

EXHIBIT

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Financial Analysis of Company

Burdette/Rebuttal

Public Counsel

GM-2001-585

REBUTTAL TESTIMONY

OF

MARK BURDETTE

Submitted on Behalf of
the Office of the Public Counsel

**GATEWAY PIPELINE COMPANY, INC.,
MISSOURI GAS COMPANY AND
MISSOURI PIPELINE COMPANY
Case No. GM-2001-585**

Exhibit No. 10
Date 9-05-01 Case No. GM-2001-585
Reporter KF

July 30, 2001

NP

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of)
Gateway Pipeline Company, Inc.,)
Missouri Gas Company and Missouri)
Pipeline Company.)

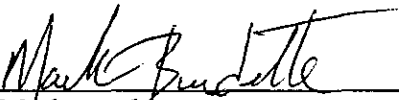
Case No. GM-2001-585

AFFIDAVIT OF MARK BURDETTE

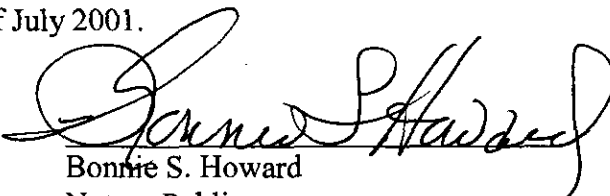
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Mark Burdette, of lawful age and being first duly sworn, deposes and states:

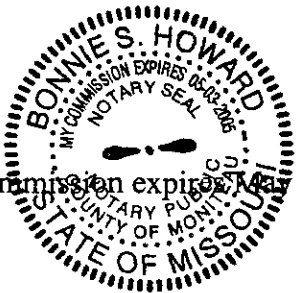
1. My name is Mark Burdette. I am a Financial Analyst for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony consisting of pages 1 through 4 and Attachment 1 through 3.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Mark Burdette

Subscribed and sworn to me this 30th day of July 2001.


Bonnie S. Howard
Notary Public

My commission expires May 3, 2005.



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1 Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

2 A. I will comment on the proposed acquisition by Gateway Pipeline Company, Inc. (Gateway)
3 from UtiliCorp United Inc. (UtiliCorp, UCU), all outstanding shares of UtiliCorp Pipeline
4 Systems, Inc. (UPL), the unregulated parent company of Missouri Gas Company (MGC)
5 and Missouri Pipeline Company (MPC).

6 Q. DO YOU BELIEVE THE MISSOURI PUBLIC SERVICE COMMISSION SHOULD
7 GRANT APPROVAL OF THE PROPOSED TRANSACTION?

8 A. No, at this time I believe the MPSC should not approve the transaction.

9 Q. WHY DO YOU BELIEVE THE MPSC SHOULD NOT APPROVE THIS
10 TRANSACTION?

11 A. Part of the problem with this transaction as proposed is that many of the variables and
12 details of the transaction remain unknown. I have been unable to do a full financial analysis
13 of this deal due to a lack of substantial, known and measurable financial information, or due
14 to incomplete information. As currently structured and detailed by the Applicants, this
15 transaction is bad for Missouri.

16 Q. HAVE COMPANY RESPONSES TO DATA REQUESTS PROVIDED THE DETAILED
17 AND COMPLETE INFORMATION NECESSARY FOR YOUR ANALYSIS?

18 A. No. Although I believe the Applicants have responded to each of my data requests, the
19 information provided has been insufficient to allow for a complete analysis. Attached to this
20 testimony are copies of Public Counsel data requests 2001 and 2002 and Staff data request
21 3810, along with the answers provided by Gateway. These data requests are labeled
22 Attachments 1, 2 and 3, respectively.

1 Q. COULD YOU GIVE EXAMPLES OF THE TYPE OF INFORMATION THAT IS
2 LACKING OR INCOMPLETE?

3 A. * _____
4 _____
5 _____
6 _____
7 _____
8 _____ **

9 Q. WOULD INCREASED RATES DUE ONLY TO A CHANGE OF OWNERSHIP BE
10 DETRIMENTAL TO THE PUBLIC INTEREST?

11 A. Yes. The ratepayers would be paying higher rates with no increase in the level of service.
12 The rates could be higher due only to the new owner's increased cost of capital.

13 Q. DO YOU HAVE OTHER CONCERNS ABOUT COST OF CAPITAL AND CAPITAL
14 STRUCTURE?

15 A. Yes, I do. _____
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Q. IS THE INCREASED RISK OF DETRIMENT TO THE PUBLIC INTEREST AS IMPORTANT AS ACTUAL DETRIMENT?

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A. Certainly a known increased risk of public detriment is important to consider before the detriment has already occurred, just as actions by a company that would increase the chance of bankruptcy would be important to consider before actual bankruptcy occurs.

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In addition to the types of actual detriment I've pointed out, this transaction could increase the risk of detriment to the public without actually causing *immediate* detriment. For example, the unknown factors surrounding Gateway's equity investors is of concern in regards to the long-term financial health of Gateway and its ability to weather future financial hardship. The fear of future detriment is real and must be considered. Adding a second bullet while playing Russian Roulette doesn't necessarily mean you will cause yourself detriment at the *next* pull of the trigger, but the risk for detriment is certainly increased.

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Q. DOES THIS COMPLETE YOUR TESTIMONY?

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A. This completes my testimony at this time. However, I reserve the right to file additional or supplemental testimony if the Applicants provide additional information.

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Attachment 1 has been deemed
“Highly Confidential”
in its entirety.

Attachment 2 has been deemed
“Highly Confidential”
in its entirety.

Attachment 3 has been deemed
“Highly Confidential”
in its entirety.