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Witness: Julianne J. Heins
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d/b/a AmerenUE
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MISSOURI PUBLIC SERVICE COMMISSION

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REBUTTAL TESTIMONY

OF

JULIANNE J. HEINS

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3 **MISSOURI PUBLIC SERVICE COMMISSION**

4 **UNION ELECTRIC COMPANY**
5 **d/b/a AmerenUE**
6

7 **Q. Please state your name and business address.**

8 A. My name is Julianne J. Heins. My business address is 1901 Chouteau Avenue,
9 St. Louis, Missouri 63103.

10 **Q. By whom are you employed and in what capacity?**

11 A. I am employed by AmerenEnergy Fuels and Services Company ("AFS") as a Gas
12 Supply and Transportation Director.

13 **Q. Please explain the relationship between AFS and Union Electric Company.**

14 A. AFS was formed in September, 2000 for the principal purpose of performing fuel
15 and natural gas supply and management services for subsidiaries of Ameren
16 Corporation. The Natural Gas Supply and Transportation Department of AFS
17 manages all of the gas supply business activities for both Union Electric Company
18 d/b/a AmerenUE ("AmerenUE" or "Company") and its affiliate, Central Illinois
19 Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"). It is in this
20 capacity that I am testifying on behalf of AmerenUE.

21 **Q. Please describe your educational background.**

22 A. I received a Master of Business Administration from Washington University in
23 1992 and a Bachelor of Arts Degree in Economics from the University of
24 Tennessee in 1981.

1 **Q. Please describe your pertinent employment history.**

2 A. In September 1998, I joined Ameren Services Company as a Gas Supply
3 Executive in the Gas Supply and Transportation Department. At that time,
4 Ameren Services Company provided the gas management and procurement
5 activities for Ameren subsidiaries, including AmerenUE. In my position, I was
6 responsible for obtaining reliable and economical gas supply, transportation, and
7 storage services for AmerenUE's and AmerenCIPS' distribution systems served by
8 Panhandle Eastern Pipe Line Company and Missouri Pipeline Company. My
9 duties included the preparation of studies and analyses to evaluate system supply
10 needs; the sourcing and procurement of natural gas supply, transmission capacity,
11 and storage capacity; and the negotiation of gas supply, transportation, and other
12 gas related service arrangements for the distribution systems. I also participated in
13 proceedings before the Federal Energy Regulatory Commission ("FERC")
14 involving interstate pipeline suppliers and in proceedings before this Commission
15 and the Illinois Commerce Commission relating to AmerenUE's and
16 AmerenCIPS' natural gas distribution systems.

17 In November 2000, I was promoted to my current position of Gas Supply
18 and Transportation Director for AmerenEnergy Fuels and Services Company. On
19 November 1, 2000, the Gas Supply and Transportation Department and the Fossil
20 Fuel Department, both operating within Ameren Services Company, were
21 combined to form AmerenEnergy Fuels and Services Company. My
22 responsibilities as a Gas Supply and Transportation Director include managing
23 and overseeing the daily operations and business activities related to providing

1 gas supply to the distribution systems of AmerenUE and AmerenCIPS served by
2 Panhandle Eastern Pipe Line Company, Trunkline Gas Company, Texas Eastern
3 Transmission L.P., and Texas Gas Transmission Corporation. .

4 Prior to joining Ameren, I was employed by two interstate natural gas
5 pipelines, Mississippi River Transmission Corporation ("MRT") and Natural Gas
6 Pipeline Company of America ("NGPL"). From April 1985 to December 1986, I
7 was employed by MRT as a Marketing Analyst. My primary responsibility in this
8 position was to develop competitive analyses and sales forecasts for the MRT
9 market area. I was employed by NGPL as a Marketing Representative from
10 January 1986 through July 1989. My duties included marketing pipeline capacity
11 and sales gas to the pipeline's sales customers during the transition to unbundled
12 pipeline services. I rejoined MRT in August 1989 as a Transportation and
13 Exchange Representative in the newly formed Transportation and Exchange
14 Department. Over the next nine years, I was promoted into positions of
15 increasing responsibility in the pipeline's transportation group. From 1991-1998,
16 I was Manager, Business Development for MRT. My responsibilities included
17 managing all aspects of the marketing of the pipeline's capacity, including
18 capacity sales, account servicing, contract administration, price administration,
19 and regulatory compliance.

20 **Q. Are you familiar with the subject matter of this proceeding?**

21 A. Yes, I am. In this proceeding, Gateway Pipeline Company, Inc. ("Gateway") is
22 seeking authority to acquire the outstanding shares of Utilicorp Pipeline Systems,
23 Inc. ("Utilicorp"). Utilicorp is the parent and owner of Missouri Pipeline

1 Company ("MPC") and Missouri Gas Company ("MGC") which are regulated
2 Missouri utilities. MPC and MGC own and operate intrastate natural gas
3 transmission pipelines in Missouri. MPC and MGC are served solely by
4 Panhandle Eastern Pipe Line Company ("PEPL"), an interstate pipeline.
5 AmerenUE is a customer of MPC and PEPL.

6 **Q. What is the purpose of your testimony in this proceeding?**

7 A. The purpose of my testimony is to outline the concerns that AmerenUE has
8 relating to the acquisition of Utilicorp by Gateway and the potential impact such
9 an acquisition may have on the future service provided to AmerenUE by
10 Gateway.

11 **Q. Before addressing AmerenUE's concerns regarding the acquisition, please**
12 **describe the service that MPC currently provides to AmerenUE.**

13 A. To meet its peak day requirements, AmerenUE has contracted with MPC for firm
14 transportation capacity of 8,500 MMBtu/day for redelivery at two interconnects
15 located in AmerenUE's Wentzville District Service Area ("Wentzville area").
16 AmerenUE relies on the deliveries from MPC during periods of peak demand to
17 maintain delivery pressures to the Wentzville area. Service to AmerenUE's
18 customers in the Wentzville area could be disrupted during peak periods if MPC
19 failed to make scheduled deliveries to AmerenUE. Thus, the current services
20 obtained by AmerenUE through MPC's facilities are critical in serving the
21 Company's customers located in the Wentzville area.

22 **Q. What are AmerenUE's specific concerns with the acquisition of Utilicorp by**
23 **Gateway?**

1 A. There are five areas of concern that I would like to address. These are operational
2 reliability, the financial viability of Gateway, potential future rate impacts,
3 potential change or diminishment in service as a result of this transaction, and the
4 timing of the acquisition.

5 **Q. What are AmerenUE's concerns about the operational reliability of MPC**
6 **upon the acquisition by Gateway?**

7 A. If upon approval of this transaction, Gateway does not commit adequate resources
8 to the operation and maintenance of MPC, the operational reliability of the
9 pipeline may be adversely affected. This, in turn, would compromise
10 AmerenUE's ability to serve the Wentzville area during peak periods.

11 **Q. What are AmerenUE's concerns regarding the financial viability of**
12 **Gateway?**

13 A. Gateway may not have enough financial resources to operate and maintain the
14 MPC system over the long run. If so, the service to AmerenUE could be
15 compromised. Inadequate financial resources could adversely impact the pipeline
16 in many ways including causing reliable or unsafe system operations, prompting
17 management decisions to file for rate increases, and precluding the expansion of
18 the pipeline system if demand warrants.

19 **Q. What are AmerenUE's concerns about future rate changes?**

20 A. MPC has had very stable rates in the years since it began operations. I am
21 concerned that Gateway might significantly increase rates to cover the costs of
22 acquiring or operating MPC and MGC. Such rate increases would, in turn, be

1 passed through to AmerenUE's customers through the operation of the Purchased
2 Gas Adjustment Clause.

3 **Q. What are AmerenUE's concerns regarding the changes or diminishment in**
4 **service that may result from this transaction?**

5 A. AmerenUE has several concerns regarding this issue. First, AmerenUE would
6 like assurance that Gateway will continue to provide the same high level of
7 service that AmerenUE has received from MPC over the past years. This includes
8 having a specific employee dedicated to receiving and processing nominations,
9 receipt/delivery schedules, and confirmations; and handling other daily
10 operational issues between its transportation customers and PEPL. These services
11 should be available on a 24-hour basis in a manner similar to that currently
12 employed by MPC. In addition, Gateway should devote sufficient personnel and
13 resources to MPC's physical pipeline operations and facilities to insure that the
14 reliable and safe service AmerenUE has received from MPC will continue in the
15 future.

16 Another service-related concern of AmerenUE is that Gateway may change the
17 tariffed services of MPC in a manner that is detrimental to customers. For
18 example, Gateway could attempt to charge new fees for services, such as
19 balancing, which are currently included in MPC's basic transportation service. Or
20 MPC could alter the terms of its tariff to make its existing services more difficult
21 or onerous to use.

22 **Q. What are AmerenUE's concerns regarding the timing of the acquisition?**

1 A. If the acquisition by Gateway of MPC occurs during the winter season and
2 sufficient transition planning has not occurred, then the service provided by MPC
3 to AmerenUE could be compromised. Given the critical operational support that
4 MPC provides to the Wentzville area, such a disruption in service by MPC to
5 AmerenUE could be detrimental to the service provided by AmerenUE to its sales
6 customers. Provided that all other issues that AmerenUE has are satisfactorily
7 resolved, AmerenUE believes that the acquisition should be consummated before
8 mid-October 2001 or after April 1, 2002.

9 **Q. Ms. Heins, does this complete your testimony?**

10 A. Yes, it does.

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