

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

October 6, 2000

CASE NO: GR-2000-520, GM-2000-637, GE-2000-639, EM-2000-292, and EM-2000-369

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Enclosed find certified copy of a Notice of *Ex Parte* Contact in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive style with a large initial "D" and "R".

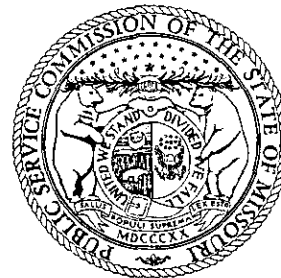
Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Notice of *Ex Parte* Contact

TO: Records Department:
All Parties in Case No. **GR-2000-520**
All Commissioners **GM-2000-637**
GE-2000-639
EM-2000-292
EM-2000-369

FROM: Chair Sheila Lumpe *SL*

DATE: October 6, 2000



On September 9, 2000, I received a anonymous letter concerning UtiliCorp United Incorporated's Gas Supply Services Department. The Commission is currently considering the same issues as to those set out in this document in Case Numbers **GR-2000-520, GM-2000-637, GE-2000-639, EM-2000-292 & EM-2000-369**. The Commission is bound by the same *ex parte* rule as a court of law.

Pursuant to 4 CSR 240-4.020(4) it is improper for any person to attempt to sway the judgement of the Commission by undertaking, directly or indirectly, outside the hearing process, to bring pressure or influence to bear upon the Commission, or the Regulatory Law Judge assigned to the proceeding.

Whenever such contact might occur 4 CSR 240-4.020(a) states: as *ex parte* communications (either oral or written) may occur inadvertently, any member of the Commission or Regulatory Law Judge who received the communication shall immediately prepare a written report concerning the communication and submit it to the Chair and each member of the Commission. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, out of an abundance of caution, I think it appropriate to submit this notice of *ex parte* contact pursuant to the standards set out in the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel

Ms. Sheila Lumpe
Missouri Public Service Commission
200 Madison St.
Box 360
Jefferson City, Mo. 65102-0360

cc: D. A.
B. A.
R. A.

Dear Ms. Lumpe,

I would like to bring to your attention certain business practices that are common at UtiliCorp United Incorporated's Gas Supply Services Department. You maybe unaware that the unit is more than just a supply services group. The unit is also a significant profit center for USU Utilities (previously UED). The overall unit has a profit goal of nearly \$10,000,000.00. Personnel are paid bonuses based on the value that can be extracted from managing the assets paid for by the Missouri Public Service rate-payers. Value is extracted in a number of ways. One way that would not be detectable to staff audit efforts is selling a first of the month put to suppliers and invoicing the put premium on a separate invoice that would never be included in audit documentation. If prices drop the supplier puts first of the month gas to MPS. A second example of ways the group extracts value is capacity releases. Operation personnel extract one to two cents per release by doing buy sells with MPS capacity instead of doing a posted release. They look at the lowest credit amount possible to report instead of maximizing the capacity release credit. This is done due to the push for significant earnings from the group as stated previously. The group will post a certain amount of capacity but generally will hold back some portion in order to do incremental deals during the month. Do to the emphasis on earnings GSS's top priority is earnings not providing efficient, reliable, economic natural gas supplies. You may not be the person that deals directly with UtiliCorp but I would appreciate it if you would forward this information to the appropriate personnel within your organization.

As I am still employed by UCU I cannot divulge my identity. But I feel that these business practices are not appropriate and should be brought to your attention. This is occurring at other UCU LDC's in Michigan, Minnesota, Iowa, and Nebraska. If I hear of you pursuing these issues and if I can provide you information I will.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 6th day of Oct. 2000.



Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge