

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

The Staff of the Missouri Public)	
Service Commission,)	
)	
Complainant,)	
)	
v.)	Case No. GC-2006-0491
)	
Missouri Pipeline Company, LLC; and)	
Missouri Gas Company, LLC,)	
)	
Respondents.)	

MGCM STATEMENT OF POSITION

COMES NOW, the Municipal Gas Commission of Missouri ("MGCM") and for its
Statement of Position on the Issues presented in this proceeding respectfully state as follows:

1. Did MPC and MGC violate the terms of their tariffs and Commission affiliate transactions rules (4 CSR 240-40.016) by permitting Omega Pipeline Company to use confidential customer information in a discriminatory manner for each of Omega's contracts with customers served by MPC and MGC?

Position: MGCM takes no position on this issue.

2. Did MGC and MPC violate their tariffs by transporting natural gas to Omega customers
** _____ ** without an executed transportation agreement?

Position: MGCM takes no position on this issue.

3. Did MPC and MGC provide transportation service to its affiliate, Omega, at a discounted rate and if so, should this rate become the maximum rate that MPC and MGC could charge for any of its non-affiliated customers for similar services?

Position: Yes. Recreated invoices for MPC and MGC show that Omega was never charged the maximum specified rate on either pipeline during the period Omega was undisputedly affiliated with MPC and MGC. During this same time period, other non-affiliated customers, including the municipalities served by MGCM, were either charged maximum specified rates or were

provided discounts that still resulted in rates that were higher than the rates charged to Omega. Recognizing that the MPC and MGC tariffs specify that the “lowest transportation rate charged to an affiliate shall be the maximum rate that can be charged to a non-affiliate,” MPC and MGC violated their tariffs by charging non-affiliate customers more than the rate that was being charged to Omega.

Subissue (a): If the above issues are answered in the affirmative, should MPC and MGC issue refunds for overcharges?

Position: Yes. MPC and MGC had no authority to charge non-affiliated customers more than the rate charged to Omega. As such, any amounts billed and collected in excess of the rates charged to Omega were contrary to the expressed provisions of its tariffs and Sections 393.130.1, 393.130.2, 393.130.3 and 393.140(11) RSMo. All overcharges should be refunded to the customers that were overcharged.

Subissue (b): If the above issues are answered in the affirmative, should MPC / MGC’s current charges be reduced so that the rates charged to non-affiliated shippers are equal to the lowest rates charged to Omega.

Position: Yes. The MPC and MGC tariffs state that the lowest rate charged to an affiliate is the maximum rate that can be charged to a non-affiliate. Therefore, no non-affiliated customer can be charged more than the lowest rate charged to Omega.

4. Did MPC and MGC violate their tariffs by failing to report their offer of discounted transportation service to its affiliate, Omega, in its second quarter and third quarter 2003 reports to the Commission’s Energy Staff?

Position: MGCM takes no position on this issue.

5. Did MGC construct a lateral line for ** _____ ** to benefit its affiliate, Omega, without demanding reimbursement from either Omega or ** _____ ** in violation of its tariff?

Position: MGCM takes no position on this issue.

6. Did MPC and MGC violate their respective tariffs by providing preferential terms of payment to their affiliate, Omega?

Position: MGCM takes no position on this issue.

Respectfully submitted,

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**Attorneys for the Municipal Gas
Commission of Missouri**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the forgoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

A handwritten signature in black ink, appearing to read "David L. Woodsmall", is positioned above a horizontal line. A vertical red line is located to the right of the signature.

David L. Woodsmall

Dated: December 4, 2006