED FOR
5 IDENTIFICATION BY THE REPORTER.)

6 BY MS. SHEMWELL:

7 Q. Do you recognize this document?

8 A. Yes.

9 Q. Would you describe it, please?

10 A. It's an invoice that we sent out to
11 customers, a customer invoice.

12 Q. And it shows the shipper as Directorate of
13 Public Works, Allen Simpson; is that correct?

14 A. Correct.

15 Q. And where does Allen Simpson work?

16 A. As located as -- on this sheet, Fort
17 Leonard Wood.

18 Q. And is there a phone number for him to call
19 if he has questions?

20 A. Yes.

21 Q. And that's you, isn't that correct,
22 Lodholz, at the bottom there?

23 A. That's correct.

24 Q. And that phone number is MPC's phone
25 number?

1 A. Correct.

2 Q. Do you know if that's still their phone
3 number?

4 A. I believe so.

5 Q. And I believe it says -- this is an
6 October 7th, 2003 invoice; is that correct?

7 A. Correct.

8 Q. Would you tell me what the -- under
9 September 3rd reservation charge, what that means?

10 A. That means that was the month that he was
11 paying for on this invoice.

12 Q. And the term reservation charge?

13 A. Is they pay a reservation fee to have
14 access to our pipe.

15 Q. And to whom would that be paid?

16 A. To Omega.

17 Q. And then the next page, is this an invoice
18 to GP Gypsum?

19 A. Uh-huh.

20 Q. Were you still with the company September
21 '05?

22 A. Yes.

23 Q. Are you familiar with this invoice or
24 invoices similar to this?

25 A. Yes. Not this particular invoice, but yes.

1 Q. And is Amy Mitchell the one that you worked
2 where at GP Gypsum?

3 A. I don't recall that name.

4 Q. And the check was remitted to Omega; is
5 that correct?

6 A. I'm not sure.

7 Q. But it asks them to omit to Omega?

8 A. Right, it asks -- right.

9 Q. What's ACH?

10 A. A wire transfer. What does that stand for?
11 Automated clearing house, I believe. I'm not sure what
12 the ACH stands for, but it's a type of wire transfer.

13 Q. Okay. As you look down towards the middle,
14 would you agree with me that this is -- or do you read
15 this as being for both commodity and transportation?

16 A. Yes.

17 Q. Use tax for Crawford County delivery, sir,
18 that's about the last entry. Would you remit that use
19 tax, or to whom would you remit that use tax?

20 A. I'm not sure.

21 Q. Do you know why you collected it?

22 A. I'm not sure. I don't recall. I don't
23 recall a use tax -- billing somebody for use tax.

24 Q. How could we find out to whom the use tax
25 would have been remitted?

1 A. I'm not sure.

2 Q. I don't know. What is a use tax?

3 A. It's for use of -- a sale and use tax.

4 It's a tax for use of a product, in this case a pipeline.

5 Q. Do you know if that's unique to Crawford
6 County?

7 A. As I said, I don't recall seeing use tax on
8 any other invoice, so...

9 Q. The next page is -- well, would you
10 describe what it is?

11 A. An invoice.

12 Q. From?

13 A. Omega.

14 Q. To?

15 A. City of Cuba.

16 Q. I'm sorry. I'm reading this as Willard
17 Asphalt Paving, the bill to.

18 A. Are we on the same page (indicating)?

19 Q. This is what I'm looking at (indicating).

20 A. Oh, sorry. Yeah, that's Willard Asphalt.

21 Q. And they're asked again to remit the
22 payment to Omega; is that correct?

23 A. Right.

24 Q. Would you have received this in your
25 office?

1 A. Yes.

2 Q. Or the record that it was --

3 A. Correct.

4 Q. -- transmitted, correct?

5 A. Correct.

6 Q. And then you would post. Post it where?

7 A. The original invoice as an AR, and then the

8 receipt as an offset to accounts receivable.

9 Q. So for the court reporter, you're using AR

10 as accounts receivable?

11 A. Correct.

12 Q. And then the final document of that group,

13 which is the fourth one, would you describe that for me?

14 A. It's the same as the previous document, an

15 invoice to -- from Omega to City of Cuba.

16 Q. And down in the middle we have a quantity,

17 correct?

18 A. Correct.

19 Q. And it says, less volumes delivered to GP.

20 Do you know who GP is?

21 A. No.

22 Q. Do you know what the agency fee that's

23 listed on the left -- next line is?

24 A. No.

25 Q. Do you know what the entry would be, fuel

1 use on PEPL at 2.97 percent? Do you know what that is?

2 A. No.

3 Q. Where it indicates there current month end
4 imbalance, do you know what that is?

5 A. No.

6 Q. Do you know who creates these invoices?

7 A. Patty Hawkins, the receptionist.

8 Q. And she would mail them from the --
9 St. Peters?

10 A. Correct.

11 Q. Or fax?

12 A. Correct.

13 THE WITNESS: Can we take a break sometime?

14 MS. SHEMWELL: We certainly may, and this
15 would seem as good a time as any. So let's do that.

16 We'll ask the court reporter to go off the record.

17 (A BREAK WAS TAKEN.)

18 BY MS. SHEMWELL:

19 Q. Let's get back a little to the St. Peters
20 office. Who opens the mail?

21 A. Patty Hawkins, the receptionist.

22 Q. And if she has invoices, to whom does she
23 take those?

24 A. Vendor invoices?

25 Q. Uh-huh.

1 Q. You have a number code to the right of the
2 date for the invoices; is that right?

3 A. That's right.

4 Q. And for example Laclede is LAC 0705?

5 A. Correct. That's just to distinguish the
6 invoices from month to month.

7 MS. SHEMWELL: Off the record.

8 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

9 MS. SHEMWELL: I'm going to hand you
10 another document that I am describing as a revenue
11 summary, and this will be Exhibit 12.

12 (EXHIBIT NO. 12 WAS MARKED FOR
13 IDENTIFICATION BY THE REPORTER.)

14 BY MS. SHEMWELL:

15 Q. Do you recognize this document?

16 A. No.

17 Q. As you look through, do you recognize the
18 information on it?

19 A. No.

20 Q. Laclede's monthly billing in January and
21 Ameren's monthly billing in January of '04, the amounts
22 or --

23 A. I don't recognize any of the information.

24 Q. Do you have any reason to doubt that the
25 Laclede monthly billing for January is \$416,000

1 represented under January, 2004?

2 A. I have no reason to dispute, if that's your
3 question.

4 Q. That is my question. Do you know what type
5 of reports or information MPC, MGC and Omega produce to
6 provide the customer with the revenue information for that
7 month? I guess more simply my question is, what do you
8 attach to the invoice that backs up the amount of the
9 invoice?

10 A. There's -- depending on how much volume
11 they have, there's a couple pages that shows -- and I
12 don't recall the categories off the top of my head, but I
13 think shows the daily usage. Like I said, it's usually a
14 page or two, and it's an Excel-produced spreadsheet that
15 just shows day by day what their usage was.

16 Q. Who produces that spreadsheet?

17 A. It's produced by either Dave or Patty
18 entering daily information into an Excel spreadsheet.

19 Q. And that's maintained on Patty's computer
20 and Mr. Ries' computer?

21 A. Not Mr. Ries.

22 Q. Dave Wallen?

23 A. Right. That's correct.

24 Q. Do you use that information posting
25 revenues?

1 A. I use the summary page, the front page, but
2 not -- I don't look at the detail behind it.

3 Q. And when you say the summary page, are you
4 talking about the invoice sheet?

5 A. Right. There's an invoice sheet that we've
6 looked at. It's just what I would call the summary sheet,
7 the front page.

8 Q. Do you know if this document, labeled
9 Exhibit 12, is something that is regularly produced by
10 anyone in the company?

11 A. I don't know.

12 Q. Did you maintain the attachments to the
13 invoices in hard copy in your office?

14 A. Yes.

15 Q. And how long are they kept?

16 A. Forever. I had the ones from when I
17 started.

18 Q. So on the first date of -- were you there
19 the first date of operation of the pipelines?

20 A. No. I started in July of '02.

21 Q. And they started when?

22 A. In early '02. January '02.

23 Q. Since you haven't seen this, I am then
24 assuming that you did not review this before it was sent
25 to the Staff?

INVOICE - OMEGA PIPELINE COMPANY

INVOICE DATE: 10/01/03

PLEASE REMIT TO:

By Check:
Omega Pipeline Company
Attn: Accounts Receivable
110 Algana Court
Cherokee Industrial Park
St. Peters, MO 63376

By Wire or ACH:
Omega Pipeline Company
ABA Transit Routing No. 101000695
UMB Bank, Missouri
Account No. 9871237230

SHIPPER:

Directorate of Public Works
Mr. Allan Simpson
Utility Sales Officer
Environment, Energy & Natural Resources
1334 First Street Bldg 2101
Fort Leonard Wood, MO 65473-8944

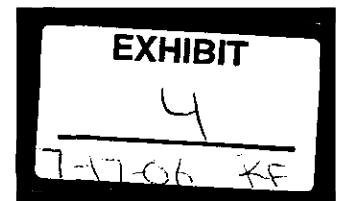
Due Date: 10/11/03
Terms: Due 10 days from invoice date

| Month | Contract No. | Type | Quantity/dth | Rate | Amount Due |
|--------|---------------------------------------|------|--------------|--------------|--------------|
| Sep-03 | DABJ23-03-P-0056 | | | | |
| | Reservation Charge | 0001 | 1 | \$155,000.00 | \$155,000.00 |
| | Commodity Charge Propane Air Plant | 0003 | 0 | \$5.0000 | \$0.00 |

Total Due this Month \$155,000.00
Adjustments (detail attached, if any) \$0.00
Previous Past Due (detail attached, if any) \$0.00

TOTAL DUE \$155,000.00

FAX TO: Allan Simpson 573-596-0869
If you have any questions, please contact BJ Lodholz 636-926-3668



Date Received 10-7-03
I CERTIFY THAT THE SERVICES INDICATED ON THIS INVOICE
AND SET FORTH IN CONTRACT WITH
MOD INCORPORATED, HAVE BEEN RECEIVED IN
ACCORDANCE WITH THE TERMS OF THE CONTRACT
Allan Simpson
RON PENDERBORN - ALLAN SIMPSON
UTILITIES SERVICES / SALES OFFICER
DATE 10-8-03

INVOICE - OMEGA PIPELINE COMPANY

BILL TO:

G-P Gypsum Corporation
Attn: Amy L. Mitchell
Highway 19 South
Cuba, MO 65453

Service Period: August
Invoice No. 92005
Invoice Date: 1-Sep-05
Payment Due: 15-Sep-05

PLEASE REMIT PAYMENT TO:

By Check:

Omega Pipeline Services, LLC
Attn: Accounts Receivable
6137 Colorow Drive
Morrison, CO 80465

By Wire or ACH:

Omega Pipeline Services, LLC
ABA Transit Routing No. 307070364
Commercial Federal Bank
Account No. 95073418

Gas Supply Charges

Usage for the month 5787 Mmbtu

First of the Month NYMEX price \$7.647 Reference only

| <u>Quantity</u> | <u>Unit Price</u> | <u>Source or reference</u> | | |
|-----------------|-------------------|--|----|-----------|
| 5787 Dth | \$9.60 | NYMEX price plus \$1.95 | \$ | 55,537.84 |
| 5787 | | Commodity purchase @ the point of title transfer | \$ | 55,537.84 |
| 5787 Dth | \$ 0.70 | Transportation charges from receipt point to G-P plant | \$ | 4,050.90 |
| | \$ 10.30 | Fixed price | \$ | 59,588.74 |
| 4.225% | \$ 55,537.84 | Use Tax for Crawford County delivery | \$ | 2,346.47 |

Total Due \$ 61,935.21

If you have any questions, please call Dave Ries at 303-904-4874

INVOICE - OMEGA PIPELINE COMPANY

BILL TO:

Willard Asphalt Paving, Inc.
P. O. Box 869
Lebanon, MO 65536

Service Period: October
Invoice No. 11104
Invoice Date: 1-Nov-04
Payment Due: 16-Nov-04

PLEASE REMIT PAYMENT TO:

By Check:

Omega Pipeline Company, LLC
Attn: Accounts Receivable
110 Algana Court
Cherokee Industrial Park
St. Peters, MO 63376

By Wire or ACH:

Omega Pipeline Company, LLC
ABA Transit Routing No. 101000695
UMB Bank, Missouri
Account No. 9871237230

Gas Supply Charges

Natural gas use for the month 3167 Dth

| <u>Quantity</u> | <u>Unit Price</u> | <u>Source or reference</u> | |
|-----------------|-------------------|----------------------------|--------------|
| 3167 Dth | \$ 6.78 | Fixed price for 2004 | \$ 21,472.26 |

| | | |
|---|----------|-----------|
| Subtotal | \$ | 21,472.26 |
| Sales or Use tax | 0.00% \$ | - |
| <u>Sales Tax Exemption Form 149 on file</u> | | |

Total Due

\$21,472.26

If you have any questions, please call Dave Ries at 303-904-4874

#5903

POST TO
OUT

INVOICE - OMEGA PIPELINE COMPANY

BILL TO:

City of Cuba
Attn: Tonya Farace
202 North Smith
Cuba, MO 65453

Service Period: August
Invoice No. 92005
Invoice Date: 1-Sep-05
Payment Due: 15-Sep-05

PLEASE REMIT PAYMENT TO:

By Check:
Omega Pipeline Company, LLC
Attn: Accounts Receivable
110 Algana Court
Cherokee Industrial Park
St. Peters, MO 63376

By Wire or ACH:
Omega Pipeline Company, LLC
ABA Transit Routing No. 101000695
UMB Bank, Missouri
Account No. 9871237230

Delivery Charges

| <u>Quantity</u> | <u>Price</u> | <u>Reference</u> | <u>Extended Price</u> |
|-----------------|--------------|--|-----------------------|
| 10158 Dth | | Total Volumes delivered to city gate station | |
| 5787 Dth | | Less volumes delivered to G-P | |
| 4371 Dth | \$3.50 | All transportation and agent fees | \$ 15,298.50 |

Gas Supply Charges

| <u>Quantity</u> | <u>Unit Price</u> | <u>Source or reference</u> | |
|-----------------|-------------------|--------------------------------|--------------|
| 2600 Dth | \$ 6.840 | Spot purchase | \$ 17,784.00 |
| (77) | | Fuel use on PEPL @ 2.97% | |
| (11) | | Fuel use on MPC/MGC @ .43% | |
| 2512 Dth | | Net gas received for the month | |
| (1157) Dth | long/(short) | Prior Month end Imbalance | |
| (4371) Dth | | Total deliveries for the month | |
| (3016) Dth | long/(short) | Current Month end Imbalance | |

Reference only - NYMEX first of the month price \$7.65

Transportation Credits

| <u>Quantity</u> | <u>Unit Price</u> | <u>Source or reference</u> | |
|-----------------|-------------------|------------------------------------|---------------|
| 5787 Dth | \$0.70 | Distribution transportation to G-P | \$ (4,050.90) |

Total Due \$29,031.60

If you have any questions, please call Dave Ries at 303-904-4874