

**ATTACHMENT A**

**HC**

## **ATTACHMENT B**

**Schallenberg, Bob**

**From:** Wood, Warren  
**Sent:** Wednesday, November 20, 2002 10:52 AM  
**To:** 'riesdj@msn.com'  
**Cc:** Shemwell, Lera; Imhoff, Tom; Morrissey, Carmen; Henderson, Wess  
**Subject:** Data Request to MPC/MGC

**Attachments:** MPC MGC DR.doc

Dave,

These are the four Data Requests that we talked about related to the phone call I received:



MPC MGC DR.doc  
(53 KB)

Please respond to these Data Requests within twenty days (by December 10th) and mail responses to:

Warren Wood  
Missouri Public Service Commission  
PO Box 360  
Jefferson City, MO 65102-0360

If you have any questions, please e-mail or call me at (573) 751-2978.

Thanks,  
Warren

**DATA INFORMATION REQUEST**  
Missouri Pipeline Company, LLC ("MPC")  
Missouri Gas Company, LLC ("MGC")

Requested From: David Ries

Date Requested: November 20, 2002

Information Requested: Please describe in detail, all discussions MPC/MGC has had since October 2001, with each of its existing transportation customers regarding the continuation/discontinuation of their discounted transportation rates. Please include the dates of these discussions, identify the persons involved in each discussion, and specify the elements and alternatives discussed. If discussions have included the option(s) of purchasing gas supply from an MPC/MGC marketing affiliate, also include all information relative to those alternatives.

Requested By: Tom Imhoff

Information Provided:

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Section 386.560 provides "Any person ... who shall falsely make any statement required to be made to the public service commission, in which a penalty has not heretofore been provided for, shall be deemed guilty of a felony, and upon conviction shall be punished by a fine of not less than one thousand dollars nor more than five thousand dollars, or by imprisonment for not less than two years nor more than five years, or by both such fine and imprisonment; ..."

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in MPC/MGC's offices, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication in any format, workpapers, letters, memoranda, e-mails, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to MPC, MGC and their employees, contractors, agents or others employed by or acting in their behalf.

Signed By: \_\_\_\_\_

Date Response Received: \_\_\_\_\_

Prepared By: \_\_\_\_\_

DATA INFORMATION REQUEST  
Missouri Pipeline Company, LLC ("MPC")  
Missouri Gas Company, LLC ("MGC")

Requested From: David Ries

Date Requested: November 20, 2002

Information Requested: Please provide any correspondence (both internal and external), notes, memoranda and other supporting documents, which relate to transportation contract negotiations with existing and potential transportation customers. If negotiations include the option(s) of purchasing gas supply from an MPC/MGC marketing affiliate, also include all information relative to those alternatives.

Requested By: Tom Imhoff

Information Provided:

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Signed By: \_\_\_\_\_

Date Response Received: \_\_\_\_\_

Prepared By: \_\_\_\_\_

**DATA INFORMATION REQUEST**  
Missouri Pipeline Company, LLC ("MPC")  
Missouri Gas Company, LLC ("MGC")

Requested From: David Ries

Date Requested: November 20, 2002

Information Requested: Please provide the names of all MPC/MGC marketing affiliates, identify the names of individuals who are authorized to enter into contractual commitments for each of those affiliates, and explain the extent to which each of these individuals is involved in the management and/or operations of MPC/MGC.

Requested By: Tom Imhoff

Information Provided:

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Signed By: \_\_\_\_\_

Date Response Received: \_\_\_\_\_

Prepared By: \_\_\_\_\_

DATA INFORMATION REQUEST  
Missouri Pipeline Company, LLC ("MPC")  
Missouri Gas Company, LLC ("MGC")

Requested From: David Ries

Date Requested: November 20, 2002

Information Requested: Has MPC/MGC complied with all aspects of 4 CSR 240-40.016 Marketing Affiliate Transactions? If not, please identify the rule(s), which have been breached and fully explain the circumstances of those transactions.

Requested By: Tom Imhoff

Information Provided:

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If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in MPC/MGC's offices, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication in any format, workpapers, letters, memoranda, e-mails, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to MPC, MGC and their employees, contractors, agents or others employed by or acting in their behalf.

Signed By: \_\_\_\_\_

Date Response Received: \_\_\_\_\_

Prepared By: \_\_\_\_\_

## **ATTACHMENT C**



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**Schallenberg, Bob**

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**From:** Morrissey, Carmen  
**Sent:** Wednesday, November 16, 2005 4:59 PM  
**To:** Schallenberg, Bob  
**Subject:** FW: FYI - Letter Sent to Dave Ries on MPC, MGC, MIG and Omega "Bundling"

**Attachments:** Ries Ltr 1\_2\_03.doc

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**From:** Wood, Warren  
**Sent:** Friday, January 03, 2003 7:04 AM  
**To:** Sommerer, David; Morrissey, Carmen; Shemwell, Lera; Schwarz, Tim; Imhoff, Tom  
**Subject:** FYI - Letter Sent to Dave Ries on MPC, MGC, MIG and Omega "Bundling"



Ries Ltr 1\_2\_03.doc  
(27 KB)

January 2, 2003

Mr. David J. Ries  
Gateway Pipeline Company  
7662 Davis Peak Road  
Littleton, CO 80127

RE: MPC, MGC, MIG & Omega Relations & "Bundling" Question

Dear Mr. Ries:

This letter is in response to your phone call a few days ago regarding further discussion on the issue of "bundling" on your system. Bundling on your system has been in reference to combining interstate, intrastate, and possibly gas supply management in contract arrangements with customers receiving service from MPC, MGC and/or MIG. Staff has met with you previously by phone and in person to discuss the bundling issue and other issues. In previous conversations, Staff has expressed concern over the structure of these transactions and Staff's preference that an affiliate should make any "bundling" arrangements. Even if an affiliate engages in these transactions, however, Staff has concerns that separation between regulated and unregulated operations will not exist due to the structure of MPC, MGC, MIG and Omega. Although our state affiliate rules do not specifically prohibit shared employees, it is my understanding that FERC rules do. It is also my understanding that FERC requires waivers from these rules if an entity wishes to share employees as MIG and Omega do. While the Commission's affiliate rules do not specifically require separate employees, there are requirements that would apply to any affiliate transactions between the interstate pipeline and a marketing affiliate. The Commission affiliate rules also allow waivers to be granted if the Commission approves.

Staff views the relationship between MPC, MGC, MIG (regulated entities) and Omega (marketing affiliate) as an affiliate relationship and these relationships fall under MoPSC rules. To assist you in your review of Missouri's affiliate transaction rules, I have attached 4 CSR 240-40.015 "Affiliate Transactions" and 4 CSR 240-40.016 "Marketing Affiliate Transactions". The MoPSC's rules can also be accessed on the internet at [www.psc.state.mo.us/rules.asp](http://www.psc.state.mo.us/rules.asp).

If any "bundling" arrangements are eventually determined to be acceptable, it will be important that the portions of these contracts associated with the intrastate pipelines and interstate pipelines be addressed separately in the contract(s). It will also be important that the provisions of this service are addressed in tariffs approved by the MoPSC. I believe that permission to pull together the scale of "bundling" service you have been describing may best be resolved by a tariff filing requesting approval of such service. This would provide a mechanism for Staff review of your proposal and Commission approval of the provisions you plan to offer to customers. To date, I don't believe that the structure nor provisions of service you plan to offer have been adequately described and defined for the Staff to make an informed recommendation to the Commission.

Staff has previously expressed a strong concern that customers served by MPC, MGC and/or MIG are being exposed to negotiations where natural gas purchases from Omega are necessary to avoid being charged maximum intrastate transportation rates. Staff has received phone calls indicating that this may be happening and this prompted the data requests to which you recently responded. We are reviewing the data request responses and hope to complete this effort shortly. Thus far, the responses provided have raised some additional questions.

If you have any questions on this or any other matter, please don't hesitate to e-mail me at [warrenwood@psc.state.mo.us](mailto:warrenwood@psc.state.mo.us) or call me at (573) 751-2978.

Sincerely,

Warren T. Wood, PE  
MoPSC Staff, Energy Dept. Manager

## **ATTACHMENT D**

-----Original Message-----

**From:** Wood, Warren

**Sent:** Thursday, August 29, 2002 8:43 AM

**To:** Sommerer, David; Morrissey, Carmen; Schwarz, Tim; Imhoff, Tom

**Subject:** RE: Bundled transactions

Dave,

Thanks for the review of Dave Reis' e-mail and your thoughts. The underlying question comes down this:

Mr. Reis has been asked by some of his municipal customers to provide service that extends back to and includes interstate transportation capacity. The municipal customers also don't want to deal with each of the intrastate lines, they want one contract (w/different sections if needed) that gets them the gas transportation service. Mr. Reis believes that if he can pull together a simplified process it will help with his customer retention/growth. Mr. Reis believes that between existing discounts on the intrastate lines and a negotiated discount on PEPL (when he completes the MRT connect) he can offer a better package deal than anyone else.

On your initial thoughts:

*Option #1 seems to go against FERC policy of not allowing the monopoly pipeline continue with a merchant service. This was done so that the pipeline could not use its monopoly power in one area to benefit another competitive area. It also brings MPC close to operating as an LDC with all the attendant complexity of PGA/ACA process.*

I agree that this seems to go against FERC policy of not allowing bundled transportation/supply. Mr. Reis' is not a service territory holder either and I don't see how he could have a PGA/ACA and I'm not in support of a move in this direction. At least not in Mr. Reis' regulated world.

*Option #2, as described is confusing. I don't think Omega is a non-regulated LDC. I thought Fort Leonard Wood owned the distribution system (making it the "operator" for all the safety requirements) and therefore was similar to a "city" (Municipal). I thought Omega was a marketer serving FLW in that function. My question is, if Omega is a marketer (and is registered???) why can't it serve cities along I-44 already.*

I also don't understand how Omega gets such a "free ride" (w/o affiliate transaction concerns) if they expand. It sure looks like an affiliate situation to me if they expand operations. Omega's operations currently just include FLW (operator of the line, gas supply, and gas safety functions). I believe that statutes have some language regarding when they would fall under PSC regulation.

*Option #3 again makes me think of FERC regs. FERC 497 (I think) is a code of conduct for pipelines to follow if they have a marketing affiliate. My recollection is that the Missouri affiliate rule has some of these features AND a very important cost standard (all services must pass a test of fully distributed cost (FDC) or Fair Market Value (FMV). I can't think of anything that would preclude MPC to set up a marketing affiliate (sometimes tariffs have prohibitions against "resale", also the Div. Directors may have concerns) but MPC would likely come under the full impact of the affiliate transaction rule.*

I agree with your concerns. If Mr. Reis wants to provide this bundled gas supply and transportation he is going to have to pass some test to show that the market had an equal shot at anything his marketer ends up taking in terms of capacity and customer information. The affiliate approach might take care of our gas supply concerns. I'll need to talk with Carmen on FERC 497.

Thanks,  
Warren

-----Original Message-----

**From:** Sommerer, David  
**Sent:** Tuesday, August 27, 2002 8:24 AM  
**To:** Wood, Warren; Morrissey, Carmen; Schwarz, Tim; Imhoff, Tom  
**Subject:** RE: Bundled transactions

Warren, I'm having a hard time understanding the underlying question. Is MPC concerned about the effect that propane is having on total through-put down the I-44 corridor? Are these suggestions to make the whole package more economical for various cities and IOU LDCs down the line. How would these bundled proposals be any cheaper than the current separate pieces?

Some initial thoughts:

Option #1 seems to go against FERC policy of not allowing the monopoly pipeline continue with a merchant service. This was done so that the pipeline could not use its monopoly power in one area to benefit another competitive area. It also brings MPC close to operating as an LDC with all the attendant complexity of PGA/ACA process.

Option #2, as described is confusing. I don't think Omega is a non-regulated LDC. I thought Fort Leonard Wood owned the distribution system (making it the "operator" for all the safety requirements) and therefore was similar to a "city" (Municipal). I thought Omega was a marketer serving FLW in that function. My question is, if Omega is a marketer (and is registered???) why can't it serve cities along I-44 already.

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-----Original Message-----

**From:** Wood, Warren  
**Sent:** Tuesday, August 27, 2002 7:28 AM  
**To:** Morrissey, Carmen; Schwarz, Tim; Sommerer, David; Imhoff, Tom  
**Subject:** FW: Bundled transactions

Dave and I spoke on Friday and it was determined that Dave's group can't bundle their transportation service (w/PEPL interstate capacity and gas). Dave had some other "creative" ideas that I made no commitments on. I asked him to send an e-mail with his ideas and that is what prompted the e-mail below. Please take a look at this and forward any thoughts on which approach is preferable (if any).

Thanks,  
Warren

-----Original Message-----

**From:** David J. Ries [mailto:riesdj@msn.com]  
**Sent:** Friday, August 23, 2002 4:17 PM  
**To:** Wood, Warren  
**Subject:** Bundled transactions

Warren, as we discussed yesterday the concept of Missouri Gas holding interstate capacity can't work because on interstate pipelines the capacity holder must have

title to the gas. It is clear that MGC can not buy and sell the natural gas to its customers as it is restricted by the commission order.

There are basically 3 alternatives from which we could proceed.

We could completely change the current tariff of MGC to allow it to buy and sell commodity. The issues would be the expense of changing the tariffs, if the staff and commission would support such a change and if any of the existing customers would object to the change.

Another possibility would be for Omega Pipeline Company which provides distribution services to the Army on Fort Leonard Wood. Omega is a non-regulated LDC as it provides service to only the base under contract with the DOD. Omega currently buys natural gas, holds transportation on both interstate and intrastate pipelines and resells the commodity to FLW. Omega is also exempt under the interstate affiliate rules of Missouri Interstate since it is an LDC. Since Omega currently performs all of the necessary functions, selling gas to other customers along the transportation path would be a natural fit. My concern is whether this action would somehow change the regulated status of Omega. Omega currently holds transportation capacity on MPC and MGC to serve FLW and could contract for additional capacity to serve customers along the way. Alternatively, the small cities currently hold their own capacity on MPC and MGC and assign various third parties to be their agent under those agreements. Omega could continue to serve the Fort and act as agent for the cities the same way other parties are doing today. In the later case, there would be no affiliated transaction associated with Omega and MPC & MGC related to servicing the cities.

The last option would be to form a new marketing affiliate to perform this same function. This is not my preference as I do not expect to make any profit off of this service which is generally the business logic with forming a marketing affiliate.

The primary objective here is to make sure that the pipelines are collecting a fair share of the revenue as possible within their tariffs without making the retailers uncompetitive. The only thing I know for sure is that it is not working very well currently and that I need to be more involved in this process to develop a better economic picture for all of us. Please let me know what your collective thoughts are related to the above concept and questions.

Also I meant to ask you the other day, about HB 1402. I am told that this bill is intended to apply to LDC's but is worded so that it relates to gas corporations which would include MPC and MGC which obviously do not sell gas. Could you get someone to give me a read on whether this bill applies to the pipelines identified above? If so, what are we supposed to do?

Thanks for your help.

Dave Ries