

1 STATE OF MISSOURI  
2 PUBLIC SERVICE COMMISSION  
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6 TRANSCRIPT OF PROCEEDINGS  
7 Hearing  
8 December 15, 2006  
9 Jefferson City, Missouri  
Volume 7

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12 The Staff of the Missouri )  
Public Service Commission, )  
13 )  
Complainant, )  
14 )  
v. ) Case No. GC-2006-0491  
15 )  
Missouri Pipeline Company, )  
16 LLC, and Missouri Gas )  
Company, LLC, )  
17 )  
Respondents. )

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MORRIS L. WOODRUFF, Presiding  
20 DEPUTY CHIEF REGULATORY LAW JUDGE  
JEFF DAVIS, Chairman,  
21 CONNIE MURRAY,  
STEVE GAW,  
22 ROBERT CLAYTON III,  
LINWARD "LIN" APPLING,  
23 COMMISSIONERS.

24 REPORTED BY:

25

PAMELA FICK, RMR, RPR, CCR #447, CSR  
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1 P R O C E E D I N G S

2 JUDGE WOODRUFF: Good morning, everyone,  
3 and welcome back to day three of the hearing in  
4 GC-2006-0491. And I believe we're ready to begin  
5 today with Mr. Ries on the stand.

6 (The witness was sworn.)

7 JUDGE WOODRUFF: You may inquire.

8 MR. DeFORD: Thank you, your Honor.

9 DIRECT EXAMINATION BY MR. DeFORD:

10 Q. Mr. Ries, would you please state your  
11 name and spell your name for the record, please?

12 A. It's David J. Ries, R-i-e-s.

13 Q. And you've previously testified in this  
14 proceeding; isn't that correct?

15 A. That's correct.

16 Q. And have you caused to be prepared and  
17 filed in this case rebuttal and surrebuttal testimony  
18 that have been previously marked for identification  
19 as Exhibits 304 and 305?

20 A. I have.

21 Q. Do you have any corrections to that  
22 testimony?

23 A. Not that I'm aware of.

24 Q. And if I were to ask you those questions  
25 set forth therein here today, would your answers be

1 substantially the same?

2 A. They would.

3 Q. And would they be true and correct to  
4 the best of your information and belief?

5 A. It is.

6 MR. DeFORD: With that, I would offer  
7 Exhibits 304 and 305 and tender Mr. Ries for  
8 cross-examination.

9 JUDGE WOODRUFF: 304 is the rebuttal and  
10 305 is the surrebuttal?

11 MR. DeFORD: I believe that's correct.

12 JUDGE WOODRUFF: All right. 304 and 305  
13 have been offered into evidence. Are there any  
14 objections to their receipt?

15 (NO RESPONSE.)

16 JUDGE WOODRUFF: Hearing none, they will  
17 be received into evidence.

18 (EXHIBITS NOS. 304 AND 305 WERE RECEIVED  
19 INTO EVIDENCE AND MADE A PART OF THE RECORD.)

20 JUDGE WOODRUFF: For cross-examination  
21 we'll begin with Ameren.

22 MS. DURLEY: I have no cross.

23 JUDGE WOODRUFF: Public Counsel is not  
24 present this morning.

25 Municipal Gas Commission?

1 MR. WOODSMALL: No, thank you, your  
2 Honor.

3 JUDGE WOODRUFF: Staff?

4 MS. SHEMWELL: Thank you.

5 CROSS-EXAMINATION BY MS. SHEMWELL:

6 Q. Good morning, Mr. Ries.

7 A. Good morning.

8 Q. As you know, I'm Lera Shemwell  
9 representing the Staff in this case. Mr. Ries, your  
10 R2 Development contract for services with the  
11 pipelines is for \$240,000 a year?

12 A. That's correct.

13 Q. Plus expenses?

14 A. Yes.

15 Q. No one questions your expenses?

16 A. Well, we have stockholders in the  
17 company that certainly are aware of the expenses.

18 Q. And the stockholders are?

19 A. Myself and Dennis Langley.

20 Q. Who are the principals of R2  
21 Development?

22 A. Myself and my wife.

23 Q. And you receive 24,000, or you did, as  
24 president of Omega, correct?

25 A. Well, there are two different

1 transactions. Prior to the sale of Omega, I did  
2 receive an additional compensation as an employee of  
3 Omega.

4 Q. How much did you receive from Omega  
5 Pipeline Services?

6 A. Well, there was a small amount of  
7 retainage for operating Omega Pipeline Services.  
8 It was -- again, it was something as we discussed  
9 in my deposition. It was not something I kept track  
10 of.

11 Q. When you say "a small amount," how much?

12 A. 10 percent or so.

13 Q. And what you didn't keep, where did that  
14 go?

15 A. It was remitted back to Omega Pipeline  
16 Company to acquire gas and transportation.

17 Q. So if we look through the Omega  
18 Pipeline Company bank records from January of this  
19 year, will we find those payments from Omega Pipeline  
20 Services?

21 A. I'm not sure what you'll find there.

22 Q. Would you expect to find a payment from  
23 Omega Pipeline Services if it were remitted to Omega  
24 Pipeline Company?

25 A. Again, I'm -- you're asking me to recall

1 detailed financial transactions --

2 Q. From January of this year.

3 A. I'm not sure, no.

4 Q. I'm going to hand you what has been  
5 marked as Exhibit 81. This is marked proprietary and  
6 highly confidential. Can you identify this document,  
7 sir?

8 A. This appears to be a printout of the  
9 affiliate transaction listing for Missouri Pipeline  
10 and Missouri Gas Company for the year 2005.

11 Q. And below that is 2004; do you find  
12 that, sir?

13 A. Yes, I do.

14 Q. We see Omega Pipeline Company on here,  
15 correct?

16 A. Yes, I do.

17 Q. And we see R2 Development, correct?

18 A. Yes.

19 Q. And it shows an amount of fair market  
20 value, 241,000, is that correct, for R2 Development?

21 A. You're talking about the transaction  
22 amount for the year 2005 for MPC?

23 Q. Yes. And beside that, it shows the  
24 basis of cost fair market value?

25 A. Yes.



1           Q.       And that's not \$241 is it?  It's  
2   241,000?

3           A.       No, it's 241 but the column is listed in  
4   thousands so it's 241,000, yes.

5           Q.       So that was essentially your salary or  
6   your contracting amount?

7           A.       Plus expenses.

8           Q.       Plus expenses, right.  We don't find  
9   Omega Pipeline Services on this report, do we?

10          A.       No.

11          Q.       In fact, Omega Pipeline Services was  
12   dissolved by you and your attorney during the time  
13   you were in Iowa caring for a sick relative this  
14   summer; is that correct?

15          A.       Well, Omega Pipeline Services was  
16   dissolved.  It was part of the post transactional  
17   process associated with the sale of Omega Pipeline  
18   Company that occurred --

19          Q.       Just calls for a yes, no, I believe.

20          A.       Well, I think it calls for an  
21   explanation.  You expanded it, please.

22                   JUDGE WOODRUFF:  You need to just let  
23   her ask the questions and if your attorney wants to  
24   follow up later on, he'll have an opportunity to do  
25   that.

1                   THE WITNESS: All right. Yes, it was  
2 involved or -- or dissolved.

3 BY MS. SHEMWELL:

4           Q.       This summer, correct?

5           A.       Yes.

6           Q.       Did you have a written consulting  
7 agreement with Omega Pipeline Services?

8           A.       No.

9           Q.       You were the president of Omega Pipeline  
10 Services?

11          A.       Yes.

12          Q.       You worked for Enron from 1997 (sic) to  
13 1993? Do you need to turn to your testimony to  
14 refresh your recollection?

15          A.       You said from 1997?

16          Q.       1977 to 1993.

17          A.       It shouldn't be 1993. It should be  
18 1988.

19          Q.       Then you went to KN Energy which is now  
20 Kinder Morgan?

21          A.       That's correct.

22          Q.       Until 1999?

23          A.       That's correct.

24          Q.       During that time, KN was investigated by  
25 the FERC for FERC standards of conduct violation,

1 correct?

2 A. I believe that's correct, yes.

3 Q. You were president of Missouri Pipeline

4 Company?

5 A. That's correct.

6 Q. You were president of Missouri Gas

7 Company?

8 A. That's correct.

9 Q. You were president of Missouri

10 Interstate Gas?

11 A. That's correct.

12 Q. You were president of Omega Pipeline

13 Company until around June 1, May 31st --

14 A. That's correct.

15 Q. -- 2006? You were president of Omega

16 Pipeline Services until it was dissolved this summer;

17 is that correct?

18 A. That's correct.

19 Q. Are there any other corporations of

20 which you were president?

21 A. Not that I recall.

22 Q. Do you think you would be able to recall

23 any corporations of which you're president?

24 A. Well, I have another entity that

25 Mr. Langley and I invested some money in, and I was

1     trying to remember if I was the president of that  
2     company, and I -- I don't think I am.

3           Q.     Are you an officer?

4           A.     Yes.

5           Q.     And what is the name of that company?

6           A.     It's listed on the affiliate report as  
7     DeShane (phonetic spelling) Production, LLC.

8           Q.     What does DeShane Production do?

9           A.     It invested in some oil and gas well in  
10    Utah.

11          Q.     Is it still invested? Is it still in  
12    operating -- active?

13          A.     It's still invested. Unfortunately,  
14    it's not producing anything.

15          Q.     Do you have exhibits in front of you  
16    marked 70 and 71?

17          A.     I don't believe so.

18          Q.     Perhaps your attorney can assist you  
19    with that. I'm going to hand you what has been  
20    marked as Exhibit 11.

21                   MS. SHEMWELL: If I may approach, Judge?

22                   JUDGE WOODRUFF: (Nodded head.)

23    BY MS. SHEMWELL:

24          Q.     The first page, or the cover sheet, as  
25    we may call it, is -- contains -- are you there?

1           A.       Of which?

2           Q.       Exhibit 11.

3           A.       Okay. Well, mine's got an e-mail on the

4 front of it.

5           Q.       Yes, and part of that is from you sent

6 to Warren Wood and Tom Imhoff --

7           A.       Okay.

8           Q.       -- on June 24th, 2003, correct?

9           A.       That's correct.

10          Q.       And you cc'd Mr. Monaldo, M-o-n-a-l-d-o,

11 correct?

12          A.       That's correct.

13          Q.       And you've indicated that attached to

14 this are red-lined versions and a clean version of

15 the proposed changes to your tariffs, correct, as we

16 look into that first paragraph?

17          A.       I was reading it. That's what the first

18 sentence says, yes.

19          Q.       If we could look at paragraph 2, I'd

20 like to read that into the record if you'd follow

21 along with me.

22          A.       Item No. 2?

23          Q.       No. 2.

24          A.       Okay.

25          Q.       "We have continued to delete section 3.2

1 in both the firm and interruptible rate schedules.  
2 In section 17 of the GT&C," and I will stop to note  
3 that that stands for general terms and conditions,  
4 correct?

5 A. That's correct.

6 Q. -- "a proposal has been added for  
7 quarterly reporting of all transportation agreements.  
8 There are still several references to  
9 nondiscriminatory treatment of shippers."

10 And then in the paragraph immediately  
11 below that, you note that you believe that, "All  
12 other changes include the requested changes to the  
13 previous red-lined version." Have I read those  
14 portions correctly?

15 A. Well, I didn't follow that last  
16 sentence, but, okay.

17 Q. Well, the record will reflect what that  
18 sentence reads.

19 A. Okay.

20 Q. And as we look through the red-lined  
21 version on sheet No. 3, we see a map, correct? Are  
22 you there?

23 A. We're on the red-lined version? The  
24 red-lined version I have doesn't have sheet numbers  
25 on it.

1           Q.       You don't have sheet No. 3 that looks  
2   like this?

3                   JUDGE WOODRUFF:  It's at the top of the  
4   page.

5                   THE WITNESS:  Okay.  I'm there.

6   BY MS. SHEMWELL:

7           Q.       That describes MGC's interconnects; is  
8   that correct?

9           A.       That's correct.

10          Q.       Why would your customers need to know  
11   where the interconnects are?

12          A.       Well, it's called for in the tariff.  
13   It's as -- in a matter of -- it's delivery points.

14          Q.       Does it also inform other potential  
15   shippers on the system?

16          A.       Well, I'm not sure what it's intended to  
17   do but it could do that.

18          Q.       Does this contain all interconnects on  
19   the MGC system?

20          A.       At the time that this was sent out it  
21   did.

22          Q.       Is it current?

23          A.       No.

24          Q.       Has this been updated in your actual  
25   tariff?  Shall we turn to Exhibit 70?  And we can

1 look at what's marked sheet No. 3 at the top and  
2 compare.

3 A. No, it has not.

4 Q. If we could turn to sheet No. 6, please?

5 A. In?

6 Q. In Exhibit 11. Are you there, sir?

7 A. Yes, I am.

8 Q. And stricken from that page, or with  
9 lines through it, is "3.2, range of rates" -- that is  
10 not stricken, but below that, section b, small B, in  
11 parentheses, 1, 2, 3, 4 and 5, correct?

12 A. That's correct.

13 Q. Also c?

14 A. That's correct.

15 Q. And the paragraph indented below c,  
16 correct?

17 A. That's correct.

18 Q. If we turn to sheet No. 12 of  
19 Exhibit 11, we see that the transporter is Missouri  
20 Gas Company, correct?

21 A. That's correct.

22 Q. And it has the correct address, is that  
23 right, for Algana Court?

24 A. That's correct.

25 Q. If we look at your current tariffs, do



1     they contain the correct address? I would direct you  
2     to sheet No. 11 in Exhibit 70.

3             A.       I don't believe the tariffs were ever  
4     updated as a result of these proposed changes so  
5     they're --

6             Q.       Is your answer no, sir?

7             A.       So it's no.

8             Q.       As we look at sheet No. 14, we have  
9     discussed forms for particular types of agreements;  
10    is that correct? Or let me just ask you, is this a  
11    sample form for a transportation agreement, sheet 14  
12    and 11?

13            A.       Well, there is -- yes, there's a form,  
14    Firm Transportation Agreement, that actually starts  
15    on page 10 and goes through page 14.

16            Q.       On page 14 were you intending to remove  
17    the executed date and the date that it was attested?  
18    It is lined through, isn't it?

19            A.       Yes. Our intent was to remove the date  
20    at which it was attested and the attestation process.  
21    We didn't feel that it was necessary for these  
22    agreements to have that provision.

23            Q.       Do standard agreements have that  
24    provision?

25            A.       I don't know what you mean by standard

1 agreements.

2 Q. Well, one of your consultants, I believe  
3 it was Mr. Smith, testified about standard  
4 agreements.

5 A. Okay. You're talking about typical  
6 marketing agency agreements?

7 Q. I'm talking about typical contracts for  
8 firm service --

9 A. Well, I don't think --

10 Q. -- would not be attested to?

11 A. I don't think Mr. Smith attested to  
12 transportation agreements with a regulated pipeline.  
13 That just -- it was a provision that was in these  
14 agreements and it was a provision that had not been  
15 complied with even under UtiliCorp, so we were  
16 discontinuing as a matter of formal process.

17 Q. Thank you. If we could turn to sheet  
18 No. 17 in Exhibit 11.

19 A. Okay.

20 Q. Stricken in that page under 3.2, "Range  
21 of Rates" is section b, small B, below that, section  
22 1, 2, 3, 4 and c, and then the paragraph under c; is  
23 that correct?

24 A. That's correct.

25 Q. And that is under the "Interruptible

1     Transportation Rate Schedule," correct?

2             A.       That's correct.

3             Q.       If we could turn to Exhibit -- I'm  
4     sorry, let's stay with 11. Sheet No. 22 has the name  
5     and address -- or has the address of the transporter  
6     been updated in your current tariffs? And I would  
7     direct you to Exhibit 70, sheet No. 21.

8             A.       No.

9             Q.       I would like to direct you to  
10    Exhibit 70, sheet 25. This is under the "General  
11    Terms and Conditions" of your tariff; is that  
12    correct?

13            A.       That's correct.

14            Q.       And under "Definitions," is there a  
15    definition -- I don't see a definition of shipper.  
16    There isn't one in there, is there?

17            A.       I don't see one, no.

18            Q.       Exhibit 11, if we could turn -- these at  
19    the back do not have numbers on them, so after that  
20    sheet of the General Terms and Conditions, are these  
21    additions you were proposing to make to your tariff,  
22    Mr. Ries? I'm looking at Exhibit 11.

23            A.       Well, it appears to be just a red-lined  
24    version of the general terms and conditions without  
25    sheet numbers.

1           Q.       I'm reading at the top of -- it looks to  
2 me like the sheet number may have been moved over  
3 under the left just because of space, and there's a  
4 small 27 in the upper left-hand corner that starts  
5 with a small B, "Transporter will provide..."

6           A.       Okay. I'm there.

7           Q.       "Transporter will provide  
8 nondiscriminatory access to all sources of supply in  
9 accordance with any applicable regulations and will  
10 not give undue preference to certain shippers in  
11 scheduling, transportation or curtailment priority."  
12 Have I read that correctly?

13          A.       Are you talking about paragraph b?

14          Q.       I am.

15          A.       Okay.

16          Q.       Did you agree that I read that  
17 correctly?

18          A.       I believe so.

19          Q.       Can we turn to Exhibit 70, sheet number  
20 34, please. Under "Request For Transportation," it  
21 indicates, "Persons desiring transportation service  
22 must deliver a written, properly executed request for  
23 transportation." Under 9, small A; is that correct?

24          A.       That's correct.

25          Q.       Are the address and the phone number to

1     which they are to send the transportation agreement  
2     current and correct?

3             A.       It's not current, no.

4             Q.       Or correct?

5             A.       Well, I don't know that that's not a  
6     correct address, that's just not current.

7             Q.       What happens when they call that phone  
8     number?

9             A.       I don't know.

10            Q.       It's not your phone number, is it?

11            A.       No, it's not.

12            Q.       It's not Missouri Gas Company's phone  
13     number?

14            A.       It's not.

15            Q.       It's not Missouri Pipeline Company's  
16     phone number?

17            A.       It's not.

18            Q.       Below that list is "Specific information  
19     required from a shipper," and we've agreed that your  
20     tariff does not contain a definition of that tariff,  
21     correct?

22            A.       We haven't found it, no.

23            Q.       Does that mean it's not in here?

24            A.       Not that I'm aware of.

25            Q.       Are you familiar with your tariffs?

1           A.       Yes.

2           Q.       Under 9a the term "persons," is that  
3 defined anywhere in your tariff?

4           A.       I don't believe so.

5           Q.       I'd like to turn to sheet No. 34 of  
6 Exhibit 70, please. Again, if a person requests  
7 pricing of transportation service in the capacity  
8 available, they don't have a phone number for MPC  
9 there, do they? That's not what's in the tariff?

10          A.       You're talking -- are you still talking  
11 about this 9a?

12          Q.       I'm on sheet No. 36 under e where it  
13 says, "Any person may request information on the  
14 pricing of transportation service or capacity  
15 available for use by contacting transporter at the  
16 following."

17          A.       Okay.

18          Q.       That's not MPC's phone number, is it?

19          A.       No.

20          Q.       Or MGC's phone number?

21          A.       No.

22          Q.       If a person requested information on the  
23 pricing of transportation service, do you consider  
24 that that is information that you must report to the  
25 Missouri Public Service Commission? I would direct

1     you to sheet 39, 12c.

2           A.     Well, I think to the extent that -- your  
3     question was if somebody asked. I don't think that's  
4     something that requires reporting. To the extent  
5     that transporter quotes for transportation service  
6     rates, it is provided.

7           Q.     So someone may request information and  
8     you might decline to do that; the pipelines might  
9     decline to give them a price?

10          A.     I don't know that somebody requesting  
11     pricing information would ever be declined  
12     information, because it's public information.

13          Q.     Okay. So any person may request  
14     information by contacting the transporter, and again,  
15     we've agreed that's not the correct phone number or  
16     address, so they contact the transporter. If you  
17     provide them with a bid, is that something you need  
18     to report? If the pipelines provide them with a bid,  
19     is that something you need to report to the  
20     Commission --

21          A.     Yes.

22          Q.     -- by your tariff under sheet 39, 12c?

23          A.     I agree.

24          Q.     Did you ever report any such bids to the  
25     Commission?

1 A. Yes, we did.

2 Q. Can you tell me what those were?

3 A. Well, they were in the quarterly reports  
4 that were provided to the Staff.

5 Q. Are quarterly reports provided for every  
6 quarter?

7 A. Well, I think certainly within the  
8 testimony, there's been some identification of some  
9 quarters that haven't been found.

10 Q. If we could turn to sheet 36, please,  
11 Exhibit 70. Are you there, sir?

12 A. Yes, I am.

13 Q. I'm looking at section small g.

14 A. Okay.

15 Q. I'm going to paraphrase here, but if you  
16 disagree, please say so. "At one of two times a  
17 shipper must give to the transporter," and we can  
18 agree that under this tariff, Missouri Gas Company is  
19 the transporter, correct?

20 A. That's correct.

21 Q. "Certain information including the  
22 identity of each end user" under No. 1, "the  
23 identity of any affiliation between the shipper and  
24 seller or sellers and/or end user"; is that correct  
25 so far?



1           A.       That's the way it reads, yes.

2           Q.       "And the identity of any immediate  
3 upstream and/or downstream pipeline transporters."

4                    Let's talk about what an upstream  
5 transporter is. Can you define upstream transporter  
6 for me, please?

7           A.       In my viewpoint, an upstream transporter  
8 of Missouri Gas Company whose this tariff is, would  
9 be Missouri Pipeline Company.

10          Q.       Any others?

11          A.       It's the only way Missouri Gas Company  
12 has the ability to receive gas currently.

13          Q.       Who would be the upstream transporters  
14 for Missouri Pipe?

15          A.       There are currently two. One's  
16 Panhandle Eastern Pipeline, an interstate pipeline,  
17 and Missouri Interstate Gas.

18                   MS. SHEMWELL: I would like to pause on  
19 this line a minute and refer to GM-2001-585. Copies  
20 are on their way. Would you like to pause a moment  
21 to wait for them?

22                   JUDGE WOODRUFF: Do you need them to  
23 give to the witness?

24                   MS. SHEMWELL: I probably will need to  
25 hand it to the witness.

1 JUDGE WOODRUFF: How long will it be?

2 MS. SHEMWELL: I hope moments.

3 JUDGE WOODRUFF: Let's go ahead and take  
4 about a five-minute break. We'll come back at 9:10.

5 (A RECESS WAS TAKEN.)

6 JUDGE WOODRUFF: All right. Let's come  
7 to order, please. We're back from our break and,  
8 counsel, have you obtained the documents you wanted?

9 (EXHIBIT NO. 82 WAS MARKED FOR  
10 IDENTIFICATION.)

11 MS. SHEMWELL: I have, thank you, Judge.  
12 I've marked this Exhibit 82, and I will identify it for  
13 the record as the Report and Order issued October 9,  
14 2001, in Case No. GM-2001-585. And I would like to move  
15 for its admission. It is a Commission Report and Order.

16 JUDGE WOODRUFF: All right. Exhibit 82  
17 has been offered into evidence. Are there any  
18 objections to its receipt?

19 (NO RESPONSE.)

20 JUDGE WOODRUFF: Hearing none, it will  
21 be received into evidence.

22 (EXHIBIT NO. 82 WAS RECEIVED INTO  
23 EVIDENCE AND MADE A PART OF THE RECORD.)

24 BY MS. SHEMWELL:

25 Q. Are you familiar with this, Mr. Ries?

1           A.       I've seen it before, yes.

2           Q.       I would like to look at page 28 of 29.  
3       First, let's look at page 27. Do you see there in  
4       capital bolded letters, "IT IS THEREFORE ORDERED"?

5           A.       Yes.

6           Q.       And then there are certain paragraphs  
7       below that, correct?

8           A.       That's correct.

9           Q.       And then No. 8 says that, "If Gateway  
10       Pipeline Company causes the Trans-Mississippi  
11       Pipeline to become operational, it will be held in a  
12       company separate from Missouri Pipeline Company and  
13       Missouri Gas Company, and that any interconnection  
14       with the system of Missouri Pipeline Company shall be  
15       restricted to flow gas only into Missouri in order to  
16       assure continued state jurisdiction under the  
17       Hinshaw," H-i-n-s-h-a-w, "exemption.

18                    "So long as these conditions are met,  
19       the restriction in Missouri Pipeline Company's  
20       certificate of authority issued in 1989 shall be  
21       waived to allow interconnection."

22                    Have I read that correctly?

23           A.       I believe so, yes.

24           Q.       Can we agree the Trans-Mississippi  
25       Pipeline is now known as Missouri Interstate Gas?

1           A.       One and the same, yes.

2           Q.       And you're president of Missouri  
3 Interstate Gas?

4           A.       That's correct.

5           Q.       At the end of June this year you filed  
6 three cases at the FERC, correct? MPC, MGC and MIG,  
7 you filed cases at the FERC?

8           A.       Well, I guess I was thinking it was one  
9 case with three docket numbers, but yes, we filed a  
10 case.

11          Q.       Let's go through the docket numbers:  
12 CP06-407, CP06-408 and CP06-409. Are you familiar  
13 that those are the numbers?

14          A.       I believe those are correct.

15                   MR. DeFORD: Your Honor, I'm gonna  
16 object as to relevance. I don't know what this has  
17 to do with any of the five counts in the complaint  
18 that has been the subject of this proceeding.

19                   JUDGE WOODRUFF: What is the relevance?

20                   MS. SHEMWELL: I'm showing that they are  
21 not complying with the Commission's orders which  
22 certainly is part of our case. The tariff --

23                   JUDGE WOODRUFF: Which -- which part of  
24 the case --

25                   MS. SHEMWELL: It was part of my actual

1 opening and we're just showing a general ignoring of  
2 the Commission's orders and rules.

3 JUDGE WOODRUFF: What kind of Staff  
4 complaint is this relevant to?

5 MS. SHEMWELL: I think it's a general  
6 basis for all of the complaints is my point.  
7 However, we ask if they violated their CCN as one of  
8 our issues. Is that four?

9 MR. DeFORD: Your Honor, again, I don't  
10 know that this is relevant to any count of the  
11 complaints. There are five counts and this doesn't  
12 touch on any of them.

13 JUDGE WOODRUFF: I'll overrule -- I'll  
14 overrule the objection and allow you to proceed.

15 MS. SHEMWELL: Give me just a moment.

16 JUDGE WOODRUFF: Okay.

17 BY MS. SHEMWELL:

18 Q. And you have, in fact, filed at the FERC  
19 to become FERC-jurisdictional; is that a fair  
20 summary?

21 A. In a general context, yes.

22 Q. Do you agree with me that MPC and MGC  
23 have line certificates?

24 A. Yes, I think generally that's true.

25 MS. SHEMWELL: I'm going to hand out

1 Case Number GM-94-252 that we will mark as

2 Exhibit --

3 JUDGE WOODRUFF: 83 would be --

4 MS. SHEMWELL: -- 83.

5 (EXHIBIT NO. 83 WAS MARKED FOR  
6 IDENTIFICATION.)

7 BY MS. SHEMWELL:

8 Q. Are you at all familiar with this order,  
9 Mr. Ries?

10 A. Well, I think so, although it's been  
11 quite some time since I've looked at it.

12 Q. I'd like to turn to page 9, please.  
13 This is the Commission's discussion under No. II,  
14 capital II. Are you there, sir, page 9?

15 A. Oh, okay. Section two starts on page 8.  
16 Okay.

17 Q. It does.

18 A. All right.

19 Q. The third full paragraph it says,  
20 "Specifically, the Staff contends that the original  
21 certificate issued to MGC is a line certificate  
22 authorizing only the transportation of natural gas  
23 from Sullivan to Fort Leonard Wood. The Staff urges  
24 the Commission to affirm that this was the  
25 Commission's intent in Case Number GA-90-280.

1                   "The Staff also argues that the  
2 Commission should, in this case, limit the original  
3 certificate issued to MPC to a, quote, line  
4 certificate, comma, closed quote, and in addition,  
5 prohibit potential bypass by UCU." Have I read that  
6 correctly?

7           A.       I would say yes.

8           Q.       I would like to turn now to page 11. I  
9 would identify this order as the sale permitting  
10 UtiliCorp United to -- at d/b/a Missouri Public  
11 Service to purchase line -- this line from Missouri  
12 Gas Company and Missouri Pipeline Company, so that's  
13 the names of the companies, to be sold to UtiliCorp.

14                   And it notes in about the third full  
15 paragraph, "Should UCU violate the provisions of its  
16 certificate of tariffs by operating outside its  
17 defined service area or certificated service scope  
18 without first obtaining Commission authorization to  
19 do so, any proper party may take up this issue  
20 through the complaint process." Have I read that  
21 correctly?

22          A.       I believe so.

23          Q.       Right below that it says, "Report and  
24 Order in Case Number GA-9280," and I'm going to  
25 paraphrase here rather than quote. In that case the

1 Commission ordered both MPC and MGC to include  
2 concise legal descriptions of the service area and  
3 map of each pipeline. At that point MPC failed to  
4 make such a filing. Have I described that correctly?

5 A. I believe in the paraphrased form, yes.

6 Q. Would you agree with me that the  
7 Commission was requiring Missouri Pipeline Company  
8 and Missouri Gas Company to file tariffs that  
9 described its particular line, where the line is in  
10 its service area?

11 A. Well, it specifically says a description  
12 of a service area and map of a pipeline, yes.

13 Q. And we've agreed that your map of the  
14 pipeline in 70, sheet 3, is not current, haven't we?

15 A. I think we have, yes.

16 Q. Thank you. I'm going to hand you what  
17 has been marked Exhibit 16. In talking about your  
18 tariffs, you've indicated that you communicated with  
19 the Staff in an attempt to remove the portions that  
20 we went through earlier, correct, an attempt to  
21 change the tariff?

22 A. We did exchange red-lined documents of  
23 the tariff, yes.

24 Q. Ultimately you did not change the  
25 tariff; is that correct?



1           A.       That's correct.

2           Q.       And you adopted the tariffs in full as  
3 shown on the adoption notice on the front of both  
4 Exhibits 70 and then also Exhibit 71 from Missouri  
5 Pipeline Company, correct?

6           A.       That's correct.

7           Q.       As we look at the back of this exhibit,  
8 it was questions to Missouri Gas Company regarding  
9 section 4. Did you make those responses? Is this  
10 your document?

11          A.       Well, I don't remember.

12          Q.       Well, let's just talk about it a little  
13 bit. Let me ask you, do you receive from shippers on  
14 the line what is described to as lost and unaccounted  
15 for gas, L&U gas or also referred to as LUFG?

16          A.       It's not exactly how I describe it.  
17 Each shipper nominates a transportation volume, and  
18 the pipeline, as a part of processing that  
19 nomination, retains a percentage for fuel use and  
20 lost and unaccounted for.

21          Q.       Is that by contract?

22          A.       By contract, yes.

23          Q.       Yesterday we heard Mr. Massmann  
24 testify -- I don't believe this is highly  
25 confidential, correct, the percentage?

1           A.       The percentage? I don't believe so.

2           Q.       Of .43 percent, Ameren -- correct?

3           A.       That's correct.

4           Q.       At one point Ameren's was .5 percent,

5 correct?

6           A.       That's correct.

7           Q.       Can we agree that MPC and MGC do not

8 have the right to sell gas?

9           A.       I believe that's correct.

10          Q.       On this sheet the question is, "Is the

11 excess gas sold in order to remove it from the

12 transporter's pipeline?" MPC and MGC did not have

13 the right to sell any excess lost and unaccounted for

14 gas; is that correct?

15          A.       That's correct.

16          Q.       The lost and unaccounted for percentage

17 is currently below 4.3 percent; is that correct?

18          A.       I disagree. I think all contracts

19 currently use the .43 percent.

20          Q.       My question is, the pipeline's actual

21 lost and unaccounted for, that's below 4.3 percent?

22          A.       I can't -- I mean, I can't sit here

23 today and tell you what actual is. I mean, is it

24 actual today?

25          Q.       It's below 4.3 percent currently on the

1 pipeline system.

2 A. And I would -- I would say there's no  
3 way in the world I could possibly tell you on any  
4 given day what the actual lost and unaccounted for  
5 is.

6 Q. Your son, Ryan, works for the pipeline;  
7 is that correct?

8 A. That's correct, he's an engineer.

9 Q. Where is he located?

10 A. In Colorado.

11 Q. And you and Ryan spent quite a bit of  
12 time working on the valves where Panhandle Eastern  
13 delivers into Missouri Pipeline Company, correct?

14 A. That's correct.

15 Q. You told me in your deposition of  
16 July 20th, 2006, that you installed new meters; is  
17 that correct?

18 A. I don't believe I said we installed new  
19 meters.

20 Q. Two new control valves?

21 A. That's correct.

22 Q. During the time that you installed those  
23 valves, did you bypass the valves?

24 A. No.

25 Q. How did you install a valve without

1 bypassing?

2 A. The Panhandle meter station consists of  
3 a take-off point from two lines on Panhandle Eastern  
4 Pipeline and two independently operated meter runs,  
5 two meter runs parallel to each other. On any  
6 individual meter run, we can shut one end to work on  
7 it, as well as what had historically been available  
8 was a bypass to go around just the control valve.

9 So there were, in effect, more than one  
10 way to isolate a control valve so that you could work  
11 on it, remove it, replace it, repair it, and put it  
12 back in service without -- without bypassing a meter.

13 Q. There is a bypass, correctly -- correct?

14 A. Around the control valve, that's true.

15 Q. And you installed a new bypass when you  
16 installed, I believe, the first meter?

17 A. Well, we did not install a meter.

18 Q. I'm sorry. The first valve.

19 A. We took out the bypass around the  
20 control valve. We removed it completely when we put  
21 in the new control valve.

22 Q. I'm turning to page 97 of your  
23 deposition on July 20th, 2006.

24 MS. SHEMWELL: And I would appreciate it  
25 if I could approach?

1 JUDGE WOODRUFF: Certainly.

2 BY MS. SHEMWELL:

3 Q. Mr. Ries, I'm going to point you to line  
4 17 through 24 where you say, "Indications are right  
5 now that we have reduced the amount of fuel lost and  
6 unaccounted for, but -- it's from April, May and  
7 June -- it's less than .43 percent" -- correct? "but  
8 in my viewpoint still too early to say what a new  
9 percentage would be. I'm hoping that it's less than  
10 what it has been for the first three months."

11 A. Okay.

12 Q. So the amount of lost and unaccounted  
13 for, at least at this date, was less than .43  
14 percent, or that was your testimony, correct?

15 A. Yes.

16 Q. Mr. Ries, do you consider your position  
17 with MPC and MGC to be management?

18 A. I do.

19 Q. You're also an engineer, right?

20 A. That's true.

21 Q. When you and your son Ryan and I believe  
22 Mr. Wallen were working on the valve replacement,  
23 would you consider that an operations activity?  
24 Operational, perhaps?

25 A. Well, actually, my involvement with that

1 was truly from a management perspective. I would --

2 I mean, I didn't go out there and unbolt the valve.

3 Q. You did go out there, though, during the  
4 process, correct?

5 A. I, Ryan and Dave Wallen did go to the  
6 site, did make observations, did discuss what we  
7 thought was a potential issue with that meter  
8 station.

9 Q. Excuse me. Did you say, "I and Ryan and  
10 Dave Wallen went out"?

11 A. Yes.

12 Q. So you went out with them, reviewed the  
13 situation, looked at the valves --

14 A. That's correct.

15 Q. -- and if I recall, noted that they were  
16 noisy?

17 A. Yes, that's correct.

18 Q. And decided that you were going to  
19 replace the valves?

20 A. I think in conjunction with the noise,  
21 also detected a certain amount of vibration which --

22 Q. Well --

23 A. -- was the issue of concern.

24 Q. Vibration is a concern. Is it because  
25 the meter might not read properly?

1           A.       Vibration is indicative of something  
2   that can occur and cause pulsation within the gas  
3   stream itself, and pulsation in and around orifice  
4   meters can cause inaccurate measurement.

5                   MS. SHEMWELL:   Judge, again, I'd like to  
6   ask Mr. Ries to answer yes/no when that's appropriate  
7   to do so.

8                   JUDGE WOODRUFF:   All right.

9   BY MR. SHEMWELL:

10          Q.       Can the pulsation result in a meter  
11   reading that is not accurate?

12          A.       Yes.

13          Q.       What is the percentage of inaccuracy on  
14   a meter that is considered tolerable?

15          A.       Generally, within the industry, the  
16   range of accuracy is generally deemed to be  
17   acceptable if it's within plus or minus 2 percent.

18          Q.       So the meter could read 2 percent high;  
19   in other words, that you're getting less gas than is  
20   actually flowing through; is that correct?

21          A.       Well, I would say just the opposite,  
22   that you're actually getting less gas than what the  
23   meter is recording.

24          Q.       Okay.  I thought that was what I said,  
25   but if I didn't, I'm sorry.  So it could read low

1     which could mean that you could get up to 2 percent  
2     more gas than the meter was actually reading; is that  
3     correct?

4             A.       That's correct.

5             Q.       And that would be within an acceptable  
6     tolerance within the industry, correct?

7             A.       Yes.

8             Q.       Do you know if these meters were reading  
9     either high or low?

10            A.       No.

11            Q.       But you discussed the possibility of  
12    measurement error in your testimony, correct? That  
13    was one of the phrases you used in your testimony.

14            A.       What we're talking about here --

15            Q.       I believe that's a yes/no.

16            A.       Yes.

17            Q.       If you are getting more gas into the  
18    system than is reading, does that gas build up on the  
19    system, then?

20            A.       Yes.

21            Q.       We've agreed that MPC and MGC cannot  
22    sell gas; is that correct?

23            A.       That's correct.

24            Q.       Could MPC and MGC give gas to an  
25    affiliate?



1           A.       I don't know how.

2           Q.       Let's say if they decided to give gas to  
3 an affiliate but would not give gas to a  
4 nonaffiliate, hypothetically, would that be  
5 discriminatory?

6           A.       Yes.

7           Q.       Or it could be described as preferential  
8 treatment; would you agree?

9           A.       Yes.

10          Q.       You indicated in the deposition section  
11 that I showed you that you would be tracking the  
12 percentage of lost and unaccounted for gas after  
13 that. Have you tracked it?

14          A.       To the extent that I've had time to,  
15 yes.

16          Q.       And what is it currently?

17          A.       Well, it's a variable number and I can't  
18 say that there's an exact number. On a measurement  
19 basis I would -- it would be my view that you'd need  
20 to go at least a year to even get within a close  
21 range of what the actual is. And it's only been  
22 since May of this year since we replaced the control  
23 valves, so we're not there yet.

24          Q.       You haven't adjusted any contract  
25 amounts as of today?

1           A.       No, I have not.

2           Q.       I'm going to discuss a situation with  
3 ONEOK. Is this highly confidential, do you know?

4           A.       I don't know what you're going to  
5 discuss.

6                   MS. SHEMWELL: Okay. I'm gonna have to  
7 come back to that, Judge.

8 BY MS. SHEMWELL:

9           Q.       I'm going to hand you -- I would like to  
10 ask you about your -- the sale of Omega. To whom was  
11 Omega sold?

12          A.       Tortoise Capital Resources Corporation.

13          Q.       How did Tortoise Capital Resources come  
14 to be the purchaser? Did you contact them or did  
15 they contact you?

16          A.       I think it was, yes, both ways.

17          Q.       And you'd agree with me that up until  
18 the date of the sale, Omega was an affiliate,  
19 correct, Omega Pipeline Company?

20          A.       Omega Pipeline Company, yes.

21          Q.       We're talking about here, not Omega  
22 Pipeline Services, although I'm not intending to  
23 suggest that Omega Pipeline Services was not an  
24 affiliate, but we're talking about Omega Pipeline  
25 Company that was sold, right?

1           A.       Correct.

2           Q.       I'm going to hand you what we've marked  
3   as Exhibit 82, but I think it's going to be 83, so  
4   shall I remark it?

5                   JUDGE WOODRUFF:   Yes.   Although  
6   actually, 83 was your order from 94-252, so we'd be  
7   up to 84.

8   BY MS. SHEMWELL:

9           Q.       Mr. Ries, I'll ask you to look at this  
10   and tell me if this is HC, highly confidential.

11                  MS. SHEMWELL:   Judge, I will note that  
12   this is from the deposition of Mr. Matlack, and I  
13   believe we've agreed in that deposition that  
14   everything will be highly confidential.

15                  JUDGE WOODRUFF:   Okay.   So 84 is HC  
16   then?

17                  MS. SHEMWELL:   Yes.   I think we'll try to  
18   discuss it in a way that will not require people to  
19   move from the hearing room unless Mr. Ries thinks  
20   that that will be necessary.

21                  JUDGE WOODRUFF:   Actually, it will be up  
22   to his attorney, I suppose.   Mr. DeFord, do you have  
23   an any objection to discussing this in a general way?

24                  MR. DeFORD:   Your Honor, I think the  
25   safer thing to do would be to go in-camera.

1 JUDGE WOODRUFF: All right. At this  
2 point, then, we'll go in-camera. Anyone who needs to  
3 leave the room, please do so.

4 MS. SHEMWELL: This is several pages,  
5 Judge. It may actually take Mr. Ries several minutes  
6 to go through it.

7 JUDGE WOODRUFF: Okay. At this point we  
8 are in-camera.

9 (REPORTER'S NOTE: At this point, an  
10 in-camera session was held, which is contained in  
11 Volume 8, pages 543 through 559 of the transcript.)

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1 MS. SHEMWELL: Oh, Judge, I need to  
2 offer these last exhibits into evidence.

3 JUDGE WOODRUFF: Yes, there were several  
4 that were offered. I believe 16 would have been the  
5 first in the numbers; is that correct, Ms. Shemwell?

6 MS. SHEMWELL: Your records are probably  
7 better than mine, Judge.

8 JUDGE WOODRUFF: I'm trying to remember  
9 exactly what we had today.

10 MS. SHEMWELL: I believe 16 has already  
11 been received into evidence.

12 JUDGE WOODRUFF: I hadn't shown it as  
13 being received.

14 MS. SHEMWELL: I thought it was received  
15 as part of Mr. Imhoff's direct testimony without 1  
16 through 19.

17 JUDGE WOODRUFF: Perhaps so. Anyway, if  
18 not, I'll receive it at this time.

19 (EXHIBIT NO. 16 WAS RECEIVED INTO  
20 EVIDENCE AND MADE A PART OF THE RECORD.)

21 JUDGE WOODRUFF: And then there was some  
22 new ones today. 81, 82 was admitted. 83, 84 and 85.

23 MR. DeFORD: Your Honor, I have no  
24 objection to the exhibits, but with respect to  
25 Exhibit 83 which I believe was the order in GM --

1 JUDGE WOODRUFF: -- 94-252.

2 MR. DeFORD: -- 94-252, I would ask that  
3 the Commission take official notice of the entire  
4 record in that case so that any orders on rehearing  
5 would be included.

6 JUDGE WOODRUFF: Do you know if there  
7 are such orders?

8 MR. DeFORD: I believe there are.

9 MS. SHEMWELL: There is.

10 JUDGE WOODRUFF: Okay. Well, of course,  
11 the problem with that is that's a very -- I'm sure  
12 it's a large case.

13 MS. SHEMWELL: We're just talking about  
14 the order, I believe, Judge.

15 JUDGE WOODRUFF: Okay. But there was an  
16 order on rehearing?

17 MS. SHEMWELL: I believe one.

18 JUDGE WOODRUFF: Okay.

19 MS. SHEMWELL: We'll be happy to provide  
20 that. Although, I don't believe it's particularly  
21 relevant, we'll be happy to provide it.

22 MR. DeFORD: Yeah, I think --

23 JUDGE WOODRUFF: Is that satisfactory to  
24 you?

25 MR. DeFORD: Yes, I think there are two

1 orders on rehearing. I don't have copies,  
2 unfortunately, but if the Commission would just take  
3 official notice of it, that would satisfy our  
4 concern.

5 JUDGE WOODRUFF: Okay. We'll take --  
6 we'll take notice of the orders on rehearing if you  
7 want to cite them in your brief and so forth. I  
8 don't want to take notice of the entire record or --  
9 in that case because that may be boxes.

10 MR. DeFORD: That would be fine.

11 JUDGE WOODRUFF: Okay. With that  
12 understanding, then, 81, 83, 84 and 85 will be  
13 admitted into evidence.

14 (EXHIBIT NOS. 81, 83, 84 AND 85 WERE  
15 RECEIVED INTO EVIDENCE AND MADE A PART OF THE  
16 RECORD.)

17 MS. SHEMWELL: Did we not mark an 82,  
18 Judge?

19 JUDGE WOODRUFF: 82 was the Report and  
20 Order in GM-2001-585 and you offered that and it was  
21 admitted during cross-examination.

22 MS. SHEMWELL: Thank you.

23 JUDGE WOODRUFF: All right. And then  
24 that completes the cross. We'll come up for  
25 questions from the bench. Commissioner Murray, do

1     you have any questions for Mr. Ries?

2                     COMMISSIONER MURRAY:   Yes, I do.

3     QUESTIONS BY COMMISSIONER MURRAY:

4             Q.       Good morning.

5             A.       Good morning.

6             Q.       This is going to be very disorganized in  
7     the way that I approach it, and I apologize in  
8     advance.  Let me go to Exhibit 81 which, I believe,  
9     Ms. Shemwell was discussing with you when I came in  
10    this morning.

11            And I'm not going to go into anything  
12    highly confidential here.  I just want to ask you  
13    why, in this listing of affiliated entities, Omega  
14    was not -- Omega Service Company was not listed.

15            A.       Well, Omega Pipeline Company was listed  
16    as an affiliate.  There were no affiliated  
17    transactions.  There were no services provided  
18    between Omega Pipeline Services and any of the  
19    regulated entities.  Other than that, all I can say  
20    is that it was an oversight.

21            Q.       Do you believe that Staff was aware that  
22    Omega Services existed and was an affiliate?

23            A.       I have no reason to believe that the  
24    Staff was aware that Omega Pipeline's services even  
25    existed, and certainly didn't conduct any business in



1 this state.

2 Q. You're saying that Omega Service Company  
3 was not conducting any service in this state at that  
4 time; is that what you said?

5 A. The only thing that Omega Pipeline  
6 Services was doing was providing a billing services  
7 on behalf of Omega Pipeline Company, and the purpose  
8 for that was to collect and remit use taxes.

9 Q. So it was on behalf of the company that  
10 you did list --

11 A. Yes.

12 Q. -- as --

13 A. Yes.

14 Q. What is Mowood?

15 A. Mowood is a company that holds the  
16 equity interest -- acquired the equity interest in  
17 Omega Pipeline Company, and at the time of the sale  
18 held 100 percent of the interest of Omega.

19 Q. Thank you. There's so many names it's  
20 hard to keep them straight. Turning to Exhibit 85  
21 which is also highly confidential, on the May 3rd,  
22 2005 letter from you to Mr. Ingenthron.

23 A. Okay.

24 Q. The customer that was identified in that  
25 first paragraph, was that the Fort?

1           A.       Those contracts provided transportation  
2 all the way to the end of the line for delivery to  
3 Fort Leonard Wood.

4           Q.       So would it be accurate to say that  
5 that -- the reference to customer was to Fort Leonard  
6 Wood?

7           A.       That's what I'm looking for is the  
8 reference to customer.

9           Q.       Oh, okay. I'm sorry. It's one, two,  
10 three, four, five lines down in the first paragraph.

11          A.       We're on the May 3rd letter, right?

12          Q.       Correct.

13          A.       Oh, okay. Yes, the customer would be  
14 the Fort.

15          Q.       And who at that time was serving the  
16 customer?

17                   JUDGE WOODRUFF: If I could interrupt  
18 here at the moment, I believe you said this is an HC  
19 document. Do we need to be in-camera? We're not  
20 in-camera at this point.

21                   COMMISSIONER MURRAY: I'm assuming that  
22 somebody will tell me that, if that is something  
23 confidential that I'm asking.

24                   MS. SHEMWELL: I thought we were still  
25 in-camera.

1 JUDGE WOODRUFF: We're not in-camera at  
2 this point so --

3 COMMISSIONER MURRAY: Okay.

4 JUDGE WOODRUFF: We can go back in if we  
5 need to.

6 MS. SHEMWELL: This document is HC. I  
7 don't know. Mr. DeFord?

8 MR. DeFORD: I don't believe you've said  
9 anything yet, but it may be safer to go in-camera.

10 JUDGE WOODRUFF: We can certainly go  
11 in-camera again.

12 THE WITNESS: I think the transportation  
13 agreements themselves are not confidential, right?

14 MR. DeFORD: I think that's right.

15 THE WITNESS: Okay.

16 JUDGE WOODRUFF: Well, if somebody wants  
17 me to go in-camera, just tell me. For the moment  
18 we're still in general session.

19 MR. DeFORD: At this point I'm gonna  
20 rely on Mr. Ries to identify before he speaks what is  
21 confidential and what's not.

22 JUDGE WOODRUFF: All right. Thank you.  
23 I'm sorry to interrupt.

24 BY COMMISSIONER MURRAY:

25 Q. Do you think we need to be in-camera?

1           A.       Well, it depends on what you're gonna  
2 ask me.

3           Q.       Well, I'm just asking you who at that  
4 time was serving that customer.

5           A.       Up until the end of January which was --  
6 the ONEOK's customer was the Fort.

7           Q.       But I mean to ask you specifically some  
8 statements that the letter makes --

9           A.       Okay.

10          Q.       -- so I don't know if we need to be  
11 in-camera.

12          A.       Well, let's just do it.

13          Q.       All right.

14                   JUDGE WOODRUFF: Just go in-camera?

15                   THE WITNESS: Yeah.

16                   JUDGE WOODRUFF: All right. At this  
17 time we're gonna go in-camera. The people in the  
18 back of the room can leave again. All right. We're  
19 in-camera.

20                   (REPORTER'S NOTE: At this point, an  
21 in-camera session was held, which is contained in  
22 Volume 8, pages 568 through 571 of the transcript.)

23

24

25

1 BY COMMISSIONER MURRAY:

2 Q. Okay, Mr. Ries. You were explaining the  
3 reason that you did not bring your tariff up to date  
4 with certain new information such as late-changed  
5 addresses or phone numbers.

6 A. Well, certainly, we had provided  
7 notification to the Missouri Public Service  
8 Commission of the changed address and telephone  
9 numbers and updated the contact list. It's certainly  
10 not unusual to not go through a proceeding to update  
11 the addresses and telephone numbers in a tariff  
12 agreement.

13 It was just something we could never get  
14 to the point where we would -- we had agreement on  
15 any substantive issue in the tariff. So just -- I  
16 mean, it was just not something that we -- we spent  
17 the time to go through the process on.

18 Q. And you had submitted some red-lined  
19 versions of proposed changes to your tariff that did  
20 include those -- that updated information; is that  
21 correct?

22 A. That's correct.

23 Q. And I would assume that you considered  
24 those things rather just clerical parts of your  
25 updated tariff and the -- I mean, you weren't

1 actually focusing on those areas?

2 A. Even the Staff would refer to those as  
3 administrative cleanup.

4 Q. So when the negotiations, in terms of  
5 changing your tariff, failed, did you just forget  
6 about the administrative cleanup part of it, was it  
7 an inadvertent oversight, did you not think it was  
8 necessary?

9 A. Well, it certainly didn't have the  
10 priority, and I would say in hindsight, yeah, we  
11 should have probably submitted some changes to the  
12 tariff.

13 Q. But were you convinced that Staff was  
14 fully aware of those changes?

15 A. Oh, exactly, yes. I mean, I have no  
16 doubt that if anybody from Staff wanted to get ahold  
17 of me, they knew how to do it.

18 Q. On page -- or sheet 6 of Exhibit 11 --

19 A. Yes.

20 Q. -- there was language that you had  
21 stricken, proposed to strike from the tariff; is that  
22 correct?

23 A. Yes.

24 Q. And in it, those deletions were rejected  
25 by Staff. Have you continued to comply with those

1 provisions in the current tariff?

2 A. I believe we have, yes. If I might add,  
3 one of the changes that we were making in this  
4 process was trying to provide some form of bundled  
5 services to the small customers. And the point I was  
6 trying to make here was not to avoid affiliate  
7 safeguards or affiliate abuse, but there wasn't any  
8 way practical to provide the bundled service and to  
9 have this language in these agreements the way they  
10 existed.

11 Q. And the reason for wanting to provide  
12 that bundled service was to take care of the  
13 imbalances; is that correct?

14 A. No.

15 Q. No.

16 A. I had some very small customers on the  
17 MGC system that were specifically asking for help.  
18 And what I was doing was responding to those  
19 customers' requests for help.

20 Q. And in order to respond the way you  
21 wanted to to those customers, you would have -- how  
22 would you have done that that would have needed this  
23 language change in the tariff?

24 A. What we were proposing to do was to  
25 include the ability for MGC to provide a bundled

1 delivered service, and the viewpoint that was being  
2 maintained here is every one of those bundled  
3 services would then be considered an affiliate  
4 agreement.

5                   If they were considered an affiliate  
6 agreement based on the language that was being struck  
7 here, the only way you could do that would be at a  
8 maximum tariff rate agreement.

9           Q.       Okay. So without this tariff change,  
10 you would not be able to have provided the assistance  
11 to the very small customers that you mentioned?

12          A.       Exactly.

13          Q.       Now, were any of those very small  
14 customers affiliates?

15          A.       Well, I think just the opposite. It  
16 was -- what we were proposing to do was to provide  
17 service to the small customers, and in every case  
18 they would not be affiliates.

19          Q.       Now, would you take Exhibit No. 70. Let  
20 me know when you have it.

21          A.       It's the tariffs, okay.

22          Q.       On sheet No. 39.

23          A.       Okay.

24          Q.       I know that -- well, let me phrase it  
25 this way: Is Staff contending that there was a



1 violation of 12c on sheet 39 of your tariff, the MGC  
2 tariff?

3 A. What Staff is alleging is that the --  
4 the customers that were -- or let me say the shippers  
5 that held transportation agreements, once those  
6 shippers entered into any kind of a gas supply or  
7 agency agreement with Omega, that that automatically  
8 voided or superseded their transportation agreements  
9 and made, in this case, Omega an affiliated  
10 transaction directly with the pipelines as opposed to  
11 being their agent. It's a leap --

12 Q. Excuse me a second. But are they  
13 alleging that there's a violation of that portion of  
14 the tariff?

15 A. Well, but it's -- yes, yes.

16 Q. Yes. Okay. Now I want to ask you more  
17 specifically about some of the language here because  
18 I'm -- I'm having trouble making sense of that myself  
19 as I put in entities that are referenced in that  
20 section of the tariff. Transporter referred to here  
21 is MGC; is that correct?

22 A. That's correct.

23 Q. Okay. So 12c requires "MGC to submit to  
24 the Commission's Staff once every three months a list  
25 of all bids or offers that MGC quotes for

1 transportation service rates for its pipeline where  
2 the bid is less than the maximum rate obtained in  
3 this tariff for a transporter's area." Did I read  
4 that correctly?

5 A. That's correct.

6 Q. "A transporter MGC will provide the bid  
7 price quoted, the length of and the dates of all  
8 offerings, the name, address and phone number of the  
9 party to whom the bid was given, any other terms of  
10 the bid and a rate comparison sheet for all bids and  
11 offers for each month." Did I read that correctly?

12 A. That's correct.

13 Q. Now, for each such bid or offering --  
14 first of all, before I get there, this list is to  
15 include all bids or offers that MGC quotes; is that  
16 correct?

17 A. That's correct.

18 Q. It doesn't say anything about listing  
19 any inquiries --

20 A. That's correct.

21 Q. -- is that correct?

22 A. That's correct.

23 Q. Now, going to the sentence, "For each  
24 such bid or offering, MGC will completely explain  
25 whether the entity being offered the rate is

1 affiliated in any way with MGC or with any of its  
2 affiliates."

3 In the instant complaint, is it your  
4 understanding that the rate that -- the offered rate  
5 here would refer to the rate that was to --  
6 deliveries to the City of Cuba?

7 A. Of -- yes.

8 Q. So the entity being offered the rate was  
9 which entity?

10 A. Was the City of Cuba.

11 Q. Now, is the City of Cuba affiliated in  
12 any way with MGC?

13 A. No.

14 Q. Is the City of Cuba affiliated in any  
15 way with any of MGC's affiliates?

16 A. No.

17 Q. And if -- well, the next sentence, then,  
18 would not apply, would it? "If the entity is  
19 affiliated, MGC will completely expunge such  
20 affiliation"?

21 A. And I would say we agree. We've  
22 consistently said the city is not an affiliate.

23 Q. And the last sentence, it says,  
24 "Transporter," being MGC, "will respond immediately  
25 to Staff inquiries concerning discounting." That

1 would reference the above paragraph, I would assume,  
2 which would mean any discounting to any entity in any  
3 way affiliated with MGC or any of its affiliates. Is  
4 that how you would interpret that?

5 A. Correct. Technically, they could ask  
6 about any discount, whether affiliated or not.

7 Q. And if they did, would you supply the  
8 Staff -- would you respond immediately to Staff  
9 inquiries?

10 A. I think we do, yes.

11 Q. Are there any instances in which you  
12 have refused to respond to Staff inquiries concerning  
13 discounting?

14 A. Not that I know of.

15 Q. Okay. Now, would you look at Exhibit 82  
16 which was the Report and Order in GM-2001-585? Do  
17 you have that?

18 A. Yes, I do.

19 Q. On page 28 of 29 of that order in the  
20 eighth ordered paragraph, Ms. Shemwell asked you a  
21 couple of questions earlier. Do you recall that?

22 A. Excuse me. Which exhibit again?

23 Q. It's Exhibit 82.

24 A. Page 28?

25 Q. Correct, in ordered paragraph 8.

1           A.       Okay.

2           Q.       Regarding the application for FERC  
3 jurisdiction, did the Staff ever file a complaint  
4 related to that application for FERC jurisdiction?

5           A.       Well, I think there's two proceedings  
6 that I know of. They did intervene in the case and  
7 protest.

8           Q.       At FERC?

9           A.       Yes, at FERC, and also --

10          Q.       But in terms of filing a complaint  
11 before this Commission for noncompliance with the  
12 terms of a Report and Order, did they ever file a  
13 complaint?

14          A.       Not that I'm aware of, no.

15          Q.       And did Staff ever notify you that there  
16 was anything -- any authority lacking to allow  
17 interconnection after that FERC jurisdiction was  
18 granted?

19          A.       I'm not sure I understand the question.  
20 Did Staff ever express a concern about making the  
21 interconnection between what's now Missouri  
22 Interstate Gas and Missouri Pipeline Company?

23          Q.       No. I understand there was a concern  
24 expressed and that there was an intervention at FERC.

25          A.       Okay.

1           Q.       But once the FERC jurisdiction was  
2     achieved, were you in any way told that you no longer  
3     had the authority that was previously granted by the  
4     Missouri Commission?

5           A.       No.

6           Q.       Now, let's go to your rebuttal  
7     testimony. Do you have that in front of you?

8           A.       Yes, I do.

9           Q.       All right. On page 11, you have been,  
10    in this testimony up to that point, talking about  
11    Omega and Omega providing assistance with managing  
12    imbalances; is that correct?

13          A.       Yes.

14          Q.       Who benefited from Omega assisting with  
15    carrying imbalances for the pipelines?

16          A.       I believe the pipelines and all of their  
17    customers benefited from that.

18          Q.       And was there a way to quantify how each  
19    customer benefited?

20          A.       Well, the specific issue here is if the  
21    pipeline ends up in an imbalanced situation which  
22    they are in currently, the Commission, through its  
23    earlier order, the 585 case, had precluded MPC and  
24    MGC from being able to sell -- buy or sell any gas.  
25    And it was broad, it was for any reason.

1                   In the case where the imbalance was  
2   being created on the pipeline, the pipeline did not  
3   have authority to dispose or sell of that gas.

4           Q.       I understand that. So Omega had to take  
5   on this role. But who -- was there a way to quantify  
6   the benefits that were gained by Omega doing that?

7           A.       Well, I think the best way to do that is  
8   look at what would the alternatives be had Omega not  
9   done it.

10          Q.       Okay.

11          A.       And I think Ms. Shemwell even suggested  
12   that one of the possibilities was just give it away,  
13   which is not my preferred choice. The other way if  
14   Omega didn't do it, would be to, in effect, shove  
15   that imbalance back to the upstream pipeline or the  
16   interstate pipeline which, in this case, would be  
17   Panhandle Eastern Pipeline.

18                   Panhandle Eastern's way of dealing with  
19   significant imbalances and those imbalances outside  
20   of a given tolerance range are to, in effect, cash  
21   them out at a discounted price. And the discount  
22   depends on the degree of imbalance.

23          Q.       And who would have suffered from that  
24   happening?

25          A.       Missouri Pipeline Company.

1           Q.       And is there any way to quantify the  
2   amount that Missouri Pipeline Company would have --

3           A.       Well, I think we probably could.  It's  
4   not an exercise that I've gone through, but, you  
5   know, the current value -- and we talked about this a  
6   little bit ago.  I think we talked about that  
7   in-camera -- but let's say it's over a million dollars.  
8   And, you know, you could think about hundreds of  
9   thousands of dollars of benefit.

10          Q.       Has Omega received compensation from  
11   anyone?  You indicated that you hadn't received  
12   compensation from MPC or MGC.  Has Omega received  
13   compensation from anyone --

14          A.       No.

15          Q.       -- for the --

16          A.       For holding the imbalance.  As a matter  
17   of fact, since the sale -- and I think I may have  
18   talked about this later on -- since the sale, Omega  
19   has expressed a lack of desire to continue that  
20   relationship.  They don't want that financial  
21   exposure any longer.

22          Q.       Was anyone harmed by -- any entity  
23   harmed by Omega having taken on that role?

24          A.       I haven't heard any -- anyone express a  
25   concern that they -- they suffered as a result of



1 Omega providing that service to the pipelines.

2 Q. So did we have an affiliate of MGC/MPC  
3 actually providing a service free of charge?

4 A. Free of charge.

5 Q. That did not harm anyone?

6 A. That did not harm anyone.

7 Q. That did help Missouri Pipeline Company?

8 A. Most definitely.

9 Q. And this probably relates to the  
10 previous question that I asked you about quantifying,  
11 but can you quantify the cost that Omega has absorbed  
12 without compensation?

13 A. Well, I don't -- I don't know  
14 specifically how to do that. You know, obviously,  
15 other companies would charge and can charge  
16 substantial fees. The difficulty in doing any kind  
17 of quantitative analysis of that is to determine  
18 when, in fact, the imbalance is gonna be paid back,  
19 so it's time-specific.

20 The problem is, we still don't have, as  
21 intrastate pipelines, the authority to buy or sell  
22 gas. So we still don't have that authority. In the  
23 proceeding that's currently before FERC, the newly  
24 consolidated entities do have that provision in their  
25 tariff, and once certificated by FERC, that entity

1 would intend to clear that imbalance that's currently  
2 being held by Omega.

3 Q. And enumerate the consolidated entities  
4 you're referencing.

5 A. That's -- that's the current proceeding  
6 before FERC where MPC and MGC and MIG jointly filed  
7 before FERC to consolidate these companies through a  
8 series of acquisitions into one interstate pipeline.

9 Q. And the primary reason for seeking that  
10 consolidation is?

11 A. The primary reason are truly the  
12 commercial benefits associated with being able to  
13 transport gas across the state line. The earlier  
14 order that we referred to in the 585 case  
15 specifically prohibited MPC from transporting gas and  
16 delivering it into Missouri Interstate Gas for  
17 transportation across the state line.

18 When the hurricanes hit last fall, there  
19 was a large monetary -- there was a large price delta  
20 that from west to east, i.e., the further you went  
21 east, the higher the price got.

22 Through this restriction on MPC, MPC was  
23 prohibited from participating in that west-to-east  
24 gas flow in the pipeline grid. There was capacity  
25 available, there were actually customers on MPC who

1 had capacity on Panhandle Eastern that couldn't use  
2 that capacity because Panhandle's bottlenecks were  
3 downstream of where MPC is connected. MPC could have  
4 flowed gas across that state line, and to a  
5 significant benefit to either MPC or its customers.

6 Q. I was just gonna ask you who would have  
7 benefited from that? How would we know that MPC's  
8 customers would eventually benefit?

9 A. Well, to the extent that MPC's customers  
10 hold firm capacity, and within the context of the --  
11 their ability to use contracted capacity on MPC, they  
12 would have been able to either release or resell gas  
13 for delivery into MRT whose price was significantly  
14 higher than what the upstream capacity was on -- in  
15 Panhandle's field zone. So -- and there were periods  
16 of time, a couple months, where that was as high as a  
17 \$2 differential per MMBTU.

18 Q. In this FERC proceeding, have any of the  
19 customers intervened?

20 A. Yes, they have.

21 Q. And have they taken positions in favor  
22 of the consolidation or opposed, or is there some  
23 mixture there?

24 A. There is a mixture. As I recall,  
25 Laclede has intervened and looked -- and is neutral.

1 I think Laclede Energy Resources has intervened and  
2 is neutral. Ameren has intervened and opposed.  
3 Staff has intervened and opposed. I believe the  
4 Department of Defense has intervened and I think is  
5 neutral. Missouri Gas Commission has intervened and  
6 opposed; that's right?

7 MR. WOODSMALL: (Nodded head.)

8 THE WITNESS: There's been -- I'm not --  
9 I think there's an appearance -- I'm not sure what  
10 their status would be, of at least one industrial  
11 shipper. I think that's it.

12 BY COMMISSIONER MURRAY:

13 Q. And do you know what that industrial  
14 shipper, are they opposed or in favor?

15 A. I believe that is who we refer to as  
16 Omega customer A.

17 Q. Okay.

18 A. And they were -- they were neutral. I  
19 know at one time they were talking about intervening  
20 in support and requesting expedited treatment, but I  
21 don't believe that's ever occurred.

22 Q. On page 14 of that same testimony, your  
23 rebuttal testimony, lines 18 through 20, you speak  
24 about answering -- MPC and MGC answering DRs that  
25 were sent to them by Staff; is that correct?

1           A.       That's correct.

2           Q.       And I haven't had a chance -- I've got  
3   the appendix here but I haven't had a chance to look  
4   at it to see what -- what you mean by in the DR sent  
5   to you by Staff, Staff admits the nature of the  
6   discussions. And you're referencing appendix AA?

7           A.       That's correct.

8           Q.       I think I have it. I have something  
9   called appendix B here. I don't seem to have  
10   appendix AA. I thought I did. I guess that somehow  
11   didn't get printed for me.

12                   MR. DeFORD: Your Honor, I think I have  
13   AA.

14                   COMMISSIONER MURRAY: Well, that's all  
15   right. I don't have to see it.

16   BY COMMISSIONER MURRAY:

17           Q.       If I can just ask him if he can tell me  
18   how -- without stating something highly confidential,  
19   how Staff admits that you had conversations with  
20   Staff in which they acknowledge that they fully  
21   understood the relationship of MPC, MGC and Omega?

22           A.       Well, it's in the body of the -- of the  
23   data request response that was written, and then  
24   further acknowledged through e-mails that had been  
25   received.

1           Q.       So you're saying that the response which  
2   MPC and MGC gave was evidence that Staff was fully  
3   aware?

4           A.       Well, I think they were fully aware that  
5   there were activities underway to provide services,  
6   and the data request itself specifically asked for  
7   copies of proposals which were provided as  
8   attachments to that data request.

9           Q.       So the request for proposal is a part of  
10   where you are saying Staff admits the nature of the  
11   discussions?

12          A.       Well, I would say -- I mean, not just  
13   the data requests but the further e-mail that  
14   occurred after that were -- wherein they realized and  
15   acknowledged our activity.

16          Q.       And again, that's all in appendix AA?

17          A.       Well, I'm looking to see if the e-mails  
18   themselves were in there or whether there was a  
19   different appendix, and it may have been separated  
20   into two.

21                    Yeah, I'm not -- I'm not finding the  
22   e-mails as a part of AA.

23                   MS. DAVENPORT: Your Honor, I believe  
24   the e-mails were admitted in day one of this  
25   proceeding, I think as a string of 306, 307, 308 and

1 310, and I am looking for extra copies of the pertinent  
2 e-mails right now. Your Honor, may I have just a  
3 couple of minutes to find the copy to distribute to  
4 the Commission, a five-minute break maybe?

5 JUDGE WOODRUFF: Yeah, we're about due  
6 for a break anyway.

7 MS. DAVENPORT: Thank you.

8 JUDGE WOODRUFF: Let's go ahead and take  
9 a break until 11 o'clock.

10 (A RECESS WAS TAKEN.)

11 JUDGE WOODRUFF: We're back from  
12 intermission, and Commissioner Murray, you can  
13 continue with your questions.

14 COMMISSIONER MURRAY: Yes, thank you.  
15 BY COMMISSIONER MURRAY:

16 Q. Mr. Ries, would you walk me through  
17 these exhibits that your counsel has just put before  
18 us to show me where it is you are saying that Staff  
19 had admitted the nature of the discussions regarding  
20 MPC/MGC affiliate relationship with Omega in 2002?

21 A. Okay. In 2002, the pipelines met with  
22 Staff to talk about these tariff changes and bundled  
23 transactions, and one of the things that came up in  
24 the fall, I think there was a data request dated  
25 November 20th which is -- which is the Exhibit AA to

1 the testimony wherein we explained what those  
2 transactions were in terms of their bundled services  
3 and the alternatives to who would provide those  
4 services.

5 Q. Would you refer to the documents that --

6 A. The -- in AA there is a data request  
7 4101.

8 Q. I'm sorry. AA. Your counsel just  
9 handed us Exhibit 301 --

10 A. Okay.

11 Q. -- 306, 308 and 310.

12 MS. DAVENPORT: Your Honor, for  
13 clarification, it would be also in Exhibit 301.

14 COMMISSIONER MURRAY: All right. Thank  
15 you.

16 BY COMMISSIONER MURRAY:

17 Q. Will you refer to it in that exhibit?

18 Did you get a copy as well, what we've just got a  
19 copy of?

20 A. Well, I thought I got -- okay, excuse  
21 me. 301 is the same as AA. I'm sorry.

22 Q. Good. Then you are looking at 301,  
23 then?

24 A. Which is the letter from Stewart &  
25 Keevil?



1 Q. Yes.

2 A. Okay. On the first --

3 Q. From Jeffrey Keevil?

4 A. From Jeffrey Keevil. This was a  
5 submittal on behalf of the company to the Staff in  
6 response to the data request that occurred -- and  
7 this response was dated December 10th.

8 Q. 2002?

9 A. In 2002. And there's obviously several  
10 pages of response there. We're talking about the  
11 detail-specific proposals that were being made to  
12 various cities, all of which would be viewed as  
13 highly confidential, some documents showing discounts  
14 that were provided, had been provided at that time  
15 and --

16 Q. Just point me to the document without  
17 relating any confidential information.

18 A. Okay. Well, what I want to do is lay  
19 this background as -- this is the proposal that we  
20 were being made -- were making to Staff at the time  
21 to provide bundled services to customers.

22 Then, if you go to the Exhibit 308. So  
23 subsequent to receiving those data requests and all  
24 that response, I received a letter back from Warren  
25 Wood.

1 Q. Dated?

2 A. Dated January 2nd, 2003.

3 Q. All right.

4 A. And if you look at the second to the  
5 last paragraph where it says, "Staff has previously  
6 expressed a strong concern."

7 Q. Yes.

8 A. And it talks about, you know, MGC/MPC,  
9 natural gas purchases from Omega. You know, look at  
10 the very last sentence of that, it says, "We are  
11 reviewing the data request responses and hope to  
12 complete this effort shortly."

13 Q. Yes.

14 A. So that refers to the previous data  
15 requests that were shown in Exhibit 301, and I think  
16 that's what I would refer to as the fact that Staff  
17 was aware of what we were doing, the efforts we were  
18 making.

19 And, in fact, this letter from Warren  
20 Wood even expresses a preference to having an  
21 affiliate provide those transactions in lieu of  
22 having MGC or MPC provide a bundled service. If you  
23 look at the first page in the first paragraph -- or  
24 excuse me, that's not it.

25 Oh, yeah, it's about the third sentence

1 in the first paragraph that says, "In previous  
2 conversations Staff has expressed concern over the  
3 structure of these transactions and Staff's  
4 preference that an affiliate should make any bundling  
5 arrangements," which is subsequently what we did. I  
6 hope that -- does that answer it?

7 Q. Yes, it does. But then you went on to  
8 say that, "Even if an affiliate engages in these  
9 transactions, Staff has concerns that separation  
10 between regulated and unregulated opportunities will  
11 not exist due to the structure of MPC, MGC and -- or  
12 MIG and Omega"; is that correct?

13 A. That's correct.

14 Q. Now, he indicates in that letter also  
15 that our state affiliate rules do not specifically  
16 prohibit shared employees.

17 A. That's true.

18 Q. Do the FERC rules specifically prohibit  
19 shared employees?

20 A. I'd say generally the FERC rules do  
21 prohibit unless you get an exemption from those  
22 rules. We did make such a filing in 2004. I think  
23 Chris John talked about that a little bit yesterday  
24 where we did file, Staff did participate in seeking  
25 and were granted exceptions to those rules.

1           Q.       Okay. So the concerns that  
2   Mr. Schallenberg had expressed in his testimony and I  
3   believe on the stand, regarding your participation as  
4   president of the various companies putting you in a  
5   position -- or putting -- let me see how to phrase  
6   this -- creating a situation in which it would be  
7   impossible for your affiliate, of whom you were  
8   acting as president, not to know what MGC/MPC had as  
9   information that would not be shared with other  
10  shippers or other market -- I should say other  
11  marketing affiliates -- other marketers, is that --  
12  would that have been -- would that exemption have  
13  applied, the exemption you were granted from FERC?

14          A.       Was from FERC for affiliate rules, of  
15  course, as it relates to Missouri Interstate Gas,  
16  which is the FERC entity. It does exempt and allow  
17  shared employees.

18          Q.       And when you say "shared employees,"  
19  does it allow the same person to serve as president?

20          A.       Yes, it does. I would say even in the  
21  case of the FERC, it even allows shared operating  
22  employees.

23          Q.       And your testimony, you think,  
24  establishes that the Staff was aware of your capacity  
25  in these various entities and their

1 inter-relationship in 2002, and did not indicate a  
2 concern, or that it would have constituted any kind  
3 of a violation of Missouri tariffs or rules; is  
4 that --

5 A. That's correct.

6 Q. And in Mr. Wood's letter, he does go on  
7 to say, "It is also my understanding that FERC  
8 requires waivers from these rules if an entity wishes  
9 to share employees as MIG and Omega do."

10 A. And we did -- and we did file for those,  
11 yes.

12 Q. And you did get --

13 A. Yes, we did.

14 Q. And once again, he says, "The  
15 Commission's" -- he's referring to the Missouri  
16 Commission's -- "affiliate rules do not specifically  
17 require separate employees." Do you see that in  
18 Mr. Wood's letter?

19 A. Yes.

20 Q. He does say, "There are requirements  
21 that would apply to any affiliate transactions  
22 between the interstate pipeline" -- between the  
23 interstate pipeline which would be MIG, right?

24 A. That's correct.

25 Q. -- "and a marketing affiliate."

1           A.       That's correct.

2           Q.       That even goes on to say that,  
3       "Commission affiliate rules also without waivers if  
4       the Commission approves."

5           A.       That's correct, and we did.

6           Q.       "We did" what?

7           A.       We did disclose and request exemptions  
8       from -- for or request those waivers be granted from  
9       FERC.

10          Q.       Okay. The second to the last paragraph  
11       of Mr. Wood's letter, which we're still on Exhibit --  
12       what's been marked as Exhibit 308.

13          A.       Okay.

14          Q.       He's stating that, "Staff has previously  
15       expressed a strong concern that customers served by  
16       MPC, MGC and/or MIG are being exposed to negotiations  
17       where natural gas purchases from Omega are necessary  
18       to avoid being charged maximum intrastate  
19       transportation rates."

20                 The data request that -- where you  
21       responded to that concern which he says in this  
22       letter the Staff is currently reviewing, where did  
23       you show that those concerns were addressed in your  
24       response to the data request?

25          A.       Well, the data request asks for specific

1 proposals that had been made, and that's what's  
2 contained in the Exhibit 301, is the response to  
3 those data requests and copies of proposals that had  
4 been made.

5 Up until that point in time, as -- as we  
6 discussed in the first paragraph, we had been  
7 anticipating and proposing to make those changes or  
8 do those as bundled transactions within Missouri Gas  
9 Company. And that's what all of the markup in the  
10 tariffs was about, was to make those changes to the  
11 tariffs to allow Missouri Gas Company to provide a  
12 bundled service.

13 The alternatives that we had also talked  
14 about in that process was to have Omega or another  
15 marketing affiliate -- obviously Omega is, we  
16 recognize, a marketing affiliate, so that's what  
17 we're talking about in the context of having an  
18 affiliate do that, which is what Omega has been doing.

19 Q. And did you set out all of the things  
20 that had been done to that point in your response to  
21 data request?

22 A. Yes, I had. And I'd say at the time  
23 that we responded to the data request, which was  
24 December of 2002, Omega was not providing any  
25 marketing activities on the pipelines. They were --

1 they were not performing any gas sales arrangements.

2 Q. Were there -- was it being contemplated  
3 to do so?

4 A. Well, what was being contemplated was to  
5 have Missouri Gas Company provide it a bundled  
6 service, and absent the -- we were eventually not  
7 able to get to a consensus where Staff was  
8 comfortable with what we were proposing, nor were we  
9 comfortable with the provisions of affiliate  
10 transactions in the MGC tariff to get to the point  
11 where we could reasonably see that MGC could provide  
12 a bundled service. So we elected not to do that.

13 Q. And at what time -- what point in time  
14 did you elect to accomplish this through Omega?

15 A. Well, we continued to work on the tariff  
16 changes through the first half of 2003, and Omega  
17 entered into the first agreement as a marketer in  
18 July 1 of 2003. That's when it entered into an  
19 agency agreement with the City of Cuba.

20 Q. On page 17 of your rebuttal testimony,  
21 the question at line 13 -- or I'm sorry -- the answer  
22 beginning at line 13, about the third line down in  
23 that answer you say, "MPC/MGC fully disclosed its  
24 affiliate relationships with Omega in its annual  
25 affiliate reports." Were those affiliate reports to



1 this Commission?

2 A. Yes, they were.

3 Q. And are they -- are those reports in  
4 evidence in this proceeding?

5 A. I'm not sure that from 2002 forward.  
6 They would have been identified in 2002. I think  
7 Staff introduced the affiliate reports for 2004/2005  
8 today, and I'm sure that Omega Pipeline would have  
9 been identified in 2002.

10 Q. And when would that report have been  
11 filed?

12 A. First quarter of 2003.

13 MR. DeFORD: Your Honor, I believe  
14 that's Exhibit 81.

15 COMMISSIONER MURRAY: 81, right.

16 BY COMMISSIONER MURRAY:

17 Q. On page 26 of your rebuttal testimony,  
18 the quotes here, and they are highly confidential and  
19 they are marked as highly confidential, but those  
20 quotes there, are they referencing the contract  
21 between the City of Cuba and Omega?

22 A. I believe they do, yes.

23 Q. And there was an acknowledgment by the  
24 buyer of the common ownership?

25 A. In this case it's referring to gas buyer

1 and I would say, yes, that was signed off by the  
2 city.

3 Q. Okay. And it indicates that any  
4 contract between the seller and the buyer hadn't been  
5 tied to or conditioned in any manner --

6 A. That's correct.

7 Q. -- to the buyer contracting with the  
8 seller or the said intrastate pipelines; is that  
9 correct?

10 A. That's correct.

11 Q. I meant -- I intended to review this  
12 just before you took the stand and I didn't get that  
13 far, so I'm gonna ask you to refresh my recollection,  
14 if you would, as to what it is you are -- what point  
15 you are attempting to make in your testimony about  
16 MPUA and the Missouri Public Service Commission  
17 Staff. And I believe it's -- well, I see a part of  
18 it, at least, referenced on page 34 of your  
19 testimony. I'm not sure where it begins. I guess  
20 that's where it begins, actually.

21 A. Well, you know, let's cover this from  
22 just a general basis. Even in Warren Wood's letter  
23 to me, he referenced receiving phone calls from  
24 parties concerned about relationships and proposals  
25 being made, and that's what prompted these data

1 requests.

2                   Through the process of our asking in the  
3 discovery process for data, we found e-mails that  
4 were going on between Staff and the MPUA where I  
5 guess we fully understand now that it was the MPUA  
6 that was asking Staff to investigate what specific  
7 proposals were being made by either MPC, MGC or  
8 Omega.

9           Q.       And for the record, what does MPUA stand  
10 for?

11          A.       Missouri Public Utility Alliance, and  
12 they're the parent organization or affiliate  
13 organization -- administrative, I don't know what it  
14 is, it's -- of the Missouri Gas Commission, Municipal  
15 Gas Commission of Missouri.

16          Q.       Okay. The Missouri Public Utility  
17 Alliance is related in what way to the Missouri  
18 Gas --

19          A.       They're sister organizations. I think  
20 they explain that the MPUA is a trade name.

21          Q.       Okay. Go ahead with your explanation.

22          A.       The concerns at the time were of the  
23 nature of what the e-mails were saying, in fact,  
24 requesting information and, in fact, requesting  
25 specific deal information.

1                   And at the top of page 34, a specific  
2     quote from a member of the MPUA that said, on line 1  
3     where it says, "Thanks for your help on this," we  
4     were concerned about whether or not there was  
5     information being shared between Staff and the MPUA.

6                   And the MPUA at that time acted as a  
7     representative or agent for one of the cities that we  
8     had made a specific proposal to to provide bundled  
9     service, and that city had sent a letter request to  
10    the MPUA to -- inquiring about terminating their  
11    representation by the MPUA of that city.

12           Q.       I'm sorry. That -- that correspondence  
13    was sent to whom?

14           A.       It was sent from the City of  
15    St. James -- I guess it's marked HC -- but it was  
16    sent from the City of St. James to the MPUA.

17           Q.       Okay.

18           A.       And I believe somewhere there's a copy  
19    of that as an attachment or exhibit somewhere.

20                   MS. DAVENPORT: Your Honor, for  
21    clarification, it is in Mr. Ries's rebuttal testimony  
22    as appendix EE.

23                   COMMISSIONER MURRAY: Thank you.  
24    Appendix EE, is that what you said, Ms. Davenport?

25                   MS. DAVENPORT: Yes.

1                   THE WITNESS: Those are the e-mails.  
2   What about the -- you were specifically asking about  
3   the letter. It was actually attached to the data  
4   responses which was 301. Excuse me. That letter was  
5   in 301 as an attachment.

6   BY COMMISSIONER MURRAY:

7           Q.       And what part of that exhibit?

8           A.       I'm looking for it. If you go to an  
9   item -- in 301, it was marked at the top of the page  
10   as 4101-F.

11          Q.       The letter, "Dear Jerry"?

12          A.       Yes. It's dated October 21st, 2002.  
13   And then the data request that we received was dated  
14   November of 2002.

15          Q.       And what is the significance of that  
16   letter, in your opinion?

17          A.       Well, I think the significance is the  
18   series of communications wherein a bundling  
19   arrangement was being made to a city, and that city  
20   requested their current supplier about termination  
21   arrangements.

22                   That supplier then went to the Staff of  
23   this Commission and asked for investigation, and the  
24   allegation was tying relationships which is what we  
25   responded to in our data request.

1 Q. Okay.

2 A. And the question, then, was whether or  
3 not that information was maintained as confidential  
4 as it should have been.

5 Q. And MPUA is an intervenor in this  
6 proceeding; is that correct?

7 A. Well, they're -- yes, I think they've  
8 referred to themselves here as the Municipal Gas  
9 Commission of Missouri.

10 COMMISSIONER MURRAY: I believe I'm  
11 finished. Thank you.

12 JUDGE WOODRUFF: Commissioner Clayton,  
13 do you have questions?

14 COMMISSIONER CLAYTON: (Shook head.)

15 JUDGE WOODRUFF: Commissioner Appling,  
16 do you have any questions?

17 QUESTIONS BY COMMISSIONER APPLING:

18 Q. Sir, I don't have any questions but I  
19 would just like to make a comment, if I could.  
20 Mr. Ries, it's a lot of information to get your arms  
21 around in this case here.

22 A. Right.

23 Q. A lot of information. And it seems as  
24 though I'm missing something, but I can't put my hands  
25 on it. Is there anything at this point, because it's

9           A.       Well, certainly, there's a lot of  
10 information that's been presented here and some of it  
11 is very detailed in its orientation, and certainly  
12 difficult to understand. And it seemed to help  
13 yesterday to kind of draw a picture of what these  
14 series of transactions look like.

21                   Effectively, what's going on here is a  
22   perfectly normal, reasonable transaction process with  
23   a marketing entity trying to provide competitive  
24   services on the pipeline.

1 very concerned about the lack of -- or the minimum  
2 amount of competition on the pipeline and the parties  
3 that were providing services, unregulated services to  
4 the customers of the pipeline.

5           If you remember at the acquisition -- at  
6 the time of the acquisition, we acquired these assets  
7 from UtiliCorp, and just about all the bundled  
8 transactions were being performed by affiliates of  
9 UtiliCorp or now Aquila.

10           Aquila was, at the time, experiencing a  
11 considerable amount of financial difficulties and had  
12 already expressed a desire to get out of a lot of  
13 these types of service type agreements, i.e.,  
14 providing agency and gas sales agreements to the  
15 customers on the pipeline.

16           One -- I mean, I've been asked more than  
17 once why on earth would Missouri Gas Company propose  
18 to provide a bundled service, which ultimately we  
19 came to, would make it an LDC or local distribution  
20 company, and -- which we eventually chose not to do.

21           But the purpose was to be able to  
22 provide a competitive service to those customers.  
23 We're truly trying to help out the customers in  
24 providing a service where there was a diminished  
25 amount of suppliers that were providing.



1 Effectively, we were headed towards a point where  
2 there was only gonna be one supplier and I think I  
3 even referred to that in my data request.

4           We ultimately ended up not just having  
5 Omega provide some of those affiliated services, but  
6 also were able to get other marketers to come onto  
7 the system and provide marketing services to create,  
8 in effect, a more competitive environment to try to  
9 keep the cost of the -- the delivered cost of gas  
10 down to those customers. Primarily focused on small  
11 customers, small end users in the cities.

12           Staff's position is, is that once Omega  
13 entered into that first agreement, that was an  
14 affiliated transaction. And we keep saying  
15 absolutely no way that's an affiliated transaction,  
16 it can't be. And without making that leap, you never  
17 get to claims 2, 3 and 4.

18           So it's really a matter about whether or  
19 not you can bypass a contractual relationship and  
20 automatically reach out and say, well, because an  
21 affiliate did an end user supply agreement with a  
22 customer on the pipeline, their transportation  
23 agreements are now affiliated transactions, and that  
24 just can't be.

25           I mean, that's truly our position, that

1     you can't make that leap. And without that, claims  
2     2, 3 and 4 just go away. They disappear.

3                   COMMISSIONER APPLING: I have nothing  
4     else.

5                   JUDGE WOODRUFF: Commissioner Murray,  
6     you have another question?

7                   COMMISSIONER MURRAY: I just have one  
8     more as a follow-up to that.

9     QUESTIONS BY COMMISSIONER MURRAY:

10           Q.     If Staff's interpretation is accepted  
11     here, that Omega -- that -- I think that would  
12     prevent Omega from offering discounts to anyone, is  
13     that correct, because any discount offered would have  
14     to be offered to everybody else; is that right?

15           A.     Exactly.

16           Q.     So there wouldn't be any small customers  
17     that received any kind of a break?

18           A.     Not from Omega.

19                   COMMISSIONER MURRAY: Thank you.

20     QUESTIONS BY JUDGE WOODRUFF:

21           Q.     I had a couple questions also. You  
22     mentioned a proceeding at the FERC where there would  
23     be a -- I guess be a merger between the interstate  
24     and intrastate pipelines?

25           A.     Yes.

1           Q.       What is the status of that? How soon  
2 will that be resolved?

3           A.       I wish I knew. It is -- it was filed in  
4 June about the same time that this proceeding was  
5 filed. There was intervenors, there was data  
6 requests and it's been eerily silent for the better  
7 part of a month and a half or two months.

8           Q.       Okay. So there's not been a hearing in  
9 that case?

10          A.       There has not been a hearing nor is  
11 there any indication that there's further information  
12 being requested or that there would even be a formal  
13 hearing.

14          Q.       Okay. I'm not very familiar with  
15 proceedings at the FERC.

16          A.       Well, it's my understanding that that is  
17 an order that could be written and approved  
18 notationally at any time.

19          Q.       Okay. Any other question is about --  
20 you mentioned that Omega, since the sale of Omega, is  
21 no longer interested in the financial exposure of  
22 handling imbalances.

23          A.       Yes.

24          Q.       Can you explain to me what the financial  
25 exposure that Omega would be facing from that?

1           A.       Well, we ultimately ended up entering  
2     into an agreement.  Again, I don't know if it was  
3     filed as a part of an exhibit to the rebuttal  
4     testimony, but I think it probably was.

5                    We entered into an agreement between the  
6     pipelines and Omega that fixed the volume of the  
7     imbalance, i.e., the amount of gas that Omega still  
8     owes the pipeline.  But the pipeline has specifically  
9     requested that Omega not balance with the pipeline,  
10    because if they did, it would put the pipeline in a  
11    position of significant imbalance with its upstream  
12    pipelines.

13          Q.       Which is the same problem that you were  
14    having when it was still affiliated?

15          A.       So we have entered into an agreement  
16    with Omega that fixes that, both in terms of volume  
17    and the price, and have agreed to resolve that; in  
18    effect, invoice Omega for that amount once we have a  
19    FERC certificate, which that FERC certificate would  
20    give us the authority to, in effect, sell gas for  
21    operational reasons.

22          Q.       And you can't do that now?

23          A.       I don't -- I do not have authority from  
24    this Commission to do that.

25                    JUDGE WOODRUFF:  Okay.  That's all my

1 questions, then.

2 THE WITNESS: Okay.

3 JUDGE WOODRUFF: Thank you. We're due  
4 for recross, but I'll ask the parties before we go to  
5 that if you want to do it now or you want to break  
6 for lunch?

7 MS. SHEMWELL: Judge, we would very much  
8 like to break for lunch. We would like to ask  
9 Mr. Imhoff be released. He's still at home with his  
10 daughter.

11 JUDGE WOODRUFF: Certainly.

12 MS. SHEMWELL: Thank you.

13 JUDGE WOODRUFF: Mr. DeFord, do you have  
14 any problem with breaking for lunch at this point?  
15 At this point we'll go ahead and break for lunch.

16 (THE LUNCH RECESS WAS TAKEN.)

17 JUDGE WOODRUFF: We're back from lunch  
18 and we're ready to begin recross. Before --  
19 actually, Staff would not be first, so Ameren or  
20 maybe the Gas Commission?

21 RECROSS-EXAMINATION BY MR. WOODSMALL:

22 Q. Good afternoon, sir.

23 A. Good afternoon.

24 Q. A couple of quick points I wanted to  
25 address. Commissioner Murray asked you a question

1 about if Staff prevailed on its complaint, whether  
2 Omega could offer service to anyone. Do you recall  
3 that question?

4 A. Yes.

5 Q. And you said no, it wouldn't be able to.  
6 I wanted to clarify that following the sale of Omega,  
7 there would be no limitation on Omega offering  
8 service to anybody, would there?

9 A. You're right. As -- I was thinking of  
10 Omega as an affiliate, it wouldn't be able to provide  
11 anything other than at maximum rates, but since it's  
12 been sold, there would be no limitation on it, that's  
13 correct.

14 Q. Okay. So there would be no  
15 going-forward limitation on any party providing any  
16 type of service over the pipeline; is that correct?

17 A. That's correct.

18 Q. Okay. You were asked some questions by  
19 Commissioner Murray regarding some allegations in  
20 your rebuttal testimony about the relationship  
21 between MPUA and Staff; do you recall those  
22 questions?

23 A. Yes.

24 Q. It's unclear to me, do you still  
25 maintain that there was something improper that took

1 place?

2 A. You know, the only thing that I have is  
3 the e-mails that were provided that had the  
4 appearance of having communications going on. I  
5 don't have anything other than that.

6 Q. Okay. Certainly, you don't believe that  
7 it was improper of a customer to contact Staff with a  
8 concern about its utility; is that correct?

9 A. I would not consider that inappropriate.

10 Q. Would you consider it inappropriate for  
11 Staff to investigate concerns brought to its  
12 attention?

13 A. No.

14 Q. Okay. Is it inappropriate for a party  
15 to finish an e-mail which says, "Thanks for your  
16 help"? You put emphasis on that expression in your  
17 rebuttal testimony.

18 A. Well, as you know by now, I have  
19 different ways of ending e-mails, and I suppose other  
20 people would do them differently, so...

21 Q. Okay.

22 A. So it -- it may not be unusual for that  
23 particular person to end their e-mail that way.

24 Q. Okay. You were asked some questions --  
25 oh, I can't remember which Commissioner asked you

1 about it. I believe it may have been Commissioner  
2 Murray -- regarding count one. It was Commissioner  
3 Murray -- regarding count one, and specifically as it  
4 regards the sharing of employees. And you made  
5 mention at that time, and your rebuttal testimony  
6 discusses this too, that Staff had knowledge back in,  
7 I believe it was, 2003; is that correct?

8 A. Yes.

9 Q. Putting aside for a second the issue of  
10 Staff's knowledge, do you agree that the pipeline  
11 sharing of employees with its affiliate, given a  
12 strict reading of that provision of its tariff, is a  
13 violation?

14 A. No.

15 Q. And why is that?

16 A. I think they're basically incompatible.  
17 The fundamental of saying that this Commission does  
18 not prohibit the sharing of employees, and then to  
19 make an allegation because you had shared job  
20 functions, that there was shared information with no  
21 other proof other than the fact than a person had  
22 dual jobs, doesn't make sense.

23 Q. And when you say the Commission doesn't  
24 prohibit sharing of employees, what do you base that  
25 on?



1           A.       I don't believe it specifically says in  
2 the regulations that you can't share employees.

3           Q.       In the regulations or in your tariffs?

4           A.       In the Commission rules. And it  
5 certainly doesn't say it in the tariffs. As a matter  
6 of fact, in the tariffs it specifically says that the  
7 companies share facilities as well.

8           Q.       On count five regarding the building of  
9 the spur to secret customer --

10                   MS. SHEMWELL: It's right there.

11 BY MR. WOODSMALL:

12           Q.       -- secret customer B, we've heard a  
13 discussion, and I believe your testimony addresses  
14 this, that you believe that it was justified -- it  
15 was a justified business decision. Was that your  
16 testimony?

17           A.       That's correct.

18           Q.       But you would agree that there's -- that  
19 your certificate does not provide for that spur?

20           A.       I do not agree with that.

21           Q.       Have you reviewed your certificate?

22           A.       I think one of the things -- and we  
23 didn't -- we didn't talk about this this morning.  
24 One of the things that we did talk about when we had  
25 the meetings with Staff back in 2002, is what

1 specific type of project, how big does a project need  
2 to be before it is an extension of your pipeline.

3 And we didn't specifically talk about  
4 customer B. We talked about it in the form of a  
5 hypothetical. The hypothetical was, if you put a  
6 meter and it's right on top of the pipeline, that  
7 doesn't require a certificate.

8 Q. How long is the spur to customer B?

9 A. It's about 1400 feet.

10 Q. Okay.

11 A. It is all -- the pipeline, MGC in this  
12 case, crosses that property owner. We did not even  
13 go off of the same property owner.

14 Q. Are you aware in previous cases where  
15 UtiliCorp sought changes to its certificate to serve  
16 certain customers?

17 A. I am familiar since the time that  
18 UtiliCorp acquired the systems in 1995 that they made  
19 filings to extend their system.

20 Q. Okay. UtiliCorp just didn't make a  
21 unilateral decision to extend those facilities, did  
22 it?

23 A. No, they did not.

24 Q. Okay. Is it your testimony --

25 A. Not -- not in all cases.

1           Q.       Is it your testimony that Staff can  
2 grant waivers or provide exceptions to rules?

3           A.       I don't believe Staff can do that. They  
4 can certainly assist with the interpretation of those  
5 rules.

6           Q.       But that -- that interpretation is in no  
7 way binding on the Commission, is it? And in fact,  
8 if it was, we wouldn't need the Commission here  
9 today, would we?

10          A.       Yeah, I'd already be gone, wouldn't I?

11                   MR. WOODSMALL: Okay. I have no further  
12 questions.

13                   THE WITNESS: Okay.

14                   MR. WOODSMALL: Thank you.

15                   JUDGE WOODRUFF: Thank you. Recross  
16 from Staff?

17 RECROSS-EXAMINATION BY MS. SHEMWELL:

18          Q.       I'm going to try to go in the order that  
19 the questions were asked this morning, so we may move  
20 back and forth a little bit and I apologize.

21                   I'd like to follow up on the question.  
22 Is it your testimony that Staff can change your  
23 certificate of convenience and necessity for --

24          A.       No.

25          Q.       I would like to turn to what's marked

1 as -- well, let me just ask: Notification to Staff  
2 does not change your tariff, does it? Talking to the  
3 Staff doesn't change your tariff?

4 A. I don't believe so, no.

5 Q. And it doesn't change your certificate  
6 of convenience and necessity?

7 A. No.

8 Q. In your discussion with Commissioner  
9 Murray this morning about Omega Pipeline Services, I  
10 believe you indicated that Omega Pipeline Services  
11 was not listed on Exhibit 81; is that correct?

12 A. If that was the affiliate report.

13 Q. Exhibit 81 is the affiliate report for  
14 2004 and 2005?

15 A. That's correct.

16 Q. And you testified that it has no  
17 Missouri operations; is that correct?

18 A. That's correct.

19 Q. But in fact, Omega Pipeline Services  
20 remits sales and use tax to the State of Missouri for  
21 those customers from whom it collected, correct?

22 A. That's true.

23 Q. Have you said whether or not there are  
24 other affiliates that are not listed on there? Did  
25 you testify to whether or not there were other

1 affiliates that might not be listed?

2 A. Not that I am aware of.

3 Q. Are you aware of a company called  
4 Gateway Medical Resources or Gateway Medical  
5 Research?

6 A. No.

7 Q. Do you know who Gateway Medical  
8 Research -- do you know what that company is?

9 A. I have no clue.

10 Q. Do you know what they do?

11 A. No.

12 (EXHIBIT NO. 87 WAS MARKED FOR  
13 IDENTIFICATION.)

14 MS. SHEMWELL: If I may approach, Judge?

15 JUDGE WOODRUFF: You may.

16 MS. SHEMWELL: I have marked this as  
17 Exhibit 87.

18 JUDGE WOODRUFF: Is this HC?

19 MS. SHEMWELL: I will have to ask  
20 Mr. Ries. I think that the DR is on it.

21 BY MS. SHEMWELL:

22 Q. Mr. Ries, would you consider this highly  
23 confidential?

24 A. Well, I'm not -- not quite sure what I'm  
25 looking at here.

1           Q.       Well, if I identify the top letter as to  
2   you from the City of Cuba -- is that correct?

3           A.       Yeah.

4           Q.       Or I'm sorry. From Emhart Glass?

5           A.       From Emhart Glass to me, yes.

6           Q.       Yes. Do you consider that highly  
7   confidential?

8           A.       Well, I was looking at the attached data  
9   request and it is marked highly confidential, but at  
10   the moment, I don't know that I see anything in this  
11   letter, at least at this time, that I would consider  
12   highly confidential.

13          Q.       Well, if we come to some discussion of  
14   this, let us know, okay?

15          A.       Okay.

16          Q.       I'm going to describe this as a letter  
17   stating that it is the required six-month notice that  
18   Emhart Glass would terminate certain agreements.  
19   Would you agree with that characterization?

20          A.       Yes.

21          Q.       This letter isn't dated, is it?

22          A.       It does not have a date on it, no,  
23   other -- other than the effective termination date of  
24   March 31, 2005.

25          Q.       But we don't know the date that the

1 letter was sent to you, right?

2 A. Apparently he did not put a date on it.

3 Q. And we can't speculate as to why he  
4 didn't do that, can we?

5 A. I can't, no.

6 Q. But we also can't tell what date he  
7 mailed it, right?

8 A. No.

9 Q. You discussed the settlement from  
10 the ONEOK situation with Commissioner Murray, and you  
11 indicated that a settlement was made, correct?

12 A. That's correct.

13 Q. Does your tariff permit you to make a  
14 settlement of those amounts when someone has  
15 terminated an agreement without the six-month notice?

16 A. I certainly believe it would.

17 Q. Allow you to make a settlement instead  
18 of collecting?

19 A. I certainly believe it would, yes.

20 Q. Can you point us to that provision? If  
21 it's going to take much time, we'll let you do that  
22 later.

23 A. If I don't find it now, do I have to  
24 stay afterwards?

25 Q. Yes. I'm sure it will be fine if you

1 want to submit something later.

2 A. Okay. I mean, I just can't put my hand  
3 on it right now.

4 Q. Where did the money go that came from  
5 ONEOK?

6 A. It went to the company.

7 Q. What company?

8 A. Went to Missouri Pipeline Company.

9 Q. So we would see that on their bank  
10 statement that it was -- would it have gone into  
11 their bank and we would see it on their bank  
12 statement?

13 A. It would have been deposited in their  
14 bank account, yes.

15 Q. Do you know what month?

16 A. Well, the -- there was a date on the  
17 check, and so I would assume it would have been in  
18 relative proximity after that date.

19 Q. What was the date of the check?

20 A. I want to say it was in -- it was in  
21 April of this year. I'm not -- I mean, I'm not  
22 pointing to it right now, but...

23 Q. Is the amount highly confidential?

24 A. I think we said this morning that it  
25 was.



1           Q.       You discussed with Commissioner Murray  
2   this morning making changes to your tariff, and  
3   those -- I think maybe you described them as  
4   administrative changes. But you didn't actually make  
5   any changes at all to your tariff, did you?

6           A.       No.

7           Q.       You put -- you did put your name at the  
8   bottom of the tariff sheets in place of Rick Crow; is  
9   that correct?

10          A.       Well, I think those were part of the  
11   changes that were being proposed at the time, and I  
12   don't think even those have been changed.

13          Q.       Tariffs are the public record -- tariffs  
14   on file here are the public record of your  
15   relationship with your customers, correct?

16          A.       Yes.

17          Q.       Is it your testimony that Staff would  
18   oppose -- would have opposed your changing the  
19   tariffs to at least have the correct address and  
20   phone number?

21          A.       Oh, no.

22          Q.       But you just didn't do it?

23          A.       I have not done it, no.

24          Q.       Are you aware that your tariffs are  
25   available on the Commission's website?

1           A.       Yes.

2           Q.       So they would be available to a  
3 potential customer; is that correct?

4           A.       Right.

5           Q.       But that the customer wouldn't have the  
6 correct phone number to contact Missouri Pipeline or  
7 Missouri Gas from the tariffs?

8           A.       From the tariff, that's correct.

9           Q.       You discussed small customers and  
10 assisting small customers. You provide a bundled  
11 services to those small customers under Omega,  
12 correct?

13          A.       Yes.

14          Q.       And you indicated the small customers  
15 were asking you for help, right?

16          A.       That's correct.

17          Q.       What records do you have of those  
18 requests?

19          A.       I don't -- I don't recall that there was  
20 anything in that regard that was ever done in writing  
21 in terms --

22          Q.       So -- so you don't have e-mails?

23          A.       A formal request, no.

24          Q.       Do you have phone records?

25          A.       Many of these customers don't even have

1 e-mail.

2 Q. They do have telephones, though, right?

3 A. They do have telephones. Most of those  
4 discussions were in face-to-face meetings.

5 Q. Could you buy gas to serve these  
6 customers cheaper than Ameren could buy gas?

7 A. Probably not.

8 Q. Cheaper than Laclede could buy gas?

9 A. Probably not.

10 Q. Cheaper than ONEOK?

11 A. Probably not.

12 Q. So the one cost that you could have an  
13 impact on is the transportation rate, right?

14 A. Oh, that's certainly not the only area  
15 that I could have an impact on.

16 Q. Well, there's two costs, right? Two  
17 costs, the cost of gas and the cost of  
18 transportation. And you said you couldn't impact or  
19 you couldn't get a lower cost of gas than Ameren, so  
20 how are you going to get a lower cost to those  
21 customers except for transportation costs?

22 A. Well, first of all, I disagree with the  
23 premise that there are only two costs. There's cost  
24 of transportation on the intrastates, being MPC and  
25 MGC. Certainly, the cost of transportation or gas

1 acquisition on the interstate. There's the cost of  
2 managing the gas supply itself. There's --

3 Q. Does Ameren charge them for managing the  
4 gas supply? Do they have a charge?

5 A. I don't know what Ameren charged their  
6 customers.

7 Q. Did Laclede have a charge for managing  
8 the gas supply?

9 A. I don't know which Laclede you're  
10 talking about.

11 Q. I'm talking about Laclede Energy  
12 Resources.

13 A. As far as I know, Laclede Energy  
14 Resources have never acted as an agent for any of the  
15 shippers on the pipeline.

16 Q. Laclede Gas Company?

17 A. Laclede Gas Company is a utility and I  
18 presume all of their costs are included in their cost  
19 of service for their gas supply cost.

20 Q. And does that mean that they're charging  
21 customers, let's say industrial customers like you  
22 serve, for the charge for managing their gas supply?

23 A. Are you saying does the charge for the  
24 gas that they deliver to tariff rate customers  
25 include the cost of gas supply, or the cost of

1 acquiring gas supply?

2 Q. Well, let me ask you if it's a tariff  
3 cost. If it's a tariff cost, then you're not going  
4 to reduce that cost to your customers, right, if  
5 you're serving them at the tariffed rate?

6 A. Well, I thought we were talking about  
7 Laclede Gas.

8 Q. Well, we're talking about actually what  
9 you can impact with your customers, and you said  
10 there was more than two costs, there was more than  
11 just the transportation and the cost of gas.

12 A. Well, what we started talking about was  
13 Omega's cost of acquiring gas, and I think now you're  
14 wanting to talk about the cost of pipeline  
15 transportation. I'm not sure where we're at.

16 Q. I guess we're disagreeing on whether or  
17 not you can reduce the transportation costs.

18 A. You know, first of all -- and I'll say  
19 there was no linkage, there was no tying between any  
20 transaction that Omega did and transportation cost.

21 Q. Were you at Mr. Simpson's deposition?  
22 Did you attend by phone?

23 A. I did attend by phone.

24 Q. Did you hear Mr. Simpson testify that it  
25 was linked, the discount that they got was linked in

1 his opinion?

2 A. The --

3 Q. Do you recall hearing that?

4 A. There was a discussion in Mr. Simpson's  
5 deposition about a discount that they receive, but  
6 that was a -- one item out of an 80-page agreement  
7 that's a ten-year-term transaction.

8 Q. Did you hear Mr. Simpson testify that  
9 the two were linked?

10 A. I don't specifically recall him using  
11 the term "linked."

12 Q. Thank you. Let's look at Exhibit 301.

13 A. That's the document from Jeff Keevil to  
14 you?

15 Q. I believe that's right. In there, did  
16 you tell Staff that you were responding to the small  
17 customers' requests? Was that part of the  
18 discussions included in that?

19 A. I think it probably says that somewhere  
20 in there.

21 MS. SHEMWELL: Some of this is highly  
22 confidential, Judge, so I will try to be careful  
23 about it.

24 JUDGE WOODRUFF: Okay.

25 MS. SHEMWELL: Thank you.

1 BY MS. SHEMWELL:

2 Q. As we look back, there's an August 20th,  
3 2002 letter with Missouri Pipeline Company at the  
4 top, to Mayor James Morrison of the City of  
5 St. James. 4101-A.

6 A. Okay.

7 Q. In the second paragraph there, will this  
8 be highly confidential? It starts with,  
9 "Alternatively, the transportation rates"?

10 A. Well, as long as you don't get down into  
11 the pricing, it will probably be okay.

12 Q. Okay. "Alternatively, the  
13 transportation rates charged by Missouri Gas Company  
14 are significantly below what it is authorized to  
15 charge under the current tariff." Have I read that  
16 right?

17 A. Yes.

18 Q. And then you're willing to agree to the  
19 terms that are stated there, right?

20 A. Right.

21 Q. Who was offering -- who of your  
22 companies was offering to sell gas in this letter?

23 A. There was no affiliate proposing to sell  
24 gas. Obviously, this letter is being written on  
25 behalf of Missouri Gas Company. I think Missouri Gas

1 Company was also let in that same time frame --

2 Q. That's fine. Missouri Gas Company was  
3 proposing to sell the gas, right?

4 A. Yes.

5 Q. And we have an August 27th, 2002 letter  
6 that's two pages back.

7 A. Okay.

8 Q. And you list the advantages under 1, 2,  
9 3, 4, 5 and 6, correct?

10 A. That's correct.

11 Q. And under 2 you indicate that there will  
12 be no incremental cost to you, correct?

13 A. Correct.

14 Q. Under No. 2?

15 A. Right.

16 Q. And you're proposing here to provide a  
17 bundled service; is that correct?

18 A. That's correct.

19 Q. Not through Omega, right?

20 A. Not -- at this point in time --

21 Q. Let's turn to the next page. I'm sorry.  
22 Before you continue. Now, I'm gonna say Missouri Gas  
23 Company is the one, right?

24 A. Well, that's what I was gonna say is at  
25 that point in time we were proposing these even



1     though we didn't have authorization and hadn't even  
2     started an approval process of proposing to provide a  
3     bundled service through Missouri Gas Company.

4           Q.     And did you come to this Commission to  
5     ask for the right to provide that?

6           A.     Well, initially -- and I think that's  
7     what a good deal of the communication was about at  
8     this point in time -- I did come to the Staff, have  
9     discussions with them. Those -- those discussions  
10    proceeded into the first half of 2003 even to the  
11    point of doing markup on proposed tariff changes.  
12    And I think, as I testified this morning, we just  
13    could never get to the point where I thought we could  
14    get to tariff changes that would allow Missouri Gas  
15    Company to provide this kind of service.

16          Q.     So my question to you was, did you apply  
17    to the Commission for that?

18          A.     No.

19          Q.     But we had just been through a case  
20    where -- a highly contentious case, correct, where  
21    the Staff opposed your buying this pipeline and you  
22    prevailed in that case, didn't you?

23          A.     Yes.

24          Q.     GN-2000-1585?

25          A.     Okay.

1 Q. And Staff strongly opposed?

2 A. I think strongly is a good word.

3 Q. I'd like to look back further in this to  
4 4101-F, behind that to 4103. I still believe there's  
5 some question, certainly, if Staff received all of  
6 these, but I mean, that's still at issue.

7 But in 4103, would you agree with me  
8 that you represent that MPC and MGC does not have a  
9 marketing affiliate? Are you there or shall I  
10 approach?

11 A. We're talking 4103. This is the data  
12 response?

13 Q. Yes.

14 A. At that point in time we did not have a  
15 marketing affiliate. And I would say that was  
16 correct at that time.

17 MS. SHEMWELL: I have another exhibit,  
18 Judge. Is this gonna be No. 87?

19 JUDGE WOODRUFF: 87 was the letter from  
20 Emhart Glass, so actually, you skipped 86.

21 MS. SHEMWELL: Let's make this 86 as  
22 long as we're clear.

23 JUDGE WOODRUFF: Okay. That's fine.

24 (EXHIBIT NO. 86 WAS MARKED FOR  
25 IDENTIFICATION BY MS. SHEMWELL.)

1 BY MS. SHEMWELL:

2 Q. This will be Exhibit 86, Mr. Ries. Is  
3 this highly confidential, Mr. Ries?

4 A. I would say it is.

5 Q. And we'll quickly get into discussion.  
6 Do you believe that it is highly confidential so that  
7 we need to go in-camera? And if I start discussing  
8 the parties, do you consider that highly  
9 confidential?

10 A. Well, since it was a preceding agreement  
11 to the one that actually got signed and we've always  
12 considered those to be highly confidential, I would  
13 suggest these -- this would too.

14 Q. Okay. And since this was to the City of  
15 Cuba, may the gentleman from the City of Cuba remain  
16 in the hearing room? He is not a party, but it --

17 THE WITNESS: That's fine.

18 MR. DeFORD: Is he an attorney?

19 MS. SHEMWELL: He's not an attorney but  
20 he's representing the City of Cuba.

21 MR. DeFORD: I don't know that he has  
22 authorization to do that.

23 MS. SHEMWELL: Okay. We'll need to go  
24 in-camera, I guess, Judge, briefly, at least.

25 JUDGE WOODRUFF: We'll be going

1 in-camera. Anyone who needs to leave, please do so.

2 All right. We're in-camera.

3 (REPORTER'S NOTE: At this point, an  
4 in-camera session was held, which is contained in  
5 Volume 8, pages 636 through 638 of the transcript.)

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1 BY MS. SHEMWELL:

2 Q. So I'd asked if Omega Pipeline Company  
3 is an affiliate and you replied that they were an  
4 affiliate, correct?

5 A. Were, yes.

6 Q. These small customers that you discussed  
7 with Commissioner Murray, Omega had agency agreements  
8 with those small customers, correct?

9 A. Well, I'm not sure what the exact  
10 linkage is here.

11 Q. I'm just asking you, did Omega have  
12 agency agreements with some of these small customers?

13 A. Yes.

14 Q. Can you say in aggregate how much these  
15 small customers used per year, how much gas, how many  
16 decatherms?

17 A. You want me to speculate?

18 Q. No, I want you to estimate as exactly as  
19 you can.

20 A. Do you want me to include Omega  
21 customer D?

22 Q. A, B and C only, please. I don't  
23 consider D one of the small, very small customers.

24 A. Okay. 200,000.

25 Q. Decatherms?

1           A.       Decatherms.

2           Q.       That is approximately the number of  
3   decatherms that the system is out of balance  
4   currently, correct? We decided this morning it was  
5   225,000 to 240,000, correct?

6           A.       Approximately, yes.

7           Q.       Is there a definition of shipper in your  
8   tariff?

9           A.       I think a shipper is a party that --

10          Q.       I just asked if it was defined in your  
11   tariff.

12          A.       Well, the question is whether or not  
13   it's defined. I don't think in the general terms and  
14   conditions there is a definition, but I think in the  
15   agreements themselves, they identify shipper as the  
16   party entering into a transportation agreement.

17          Q.       Do you agree with me that MPC and MGC  
18   operate in Missouri under their tariffs as on file  
19   with this Commission?

20          A.       Yes.

21          Q.       And that they operate under the  
22   Commission's affiliate transactions rules, correct?

23          A.       Yes.

24          Q.       And at some point Omega became a  
25   marketing affiliate, correct?

1           A.       Yes.

2                   MR. DeFORD: Your Honor, I'm gonna  
3 object to this. This goes beyond, I think, anything  
4 that was asked from the bench.

5                   MS. SHEMWELL: Well, specifically I have  
6 a note that Commissioner Murray asked about the  
7 affiliate transactions rules.

8                   JUDGE WOODRUFF: I'll overrule the  
9 objection. The questions from the Commissioners were  
10 very extensive, and I think it went this far. This  
11 will be 88, then?

12                  MS. SHEMWELL: This is the Commission  
13 affiliate transactions rules. I don't know that we  
14 need to mark these unless the Commission would like  
15 to have it on the record because I believe it can  
16 take notice of its own rules. But I will --

17                  JUDGE WOODRUFF: Yes, I believe you're  
18 correct. It does not need to be marked, so I'll pass  
19 it down to the Commissioners who want to see it.

20 BY MS. SHEMWELL:

21           Q.       Mr. Ries, are you familiar with the  
22 Commission's Rule 4 CSR 240-40.016, Marketing  
23 Affiliate Transactions?

24           A.       I'm sure I've read it before, yes.

25           Q.       And do you see it there on page 5?

1           A.       Yes.

2           Q.       Can we look under M and see the  
3 definition of "shipper," please? And I will read  
4 that. Actually, it's shippers. Means, "All current  
5 and potential transportation customers on a regulated  
6 gas corporation's natural gas distribution system,"  
7 correct? Have I read that correctly?

8           A.       You said you were at M?

9           Q.       At M on page 6. M as in Mary,  
10 capital M.

11          A.       No, still don't see it.

12                   MS. SHEMWELL: May I approach?

13                   JUDGE WOODRUFF: You may.

14                   MS. SHEMWELL: Thank you.

15                   THE WITNESS: Okay.

16 BY MS. SHEMWELL:

17          Q.       I'm sorry. I didn't realize section 3  
18 had an M as well. This is under section 2. Do you  
19 see that, sir?

20          A.       Yes, I do.

21          Q.       And are there also contained  
22 nondiscrimination standards? Right below M is 2 at  
23 the very bottom of that column.

24          A.       Okay.

25          Q.       Commissioner Murray had asked you if you



1 didn't give a discount to the small customers, they  
2 wouldn't get it, right? Did she say that -- did she  
3 ask you that question? Do you recall that question?

4 A. What were we talking about at that time?

5 Q. The small customers.

6 A. Well, but who was given a discount?

7 Q. I think Commissioner Murray asked you if  
8 you had not given a discount to small customers, they  
9 wouldn't get it, and you agreed with her.

10 A. Well, I mean, I guess what I said, I  
11 said.

12 Q. Okay. So under F there, in the middle  
13 column, you discussed maintaining separate records,  
14 and you had indicated when you discussed with  
15 Commissioner Murray that you were -- that it was  
16 difficult because you were a marketer as well.

17 Under F it says, "A regulated gas  
18 corporation shall not disclose or cause to be  
19 disclosed to its marketing affiliate or any  
20 nonaffiliated market or any information that it  
21 receives for its process of requests for provision of  
22 transportation"; is that right?

23 A. That's what it says, yes.

24 Q. Did you ask for a waiver of that?

25 A. No.

1           Q.       Under H it says, "A regulated gas  
2       corporation shall not condition or tie an offer or  
3       agreement to provide a transportation discount to a  
4       shipper to any service in which the marketing  
5       affiliate is involved."

6                    I read that to indicate that the  
7       regulated gas corporation which in this case is MPC  
8       and MGC, correct, cannot tie a discount to any  
9       service that the marketing affiliate, which is Omega,  
10      provided. Are you reading that the same way?

11          A.       I think we're in agreement that MPC and  
12      MGC are gas corporations.

13          Q.       And it can't tie a discount to any  
14      service in which its marketing affiliate, which is  
15      Omega, right, is involved?

16          A.       Right.

17          Q.       Okay. Did you ask for a waiver from  
18      that?

19          A.       No.

20          Q.       Under "Standards," it provides that, "A  
21      regulated gas corporation shall not provide a  
22      financial advantage to an affiliated entity." Do you  
23      see that?

24          A.       Yes.

25          Q.       Hypothetically, if MPC and MGC give a

1 discount on the pipelines that was not offered to  
2 anyone else, would that be a financial advantage to  
3 Omega?

4 A. Well, I think even these regulations use  
5 similarly situated shippers, so I would preface that  
6 by saying a discount that a similarly situated  
7 shipper would not receive that would be --

8 Q. Actually, I'm just reading, "A regulated  
9 gas corporation shall not provide a financial  
10 advantage" --

11 A. Right.

12 Q. -- "to an affiliated entity." And I'm  
13 asking if Omega was able, hypothetically, to get a  
14 discount for transportation that wasn't offered to  
15 nonaffiliated entities, would that provide a  
16 financial advantage?

17 A. Well, but what you're talking about is a  
18 discount to transportation, and I would say a  
19 similarly situated shipper certainly --

20 Q. If you give your affiliate, Omega, a  
21 discount, do you need to give it to nonaffiliates?  
22 Do you need to offer that discount to nonaffiliates?

23 A. I think similarly situated, yes.

24 Q. Have you ever offered discounts to other  
25 shippers that have similarly situated customers?

1           A.       I believe I have, yes.

2           Q.       And to whom have you offered discounts?

3           A.       AmerenUE, up until just very recently,  
4    had a discount that was very similar in aggregate to  
5    discounts that were offered to all of the four  
6    municipalities on MGC. So of the seven cities --

7           Q.       Are the four municipalities secret  
8    customers?

9           A.       No, they're not.

10          Q.       So they're not the secret customers?

11          A.       No. I think we're talking about Cuba,  
12   St. James, St. Robert and Waynesville all receive  
13   discounts that are similar in nature and were, up  
14   until the end of October, very similar to the  
15   aggregate discount that was being received by  
16   AmerenUE.

17          Q.       Omega is the City of Cuba's agent for  
18   bundled gas service, correct?

19          A.       Omega has an agreement with the City of  
20   Cuba to provide agency and gas sales service, that's  
21   correct.

22          Q.       Was that a yes?

23          A.       Yes.

24          Q.       I'd like to look again at the list on  
25   80 -- of 81, please, which is the list of affiliates.

1 The year 2005 is on the top, correct?

2 A. That's correct.

3 Q. I believe we have marked this highly  
4 confidential?

5 A. Yes.

6 MS. SHEMWELL: I don't know if the  
7 question I'm gonna ask calls for a highly  
8 confidential answer. Shall I ask it?

9 JUDGE WOODRUFF: Ask it and we'll see.

10 BY MS. SHEMWELL:

11 Q. Is Omega Pipeline Company shown on here  
12 as being a marketer?

13 A. Omega Pipeline Company is shown as an  
14 affiliated company.

15 Q. Doing transportation, correct?

16 A. That's correct.

17 Q. It's not shown as providing any  
18 marketing, correct?

19 A. This is -- this is a list of affiliated  
20 transactions.

21 Q. And you don't consider --

22 A. It's not marketing to or for MPC or MGC,  
23 so --

24 Q. It's marketing on MPC and MGC, isn't it?

25 A. But its transactions are not with those

1 companies other than the transportation contract that  
2 it holds on MPC and MGC.

3 Q. All right. But you're marketing that  
4 transportation?

5 A. Well, let me say that again a different  
6 way. Omega Pipeline Company entered into a  
7 transportation agreement with both MPC and MGC  
8 effective February 1st, 2005. And that transaction  
9 is what is reported on here.

10 Q. So in 2004, you reported no affiliate  
11 transactions, correct, with Omega Pipeline Company?

12 A. And I would believe that in 2004 Omega  
13 did not have a transportation agreement with MPC or  
14 MGC. And therefore, reported -- I mean, Omega was  
15 still reported but as a no-transactions.

16 Q. So the fact that Omega is a marketing  
17 company -- I mean, we've admitted that Omega Pipeline  
18 Company is a marketing company, right?

19 A. I think we've said that, yes.

20 Q. Okay. And it's marketing capacity on  
21 the pipelines, correct?

22 A. No.

23 Q. What is it marketing?

24 A. It's marketing services to its  
25 customers.

1           Q.       And those services include  
2       transportation on the pipelines, correct?

3           A.       Only in the extent of its services  
4       provided to Fort Leonard Wood.

5           Q.       You're only marketing the services  
6       provided to Fort Leonard Wood?

7           A.       It was only contracting for capacity on  
8       Missouri Pipeline and Missouri Gas Company in that  
9       contract that it was necessary for it to contract for  
10      capacity on the pipelines.

11          Q.       What about delivery to customer B, did  
12      you use the Fort's capacity to deliver to customer B?

13          A.       Absolutely not. Omega used its  
14      capacity.

15          Q.       Which was capacity held for the Fort,  
16      right?

17          A.       Which was its capacity.

18          Q.       Which it held on behalf of the Fort?

19          A.       The Fort acknowledged they don't hold  
20      any capacity; Omega Pipeline Company holds its  
21      capacity with MPC and MGC.

22          Q.       How much of that capacity was the Fort  
23      paying for? You have an agreement with the Fort to  
24      have certain capacity available on a firm basis,  
25      correct?

1           A.       Omega does have a contract with the Fort  
2   to provide bundled services to Fort Leonard Wood.

3           Q.       And how much capacity are you to hold on  
4   the pipelines on their behalf?

5           A.       How much were they?

6           Q.       Omega, yes.

7           A.       At the -- as of June 1st, as I remember,  
8   it was 5,930 decatherms.

9           Q.       And prior to that it had been  
10  approximately 5,000, right?

11          A.       That's correct.

12          Q.       Was -- did MPC and MGC have any capacity  
13  release provisions in their tariffs?

14          A.       There are no provisions in MPC's or  
15  MGC's tariff regarding capacity release or capacity  
16  use or --

17          Q.       That's fine.

18          A.       -- whether or not shippers --

19          Q.       I'm moving down to your deposition,  
20  August 21, 2006. Do you want me to hand that to you,  
21  sir?

22          A.       I don't have it.

23                   MS. SHEMWELL: If I may approach?

24                   JUDGE WOODRUFF: (Nodded head.)

25  BY MS. SHEMWELL:



1 Q. Is this gonna be HC?

2 A. That's an HC customer, yes.

3 MS. SHEMWELL: It's an HC customer,  
4 Judge. Let's see if we can stay out of HC and I'll  
5 try to --

6 BY MS. SHEMWELL:

7 Q. You delivered to this HC customer under  
8 Cuba's capacity; is that correct?

9 A. From a period in 2003 -- excuse me.  
10 2004 through the end of January of 2005, that would  
11 be correct.

12 Q. Did the City of Cuba know that its  
13 capacity was being used that way?

14 A. I don't know that they did.

15 Q. Is that a no?

16 A. It would probably be no.

17 Q. It was Commissioner Murray who discussed  
18 section 12c, "Reporting to the Staff." Do you have  
19 your tariff and can you look at 12c, Exhibit 70, I  
20 believe? This is the provision that requires that  
21 "All bids or offers are reported to the Commission."  
22 Would you agree that that's what the first line says?

23 A. Yes.

24 Q. Did you report all bids to the  
25 Commission Staff, the Commission Staff?

1           A.       As far as I know, yes.

2           Q.       There are a few quarterly reports  
3 missing; is that correct?

4           A.       I think we've both acknowledged that  
5 neither we, the company, nor you, the Staff have a  
6 couple of quarters that we can find discounts for.

7           Q.       You discussed with Commissioner Murray  
8 the filing of the FERC; is that correct?

9           A.       Yes.

10          Q.       And she had asked if Staff had filed any  
11 complaints and we agreed that Staff had filed at the  
12 FERC, right?

13          A.       I think so, yes.

14          Q.       I don't believe you mentioned that Staff  
15 has filed on behalf -- or the Commission has filed in  
16 circuit court; isn't that correct, Cole County  
17 Circuit Court?

18          A.       I don't remember her asking me about  
19 that, but that is, in fact, the case.

20          Q.       Well, the questions were directed, I  
21 think, in terms of what Staff had done in response to  
22 your filing at the FERC, and we have filed in the  
23 Circuit Court for the County of Cole, and you  
24 acknowledge that, right?

25          A.       Yes.

1           Q.       And attorneys on your behalf filed to  
2     have it removed to the Federal Eighth Circuit Court  
3     of Appeals, Western District for Missouri, correct?

4           A.       That sounds familiar.

5           Q.       And I believe that I personally handed  
6     you the order in which the Eighth Circuit Court of  
7     Appeals sent that back down to Cole County, correct?

8           A.       Yes.

9           Q.       Commissioner Murray asked you some  
10    questions about shared employees, and -- Exhibit 301,  
11    I believe, and you indicated, I believe, that -- or  
12    you did not indicate that Mr. Lodholz and Mr. Wallen  
13    were shared employees in response to her question.  
14    Are Mr. Lodholz and Mr. Wallen shared employees?

15          A.       I think we've acknowledged that there  
16    are certain functions that both of those individuals  
17    have had some involvement with Omega and Missouri  
18    Interstate Gas.

19                   MS. SHEMWELL:  If I may approach, Judge?

20                   JUDGE WOODRUFF:  You may.

21                   COMMISSIONER MURRAY:  Ms. Shemwell, what  
22    did you say that I asked?

23                   MS. SHEMWELL:  You asked about shared  
24    employees.

25                   COMMISSIONER MURRAY:  Did I ask him

1 specifically to name shared employees? I don't  
2 recall doing that.

3 MS. SHEMWELL: I think you asked about  
4 the existence of shared employees and he indicated he  
5 was the shared employee.

6 COMMISSIONER MURRAY: Well, I thought my  
7 question was directed at the fact that he was the  
8 president of both --

9 MS. SHEMWELL: Okay.

10 COMMISSIONER MURRAY: -- and limited to  
11 that, as I recall it.

12 MS. SHEMWELL: Okay. Shall we not mark  
13 it this exhibit, then, Commissioner Murray? Would  
14 you prefer not to --

15 JUDGE WOODRUFF: Do I hear an objection?

16 MR. DeFORD: Yes.

17 JUDGE WOODRUFF: The objection is  
18 sustained, then.

19 BY MS. SHEMWELL:

20 Q. Commissioner Murray asked you about  
21 balancing on the system?

22 A. Yes.

23 Q. And if Omega was providing that service  
24 for free, correct?

25 A. Yes.

1           Q.       There is an imbalance on the system that  
2 we have discussed, right?

3           A.       That's true.

4           Q.       And that imbalance -- an imbalance could  
5 be either positive or negative, right?

6           A.       That's true.

7           Q.       And this particular imbalance on this  
8 system is negative; is that right?

9           A.       Well, in my view it's a positive  
10 imbalance because it's got --

11          Q.       Okay. Well, let me ask --

12          A.       -- it has collected more gas than it has  
13 used for its own purposes.

14          Q.       It has delivered more gas to customers  
15 than it has delivered into the system?

16          A.       It has collected more gas for the  
17 pipelines account than what it has delivered -- or  
18 what it has used.

19          Q.       Omega owes the million-plus dollars that  
20 we've discussed to whom?

21          A.       Well, two different issues.

22          Q.       Just one question, though.

23          A.       Well, but the question -- you want to  
24 talk about imbalance on the pipeline and now we're  
25 talking about Omega owes --

1 Q. For that imbalance.

2 A. Well, I think what I talked about with  
3 Commissioner Murray is that Omega and Missouri  
4 Pipeline Company have entered into an agreement for  
5 Omega to, in effect, buy its imbalance once the  
6 pipeline has the authority to sell the imbalance to  
7 Omega.

8 Q. My understanding is that the pipelines  
9 have delivered gas on behalf of Omega that Omega has  
10 not purchased; is that correct?

11 A. We have -- the pipelines have delivered  
12 gas for Omega's account --

13 Q. And Omega --

14 A. -- which Omega still owes to the  
15 pipeline, and that is the agreement that I just  
16 referenced --

17 Q. Thank you.

18 A. -- for Omega to buy.

19 Q. Did you tell Commissioner Murray that  
20 other shippers have received -- is this HC -- let me  
21 say thousands of dollars in benefit?

22 A. I think she was asking me to quantify  
23 the benefit associated with Omega providing that  
24 service.

25 Q. Yes, I think that's what my question

1 was. So is your answer yes?

2 A. Yes.

3 Q. Did you ask Laclede to assist you in  
4 balancing on the system?

5 A. No.

6 Q. Laclede does assist you in other  
7 operational ways, though, right?

8 A. We certainly have an operational  
9 agreement with Laclede that's very important to  
10 Missouri Pipeline Company.

11 Q. Did you ask Ameren to assist you in  
12 balancing on the system?

13 A. No.

14 Q. Did you ask the Commission to change  
15 your tariffs so that Omega could assist you in  
16 balancing on the system?

17 A. No.

18 Q. You have consistently discussed your  
19 belief that Staff was aware of the fact that MPC  
20 was -- or I'm sorry -- Omega was marketing. I would  
21 like to look at the FERC order. You indicated that  
22 you had received a waiver, is that correct, in your  
23 discussion with Commissioner Murray about the waiver  
24 from FERC for shared employees?

25 A. Well, we filed a waiver to ask for

1 exemption from several of the affiliated or energy  
2 affiliate transaction rules.

3 Q. And is that at Chris John's rebuttal  
4 testimony, attachment B?

5 A. I believe that would be where it was at,  
6 yes.

7 Q. And that's the petition of Missouri  
8 Interstate Gas for waiver, correct?

9 A. Yes.

10 Q. And as I am reading that, it says in the  
11 second paragraph, "Missouri Interstate, a small  
12 six-mile pipeline" -- I'm starting in that paragraph,  
13 and it says -- "requests the application standard be  
14 waived with respect to interstate pipeline  
15 affiliates, Missouri Pipeline Company and Missouri  
16 Gas Company and to its unregulated local distribution  
17 affiliate, Omega Pipeline Company," correct?

18 A. That's correct.

19 Q. Omega Pipeline Company is not described  
20 here as having any marketing responsibilities; is  
21 that correct? Omega is not described as a marketer  
22 or a marketing affiliate of Missouri Pipeline  
23 Company?

24 A. I think under the FERC-affiliated or  
25 energy-affiliated transaction --



1           Q.       I'm just asking was it described there  
2 as that?

3           A.       There is no difference according to  
4 FERC.

5           Q.       Between an unregulated LDC and a  
6 marketing affiliate?

7           A.       I don't believe there is.

8           Q.       There's no distinction between the two  
9 for marketing affiliates?

10          A.       From an -- from an affiliation  
11 standpoint, there's no difference.

12          Q.       Are you saying to me that FERC does not  
13 have restrictions on marketing affiliates?

14          A.       I think in accordance with the FERC's  
15 affiliated transaction rule, an LDC -- an unregulated  
16 LDC would be the same as an energy marketer in terms  
17 of the requirements.

18          Q.       But you haven't included in here the  
19 fact that it's an energy marketer, right? It doesn't  
20 say anything about energy marketing.

21          A.       This does not -- it says "Unregulated  
22 local distribution affiliate"; it does not say "and  
23 energy marketer."

24          Q.       On page 5 it describes Omega as a  
25 distribution system, correct? And it doesn't say

1 anything about it being an energy marketer. Page 5,  
2 and it starts a paragraph, "Similarly."

3 A. That's what it says, yes.

4 Q. Attached to that is a protest of the  
5 Missouri Commission, and this is the Commission  
6 filing its protest. Are you there, sir?

7 A. Yes.

8 Q. On page 2, the Missouri Commission  
9 describes Omega Pipeline Company as its "Unregulated  
10 local distribution affiliate which distributes gas at  
11 Fort Leonard Wood"; do you see that, sir?

12 A. Yes.

13 Q. We haven't described it as a marketing  
14 affiliate, have we?

15 A. No.

16 Q. As we look at page 3, the Missouri  
17 Commission quotes the Commission's -- the FERC  
18 Commission's standards of conduct and provides  
19 for certain regulations or -- and I'm looking at  
20 18 CFR 358.2. "A transmission provider's employees  
21 engaged in transmission system operations must  
22 function independently from its transmission  
23 provider's marketing and sales employees and from any  
24 employees of its energy affiliates."

25 I'm reading that as saying that the FERC

1 rules have specific regulations for marketing and  
2 sales employees.

3 A. Are you suggesting that's different than  
4 an energy affiliate?

5 Q. I'm suggesting that it must maintain  
6 those employees independent from its energy  
7 affiliate.

8 A. But isn't that what we specifically  
9 filed for exceptions to?

10 Q. And let's look at the order, then.  
11 Appendix D. MIG is the FERC-regulated entity,  
12 correct?

13 A. It's Missouri Interstate Gas, yes.

14 Q. On page 11 of the FERC's order, Missouri  
15 Interstate Gas was -- the FERC says down on line 4  
16 under B, "Discussion, The Commission is granting  
17 Missouri Interstate a partial waiver from their  
18 requirements of order 2004. Specifically, the  
19 Commission is waiving Missouri Interstate's  
20 obligation to comply with the independent functional  
21 requirements of Section 358.4."

22 And then it goes into the specific  
23 sections with respect to MPC and MGC, correct?

24 A. Yes.

25 Q. I don't see Omega listed there. Omega

1 was not granted a waiver in this order, was it?

2 Omega is not mentioned in the FERC's order, is it?

3 A. I don't know.

4 Q. Well, do you see them there? Do you see  
5 the name Omega in this part of the order?

6 A. I don't see it in that sentence, no.

7 Q. Do you see it anywhere in the order?

8 A. It's been a few years since I've looked  
9 at this.

10 Q. We'll make the same agreement that we  
11 made earlier with you, Mr. Ries. You certainly may  
12 have time to review that and get back to us if you  
13 find it.

14 A. Okay.

15 MS. SHEMWELL: If Mr. Ries gets back to  
16 us with something, we could mark that as a  
17 late-marked exhibit, Judge, if that's all right?

18 JUDGE WOODRUFF: Well, presumably, that  
19 could be addressed in the briefs. I don't know if it  
20 has to be a separate exhibit. Is that understood by  
21 all the parties? I see nods of agreement out there.

22 BY MS. SHEMWELL:

23 Q. With Commissioner Murray, you were  
24 discussing bundled service. Can you tell me  
25 specifically when you told Staff that Omega was

1 providing bundled service to customers A, B and C?

2 A. I don't know that there's anything that  
3 requires MPC and MGC to tell the Staff that Omega is  
4 providing a service to customers A, B and C.

5 Q. So your answer is you don't recall  
6 specifically telling Staff that?

7 A. No.

8 Q. Do you personally recall specifically  
9 telling Staff when you began marketing to the City of  
10 Cuba?

11 A. No. I think Staff told me.

12 Q. That you were marketing -- that Omega  
13 was marketing? Staff told you Omega was marketing?

14 A. No. I think Warren said in his letter  
15 his preference was that we provide bundled services  
16 through an affiliate.

17 Q. Can Warren Wood -- would Warren Wood  
18 waive the Commission's affiliate transactions rules?

19 A. It's not a waiver of the transaction  
20 rules.

21 Q. Can he change your tariff?

22 A. It didn't require a change in tariff.

23 Q. That you're providing marketing through  
24 an affiliate would not require any change to your  
25 tariff?

1           A.       No.

2           Q.       Would it require any change to 32B?

3           A.       To the extent that the pipeline  
4 companies were doing affiliated transactions, they  
5 would have to be reported, which is exactly what they  
6 did when Omega entered into a transportation  
7 agreement on February 1st, 2005.

8           Q.       With?

9           A.       Omega and Missouri Pipeline and Missouri  
10 Gas Company.

11          Q.       For the Fort?

12          A.       Omega's agreement with Missouri Pipeline  
13 and Missouri Gas. It doesn't make any difference who  
14 Omega was using the capacity to serve.

15          Q.       We've discussed the agency agreements at  
16 some length with Commissioner Murray, I believe. Do  
17 you agree that agency agreements are contracts?

18          A.       Yes.

19          Q.       And we've discussed discounts on the  
20 system, I believe, extensively during that -- or with  
21 Commissioner Appling we discussed some of those  
22 discounts. Is MPC fully subscribed?

23          A.       MPC has two receipt points -- excuse me.

24          Q.       Well, let's go back to when Omega -- I'm  
25 sorry -- was marketer. Let's go back to that time

1 point, before June of this year.

2 A. And the question is?

3 Q. Is MPC fully subscribed?

4 A. The same answer would apply whether it

5 was today or in June or before June of this year.

6 MPC has two receipt points, one from Panhandle and

7 one from MIG and to MRT.

8 The Panhandle point of receipt, i.e.,

9 the path of receipt of gas from Panhandle is fully

10 subscribed. We have not subscribed capacity there

11 for probably the better part of two years now. There

12 is capacity available as with MIG as a receipt point.

13 Q. Is it common that a fully subscribed

14 system would give discounts?

15 A. I think it would be my belief, or at

16 least industry practice, that the fuller a pipeline

17 gets, the less the discounts become.

18 MS. SHEMWELL: Judge, I think I'm just

19 about through. If I could have just a moment,

20 please?

21 JUDGE WOODRUFF: Certainly.

22 MS. SHEMWELL: Thank you. I have one

23 last question, Mr. Ries.

24 BY MS. SHEMWELL:

25 Q. We discussed 94-252. Do you believe

1     that you must provide transportation agreements that  
2     Omega enters into, do you need to provide those to  
3     the Staff?

4             A.     You're talking about do I -- do I  
5     provide the complete agreement to -- that Omega  
6     enters into?

7             Q.     Yes.

8             A.     With Missouri Pipeline and Missouri Gas  
9     Company?

10            Q.     Yes.

11            A.     I think according to the tariff, the  
12     only time you provide the agreement is that if you're  
13     proposing or providing a discount that's lower than a  
14     nonaffiliated entity.

15            Q.     Does it say if you're providing it to an  
16     affiliate, you must explain that?

17            A.     I think in the discount report for the  
18     first quarter of 2005, we provided that discount,  
19     provided the calculation and described that discount  
20     on that quarter's affiliate or the discount report.

21            Q.     And did you describe why you were giving  
22     it to an affiliate?

23            A.     Yes. I think we said it was because  
24     they had entered into a ten-year term agreement.

25            Q.     So if we go back and look at that



1 discount report, we should see that information?

2 A. I think it's there, including the  
3 required --

4 MS. SHEMWELL: That's all I have, Judge.  
5 Thank you.

6 THE WITNESS: -- analysis.

7 JUDGE WOODRUFF: Thank you. Before we  
8 go back to redirect, we'll take a short break. We'll  
9 come back at 2:30.

10 (A RECESS WAS TAKEN.)

11 JUDGE WOODRUFF: All right. Welcome  
12 back. And I believe we're ready for redirect.

13 REDIRECT EXAMINATION BY MR. DeFORD:

14 Q. Good afternoon, Mr. Ries.

15 A. Good afternoon.

16 Q. Mr. Ries, when was the Maaco Pipeline  
17 Services dissolved?

18 A. After the sale of Omega Pipeline  
19 Company, it would have been August.

20 Q. And why was it dissolved?

21 A. It only had one customer which was Omega  
22 Pipeline Company and it was sold, so it had no  
23 business remaining.

24 Q. And I believe you've discussed with a  
25 number of people the line extension that would form

1 the basis of count five; do you recall those  
2 discussions?

3 A. Yes.

4 Q. What did you do before you extended that  
5 line to that customer?

6 A. It was -- as I started to say  
7 previously, it was part of the discussions that we  
8 had had with Staff in regards to what scope or what  
9 size of a project would constitute an extension  
10 versus just adding a meter to the existing pipeline  
11 system, i.e., how far off of the existing pipeline  
12 would you need to -- to set a meter.

13 Obviously, in many cases, the pipeline  
14 is in the middle of a section that's not tied to or  
15 adjacent to a roadway, and typically, you want to put  
16 the pipeline -- or the meter stations at roadways so  
17 you get access to them. So the extension -- the talk  
18 we had with Staff was whether or not a meter added to  
19 a pipeline in proximity to a road was, in fact, an  
20 extension or it was just adding a delivery point off  
21 of the existing meter.

22 I think as I started to say, we did not  
23 specifically talk about Omega customer B as we  
24 referred to it here. We did talk about this in a  
25 hypothetical sense. The general impression that I

1 walked away with is that if it was plus or minus a  
2 mile -- a mile either side of the pipeline, it was,  
3 in reality, a part of the existing pipeline  
4 certificate.

5                   And, you know, of course, there wasn't  
6 any specific documentation that said well, yeah,  
7 5,280 feet's okay, 5,281 is not. We talked about,  
8 you know, if we wanted to add a meter station and it  
9 was adjacent to the pipeline and we needed to get to  
10 a roadway or to a convenient meter station point,  
11 does that require an application to the Commission.  
12 Again, the impression that I walked away with is no,  
13 it didn't.

14           Q.       Can you describe more specifically  
15 exactly what you did in extending this particular  
16 piece or facility?

17           A.       In this case we put a meter station in  
18 for a new delivery point in an uncertificated area.  
19 There was no utility franchise there. It was all on  
20 the right-of-way or all on the property of the -- the  
21 same property that the delivery was being made to.  
22 So there was -- wasn't even any new right-of-way  
23 being acquired. It was just a tap in a short  
24 lateral, about 1,400 feet, I think, and then a meter  
25 station.

1           Q.       Thank you. I'm gonna shift gears on you  
2 in a little bit here. Can you tell me approximately  
3 how many customers the pipeline companies have?

4           A.       Shippers is about a dozen.

5           Q.       Do you know who all of them are  
6 personally?

7           A.       Yes, I do.

8           Q.       Do they know who you are personally?

9           A.       I've talked to each one of them  
10 individually.

11          Q.       Have any of those customers ever  
12 expressed any problem in contacting you?

13          A.       No.

14          Q.       Have any of those customers ever  
15 expressed any dissatisfaction with the service they  
16 receive?

17                   MR. WOODSMALL: Objection, your Honor.  
18 I don't believe there were any questions regarding  
19 the service or the quality of service. Certainly,  
20 there were questions about contact and the tariff and  
21 the address, but not to this degree.

22                   JUDGE WOODRUFF: I'll sustain that  
23 objection.

24                   MR. DeFORD: Mr. Ries, I think that's  
25 all I have.

1 THE WITNESS: Okay.

2 JUDGE WOODRUFF: Thank you. You may  
3 step down. Ms. Shemwell?

4 MS. SHEMWELL: I was just waiting,  
5 Judge.

6 JUDGE WOODRUFF: You looked like you  
7 were anxious to say something. All right. Did any  
8 other person have any other evidence or witnesses  
9 they want to present?

10 (NO RESPONSE.)

11 JUDGE WOODRUFF: Mr. Reed?

12 MR. REED: Judge, I had -- I had -- a  
13 subpoena was authorized and issued to a witness from  
14 the City of Cuba. That witness is here today under  
15 the subpoena. However, Staff does not intend to call  
16 that witness, given the way the testimony has come  
17 in, and I would ask that the Commission excuse  
18 Mr. Baldwin.

19 JUDGE WOODRUFF: Mr. Baldwin, you're  
20 excused. You can leave whenever you like or you can  
21 stay and watch if you like. Thank you.

22 All right. Well, I believe that's all  
23 the testimony and evidence in this case, then. The  
24 only question -- the question remaining, then, is the  
25 briefing schedule. I would suggest that the

1 Commission would benefit from two rounds of briefing  
2 in this case.

3 MS. SHEMWELL: Judge, may I interrupt  
4 just a moment to ask that you leave the record open  
5 so the information about Mr. Lodholz -- they had  
6 indicated they would provide us information on how to  
7 contact Mr. Lodholz on the affidavit.

8 JUDGE WOODRUFF: All right. And has  
9 that been provided yet?

10 MS. SHEMWELL: We haven't seen it yet.

11 MR. DeFORD: Your Honor, I have that and  
12 it's unfortunately in my car.

13 JUDGE WOODRUFF: Okay. If -- if there  
14 is something that Staff wishes to present on that,  
15 we'll -- Staff needs to file an appropriate motion,  
16 the Commission will consider it at that time.  
17 Certainly, if there's a need for further evidence,  
18 we'll take that up when that motion is made.

19 MR. REED: Judge, I don't mean -- Judge,  
20 just for clarification purposes, there was some  
21 additional information with regard to the ruling that  
22 the Commission had made with regard to Exhibit 311,  
23 the affidavit of Mr. Lodholz.

24 And I wasn't certain when we spoke about  
25 that earlier, I think on Wednesday, Judge, whether

1 the Commission wanted a written motion with regard to  
2 any -- any reconsideration of that ruling or whether  
3 I would make that argument here on the record and  
4 that the Commission might reconsider that.

5 JUDGE WOODRUFF: I'm assuming you'd  
6 probably want to wait until you find out more from  
7 Mr. Lodholz before you made that motion; is that  
8 true? Or do you want to make some --

9 MR. REED: I think -- I think there are  
10 two parts to that, Judge: One is with regard to the  
11 ruling itself and the legal -- the legal basis for  
12 the ruling, which I had attempted to draw the  
13 Commission's attention to the specific statute  
14 without much luck because I couldn't remember.

15 However, I have that now. So one is the  
16 legal basis --

17 JUDGE WOODRUFF: Uh-huh.

18 MR. REED: -- for the ruling and what I  
19 would consider to be an -- an appropriate ruling.

20 The other would be with regard to  
21 Mr. Lodholz himself and bringing him to stand  
22 cross-examination with regard to the affidavit. So  
23 there are really two parts to that.

24 JUDGE WOODRUFF: Okay. I'm certainly  
25 not going to preclude you from making an oral motion

1 at this time, but if you'd want to file a motion for  
2 reconsideration in writing, that's fine also.

3 I don't intend to reconsider my ruling  
4 at this point, but, of course, the motion for  
5 reconsideration would bring it to the attention of  
6 the full Commission.

7 MR. REED: I understand.

8 JUDGE WOODRUFF: In that regard it would  
9 certainly be appropriate to do a written motion.

10 MR. REED: I understand. I think  
11 that's -- I'll take that course, then, Judge. Thank  
12 you.

13 JUDGE WOODRUFF: Okay. Thank you.  
14 Anything else anyone wants to bring up?

15 (NO RESPONSE.)

16 JUDGE WOODRUFF: All right, then. Back  
17 to the matter of the briefing schedule. The  
18 transcript will be prepared within ten business  
19 days. I would propose that we do the first round of  
20 briefs 20 days after the transcript is filed, with  
21 reply briefs ten days after that.

22 MS. SHEMWELL: That's fine with Staff.

23 MR. DeFORD: Your Honor, we would -- due  
24 to the sheer volume of this, we would ask for 30/20.

25 MR. WOODSMALL: Your Honor, I would



1   oppose that. I believe 20 and ten are provided by  
2   the rule. I don't believe there's been any showing a  
3   need to expedite that in any way. We've had hearings  
4   that last two and three weeks. Those are big  
5   records. This is three days. The attorney for the  
6   pipelines has a large firm to throw at this, so I  
7   believe there's real money involved and we should get  
8   it done and 20 and ten is sufficient.

9                   MR. DeFORD: Your Honor.

10                  JUDGE WOODRUFF: Keep in mind the 20  
11   is -- 20 days after the transcript is filed which is  
12   gonna make it actually, probably about 40 days from  
13   today.

14                  MR. DeFORD: Right. I understand that,  
15   I think. But after we get the transcript, you know,  
16   we've got a number of parties that are going to  
17   need to review that that are remote from our  
18   location, and I think, frankly, adding a grand  
19   total of 20 days to the briefing schedule isn't  
20   going to, in the grand scheme of things, affect  
21   or in any way harm anyone. So, you know, 30/20  
22   would be --

23                  JUDGE WOODRUFF: Well, I'll compromise  
24   and make it 25 for the initial, then, and ten days  
25   for the reply brief.

1                   Now, I'm not gonna try and calculate  
2   exact days because we don't have the transcript yet.  
3   But when the transcript is filed, I'll send out a  
4   notice advising the parties of the exact days.

5                   MS. SHEMWELL: Thank you, Judge.

6                   MR. WOODSMALL: Are there any page  
7   limitations, or will we deal with that later or  
8   just --

9                   JUDGE WOODRUFF: No, I -- there will be  
10   no page limitations.

11                  MR. WOODSMALL: Okay. Your Honor, I  
12   would request too, given the complexity of this, at  
13   your desire, Proposed Findings of Fact and  
14   Conclusions of Law.

15                  JUDGE WOODRUFF: Yes, absolutely.  
16   That's certainly helpful and would be greatly  
17   appreciated.

18                  MS. SHEMWELL: Ten days after the reply  
19   brief, will that be soon enough, or five days?

20                  JUDGE WOODRUFF: With the -- I was  
21   really anticipating at the same time, but if you want  
22   to have it five days after the reply brief, that  
23   would be fine with me.

24                  MR. WOODSMALL: That's fine.

25                  JUDGE WOODRUFF: If that's acceptable.

1     Okay. And as I indicated, a notice from the  
2     Commission will come out after the transcript is  
3     filed telling the exact days when things will be due.

4             Anything else anyone wants to bring up  
5     while we're on the record?

6             MR. WOODSMALL: I believe earlier -- and  
7     I don't know if this needs to be on the record -- you  
8     indicated that you were going to go through and maybe  
9     discuss which exhibits are in, which ones --

10            JUDGE WOODRUFF: Yes, I was --

11            MR. WOODSMALL: There seems to be some  
12     confusion about that.

13            JUDGE WOODRUFF: I don't know that that  
14     needs to be on the record unless somebody thinks it  
15     does.

16            MR. WOODSMALL: Only if you're going to  
17     make a ruling.

18            JUDGE WOODRUFF: If we need to make a  
19     ruling, we'll come back on the record and we'll ask  
20     the court reporter to stay in the room while we do  
21     that.

22            (DISCUSSION HELD OFF THE RECORD.)

23            JUDGE WOODRUFF: All right. Let's go  
24     back on the record, please. While we were off the  
25     record, we had some discussions about what documents

6 Does anybody have any objection to  
7 receipt of those documents?

9 JUDGE WOODRUFF: Hearing none, they will  
10 be received into evidence.

14 JUDGE WOODRUFF: And there was also  
15 a discussion about Mr. Ries's complete deposition,  
16 and the parties agreed that that would be marked  
17 as Exhibit 88 HC, and that has been offered by  
18 Staff.

20 (NO RESPONSE.)

23 (EXHIBIT NO. 88 HC WAS RECEIVED INTO  
24 EVIDENCE AND MADE A PART OF THE RECORD.)

1     else?

2                     (NO RESPONSE.)

3                     JUDGE WOODRUFF:  Hearing nothing else,  
4     then, at this point we are adjourned.  Thank you all  
5     very much.

6                     (WHEREUPON, the hearing in this case was  
7     concluded.)

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4	Exhibit No. 7		
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## 1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI )  
3 ) ss.  
4 COUNTY OF COLE )  
5

6 I, PAMELA FICK, RMR, RPR, CSR, CCR #447,  
7 within and for the State of Missouri, do hereby  
8 certify that the witnesses whose testimony appear in  
9 the foregoing hearing was duly sworn by me; that  
10 the testimony of said witnesses were taken by me to  
11 the best of my ability and thereafter reduced to  
12 typewriting under my direction; that I am neither  
13 counsel for, related to, nor employed by any of the  
14 parties to the action to which this hearing was  
15 conducted, and further that I am not a relative or  
16 employee of any attorney or counsel employed by the  
17 parties thereto, nor financially or otherwise  
18 interested in the outcome of the action.  
19

20 \_\_\_\_\_  
21 PAMELA FICK, RMR, RPR, CSR, CCR #447  
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25