

1 PUBLIC SERVICE COMMISSION  
2 STATE OF MISSOURI

3 THE STAFF OF THE MISSOURI )  
4 PUBLIC SERVICE COMMISSION, )  
5 Complainant, )  
6 vs. ) Case No. GC-2006-0378  
7 MISSOURI PIPELINE COMPANY, )  
8 LLC, et al., )  
9 Respondents. ) June 17, 2006  
10 ) Jefferson City, Missouri

11 VOLUME I  
12 DEPOSITION OF DAVID (B.J.) LODHOLZ,  
13 a witness, produced, sworn and examined on the 17th day of  
14 June, 2006, between the hours of 8:00 a.m. and 6:00 p.m.  
15 of that day at the offices of the Missouri Public Service  
16 Commission, 200 Madison Street, 8th Floor Conference Room,  
17 in the City of Jefferson, County of Cole, State of  
18 Missouri, before

19 KELLENE K. FEDDERSEN, RPR, CSR, CCR  
20 MIDWEST LITIGATION SERVICES  
21 3432 West Truman Boulevard, Suite 207  
22 Jefferson City, MO 65109  
23 (573) 636-7551

24 and Notary Public within and for the State of Missouri,  
25 commissioned in Cole County, Missouri, in the  
above-entitled cause, on the part of the Complainant.

## 1 A P P E A R A N C E S

## 2 FOR THE COMPLAINANT:

3 LERA L. SHEMWELL  
4 Senior Counsel  
5 P.O. Box 360  
200 Madison Street  
Jefferson City, MO 65102  
(573) 751-3234

## 6 FOR THE RESPONDENT:

7 PAUL DeFORD, Attorney at Law  
8 Lathrop & Gage  
2345 Grand Boulevard  
Kansas City, MO 64108  
9 (816) 292-2000

## 10 FOR LACLEDE GAS COMPANY (VIA TELEPHONE):

11 MICHAEL C. PENDERGAST  
12 Attorney at Law  
13 Laclede Gas Company  
720 Olive Street  
St. Louis, MO 63101  
(314) 342-0532

14  
15 FOR AMEREN (VIA TELEPHONE):

16 DAVID KURTZ  
17 Attorney at Law  
SMITH LEWIS, LLP  
111 South 9th Street, Suite 200  
P.O. Box 918  
18 Columbia, MO 65205-0918  
(573) 443-3141

19  
20 ALSO PRESENT: David Ries  
Janis Fischer

## SIGNATURE INSTRUCTIONS:

21  
22 Signature to be obtained at the conclusion of the  
deposition.

## 23 EXHIBIT INSTRUCTIONS:

24 Attached to original.

25

1 I N D E X

2 Direct Examination by Ms. Shemwell 4

3

4 EXHIBITS INDEX

5

6 \*\* 16

7 \*\* 32

8 \*\* 36

9 \*\* 41

10 \*\* 101

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 DAVID (B.J.) LODHOLZ, being sworn, testified as follows:

2 DIRECT EXAMINATION BY MS. SHEMWELL:

3 Q. Good afternoon, Mr. Lodholz. My name is  
4 Lera Shemwell. I represent the Staff in this case. The  
5 case number is GC-2006-0378.

6 I may occasionally use the term entities,  
7 what work did you do for the entities, and I am intending  
8 that to mean MoGas Energy, Gateway, Omega, UPSI, Missouri  
9 Pipeline Company, Missouri Gas Company and MIG, and did I  
10 say UPSI?

11 A. Yes.

12 Q. I probably for the most part will be asking  
13 you about specific companies. If you don't understand a  
14 question, please ask me to clarify the question.  
15 Otherwise, I'm going to assume that you understood it.  
16 Okay?

17 A. Okay.

18 Q. Some of the information we'll be discussing  
19 may be highly confidential, so we plan to treat the entire  
20 deposition as confidential until the company has had time  
21 to read it and decide what should be maintained as  
22 confidential. And I'm going to ask that we try not to  
23 speak over one another so that Kellene can get this.

24 Would you state your full name for the  
25 record, please.

1           A.       David D. Lodholz.

2           Q.       And you go by B.J.; is that correct?

3           A.       That's correct. That's correct.

4           Q.       Mr. Lodholz, where do you work?

5           A.       Right now, I'm unemployed.

6           Q.       Where have you worked in the immediate

7 past?

8           A.       Missouri Pipeline Company.

9           Q.       And is Missouri Pipeline Company, was that

10 your only employer among the group of entities?

11          A.       No. There were several -- several related

12 entities.

13          Q.       And did you -- let's just go through them

14 then. Did you do any work for MoGas Energy?

15          A.       Yeah.

16          Q.       What about Gateway?

17          A.       Yes.

18          Q.       Omega?

19          A.       Yes.

20          Q.       UPSI, which is United Pipeline Systems,

21 Inc.; is that correct?

22          A.       Yes. And, no, I didn't do any work for

23 them.

24          Q.       We'll refer to MPC, which is Missouri

25 Pipeline Company. Did you work for them?

1           A.       Yes.

2           Q.       Missouri Gas Company I'll refer to as MGC.

3 Did you work for them?

4           A.       Correct.

5           Q.       And MIG, or Missouri Interstate Gas, did

6 you do work for them?

7           A.       Yes.

8           Q.       Thank you. What's your educational

9 background?

10          A.       I have a bachelor's degree from

11 University of Wisconsin, and a master's degree from

12 College of St. Thomas in Minnesota, and I have a CPA and

13 CMA.

14          Q.       In what states -- I'm sorry. What was the

15 last one, CPA and what?

16          A.       CMA, certified managerial accountant, and

17 both out of Minnesota.

18          Q.       Any other professional licenses,

19 designations or memberships?

20          A.       No.

21          Q.       Did you have any specialized training in

22 gas utility regulation?

23          A.       I attended one seminar in California.

24          Q.       Was it after you were hired in this job?

25          A.       Yes.

1           Q.       Do you have any familiarity with Missouri  
2       Public Service Commission rules, and specifically the  
3       rules on affiliate transactions?

4           A.       The answer to the first question, yes, I do  
5       have some familiarity. The affiliated transactions, a  
6       little bit.

7           Q.       In terms of accounting, are you familiar  
8       with the general term internal control and how it applies  
9       to accounting procedures?

10          A.       Yes.

11          Q.       And would you say a little bit about your  
12       understanding of that term?

13          A.       Internal control?

14          Q.       Yes.

15          A.       Generally is try to keep things in  
16       accordance to GAAP or in accordance to whatever type of  
17       accounting books you're keeping your -- accounting policy  
18       you're keeping your books on, and make sure that there's  
19       no theft, that the accounting statements are stated  
20       accurately and correctly.

21          Q.       Have you been deposed in the past?

22          A.       No.

23          Q.       So we discussed that if I ask a question  
24       you don't understand, you should ask for clarification?

25          A.       Correct.

1           Q.     Is there anything today that would prevent  
2     you from testifying fully?

3           A.     No.

4           Q.     So you're not on any medication or anything  
5     that might affect you?

6           A.     No.

7           Q.     Are you being paid to attend?

8           A.     Yes.

9           Q.     By?

10          A.     Missouri Pipeline.

11          Q.     Have you been given instructions on how to  
12     answer the questions by anyone other than your attorney?

13          A.     No.

14          Q.     When was the last time you spoke with  
15     coworkers from MPC or any of the companies?

16          A.     Friday, Thursday.

17          Q.     And did you discuss the deposition with  
18     them?

19          A.     No.

20          Q.     Just one more time, have you had any  
21     discussions with anyone besides your attorney about the  
22     deposition and how you're to answer?

23          A.     No.

24          Q.     In terms of your current employment, we  
25     have gone through the companies for whom you have done



1 work. From which of the entities did you receive a  
2 salary?

3 A. Missouri -- Missouri Pipeline.

4 MS. SHEMWELL: Let me just ask the  
5 gentlemen on the phone, can you-all hear okay?

6 MR. PENDERGAST: Yes.

7 MR. KURTZ: No problem.

8 BY MS. SHEMWELL:

9 Q. When were you hired?

10 A. July of '02.

11 Q. Who hired you?

12 A. Dave Ries.

13 Q. And to whom did you report?

14 A. Dave Ries.

15 Q. For the court reporter, let's note that  
16 that's spelled R-i-e-s.

17 Did you have titles with these companies?

18 For example, MPC, did you have a specific title?

19 A. Yes.

20 Q. What was that?

21 A. Vice president and controller.

22 Q. And with MGC, did you have a title?

23 A. Yes, same. The same title.

24 Q. At Gateway, same thing?

25 A. Uh-huh. Yes.

1 Q. You said you didn't work for UPSI. So may  
2 I assume that you did not have a title?

3 A. Correct.

4 Q. Omega?

5 A. I believe so.

6 Q. You believe?

7 A. Yes. Yes, I did have. Yes.

8 Q. And MoGas Energy?

9 A. Yes.

10 Q. What were your primary duties for Missouri  
11 Pipeline?

12 A. Keep their financial records for internal  
13 reporting purposes on a monthly basis, and then on a  
14 quarterly basis, I sent the financials to some external  
15 people. Then I -- we had a year-end audit that was done  
16 through our bank. I had some communications with the bank  
17 if they had questions how I do our quarterly financials.  
18 Also did an annual report for the MPSC.

19 Q. When you say the bank, what bank do you  
20 mean?

21 A. That's United out of New York.

22 Q. And did you say that was an annual report  
23 or quarterly?

24 A. We did quarterly reports for them, and then  
25 we did -- quarterly unaudited reports and then we did an

1 annual audit.

2 Q. Who's we?

3 A. Gateway.

4 Q. I asked about MPC. Have you included in  
5 that description the other companies? If I asked, for  
6 example, what did you do for Omega, what would your answer  
7 be?

8 A. Very little, because Omega was  
9 non-regulated. We didn't have any external reporting  
10 requirement for Omega, and so anything I did on Omega was  
11 strictly for Dave, Dave Ries.

12 Q. Did you keep their books, though, for  
13 example, their accounts receivable and that sort of thing?

14 A. Yes, but they had one customer.

15 Q. Who's that customer?

16 A. The government, Department of Defense.

17 Q. What did you do for Missouri Gas Company?

18 A. I was their one-man full-charge accountant.

19 So I did everything, payroll -- payroll, accounts  
20 receivable, accounts payable, financial reporting, and  
21 external reporting I mentioned previously, and some  
22 financial analysis as required, requested by Dave Ries.

23 Q. When you say financial analysis, would you  
24 say a little more about your use of that term?

25 A. That could be anything. Dave might say,

1 can you give me the detail of this account, can you give  
2 me the history of this account? You know, typical  
3 analysis that any president or officer would ask from  
4 their controller or full-charge accountant. Could be a  
5 cash flow analysis. Could be anything.

6 Q. We use that term to mean determining a  
7 return on equity, that sort of analysis. That's not what  
8 you're referring to; is that correct?

9 A. That's correct.

10 Q. And for Omega, would you again review for  
11 me what you did for them?

12 A. Monthly statements for Dave Ries only,  
13 which would take minutes. I would just export their  
14 monthly financial results to an Excel spreadsheet, send  
15 them to Dave.

16 Q. Did you do any work for them on a daily  
17 basis?

18 A. No.

19 Q. What about MoGas Energy?

20 A. No work on a daily basis. They were the  
21 parent of some of the other, and so they were the -- the  
22 only work I did with those were the -- the only thing I  
23 did with MoGas Energy was the external reporting, and that  
24 was just a rollup of the other entities.

25 Q. Any other entities for whom you did work?

1           A.       No.

2           Q.       What outside auditors did you work with?

3           A.       Initially it was BKD in 2002, and then we

4 switched to RBG for the year end in 2003.

5           Q.       And RBG is Rubin Brown; is that correct?

6           A.       Correct. Rubin Brown Gornstein.

7           Q.       I understand your last day of employment

8 with MPC was May 12th?

9           A.       Correct.

10          Q.       You said you're not now employed?

11          A.       Correct.

12          Q.       Why did you leave MPG or MPC? I'm sorry.

13          A.       Well, I retired in January, and then

14 decided to work part-time for MPC, and then Dave Ries made

15 a decision they still needed somebody full-time.

16          Q.       But then you resigned your full-time

17 position on May 12th?

18          A.       Correct. After I trained in the new

19 person.

20          Q.       Did you have any part in hiring the new

21 person, which I understand's named Mr. Mertz, M-e-r-t-z;

22 is that correct?

23          A.       That's correct, but no; to answer your

24 question, no. That is his name.

25          Q.       You didn't hire him but you trained him?

1           A.     No.   Correct.

2           Q.     Are you currently receiving any sort of  
3   compensation from any of the entities?

4           A.     No.

5           Q.     Any individuals associated with your prior  
6   employment?

7           A.     No.

8           Q.     You indicated you retired in January?

9           A.     That's correct.

10          Q.     Who hired your replacement, Mr. Mertz?

11          A.     I'm not sure.   Remember, I said I didn't  
12   any role in it, so I'm not sure who hired him.

13          Q.     You mentioned GAAP.   Are you familiar with  
14   the FERC Uniform System of Accounts?

15          A.     Yes.   Not on an expert level, but yes, I'm  
16   aware of them.   I had the FERC book and we had the FERC  
17   chart of accounts.

18          Q.     Do the entities for which you work keep  
19   books in accord with the FERC USOA?

20          A.     Yes.

21          Q.     All of them?

22          A.     Yes.

23          Q.     Does MoGas Energy have any customers or  
24   clients in Missouri?

25          A.     No.

1 Q. What about Gateway?

2 A. No.

3 Q. Do you know anything about UPSI and whether

4 or not they have any?

5 A. UPSI was dissolved as far as I know. So to

6 answer your question, no.

7 Q. Omega?

8 A. Yes.

9 Q. And those are?

10 A. The customers?

11 Q. Yes.

12 A. It's the Department of Defense.

13 Q. Are there any other customers for whom

14 Omega transports gas as a Missouri pipeline or Missouri

15 gas company?

16 A. No.

17 Q. Can you describe for me Omega's business?

18 A. They are a gas transporter for the

19 Department of Defense, Fort Leonard Wood.

20 Q. \*\* \_\_\_\_\_ \*\*

21 A. \*\* \_\_\_\_\_

22 \_\_\_\_\_ \*\*

23 Q. \*\* \_\_\_\_\_ \*\*

24 A. \*\* \_\_\_\_\_

25 \_\_\_\_\_ \*\*

1 Q. \*\* \_\_\_\_\_ \*\*

2 A. \*\* \_\_\_\_\_ \*\*

3 Q. Prior to your leaving employment, were you  
4 aware of any intent to sell Omega?

5 A. No.

6 Q. Did you play any part in the sale of the  
7 company?

8 A. No.

9 MS. SHEMWELL: I'm going to ask the  
10 reporter to mark this document as Exhibit 1.

11 (EXHIBIT NO. 1 WAS MARKED FOR  
12 IDENTIFICATION BY THE REPORTER.)

13 MS. SHEMWELL: And hand you a copy of that,  
14 or I'll hand you a copy of that. It will be Exhibit 1.  
15 Let's go off the record for just a moment, please.

16 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

17 BY MS. SHEMWELL:

18 Q. Do you have Exhibit 1 in front of you --

19 A. Yes.

20 Q. -- Mr. Lodholz?

21 A. Yes.

22 Q. I'd like to ask you some questions about  
23 some specific transactions. What is Account 234, accounts  
24 payable to associated companies, used for?

25 A. I'm not sure.



1 Q. Do you see that MPC and right beside it, in  
2 the lower third of the page, 234 account paid to  
3 associated companies?

4 A. It's an intercompany account. It's an  
5 intercompany account.

6 Q. Intercompany account?

7 A. Correct.

8 Q. What does that mean?

9 A. It means intercompany transactions that  
10 happen between two companies.

11 Q. And it would be between the entities that  
12 we have listed; is that correct?

13 A. Correct.

14 Q. Could we look on page 1 and the  
15 transactions listed as invoices dated February 28th, 2002?  
16 Can you find those?

17 A. Yes.

18 Q. And the Department of Defense transactions,  
19 they both say Account 142, correct?

20 A. Correct.

21 Q. Customer accounts receivable for both of  
22 them; is that correct?

23 A. Correct.

24 Q. Do these amounts represent Omega and MPC  
25 revenues?

1           A.       Those entries are -- I started in July of  
2   '02.  So I'm not familiar with those entries.

3           Q.       So you don't know why there are two  
4   entries?

5           A.       No, I do not.

6           Q.       Do you know what split means?

7           A.       No, I do not.

8           Q.       Let's look on the third page at I think it  
9   has a circled eight at the top.  On 1/13/2003 there's an  
10  Air Gas Mid America, and it says UMB operator.  Are you  
11  there?  1/13/2003?

12          A.       I'm on 1/13, yes.

13          Q.       And it says split over there.  Do you know  
14  what that means?

15          A.       I'm not sure.  I'm not sure.

16          Q.       Did you keep this account?

17          A.       Did I keep this account?  Yes, at the time.

18          Q.       So if we look down on 1/31/2003, Department  
19  of Defense, it says, customer accounts receivable, and  
20  again, it says split, but do you know what the split means  
21  there?

22          A.       No.  No, I do not.

23          Q.       There -- do you know why there is just one  
24  entry, as opposed to the two that were up above in  
25  January?

1 A. No, I do not.

2 Q. If I ask you about a transaction on  
3 February 28th, 2002, do you know -- is that something that  
4 you can answer?

5 A. No.

6 Q. Do you know why Omega would receive a bill  
7 for propane just in general?

8 A. If they were buying gas.

9 Q. Okay. Propane as opposed to natural gas,  
10 do you know why they would get a bill for propane?

11 A. If they were buying gas. When you say a  
12 bill, you mean that Omega's getting a bill from a vendor  
13 for propane?

14 Q. Yes.

15 A. Yeah, they would buy propane for that if  
16 propane -- if they have a propane air plant and they were  
17 buying propane to fill that air plant.

18 Q. That propane air plant, is it located on  
19 Fort Leonard Wood?

20 A. Correct.

21 Q. Does MGC also sell propane to others?

22 A. No.

23 Q. If we look at a transaction dated  
24 April 3rd, 2002 for the Langley Group, would you have any  
25 knowledge about that?

1           A.       No.

2           Q.       Would you look at what is page 3 but it has  
3 a big 8 circled at the top of it, please?

4           A.       Yes.

5           Q.       And would you look at December 31st, 2002,  
6 account payable to associated companies?

7           A.       Yes.

8           Q.       Was this transaction a debit to  
9 Account 807, natural gas, or Account 234, payable to  
10 associated companies?

11          A.       I believe 807.

12          Q.       Can we look at the one, the second one  
13 down, it says Rust Contractors, and then it says, propane  
14 sales. What can you tell me about that transaction?

15          A.       I don't recall that transaction.

16          Q.       Do you recall any of these where it says  
17 propane sales and it may not be the Department of Defense?

18          A.       No.

19          Q.       Also on that same page, January 21st, 2003,  
20 we have I believe it's a check listing for Missouri Gas  
21 Company for 121,000. There are small checks over to the  
22 right if you look on the bottom third of the page.

23          A.       Uh-huh.

24          Q.       What can you tell me about the first  
25 transaction for \*\* \_\_\_\_\_ \*\*

1           A.       I don't recall that particular transaction.

2           Q.       Would you note that it's through  
3   Account UMB Operating. Does that give you any additional  
4   information about what that might have been?

5           A.       That means there was a transfer from the  
6   operating account to MPC and MGC.

7           Q.       And you're referring when you say to those  
8   companies to both of those, Missouri Gas Company is the  
9   top one, Missouri Pipeline is the second?

10          A.       Right. There's two transactions.

11          Q.       For \*\* \_\_\_\_\_ \*\*

12          A.       Correct.

13          Q.       You don't recall what those transactions  
14   were for?

15          A.       No.

16          Q.       Then can you tell me in general what that  
17   transaction or a similar transaction might be for?

18                   MR. DeFORD: Objection, that calls for  
19   speculation.

20                   MS. SHEMWELL: You're not instructing him  
21   not to answer, though, right?

22                   MR. DeFORD: That's right.

23                   THE WITNESS: Yeah, I'm not sure.

24   BY MS. SHEMWELL:

25          Q.       Would you care to speculate?

1 A. No.

2 Q. If I suggest some things, might you tell me  
3 yes or no? For example, might it be for payroll?

4 A. It's definitely not for payroll. That I  
5 can -- that's not even speculation. That's not for  
6 payroll.

7 Q. So might it be for rent?

8 A. No.

9 Q. Natural gas?

10 A. It might be for that.

11 Q. Do you -- can you tell from that if these  
12 payments would be made monthly to MPC and MGC?

13 A. I'm not sure.

14 Q. Were monthly payments made --

15 A. No.

16 Q. -- out of this account?

17 A. No. If you go through here, no.

18 Q. Is it possible that this is a payment from  
19 Omega to MPC and MGC for transportation?

20 A. It's possible.

21 Q. But would that be the kind of payment that  
22 you would expect to be made monthly if it were for  
23 transportation?

24 A. Speculation. I'm not sure.

25 Q. Did you see payments from Omega on behalf

1 of MPC for transportation, did you see those transactions  
2 come through?

3 A. I don't recall.

4 Q. So you don't recall if you ever saw a  
5 payment from Omega to the pipelines for transportation to  
6 the Fort; is that correct?

7 A. That's correct.

8 Q. Would you typically see payments made by an  
9 outside or even an affiliated entity that were made to  
10 Missouri Pipeline Company?

11 A. For what?

12 Q. Anything.

13 A. Restate your question, please.

14 Q. Would you be the one who would see payments  
15 coming in --

16 A. Sure.

17 Q. -- to MPC?

18 A. Sure.

19 Q. So if you had seen regular payments from  
20 MPC -- to MPC from Omega, do you think you would recall  
21 those?

22 A. Not necessarily.

23 Q. Why?

24 A. Because there are a lot of transactions  
25 taking place.

1           Q.       I'm thinking that these transactions,  
2       however, might have been bigger than other payments, but I  
3       don't know, so that you might have remembered them.

4           A.       But I don't.

5           Q.       Okay. If we look at March 31, 2003, which  
6       I believe is on page 10, it has a big 10 circled at the  
7       top. It's actually about page 4. If you go down not  
8       quite halfway, it says Aquila under name, accounts  
9       payable, and there's an amount in the right-hand column of  
10      \*\* \_\_\_\_\_ \*\* Do you see that, sir?

11          A.       Yes.

12          Q.       Is this gains from the disposition of  
13      plant?

14          A.       Yes.

15          Q.       And what does that mean?

16          A.       I'm speculating that the original entry was  
17      created from before my time, and after talking about the  
18      entity with our auditors, that we decided to reclassify it  
19      from a payable to an income item.

20          Q.       I'm not a CPA, so indulge me a moment here.  
21      It would have been received earlier and classified  
22      differently?

23          A.       Correct. It was on the books, if you will,  
24      when I started at the company as a payable, as a  
25      liability.



1 Q. I think you said something about we  
2 decided. Who would that be?

3 A. With the auditors at the end of the year,  
4 we being myself and RBG.

5 Q. And you decided to reclassify it as what?

6 A. As taking it from a liability to an income,  
7 to the income statement.

8 Q. So you classified it as income?

9 A. Correct.

10 Q. Would you look at Account 416, please --  
11 I'm sorry -- 411.6, gains. In disposition of plant, there  
12 are two -- there's account paid to associated company,  
13 \*\* \_\_\_\_\_ \*\* Do you see that?

14 A. Yes.

15 Q. Can you describe that transaction for me,  
16 please?

17 A. It was a breakout of that prior  
18 transaction. I don't know how we arrived at the breakout.

19 Q. So if you add those two together, is it the  
20 \*\* \_\_\_\_\_ \*\* number?

21 A. That's correct.

22 Q. How do you know that it's not repetitive?  
23 How do you know that they're not two entries or --

24 A. Because I know. I mean, I know that we  
25 looked at that account and they would be classified.

1 Q. Do you know why?

2 A. I don't recall.

3 Q. Do you know anyone who might be able to

4 tell us why?

5 A. The audit firm, because they maintain work

6 papers from back then.

7 Q. Would you please turn to page 12, which is

8 the next sheet. Not quite halfway down there is a

9 transaction listed as an invoice on July 31st, 2003 under

10 the name City of Cuba?

11 A. Yeah.

12 Q. \*\* \_\_\_\_\_ \*\*

13 A. Correct.

14 Q. Do you know what split means there?

15 A. No.

16 Q. Would you have made this entry yourself?

17 A. It would have been a cash receipt from --

18 from a customer.

19 Q. A customer of whom?

20 A. City of Cuba.

21 Q. And City of Cuba was a customer of what

22 entity?

23 A. Of Omega.

24 Q. When you say cash, I'm assuming you mean

25 check?

1           A.       Or wire or --

2           Q.       Wire transfer?

3           A.       Correct.

4           Q.       Do you know, was this the first invoice

5 issued to the City of Cuba?

6           A.       I don't recall.

7           Q.       As we discuss this, does it refresh your

8 memory at all what split means?

9           A.       No. No. That's just a -- a QuickBooks

10 term, and I don't recall.

11          Q.       What do you mean, QuickBooks?

12          A.       This is a QuickBooks-generated report.

13 That is the software that was used for this.

14          Q.       Is QuickBooks a Quicken product?

15          A.       I'm not sure. I don't know.

16          Q.       But it's a software?

17          A.       Correct. It's an accounting software.

18          Q.       If we turn to the next page, which is

19 labeled 13 at the top, are you there? The very first

20 line, invoice from the City of Cuba?

21          A.       Yes.

22          Q.       And it's Account 142. Do you know why it

23 has Account 4831 gas costs, as opposed to split there?

24          A.       No, I don't know.

25          Q.       Let's look right above. That entire column

1 is labeled split, isn't it, at the very top across the  
2 top?

3 A. Right. But it's -- that's the same on  
4 every page.

5 Q. Yes. I'm asking, do you know why, what  
6 that means?

7 A. No.

8 Q. As we look at October 20th, 2003, which I  
9 believe was on page -- it has 14 at the top circled,  
10 10/20/2003, Missouri Pipeline, it's down about eight. Are  
11 you there?

12 A. Uh-huh. Yes.

13 Q. And it comes out of UMB operating. We've  
14 discussed that that is the operating account, correct?

15 A. Correct.

16 Q. What operating account is that name in?

17 A. Omega Pipeline.

18 Q. And it's the split -- under split it says,  
19 807 natural gas. What does that tell you?

20 A. That they paid -- that that's the  
21 accounting activity when they wrote the check.

22 Q. And what's in natural gas, just the  
23 commodity or other things?

24 A. Correct, just the commodity.

25 Q. There isn't necessarily a check every month

1     labeled that way; is that correct?

2             A.     I'm not sure. I'd have to read. That's  
3     possible that that's correct.

4             Q.     There is one 11/7/2003, it says Missouri  
5     Pipeline, UMB operating, 807 natural gas, again, right,

6     \*\*         \_\_\_\_\_     \*\*

7             A.     Correct.

8             Q.     And that, again, is just the commodity?

9             A.     Correct.

10            Q.     Do you know why Omega would pay MPC for  
11     natural gas?

12            A.     I don't want to speculate.

13            Q.     Does that mean you don't know?

14            A.     I don't know.

15            Q.     At the top page we have the Department of  
16     Defense making a payment, is that correct, 1/15/2004,  
17     Department of Defense?

18            A.     Correct.

19            Q.     That's in Account 142, correct? Do you  
20     know what that was for?

21            A.     It was to relieve a customer receiving, to  
22     pay -- to pay an invoice.

23            Q.     Say a little more about that.

24            A.     It's just that. I mean, we billed the  
25     Department of Defense and they paid it.

1 Q. Do you know what it was for?

2 A. For transportation fee and commodities.

3 Q. The check from \*\* \_\_\_\_\_ \*\* that's

4 the fourth one down, would you describe to me what that

5 line represents?

6 A. That's a check to \*\* \_\_\_\_\_ \*\*

7 Q. And that would be for just commodity,

8 correct?

9 A. Correct.

10 Q. Do you know why it was only Missouri

11 Pipeline that received a check, as opposed to Missouri

12 Gas?

13 A. Say that again.

14 Q. Do you know why the payment would be made

15 to -- from Omega to Missouri Pipeline and not to Missouri

16 Gas Company?

17 A. I don't understand the question.

18 Q. It's my understanding that both Missouri

19 Pipeline and Missouri Gas Company transport to the Fort;

20 is that your understanding?

21 A. Yeah.

22 Q. So why would Missouri Pipeline receive a

23 check but Missouri Gas Company not get a check for

24 transportation?

25 A. I don't know.

1           Q.     Do you know why there is not a -- I guess  
2     it would be a receipt from the City of Cuba in the  
3     January 31st, 2004 listing on page 16?

4           A.     I don't know.

5           Q.     There's a January 26th, 2004 City of Cuba  
6     accounts receivable for 84,000, correct?

7           A.     Correct.

8           Q.     Would you look down under general  
9     journal entry, please, in the bottom third of the page,  
10    February 3rd, 2004. There's no name under name. Then it  
11    says 807, natural gas. What was that entry?

12          A.     I have no idea.

13          Q.     Would you have made the entry yourself,  
14    though?

15          A.     Probably.

16          Q.     \*\* \_\_\_\_\_ \*\* has a payment  
17    February 6th, 2004. Do you see that?

18          A.     Yes.

19          Q.     And that is an accounts receivable,  
20    correct?

21          A.     Correct.

22          Q.     What do you know about that customer?

23          A.     They used propane during the winter months,  
24    and they were a customer for a couple months a year.

25          Q.     Customer of whom?

1 A. Of Omega Pipeline.

2 Q. \*\* \_\_\_\_\_ \*\* is in western -- the  
3 western St. Louis County area; is that correct?

4 A. I'm not sure.

5 Q. Do you know if it's the Research Park  
6 that's an industrial park?

7 A. I don't know.

8 MS. SHEMWELL: Let's mark this Exhibit 2.

9 (EXHIBIT NO. 2 WAS MARKED FOR  
10 IDENTIFICATION BY THE REPORTER.)

11 BY MS. SHEMWELL:

12 Q. Do you recognize this document,  
13 Mr. Lodholz?

14 A. No. No, I do not.

15 Q. Up in the upper left it says, imbalance  
16 summary by contract, correct?

17 A. Correct.

18 Q. And then it lists the shippers. Do you  
19 recognize those as shippers on Omega Pipeline?

20 A. Again, I'm not -- this is not a worksheet I  
21 ever dealt with. I'm not sure what this is.

22 Q. But I'm asking you, do you recognize the  
23 list of shippers as shippers on Omega Pipeline?

24 A. I recognize them as shippers on -- as  
25 customers of MPC and MGC, but not -- but not Omega.



1           Q.     Do you know if the City of Rolla is an  
2     Omega customer?

3           A.     No, it's not.

4           Q.     Cuba is showing Omega as its agent,  
5     correct?

6           A.     Correct.

7           Q.     And Fort Leonard Wood is as well?

8           A.     Correct.

9           Q.     And \*\* \_\_\_\_\_ \*\* is showing  
10    Omega as its agent, correct?

11          A.     Correct.

12          Q.     Now, \*\* \_\_\_\_\_ \*\* shows Omega?

13          A.     Correct.

14          Q.     Do you know who might have generated this  
15    document?

16          A.     I don't want to speculate.

17          Q.     Well, let's ask, who in your office would  
18    be capable of generating a document of this sort?

19          A.     I'm not sure.

20          Q.     Did you have a secretary?

21          A.     Did I? No.

22          Q.     Did you ever work with imbalances on the  
23    pipeline? Was that part of your responsibilities?

24          A.     No.

25          Q.     Who would have been responsible for

1 reviewing imbalances on the pipeline?

2 A. I'm not sure. I don't want to speculate.

3 Q. Anyone you supervised?

4 A. No.

5 Q. Would this have been produced out of the

6 St. Peters office?

7 A. I'm not sure.

8 Q. Do you have any idea how this document was

9 sent?

10 A. No.

11 Q. Or who sent it?

12 A. No.

13 Q. Or to whom it was sent?

14 A. No.

15 Q. In your office, who receives the daily --

16 let me ask first, does anyone in your office receive daily

17 readouts from customer meters?

18 A. Yes, there was somebody that received that.

19 Q. And would that be Mr. Wallen?

20 A. Yes.

21 Q. W-a-l-l-e-n, David. First name is David

22 Wallen?

23 A. Uh-huh.

24 Q. Do you know what he did with those daily

25 reads?

1           A.     No.

2           Q.     Do you know if he put them in the computer?

3           A.     I believe so, but that's speculation.

4           Q.     How did he receive them?

5           A.     I'm not sure.

6           Q.     So you don't know if he got an e-mail or

7 phone call?

8           A.     That's correct, I don't know.

9           Q.     Did you have anyone in your office

10 specifically assigned to certain companies for service?

11          A.     No, not that I'm aware of.

12          Q.     Do you know who nominates gas for Omega

13 customers?

14          A.     No.

15          Q.     What do you know about the gas nomination

16 process?

17          A.     Very little. It wasn't -- it was outside

18 of -- I didn't deal with the gas nomination issue.

19          Q.     Do you know who did that?

20          A.     No.

21          Q.     So you don't know who determined the

22 quantity --

23          A.     Correct.

24          Q.     -- for Omega or --

25          A.     Correct.

1           Q.     -- do you know what company Omega purchases  
2     from -- let me rephrase.  
3                     Do you know from whom Omega purchases gas?  
4           A.     No.  
5           Q.     So you don't know which pipeline or --  
6           A.     That's correct.  
7           Q.     Who reviewed the invoices for gas purchased  
8     by Omega?  
9           A.     Dave Ries.  
10          Q.     Who approved them?  
11          A.     Dave Ries.  
12          Q.     Do you know who reconciled the gas  
13     purchases made by Omega with the deliveries to the  
14     customers?  
15          A.     I don't know.  
16          Q.     Do you know if there are documents that  
17     contain this information?  
18          A.     I don't know.  
19          Q.     Did you ever review this information?  
20          A.     No.  
21          Q.     This will be Exhibit 3.  
22                     (EXHIBIT NO. 3 WAS MARKED FOR  
23     IDENTIFICATION BY THE REPORTER.)  
24     BY MS. SHEMWELL:  
25          Q.     And I will identify this as a list of

1 employees. When you review that, does that look like the  
2 list of employees of the entities, I'll say, when you  
3 worked there at M-- at the St. Peters office?

4 A. You mean the middle section that's  
5 highlighted that you can hardly read the names on? Yes.

6 Q. They're Missouri Pipeline employees?

7 A. Yes.

8 Q. Where does Missouri Pipeline have its  
9 offices?

10 A. In St. Peters and in Shawnee, Kansas.

11 Q. What's the name of the street in  
12 St. Peters?

13 A. Algana Court, Algana, A-l-g-a-n-a.

14 Q. The people on the list here, Ron Blevins,  
15 Patty Hawkins and so on, do they work for Missouri  
16 Pipeline Company?

17 A. Yes.

18 Q. What about for Omega?

19 A. No.

20 Q. Do they work for Missouri Gas Company?

21 A. No.

22 Q. What about Gateway?

23 A. Well, Gateway's the parent of Missouri  
24 Pipeline, so indirectly they work for Gateway.

25 Q. Would your answer be the same for MoGas

1 Energy?

2 A. Correct.

3 Q. What about for MIG, Missouri Interstate

4 Gas?

5 A. They are -- there are no dedicated

6 employees. There were no dedicated employees for Missouri

7 Interstate Gas, MIG.

8 Q. Would your answer be the same for UPSI?

9 A. Correct.

10 Q. As we look at the bottom, there's a list

11 for Omega Pipeline Company and there are three names. Do

12 any of those people work exclusively for Omega?

13 A. Yes.

14 Q. Who?

15 A. Jim Hickman and Dave Shockley.

16 Q. Where are they located?

17 A. At the Fort.

18 Q. What do they do there?

19 A. They're pipeline technicians. I'm not --

20 I'm not privy to what they do on a day-to-day basis. I

21 wasn't privy to what they did on a day-to-day basis.

22 Q. Do you know if they used people who worked

23 for Aquila or UtiliCorp prior to the purchase?

24 A. I'm not sure.

25 Q. All of the people listed under Missouri

1 Pipeline Company, do they work at the St. Peters address?

2 A. No.

3 Q. Who doesn't work there?

4 A. Yvette Korb. Can't read that. Is it John?

5 Q. Lincoln?

6 A. Oh, he works -- J.D. Lincoln might work

7 there. Mittelhauser did not. What's the name below

8 Mittelhauser? I can't read it.

9 Q. Preston Price.

10 A. Preston did not work there. Ryan Ries did

11 not work there, and Bob Wilcox did not work out of that

12 office, out of that location.

13 Q. But Yvette is a Missouri Pipeline employee?

14 A. Correct.

15 Q. Do you know why they're not officed in

16 St. Peters?

17 A. No.

18 Q. Do you know if there's been any attempt to

19 consolidate employees to the St. Peters office?

20 A. Not that I was aware of.

21 Q. Do you know Gateway's phone number?

22 A. When you say Gateway, you mean MPC Gateway?

23 Yes.

24 Q. So that's -- MPC has a phone number. Does

25 Gateway?

1           A.       It would be the same.

2           Q.       What about Omega?

3           A.       The same.

4           Q.       What about MIG?

5           A.       The same.

6           Q.       And MoGas Energy?

7           A.       The same.

8           Q.       Do you have a listing in the phone book?

9           A.       Do I have a listing of what?

10          Q.       Not you personally. Do the entities?

11          A.       I'm not sure. I don't know.

12          Q.       How did your customers find you, then?

13          A.       I'm not sure.

14          Q.       Who answers the phone for MPC and MGC?

15          A.       At the St. Peters office, Patty Hawkins.

16          Q.       Is that P-a-t-t-y?

17          A.       Yes.

18          Q.       H-a-w-k-i-n-s?

19          A.       Correct. And at the Kansas, the Shawnee,

20 Kansas office, I believe they have an attendant, a -- it's

21 voicemail.

22          Q.       Like an electronic attendant thing?

23          A.       Yeah. They don't have a...

24          Q.       Do you know if Mr. Monaldo is also located

25 in the Shawnee office?



1           A.       Yes.

2                   MS. SHEMWELL:   Kellene, if I'm correct this  
3 will be 4.

4                   (EXHIBIT NO. 4 WAS MARKED FOR  
5 IDENTIFICATION BY THE REPORTER.)

6 BY MS. SHEMWELL:

7           Q.       Do you recognize this document?

8           A.       Yes.

9           Q.       Would you describe it, please?

10          A.       It's an invoice that we sent out to  
11 customers, a customer invoice.

12          Q.       And it shows the shipper as Directorate of  
13 Public Works, Allen Simpson; is that correct?

14          A.       Correct.

15          Q.       And where does Allen Simpson work?

16          A.       As located as -- on this sheet, Fort  
17 Leonard Wood.

18          Q.       And is there a phone number for him to call  
19 if he has questions?

20          A.       Yes.

21          Q.       And that's you, isn't that correct,  
22 Mr. Lodholz, at the bottom there?

23          A.       That's correct.

24          Q.       And that phone number is MPC's phone  
25 number?

1           A.     Correct.

2           Q.     Do you know if that's still their phone  
3     number?

4           A.     I believe so.

5           Q.     And I believe it says -- this is an  
6     October 7th, 2003 invoice; is that correct?

7           A.     Correct.

8           Q.     Would you tell me what the -- under  
9     September 3rd reservation charge, what that means?

10          A.     That means that was the month that he was  
11     paying for on this invoice.

12          Q.     And the term reservation charge?

13          A.     Is they pay a reservation fee to have  
14     access to our pipe.

15          Q.     And to whom would that be paid?

16          A.     To Omega.

17          Q.     And then the next page, is this an invoice  
18     to \*\* \_\_\_\_\_ \*\*

19          A.     Uh-huh.

20          Q.     Were you still with the company September  
21     '05?

22          A.     Yes.

23          Q.     Are you familiar with this invoice or  
24     invoices similar to this?

25          A.     Yes. Not this particular invoice, but yes.

1           Q.     And is Amy Mitchell the one that you worked  
2     where at \*\* \_\_\_\_\_ \*\*  
3           A.     I don't recall that name.  
4           Q.     And the check was remitted to Omega; is  
5     that correct?  
6           A.     I'm not sure.  
7           Q.     But it asks them to omit to Omega?  
8           A.     Right, it asks -- right.  
9           Q.     What's ACH?  
10          A.     A wire transfer. What does that stand for?  
11     Automated clearing house, I believe. I'm not sure what  
12     the ACH stands for, but it's a type of wire transfer.  
13          Q.     Okay. As you look down towards the middle,  
14     would you agree with me that this is -- or do you read  
15     this as being for both commodity and transportation?  
16          A.     Yes.  
17          Q.     Use tax for Crawford County delivery, sir,  
18     that's about the last entry. Would you remit that use  
19     tax, or to whom would you remit that use tax?  
20          A.     I'm not sure.  
21          Q.     Do you know why you collected it?  
22          A.     I'm not sure. I don't recall. I don't  
23     recall a use tax -- billing somebody for use tax.  
24          Q.     How could we find out to whom the use tax  
25     would have been remitted?

1           A.       I'm not sure.

2           Q.       I don't know. What is a use tax?

3           A.       It's for use of -- a sale and use tax.

4       It's a tax for use of a product, in this case a pipeline.

5           Q.       Do you know if that's unique to Crawford

6       County?

7           A.       As I said, I don't recall seeing use tax on

8       any other invoice, so...

9           Q.       The next page is -- well, would you

10       describe what it is?

11          A.       An invoice.

12          Q.       From?

13          A.       Omega.

14          Q.       To?

15          A.       City of Cuba.

16          Q.       I'm sorry. I'm reading this as \*\* \_\_\_\_\_

17       \_\_\_\_\_, the bill to.

18          A.       Are we on the same page (indicating)?

19          Q.       This is what I'm looking at (indicating).

20          A.       Oh, sorry. Yeah, that's \*\* \_\_\_\_\_ \*\*

21          Q.       And they're asked again to remit the

22       payment to Omega; is that correct?

23          A.       Right.

24          Q.       Would you have received this in your

25       office?

1           A.     Yes.

2           Q.     Or the record that it was --

3           A.     Correct.

4           Q.     -- transmitted, correct?

5           A.     Correct.

6           Q.     And then you would post. Post it where?

7           A.     The original invoice as an AR, and then the

8 receipt as an offset to accounts receivable.

9           Q.     So for the court reporter, you're using AR

10 as accounts receivable?

11          A.     Correct.

12          Q.     And then the final document of that group,

13 which is the fourth one, would you describe that for me?

14          A.     It's the same as the previous document, an

15 invoice to -- from Omega to City of Cuba.

16          Q.     And down in the middle we have a quantity,

17 correct?

18          A.     Correct.

19          Q.     And it says, less volumes delivered to \*\* \_\_\_\_ \*\*

20 Do you know who \*\* \_\_ \*\* is?

21          A.     No.

22          Q.     Do you know what the agency fee that's

23 listed on the left -- next line is?

24          A.     No.

25          Q.     Do you know what the entry would be, fuel

1 use on PEPL at 2.97 percent? Do you know what that is?

2 A. No.

3 Q. Where it indicates there current month end  
4 imbalance, do you know what that is?

5 A. No.

6 Q. Do you know who creates these invoices?

7 A. Patty Hawkins, the receptionist.

8 Q. And she would mail them from the --

9 St. Peters?

10 A. Correct.

11 Q. Or fax?

12 A. Correct.

13 THE WITNESS: Can we take a break sometime?

14 MS. SHEMWELL: We certainly may, and this

15 would seem as good a time as any. So let's do that.

16 We'll ask the court reporter to go off the record.

17 (A BREAK WAS TAKEN.)

18 BY MS. SHEMWELL:

19 Q. Let's get back a little to the St. Peters  
20 office. Who opens the mail?

21 A. Patty Hawkins, the receptionist.

22 Q. And if she has invoices, to whom does she  
23 take those?

24 A. Vendor invoices?

25 Q. Uh-huh.

1           A.       She would file those in an accordion file  
2     and she would get me a sheet that showed when they need to  
3     be -- when they were due to be paid. I'd cut checks.

4           Q.       Would she have, like, a list with the date  
5     and the --

6           A.       Not a list, no. And I hadn't looked at it  
7     in the last couple of weeks I'd been there, but what the  
8     previous person had set up was an accordion file that had  
9     dates, you know, number dates, 1 through 31. And then  
10    what she would do is put them in. We would cut checks  
11    once a week, and she would put them in that, in whatever  
12    week's folder she needed to. And then she'd pull them out  
13    and give me an Excel spreadsheet that showed the vendors  
14    that need to be paid that week. And Dave Ries had  
15    reviewed those as well.

16          Q.       Who signed the checks?

17          A.       Myself and Dave Wallen. It was a dual  
18    signature for better internal control.

19          Q.       Was there mail sent to any other address  
20    for MPC and MGC?

21          A.       Kansas. Shawnee, Kansas.

22          Q.       And what would that be?

23          A.       The first --

24          Q.       What kind of mail would that be?

25          A.       All different types. Vendor invoices.

1     Primarily vendor invoices.

2           Q.     When you say vendor invoices, that's people

3     that you are paying, correct?

4           A.     That's correct.

5           Q.     And what type of vendors do you have?

6           A.     Normal vendors of any business: Office

7     supplies, rent, just the normal operating expenses.

8           Q.     Does each of the entities have a separate

9     general ledger?

10          A.     Yes, with a FERC chart of accounts.

11          Q.     Would you say again what you just said?

12          A.     With a FERC chart of accounts.

13          Q.     And you used -- then when you say you used

14     the FERC chart of accounts, would you describe that as

15     your general ledger system used?

16          A.     Correct.

17          Q.     And how are entries made?

18          A.     When you say how are entries, there are two

19     type of -- there were month-end entries that were made,

20     depreciation, payroll-type entries, and then there were

21     entries made through accounts payable for expenses. And

22     then on revenues, there were -- invoices were entered into

23     the system, into QuickBooks.

24          Q.     So it's an electronic entry, as opposed to

25     a manual or --



1           A.     Correct.

2           Q.     -- handwritten?

3                     Does MoGas Energy have a ledger separate

4     from Gateway?

5           A.     Yes.

6           Q.     And where are these ledgers maintained?

7           A.     St. Peters.

8           Q.     And who has access?

9           A.     My position or that position.    The

10   controller, VP position.

11          Q.     Anyone else?

12          A.     Huh-uh.   No.

13          Q.     So was a password required?

14          A.     Yes.

15          Q.     Who posts the bank deposits?

16          A.     That position, my position.

17          Q.     How often?

18          A.     As they came in.

19          Q.     So entries could be posted daily, weekly?

20          A.     Correct.

21          Q.     Monthly?

22          A.     Daily, as they came in.

23          Q.     And again, would it be only your position

24   that would have the ability to post the transactions?

25          A.     That's correct.

1           Q.       So if you're out of the office, did they  
2 just wait?

3           A.       That's correct.

4           Q.       Did anyone have access to the general  
5 ledger over the Internet?

6           A.       No.

7           Q.       Anybody in the Shawnee office have access  
8 to the general ledger?

9           A.       No, not unless I opened it up for them.

10          Q.       Under what circumstances would you do that?

11          A.       If I had a problem with QuickBooks and I  
12 wanted our IT person in Shawnee to look at it, help me  
13 out. He -- we had to go into something together and I  
14 would have to allow him to view the books.

15                   MS. SHEMWELL: Off the record.

16                   (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

17 BY MS. SHEMWELL:

18          Q.       Which of the entities that we've discussed  
19 have banking accounts?

20          A.       Gateway. When you say banking accounts,  
21 they might not have transactions, they might not write --  
22 have checks written on them, but when you say banking  
23 accounts, I'm taking it you mean investment accounts,  
24 anything like that. That would be Gateway, MoGas,  
25 Missouri Pipeline, Omega, and that's it.

1           Q.       How are the transactions for MoGas handled  
2 then?  
3           A.       Missouri Gas Company?  
4           Q.       Yes.  
5           A.       Through Missouri Pipeline, just because we  
6 would have been writing checks out of too many accounts  
7 otherwise.  
8           Q.       Who could write checks for MPC?  
9           A.       This position.  
10          Q.       Anybody else?  
11          A.       No.  
12          Q.       What signatures were required?  
13          A.       Mine and/or -- two signatures, mine or any  
14 two of the following three: Myself, Dave Wallen, Dave  
15 Ries.  
16          Q.       You would see all of the checks that were  
17 written at the end of the month or at least a log of them?  
18          A.       Yes. Yes.  
19          Q.       And if you saw something questionable, what  
20 would you do?  
21          A.       Question it.  
22          Q.       And question whom?  
23          A.       Whoever gave me the invoice, whether it be  
24 Dave Ries -- not Dave Ries -- Dave Wallen, John, whoever  
25 submitted the invoice.

1           Q.       You met with Staff members I believe last  
2     January. Do you remember meeting with them?

3           A.       Uh-huh. Yes.

4           Q.       Janis, and Mark --

5           A.       Yes.

6           Q.       -- Oligschlaeger?

7           A.       I remember Janis. I don't remember --

8           Q.       Mark? It's my understanding that at that  
9     time you described the way that the cash flows between the  
10    entities. Can you describe now the way that the cash  
11    flows between MPC, MGC, Omega and Gateway?

12          A.       Well, it's coming out of -- not said  
13    correctly. There's no cash flow between -- the only cash  
14    flow between entities was between MPC and MGC and MIG, I  
15    guess Gateway, too, but there was no cash flow between --  
16    normal cash flow between Gateway and Omega. As I said,  
17    there was only one checking account on the Gateway side,  
18    and that was through MPC. So MPC would write checks on  
19    behalf of Missouri Gas and MIG or Missouri Interstate Gas.  
20    And the cash receipts came through MPC as well. Does that  
21    answer your question?

22          Q.       I'm not sure. So I'm going to ask a few  
23    more questions.

24          A.       Okay.

25          Q.       For example, if cash comes in to MPC, where

1 would it go from there?

2 A. It depends. If it was an MPC-only  
3 customer, customer that was above MGC on the pipeline  
4 scale, it would just go into MPC. If it was somebody who  
5 was paying on behalf of both MGC and MPC, it would still  
6 only go into the MPC bank account, but then it would be  
7 intercompany transactions with MGC.

8 Q. And after it goes into that bank account,  
9 what happens to it?

10 A. After it goes into MPC's bank account?

11 Q. Uh-huh.

12 Q. It rolls into Gateway.

13 Q. Do you know where the cash -- how the cash  
14 is distributed from there?

15 A. When you say cash is distributed, you mean  
16 Gateway?

17 Q. When it rolls over to Gateway.

18 A. I used to have a piece of paper in my  
19 wallet to explain it, but there's a -- Dave can explain  
20 this. There was a waterfall account within Gateway, where  
21 the money first went to satisfy -- and I'll probably get  
22 it wrong, but to satisfy one thing, then to satisfy  
23 another thing, as outlined in the debt covenants.

24 Q. So one entity would have priority, and then  
25 once that was satisfied, it would roll to another?

1           A.     No, no, no. I'm sorry. It's not one  
2     entity. It's one account.

3           Q.     One account?

4           A.     As with any bank relationship, they would  
5     say they wanted -- and they had a debt service reserve  
6     account. You know, that -- my wife's a banker, so I hear  
7     all that stuff. But they had a debt reserve, that they  
8     wanted to have a certain amount of money, \*\* \_\_\_\_\_

9     \_\_\_\_\_  
10    \_\_\_\_\_  
11    \_\_\_\_\_

12    \_\_\_\_\_ \*\* Then beyond that there was  
13    another debt service account that would fund the current  
14    month's debt service requirements, and then it would go  
15    into a different revenue account.

16          Q.     So if I understand right, if that first  
17    account is satisfied, let's say it is, in fact, a --

18          A.     Right.

19          Q.     -- debt service account, the first one. If  
20    that's satisfied, then it rolls to the second one?

21          A.     Correct.

22          Q.     Does Omega transfer funds to MPC?

23          A.     No.

24          Q.     Do you know what happens when Omega  
25    receives payments from its customers?

1           A.       There was no bank relationship on the Omega  
2 side. So it just went into Omega's checking account.

3           Q.       And what happened after that?

4           A.       In terms of?

5           Q.       Where the money went.

6           A.       It stayed there to pay expenses or  
7 distributions.

8           Q.       Who reconciles the bank statements for MPC,  
9 or who did?

10          A.       I did.

11          Q.       Did anyone check your reconciliation?

12          A.       Dave. I sent him a copy of the  
13 reconciliation each month, and then obviously auditors  
14 when they did audits would select -- they always selected  
15 three months during the year that they would arbitrarily  
16 pick some months and review statements.

17          Q.       When Rubin Brown would come in, did you  
18 have specific instructions for them and what they were to  
19 audit?

20          A.       No. It was the other way around. They had  
21 specific instructions to me as to what they would audit.  
22 And they would come in and do a preliminary audit in  
23 November, December, and then they would do a final audit  
24 in January.

25          Q.       Their list, where would that come from?

1 A. From them.

2 Q. Is it something that they would have  
3 developed in-house, I guess is my question, or is it a  
4 standard list?

5 A. It's a -- it's both. There's a standard  
6 audit list that there's certain things that they check.  
7 They check a certain number of ARs, they do a certain  
8 number of confirmations, and they would generate it at  
9 their site and they would give it to me.

10 Q. And if they had questions or concerns, with  
11 whom would they address them?

12 A. Me. And I guess if they couldn't get it  
13 resolved with me, they would go to Dave Ries.

14 Q. Did they usually resolve it with you?

15 A. Yeah. I did last four years.

16 Q. When MPC and MGC's customers pay, those are  
17 received in the St. Peters office? Is that -- did we  
18 discuss that earlier and say yes?

19 A. Yeah, but I'd say 80 percent of them were  
20 wire payments. They weren't hard checks. They were just  
21 wire transfers.

22 Q. And then how would you receive notice of  
23 that?

24 A. I would go online every day and just view  
25 our transactions.



1 Q. And those were with what bank?

2 A. UMB out of Kansas City.

3 Q. And Omega's customers' payments, where were

4 they received?

5 A. Same way, either through a wire or at that

6 office.

7 Q. I want to digress a moment. On our break

8 did you discuss anything about your answers to deposition

9 questions with anyone?

10 A. No.

11 Q. So these electronic transfers, you said you

12 go out daily and check them. Do you post them daily?

13 A. Uh-huh. Yes.

14 Q. And that's to the general ledger?

15 A. Correct.

16 Q. And then when would you reconcile?

17 A. Monthly. And I would do a weekly report to

18 Dave Ries.

19 Q. You said Omega did not transfer funds to

20 MPC, correct?

21 A. Correct.

22 Q. When you got in a check, who would make the

23 deposit?

24 A. Me.

25 Q. Would you sign them?

1           A.       Yes.

2           Q.       Or stamp them?

3           A.       Both. We had a stamp and a signer.

4           Q.       And whose name would be on that?

5           A.       The entity that they were paying. Yeah.

6       There weren't any checks payable to me.

7           Q.       You did last four years.

8           A.       Right.

9           Q.       I do want to ask, though, who would check

10       your work?

11          A.       Dave. And it would have been -- and, of

12       course, the auditors, and then it would have been really

13       difficult to fudge something because your AR would be off.

14       Because if you deposited -- we had a DSO -- I don't know

15       if DSO means anything to you. We had an AR that was

16       probably 20 days. So if there wasn't -- there weren't

17       long receivables that were out there. So it would be easy

18       to -- it would be impossible to, really, to hide anything.

19          Q.       When you say they're 20-day ARs, does that

20       mean that when you bill a customer they are to pay within

21       20 days?

22          A.       Right. Well, a DSO was just an average of

23       what they pay. Obviously if somebody paid the next day,

24       but that was the cleanest AR that I'd ever seen because

25       everybody paid by wire pretty much.

1           Q.     And if they didn't pay within the 20 days,  
2     what happened?

3           A.     We could charge them, but we didn't.

4           Q.     And was there any customer that did not pay  
5     within the 20 days?

6           A.     Sure. I mean, some -- every now and then I  
7     would have to make a call or something, but it was mostly  
8     a reminder call, and then we'd get a check or a wire.

9           Q.     And what if Omega didn't pay within  
10    20 days?

11          A.     Which happened sometimes, but a lot of  
12    times because it's a government, no offense, but sometimes  
13    they would pay us interest. And then sometimes I would  
14    e-mail Allen just as a reminder, but I knew it was coming.  
15    It was just a matter of getting through whatever channels  
16    they had to get through. It wasn't a long drawn-out  
17    collection process.

18          Q.     When you would get in a payment, how did  
19    you know which entity was to receive that payment?

20          A.     You could look on the invoice. The invoice  
21    would break it down.

22          Q.     So might one customer pay two or three of  
23    the entities?

24          A.     Just two, Missouri Pipeline and Missouri  
25    Gas.

1 Q. Okay.

2 A. And they were probably -- I don't recall  
3 off the top of my head. Maybe I think more than half the  
4 customers paid both entities, but it was easy to identify  
5 what they were paying.

6 Q. Did you -- did the invoice show the  
7 payments for both entities?

8 A. Yes.

9 Q. So it would show what was due and then what  
10 was made?

11 A. Correct.

12 Q. How did you allocate items like the office  
13 rent among the various customers?

14 A. Various customers?

15 Q. Uh-huh.

16 A. We didn't allocate among customers.

17 Q. \*\* \_\_\_\_\_ \*\*

18 A. \*\* \_\_\_\_\_ \*\*

19 Q. \*\* \_\_\_\_\_ \*\*

20 A. \*\* \_\_\_\_\_ \*\*

21 Q. Are there a lot of choices about how you  
22 can decide to make allocations?

23 A. Sure. I mean, it's a subjective  
24 measurement, obviously, and you could do it by office  
25 space, you could do it by employees, you could do it by

1       \*\* \_\_\_\_\_ \*\* We thought that was the  
2       fairest way.

3           Q.       For every type of bill to be allocated?

4           A.       No. Just general -- general costs.

5           Q.       So --

6           A.       Because there were some entity-specific  
7       costs, obviously it would go right to that entity.

8           Q.       But did you charge, let's say, rent for  
9       office space by the space used?

10          A.       No. That was at -- that was a general cost  
11       that was allocated by the \*\* \_\_\_\_\_ \*\*

12          Q.       So what about an entity that was -- didn't  
13       have any \*\* throughput \*\* but had office space?

14          A.       Such as? I mean, we only allocated -- we  
15       allocated amongst MPC, MGC and MIG.

16          Q.       Is there any other entity that has office  
17       space?

18          A.       No.

19          Q.       So, for example -- let's see. Let's take  
20       Yvette Korb. She has office space up in Shawnee; is that  
21       correct?

22          A.       Correct.

23          Q.       Does she work only for MPC and MGC?

24          A.       Yes.

25          Q.       So she doesn't work for any other entity?

1           A.       That's correct.

2           Q.       And same John Mittelhauser -- let me spell  
3   it for the reporter, M-i-t-t-e-l-h-a-u-s-e-r -- works only  
4   for MPC and MGC?

5           A.       Correct.

6           Q.       Not for Omega?

7           A.       Correct.

8           Q.       And Robert Wilcox also works only for the  
9   two pipelines?

10          A.       Correct.

11          Q.       What about --

12          A.       But remember, that rolls up into other  
13   pipelines. When you say the two pipelines, I mean, his  
14   costs would also roll up into Gateway and MoGas, just so  
15   you don't get confused.

16          Q.       So Yvette could be working for Gateway, but  
17   that would be considered to be work for the entities; is  
18   that correct?

19          A.       Correct.

20          Q.       Is that what you're saying?

21          A.       Correct.

22          Q.       But she did not do any work for anyone --  
23   for any entity besides what we've discussed in Gateway?

24          A.       I don't know. Not that I'm aware of.

25          Q.       Would she have kept a time card?

1           A.     Yeah.

2           Q.     Or John or Robert Wilcox?

3           A.     Yeah, and they also submitted time sheets.

4           Q.     And that would be -- would show which

5 entities?

6           A.     Omega, MPC, MGC.

7           Q.     What if they were working for, let's say,

8 another one of Mr. Langley's companies?

9           A.     I wouldn't be aware of that.

10          Q.     Who purchased office supplies and that sort

11 of thing?

12          A.     Anybody that needed them. Myself and

13 Patty, Dave.

14          Q.     And was there a set limit that you could

15 spend without any review?

16          A.     Yeah. We didn't have a -- we didn't have a

17 cap on what you could spend.

18          Q.     So you could go out and spend 200,000 on

19 computers and --

20          Q.     Sure, but it would flow through and you'd

21 see it on the financials and the bank record. I mean,

22 theoretically, yes, you could do that. Realistically it's

23 not going to happen.

24          Q.     When you wrote a check for office supplies,

25 for example, were two signatures required for that?

1           A.       Yes, for any checks we had to have two  
2 signatures.

3           Q.       And would that be for the same three people  
4 that we discussed about?

5           A.       Correct.

6           Q.       Who does the purchasing for construction  
7 projects?

8           A.       Could be several people, but primarily John  
9 Mittelhauser.

10          Q.       And I'm sorry. I don't remember. Did we  
11 discuss that he was located out of the Shawnee address?

12          A.       Yes. No. No. I'm sorry. He was not at  
13 St. Peters or Shawnee. He's in -- I don't know what town  
14 it's in. Rolla, is it? He was in a different town. I  
15 don't know the town.

16          Q.       Okay. Let's say for the sake of the  
17 deposition that it is Rolla, Missouri. Would he have  
18 checks there?

19          A.       No.

20          Q.       So if he needed something, he would call  
21 who?

22          A.       Me.

23          Q.       Okay.

24          A.       Or Patty. I mean, he would fax an invoice  
25 or call us. If he was up in the office, he would get them



1 to us.

2 Q. If Mr. Wallen submitted an invoice, would  
3 the two other individuals sign for the check?

4 A. No. It was typically Dave and I. Dave  
5 Wallen and I would sign. But Dave Ries would get a copy  
6 of all the checks.

7 Q. And those are numerical?

8 A. Correct. And he also got a copy of the  
9 bank record, including the outstanding checks.

10 Q. E-mail?

11 A. Faxed actually.

12 Q. Do you consider the dual signature to be a  
13 primary internal control procedure?

14 A. I would say that that would be tied with  
15 giving Dave Ries a copy of all the checks, because the  
16 signatures were myself and Dave Wallen typically on  
17 99 percent of the accounts, Patty Hawkins who was  
18 obviously independent of Dave Wallen, and I gave Dave Ries  
19 a copy of the checks that were written.

20 Q. What happens if you had to void a check?

21 A. When you say what happens?

22 Q. Do you write void on it?

23 A. Yeah, yeah. I went over it with the  
24 auditors. I said, do you want me to shred these or just  
25 keep them? And they said, you can shred them. But I kept

1     them anyway because just I wanted to have better control.  
2     So I had a separate little file that had all the voided  
3     checks.

4             Q.       And you performed this function for MPC,  
5     MGC, MIG and Omega?

6             A.       Correct.   And Gateway.

7             Q.       Who entered the invoices, the vendor  
8     invoices into the general ledger?

9             A.       Me.   And we did it on a cash basis because  
10    we paid timely.   We didn't set up a -- we didn't have an  
11    AP per se.   We just -- we just cut checks as they became  
12    due.

13            Q.       How did you decide to which account you  
14    were going to post the debit or expense when an account  
15    payable came in?

16            A.       The way QuickBooks works, which is pretty  
17    nice, once you have a vendor that's established, let's say  
18    you're paying XYZ company as your landlord, it would --  
19    the first time you'd have to debit, you'd have to pick the  
20    account.   In that case it would be rent.   Then every time  
21    you cut a check to them afterwards, it would automatically  
22    default to that account unless you changed it.   So the  
23    only time it really came up was when you did -- when you  
24    set up a vendor initially.

25                   And there were -- in my four years there,

1     there might have been three or four times when a vendor  
2     would have an unusual expense that you would hit a  
3     different account. I know there was a couple times I  
4     would look up, I had a book that had descriptions of  
5     different accounts, and I would look through that or  
6     discuss it with Dave Ries.

7             Q.       What happened when you were gone on  
8     vacation or whatever?

9             A.       The whole place shut down. No. I would  
10    either prepare beforehand or afterwards. I would just say  
11    we need to cut checks, I'm going to be out next week. So  
12    just to -- which I think is normal with any company. We  
13    just anticipate it and deal with it beforehand. And I  
14    think I had a couple instances where we knew there might  
15    be something that was going to happen while I was gone, I  
16    would sign a couple of checks just in case, but I don't  
17    recall ever having to use those checks while I was gone.

18            Q.       But if you did that ahead of time, then  
19    would one of the other gentlemen sign later as well?

20            A.       Correct.

21            Q.       So it wouldn't be signed by both names at  
22    the time?

23            A.       Correct. For internal control. Also, as I  
24    said, I don't recall ever having a check go out while I  
25    was gone.

1           Q.     I'm not suggesting anything by this.  Okay?

2           A.     Okay.

3           Q.     Did Patty do a good signature for you?

4           A.     I'm a lefty, and I have terrible writing,

5   so I don't think anybody --

6           Q.     Okay.  Probably not, huh?  Who made a

7   determination to capitalize a transaction rather than

8   expense it?

9           A.     Myself.

10          Q.     And what would be the basis?

11          A.     Normal GAAP basis, whether it extended the

12   useful life or added value.

13          Q.     And when you use the term GAAP, that would

14   be G-A-A-P; is that correct?

15          A.     That's correct.

16          Q.     We looked at the documents earlier, and I

17   think it might have been Exhibit No. 1, and it said split

18   there.  My question is, are there any expenses that are

19   split among or between MPC, MGC, MIG and Omega?

20          A.     Do you mean split four ways?

21          Q.     MPC and MGC -- actually, let's start MPC

22   and MGC.  What expenses would be split between those two?

23          A.     Off the top of my head, I think we had an

24   Internet bill that came that was split, just general

25   expenses like that, that I could identify.  Payroll-type

1 expenses, health expense, insurance expenses that would  
2 come through, just normal expenses that could be  
3 identified to -- from one vendor to more than one entity.

4 Q. And would the same hold true that you would  
5 split between MPC and MGC and MIG?

6 A. Sure.

7 Q. And Omega as well?

8 A. I don't think so. Omega was a pretty  
9 distinct company. I don't recall any vendors that billed  
10 both Omega and the regulated entities.

11 Q. So it had its own payroll?

12 A. Correct.

13 Q. Benefits, expenses?

14 A. Correct.

15 Q. Or --

16 A. I don't recall any shared vendors.

17 Q. Were there shared vendors with Gateway?

18 A. No. Really the only vendor for Gateway  
19 would be the bank, interest expense that went through  
20 directly to Gateway.

21 Q. And is that Hudson Bank interest expense?

22 A. Pardon me?

23 Q. Hudson Bank interest expense?

24 A. Yeah, and interest income.

25 Q. Do you split customer revenue between the

1 companies?

2 A. If there was a customer below the split  
3 between where MGC was, if the report was below the split  
4 in the pipeline.

5 Q. We probably reviewed this, but I'll ask:  
6 Is there anyone besides Mr. Ries who would review the  
7 general ledgers for errors?

8 A. I sent -- Dave is the only one that got the  
9 monthly GLs. The quarterly ones went to several places.  
10 Off the top of my head I can't remember them, but there  
11 were a couple external people, the bank, there's somebody  
12 with the State that got it, and some of the other officers  
13 within the company. From time to time the bank would call  
14 and ask some general questions related to the statement,  
15 but not very often.

16 Q. When you say other people within the  
17 company, you are talking about under the Gateway umbrella,  
18 correct?

19 A. Yvette Korb was copied on them, Tino  
20 Monaldo.

21 Q. So you sent the general ledgers to  
22 Mr. Ries. What else would you send him on a regular  
23 basis?

24 A. I sent him a weekly cash report that just  
25 showed the status of cash coming in. I sent him, as I

1 mentioned, a copy of the bank -- he got a copy of the bank  
2 statements directly, and I sent him a copy of the  
3 reconciliation. Sent him, only him, the monthly  
4 financials, but not quarterly ones, if you will. And then  
5 if he wanted any analysis-type stuff, that went to him. I  
6 can't think of anything else.

7 Q. We talked a little bit earlier about the  
8 analysis, but if I could go back, so that might include --  
9 give me an example of what that might include again, if  
10 you don't mind.

11 A. Well, he might say -- this is just like any  
12 other place, he might say what's -- the phone expenses are  
13 high, what's in the phone expenses? And I would say,  
14 well, we had a charge come through from XYZ company. He  
15 might say, employee expenses are real high. You know,  
16 just anything that jumped out at him, he might ask for me  
17 to look at or he might say -- I think a couple times we  
18 did a projection on where we'd be cash-wise for the year,  
19 which again, that happens at every place I've ever been  
20 at, those type of things. Just a normal analysis which  
21 could be anything.

22 Q. Do you prepare the financial statements?

23 A. Did I?

24 Q. Yes.

25 A. Yes.

1 Q. How often?

2 A. Once a month.

3 Q. And who besides Mr. Ries? I think we

4 covered this, financial statements.

5 A. Yeah. We did cover that, but Dave got them

6 every month, and then the outside people got them on a

7 quarterly basis.

8 Q. And then the outside auditor just once a

9 year?

10 A. That's correct.

11 Q. Did they render an opinion?

12 A. Yes, they did.

13 Q. And who has that opinion, a copy of it?

14 A. It went to the bank and the offices of the

15 company.

16 Q. Offices in Kansas?

17 A. Yep. And Dave Wallen in St. Peters.

18 Q. Who requires you to do an annual audit?

19 A. The bank.

20 Q. Have your external auditors recommended

21 adjustments?

22 A. Yes.

23 Q. And what sort of things have they

24 recommended?

25 A. Pretty minor-type things. They might --



1 they adjust depreciation every year based on anything that  
2 we may have capitalized during the year. I can't think  
3 of -- they may have had some cutoff adjustments where a  
4 legal bill or a bill came in after the end of the year  
5 that pertained to the prior year, they might adjust for  
6 that. Just the normal -- there weren't any unusual audit  
7 adjustments while I was there.

8 Q. Did you adjust your financial statements  
9 based upon reviews by, for example, Yvette or Mr. Ries?

10 A. Very rarely, Dave, you know, Dave would  
11 call and ask questions about it, and from time to time I  
12 would change them, but not very often.

13 Q. And you would do the year-end general  
14 journal adjustments; is that correct?

15 A. Correct.

16 Q. Did you post the year-end adjusting  
17 entries?

18 A. Did I post them? Yes. And then I gave --  
19 the auditors would give a copy of the updated GL so they  
20 could make sure they're tied to what was being presented  
21 in the financial statements.

22 Q. And when you say auditors, are you talking  
23 most recently about Rubin Brown?

24 A. Correct.

25 Q. Who would review those?

1           A.       Review the entries?

2           Q.       Uh-huh?

3           A.       Myself.

4           Q.       Okay. And then Rubin Brown at the end?

5           A.       Correct. Yeah, they would have the audited

6 financial that were distributed to the appropriate

7 parties, and they would -- I would make the entries

8 internally to QuickBooks, and I would export the QuickBook

9 ledgers, trial balances to an Excel spreadsheet, send it

10 to them, and they would check it off and make sure

11 everything was made.

12          Q.       Give me some examples of the types of

13 entries that would be made on that annual basis, the

14 adjusting entries.

15          A.       As I said, just depreciation, interest on

16 the debt, maybe some cutoff entries for payroll or vendor

17 bills.

18          Q.       Do you keep a record of acquisition

19 premiums of the pipelines when they were purchased from

20 Aquila?

21          A.       No.

22          Q.       So they're not adjusted at the end of the

23 year?

24          A.       No.

25          Q.       If we could look at this list of employees,

1     which I believe is Exhibit 3. Start with the Missouri  
2     Pipeline Company. What does Patty Hawkins do?

3             A.       She's the receptionist. I don't know what  
4     her official title is. She answers phones, receives the  
5     mail.

6             Q.       How long has she worked there?

7             A.       Two years, three years. I'm not sure.  
8     Three years probably.

9             Q.       Did she have any particular experience with  
10    gas utilities when she came to work for you?

11            A.       Not that I'm aware of.

12            Q.       Did you hire her?

13            A.       No. I mean, I'll say I met her, but Dave  
14    Wallen hired her.

15            Q.       To whom does Patty report?

16            A.       Primarily to Dave Wallen. Also some to  
17    this position as well.

18            Q.       Tell me what she would do for Dave Wallen.

19            A.       She would do the daily -- daily nominations  
20    to the daily activity into -- into the system.

21            Q.       Could we say a little more about that? She  
22    would put the daily nominations for the pipelines out  
23    there?

24            A.       Yeah. And I don't know a lot about it, so  
25    I don't want to say too much more. But, I mean, she would

1 enter the nominations and the activity that people had  
2 from the prior day. And then for me she would set up  
3 the -- as I mentioned earlier, she would set up the vendor  
4 payables and give me a list of any checks we should cut  
5 that week.

6 Q. Would she do work for all of the entities,  
7 MPC, MGC, MIG, Omega?

8 A. Probably little or none for Omega.

9 Q. Gateway?

10 A. Primarily MPC, MGC, which falls under  
11 Gateway.

12 Q. Can you tell me how her time would break  
13 out in a general way among the companies?

14 A. I have no idea. I have no idea.

15 Q. So you wouldn't know on a monthly basis  
16 then either?

17 A. No.

18 Q. What about annually?

19 A. No.

20 Q. Does she keep a time sheet? Is she an  
21 hourly person?

22 A. Yes, she has a time sheet.

23 Q. What sorts of things would she record on  
24 there?

25 A. She would just break it down between --

1     between entities.

2             Q.       Would there be specific projects that she  
3     might work for MPC or MGC?

4             A.       Not that I recall.

5             Q.       How do you allocate, for example, her  
6     payroll and benefit expenses, or perhaps I should say  
7     costs?

8             A.       MPC during the year, and then we did the  
9     allocation at the end of the year, as I mentioned earlier,  
10    based on \*\* \_\_\_\_\_ \*\* Hers would be in this bucket that  
11    was allocated amongst the three entities.

12            Q.       So since this is \*\* \_\_\_\_\_ \*\* -- I'm sorry,  
13    but go back. But Gateway would not have any \*\* \_\_\_\_\_ \*\*,  
14    right?

15            A.       That's correct.

16            Q.       So if she did work specifically for  
17    Gateway, would that go to MPC?

18            A.       Well, I think you're getting confused.  
19    Remember Gateway's the parent. They're up here  
20    (indicating), and the other three are below it. So  
21    everything that hits these three down here, MPC, MGC and  
22    Omega, all go up to Gateway.

23            Q.       Okay.

24            A.       So it doesn't -- you know, if there's  
25    Gateway-specific costs, it doesn't really matter because

1     they all go -- end up in Gateway.

2             Q.     Who has the biggest -- what entity has the

3     biggest \*\* \_\_\_\_\_ \*\* on your system?

4             A.     MPC.

5             Q.     And in comparison, where does MGC rank?

6             A.     No. 2.

7             Q.     And MIG?

8             A.     No. 3.

9             Q.     And is MIG substantially smaller?

10            A.     Yes.

11            Q.     Do you have an estimated percentage of how

12     much smaller?

13            A.     The only time MIG had \*\* \_\_\_\_\_ \*\* that I

14     recall was MIG had 3 percent, MGC might have had

15     20 percent and MPC the rest.

16            Q.     What about Omega, is it figured in there?

17            A.     No.

18            Q.     What types of expenses would you reimburse

19     for Patty?

20            A.     Office supplies, if she bought some. That

21     didn't happen very often.

22            Q.     Who was authorized to submit an expense

23     account?

24            A.     Everybody.

25            Q.     And who regularly submitted expense

1 accounts?

2 A. Everybody in the field would.

3 Q. So that would cut out Yvette and Patty?

4 A. Patty did occasionally. Yvette did  
5 occasionally. Preston did occasionally, and I did. I did  
6 pretty much every pay period, because -- I didn't have a  
7 company car. I charged for mileage to go to and from the  
8 bank.

9 Q. Did you submit receipts?

10 A. It was mileage. If I bought anything,  
11 yeah, I submitted receipts, but for mileage I didn't.

12 Q. Let me rephrase. Did the people who submit  
13 expense accounts --

14 A. Yes.

15 Q. -- put in receipts?

16 A. Yep.

17 Q. Who approves the reimbursement?

18 A. Initially Dave -- Dave Wallen would see  
19 them, and then I would see them, and then Dave Ries would  
20 see them as well.

21 Q. So you all three would initial or sign off  
22 on them?

23 A. Well, Dave Wallen would initial and sign  
24 off, but myself and Dave Ries would see them and then we  
25 could question later if that didn't happen.

1 Q. Have you charged Omega for any MPC employee  
2 services?  
3 A. No.  
4 Q. Let's talk about Ron Blevins. What does  
5 Ron do?  
6 A. He is a -- he services the pipeline.  
7 Q. He's located on the Fort?  
8 A. Correct. I believe so.  
9 Q. Do you know anything about his background,  
10 experience?  
11 A. No.  
12 Q. Was he an Aquila employee, do you know?  
13 A. I believe so.  
14 Q. Does he submit an expense account?  
15 A. Yes.  
16 Q. And for what types of items?  
17 A. Maintenance type items that he would buy,  
18 gas, food that he bought if he's on the road. Food.  
19 Q. You said if he's on the road?  
20 A. Yeah, if he was out and bought lunch or --  
21 from time to time he'd come up and stay in St. Peters, and  
22 if he stayed in a hotel, he'd charge the hotel and meals.  
23 Q. Did you have a per diem for people?  
24 A. No.  
25 Q. Did you have any limits on spending for



1 meals?

2 A. No.

3 Q. Would you question that?

4 A. Sure, but it never came up. There were no

5 exorbitant charges.

6 Q. For what reason would Ron come into the

7 St. Peters office?

8 A. I'm not sure.

9 Q. Let's go to Yvette Korb. What are her

10 duties?

11 A. She's the HR manager of the companies, and

12 she was the corporate secretary.

13 Q. For all of the entities?

14 A. Uh-huh.

15 Q. So besides HR, what other kind of duties

16 would she perform?

17 A. Secretarial-type duties, board minutes,

18 anything related to corporate resolutions, things like

19 that.

20 Q. Were there regular board resolutions?

21 A. I believe there was an annual meeting, more

22 board meetings. I don't know how often they met.

23 Q. Do you know her background?

24 A. No.

25 Q. Do you know, for example, if she knows

1 anything about Missouri Public Service Commission rules?

2 A. I'm not sure. I believe she does, but I'm

3 not sure.

4 Q. GAAP principles?

5 A. No. She's not an accountant. She's HR.

6 Q. Do you know if she worked for any other

7 entities besides the ones we've described?

8 A. I'm not sure.

9 Q. Do you know if she put in all of her time

10 working for the entities we've discussed?

11 A. As far as I know.

12 Q. Did she do a time sheet?

13 A. Yes.

14 Q. And again, was the payroll for Yvette Korb,

15 K-o-r-b, paid through MPC and MGC?

16 A. MPC.

17 Q. PC. Okay. And were her benefits paid by

18 MPC?

19 A. That's correct.

20 Q. Would she submit expense accounts as well?

21 A. Yes.

22 Q. And would they go through the process you

23 described about --

24 A. Correct.

25 Q. What about John Lincoln, what's his job?

1           A.       He was a technician, a pipeline technician.

2           Q.       And is he located down on the Fort?

3           A.       No. He was out of St. Peters.

4           Q.       What were his regular duties?

5           A.       He was a -- he was a pipeline technician,

6 and I don't know what that entails.

7           Q.       Is he still on the job as far as you know?

8           A.       As far as I know.

9           Q.       Do you know how long he's worked for the

10 company?

11          A.       At least ten years.

12          Q.       You worked for the company for four years;

13 is that correct?

14          A.       That's correct.

15          Q.       I think we've gone through your duties.

16 Were your expenses for payroll and benefits paid by MPC?

17          A.       Yes.

18          Q.       To whom did you report or do you report?

19          A.       Dave Ries.

20          Q.       And did you perform any job functions for

21 other than MPC and MGC?

22          A.       Omega.

23          Q.       Do you have an estimate of how you would

24 break out your time between those companies?

25          A.       Very, very little on Omega, less than

1 5 percent, because they have one primary customer. They  
2 had \*\* \_\_\_\_\_ \*\* from time to time and \*\* \_\_\_\_\_ \*\* No  
3 collections on that, no reporting. As I said, I would  
4 export their financials monthly, and that took probably  
5 five minutes. So probably less than 2 percent of my time  
6 is at Omega.

7 Q. And again, you didn't break out Gateway  
8 separately?

9 A. That's correct.

10 Q. What about MIG?

11 A. That was just -- the only time that was  
12 broken out was during the year-end allocation.

13 Q. Generally describe for me the employee  
14 expenses that you charge besides the mileage that you  
15 described.

16 A. For myself personally?

17 Q. Yes.

18 A. From time to time I bought office supplies,  
19 which would be toilet paper, paper towels, just normal  
20 office supplies.

21 Q. Did you travel for the companies?

22 A. I went to a few seminars, and I went to  
23 Kansas City a couple of times, but that was it.

24 Q. And would you have receipts for those?

25 A. Yes.

1 Q. Who would approve your expense accounts?

2 A. Dave Wallen and Dave Ries as well.

3 Q. Let's talk about John Mittelhauser. What

4 did he do?

5 A. My understanding, he was on any capital

6 projects, any new construction projects that we might be

7 involved in, he would oversee.

8 Q. And who did he work for?

9 A. Dave Wallen.

10 Q. For example, if you were putting in

11 pipeline at the Fort, is that what you're describing?

12 A. Correct. Or just adding a new line or just

13 doing any type of construction work, non-maintenance type

14 of work.

15 Q. Who reads the meters?

16 A. I believe JJ, John Lincoln.

17 Q. Did he have an expense account?

18 A. Yes.

19 Q. And what types of items would he --

20 A. Same as everybody else: Mileage -- I mean,

21 gas, meals if he's on the road, anything he may have

22 bought to do his job.

23 Q. Preston Price, what is his job?

24 A. He is the IT person for the company.

25 Q. Where's he located?

1           A.       In Kansas, in Shawnee.

2           Q.       Did he work for any companies other than

3   MPC, MGC and Omega?

4           A.       Not that I'm aware of.

5           Q.       Who would be aware of whether or not he

6   worked on other projects?

7           A.       Dave Ries probably. Yvette Korb. I

8   believe he reports to Yvette Korb.

9           Q.       Okay. Do you know how long he's been with

10   the company?

11          A.       No. He was before me, so at least -- at

12   least four years, but I'm not sure how much before me he

13   was.

14          Q.       Ryan Ries, what does Ryan do for the

15   company?

16          A.       Put up with a silly dad. No. He's an

17   engineer for the company.

18          Q.       And what does that mean?

19          A.       He works with the operating system that

20   does the -- that tracks the nominations and the usage.

21          Q.       Where's he located?

22          A.       In Colorado.

23          Q.       Do you know his prior work experience?

24          A.       No.

25          Q.       Is he also a student?

1           A.       No.

2           Q.       Do you have any idea if he's familiar with

3 the Public Service Commission rules?

4           A.       I am not sure.

5           Q.       You said he's an engineer. A PE, do you

6 know?

7           A.       I'm not sure.

8           Q.       To whom does he report?

9           A.       Dave Ries.

10          Q.       Does he work for MPC and MGC?

11          A.       Yes.

12          Q.       What about MIG?

13          A.       His time would be allocated.

14          Q.       According to \*\* \_\_\_\_\_ \*\*

15          A.       Correct.

16          Q.       What about Omega?

17          A.       No.

18          Q.       Let's see. Do you know what activities he

19 performs on a daily basis?

20          A.       No.

21          Q.       What about monthly?

22          A.       No.

23          Q.       Does he maintain a time sheet?

24          A.       Yes.

25          Q.       And would that be broken out by company?

1           A.     Project.

2           Q.     Projects?

3           A.     For salaried employees like him, the

4     primary purpose of the time sheet was to show whether they

5     took vacation or were sick.

6           Q.     Since he is in Colorado, how does he do the

7     work?

8           A.     Did you say how does he do the work?

9           Q.     Yes.

10          A.     Using a computer system.

11          Q.     And how are -- how is his payroll and how

12     are his benefits paid?

13          A.     I have -- out of MPC.

14          Q.     Again, does he have an expense account?

15          A.     Yes.

16          Q.     And Dave Wallen would review that?

17          A.     Yes.

18          Q.     And he would have receipts like other --

19          A.     Correct.

20          Q.     And would Wallen then approve the

21     reimbursement?

22          A.     Correct.

23          Q.     What types of expenses would he have?

24          A.     He didn't have a lot of expenses. His

25     would be buying something to support his computer, that



1 type of thing, but I -- it wasn't -- it was very  
2 infrequent that I would see an expense from him.

3 Q. David Wallen, W-a-l-l-e-n, what does he do?

4 A. He was the operations supervisor.

5 Q. Can you say a little more about exactly  
6 what that means?

7 A. He was the -- he was the boss of all the  
8 people on there, other than myself and Dave, Dave Ries.  
9 He ran the office, delegated work, delegated functions,  
10 did some field work himself.

11 Q. If there was any kind of emergency on the  
12 system, who would they call?

13 A. Whoever was on call, which could be him.

14 Q. Or?

15 A. Or whoever was on call. It would be among  
16 Ron Blevins, JJ Lincoln, John Mittelhauser, Dave Wilcox.

17 Q. Do you know how long he's worked for  
18 Pipeline?

19 A. I think 12 years.

20 Q. Do you know anything about his prior work  
21 experience?

22 A. A little, but --

23 Q. Is he an engineer, too?

24 A. He's not a degreed engineer, but he's an  
25 engineer-type employee.

1 Q. To whom does Mr. Wallen report?

2 A. Dave Ries.

3 Q. And would he work for MPC and MGC?

4 A. Correct.

5 Q. MIG as well?

6 A. Pardon me? Yes.

7 Q. MIG?

8 A. Yes.

9 Q. And Omega?

10 A. Very little with Omega, if at all.

11 Q. Did he -- who supervised the plant, the

12 distribution facilities on the floor?

13 A. The two guys down there, Newton and

14 Shockley. It was their baby, if you will.

15 Q. Do you know, would our safety people meet

16 with them?

17 A. Would --

18 Q. The Commission's safety people would meet

19 if they went down there --

20 A. Yeah.

21 Q. -- with those two gentlemen?

22 What type of work does he do on a daily

23 basis?

24 A. Supervises people, stays on top of the

25 pressure on the pipe. I can't speak to that a lot because

1 I'm not familiar with it, but there are different pressure  
2 readings. We had a system there called a SCADA system  
3 that tracked the pressures at different points in the  
4 pipe, and he worked closely with the people on both ends  
5 to make sure that we were pressurized correctly.

6 Q. For the court reporter, that's S-C-A-D-A,  
7 all caps. Have any idea what that means?

8 A. No. Do you?

9 Q. No.

10 A. It means SCADA.

11 Q. Would he have year -- like year-end duties,  
12 like you do?

13 A. Not that I'm aware of.

14 Q. Again, he kept time sheets?

15 A. Correct.

16 Q. And recorded by the various companies?

17 A. Correct.

18 Q. Who paid his payroll and benefits?

19 A. MPC.

20 Q. And he would have an expense account?

21 A. Correct.

22 Q. And it would be approved by you first?

23 A. No. I mean, his -- you know, I would see  
24 it certainly, and if something jumped out, I would bring  
25 it to his attention, but that never happened. You know,

1 Dave Ries and I would both see it, and I signed off on  
2 his. I signed off that I saw it, but I wasn't his  
3 supervisor.

4 Q. Robert Wilcox, what does he do?

5 A. Another line person, line technician. He  
6 reported to Dave, Dave Wallen as well.

7 Q. And was his job similar to  
8 Mr. Mittelhauser?

9 A. That I can't comment. I just know he was  
10 another line technician. I'm not sure.

11 Q. The same -- you're using the same term for  
12 both of them; is that correct?

13 A. Yes.

14 Q. And where's he located?

15 A. I believe Rolla.

16 Q. Okay.

17 A. He wasn't at the St. Peters office.

18 Q. Know anything about his history or  
19 background?

20 A. No.

21 Q. How long he's been with the company?

22 A. At least -- my guess is at least ten years.

23 Q. He keeps time sheets?

24 A. Yes.

25 Q. And what -- file an expense account?

1           A.       Yes.

2           Q.       Occasionally?

3           A.       Pretty much every pay period. All the

4 people in the field have expenses, expense accounts

5 virtually every day, period.

6           Q.       If we look at that list, where it says LI

7 volume, second column in, what does that mean?

8           A.       I have no idea.

9           Q.       Life?

10          A.       That would be my guess.

11          Q.       Okay. So the next is life. Do you know

12 what that is?

13          A.       The premiums that they pay for life

14 insurance. I'm not familiar with that sheet.

15          Q.       And AD&D?

16          A.       Accidental death and disability.

17          Q.       And LTD?

18          A.       Long-term disability.

19          Q.       If we look at the Omega Pipeline Company

20 people, are you familiar with these people?

21          A.       Yes.

22          Q.       James Newton, he works for Omega?

23          A.       Uh-huh.

24          Q.       What does he do for them?

25          A.       Supports the Fort. He and Dave Shockley

1 support the Fort.

2 Q. And when you say support, are you talking  
3 about physical or --

4 A. Physically. Yeah, they're physically down  
5 there, and then they -- I rarely saw them. In the four  
6 years I probably saw them a couple of three times.

7 Q. So daily they report to the Fort?

8 A. Correct.

9 Q. Is there an office there?

10 A. Yes.

11 Q. What about their background, do they --

12 A. I have no idea.

13 Q. Do they work for Omega?

14 A. Yes.

15 Q. Do you know what their daily duties are?

16 A. No.

17 Q. They maintain time sheets?

18 A. Yes.

19 Q. Do they work for MPC and MGC sometimes?

20 A. No.

21 Q. Expense accounts, do they submit them?

22 A. Yes.

23 Q. And again, you review them?

24 A. I would pay them and look for anything that  
25 jumped out, but Dave Wallen would sign off on them.

1           Q.     Mr. Ries works for Omega, is that correct,  
2 David Ries?

3           A.     This portion. He was paid a salary out of  
4 Omega.

5           Q.     Do you know what his responsibilities are?

6           A.     To support any -- anything that came up  
7 from Shockley and to talk with the government.

8           Q.     You've used the term support for both of  
9 these guys, but would his type of support be different?

10          A.     I'm not sure. I never -- I know he went  
11 down there from time to time and met with them, and I  
12 don't know if they presented different issues or problems  
13 to Dave Ries than they did from Dave Wallen -- to Dave  
14 Wallen. I'm not sure.

15          Q.     I guess the point was that he's not out  
16 physically inspecting the --

17          A.     No.

18          Q.     -- facilities or --

19          A.     No.

20          Q.     -- supervising construction?

21          A.     No.

22          Q.     Do you know how long Mr. Ries has worked  
23 for Omega?

24          A.     No.

25          Q.     Do you know anything else about the job

1 duties that he performed for Omega, other than what you've  
2 said?

3 A. No.

4 Q. Did he maintain a time sheet?

5 A. No.

6 Q. So he didn't break it out between MPC and  
7 MGC and Omega?

8 A. No.

9 Q. Do you know if he was paid from both  
10 entities?

11 A. Yes.

12 Q. And how did you split that?

13 A. There was a -- his salary's paid out of  
14 Omega, and he had a consulting fee that was paid out of  
15 MPC.

16 Q. Was that through R2 Development?

17 A. That's correct.

18 Q. To whom did he submit his expense account?

19 A. Me.

20 Q. How could you know if the expenses were for  
21 MPC and MGC or Omega?

22 A. He would let me know.

23 Q. Would he write on the expense account?

24 A. Yes.

25 Q. And then receipts, would attach receipts?



1           A.     Yes.

2           Q.     So you could break that out between the  
3 companies?

4           A.     Sure.

5                   Can we give these guys another ten-minute  
6 notice?

7           Q.     Certainly. Do you want to take a break?

8           A.     Sure. If I could, that would be great.

9                   MS. SHEMWELL: Gentlemen on the phone, we  
10 will take ten minutes. We will reconvene at about --

11                  THE WITNESS: I thought you said you were  
12 going to give them a heads up ten minutes ahead of time  
13 that we were going to take a break.

14                  MS. SHEMWELL: Oh, okay. We'll take a  
15 break, what, at quarter after and for about ten minutes.  
16 Okay.

17                  THE WITNESS: I don't need ten minutes. I  
18 need two minutes.

19                  MS. SHEMWELL: Okay. But let's make it for  
20 five minutes.

21 BY MS. SHEMWELL:

22           Q.     Okay. We were talking about Mr. Ries'  
23 expense accounts. You got them, you signed them?

24           A.     No.

25           Q.     Who signed them?

1           A.     Mr. Ries.

2           Q.     Signed his own -- I mean, who approved

3     them?

4           A.     They weren't approved per se. I mean, I

5     looked at them, but -- you know, I paid them.

6           Q.     What would you do if you had something that

7     you questioned?

8           A.     Ask him about it.

9           Q.     And if you didn't get a satisfactory

10    answer?

11          A.     Pay it.

12          Q.     You know, this seems a natural time to take

13    a break.

14          A.     Okay.

15                 MS. SHEMWELL: Let's take five minutes.

16    Mike and Dave, we'll come back at 20 after.

17                 (A BREAK WAS TAKEN.)

18    BY MS. SHEMWELL:

19          Q.     Are there any other employees for Missouri

20    Pipeline Company that are not on this list?

21          A.     No.

22          Q.     Mr. Mertz would be new; is that right?

23          A.     Correct.

24          Q.     He works for Missouri Pipeline?

25          A.     Correct.

1 Q. Other than Mr. Mertz?

2 A. Not that I'm aware of.

3 Q. And Omega Pipeline, are those the three  
4 employees, as far as you know?

5 A. Correct.

6 Q. How does what -- how you pay, for example,  
7 Mr. Ries, he's the only one I know that's both a  
8 consultant and an employee. Does that differ in any way  
9 between how he's paid?

10 A. In terms of timing or in terms of what's  
11 withheld?

12 Q. I'm thinking about expenses and --

13 A. Oh, his expenses came through with his  
14 consulting fee, but that wouldn't matter if you think  
15 about it because they're just dollar-for-dollar  
16 reimbursement. But he was biweekly like everybody else,  
17 as an employee of Omega, and then his expenses he  
18 typically turned in -- almost always turned in his  
19 expenses once a month, and those are paid, those are  
20 included with his consulting fee from Missouri Pipeline.

21 Q. Did everyone else turn in their expense  
22 report monthly?

23 A. No. They turn those in by pay period.

24 Q. And how many of these people are reimbursed  
25 for mileage?

1           A.     They all had company trucks, so they  
2     didn't.

3           Q.     They didn't get mileage?

4           A.     That's correct, because they had company  
5     trucks.

6           Q.     Did you control the company vehicles in  
7     terms of their personal use of the vehicles?

8           A.     No.

9           Q.     So they were welcome to use them?

10          A.     They were -- obviously, they were -- it was  
11     known that they shouldn't use them for personal use, but  
12     we didn't control it per se.

13          Q.     They didn't report that separately or --

14          A.     They did not.

15          Q.     What is the mileage rate?

16          A.     Well, I'm not sure what it is currently.  
17     It went from, I believe it was 34 cents, and then it went  
18     up to -- because of the gas crisis, it went up to I think  
19     it was 48 cents in the last quarter of '05.

20          Q.     Isn't that the IRS rule that you're  
21     following?

22          A.     Correct.  Correct.

23          Q.     Does anyone besides the field people have  
24     company vehicles?

25          A.     Yvette Korb.

1 Q. How does she use that vehicle, do you know?

2 A. No, I don't know.

3 Q. Would she break out between personal and  
4 company use on an expense report?

5 A. No.

6 MS. SHEMWELL: I'd like to get this exhibit  
7 marked, please.

8 (EXHIBIT NO. 5 WAS MARKED FOR  
9 IDENTIFICATION BY THE REPORTER.)

10 BY MS. SHEMWELL:

11 Q. Does this sheet look familiar to you, sir?

12 A. No, but I know they did different  
13 verifications, but this particular sheet does not look  
14 familiar.

15 Q. Is this the type of sheet you would have  
16 received from Rubin Brown when they did a particular type  
17 of audit?

18 A. No. This is -- this is their internal  
19 sheet. What they would do to me is they would come in and  
20 say, we want to have this payroll register from this date  
21 for these people, and this -- this, I assume, is their  
22 internal report that they use.

23 Q. When they say they obtained details of the  
24 payroll system from B.J. Lodholz; is that correct?

25 A. Correct.

1 Q. And when you look down to employee  
2 selection, does that strike you as the employees that they  
3 selected?

4 A. I don't recall, but, yeah, that could be.  
5 They select different employees each year.

6 Q. So this is from the '04. You remember this  
7 being from the '04?

8 A. I have no idea. I mean, obviously it is  
9 from the '04. But if you're asking do I recall these five  
10 people were selected, no.

11 Q. When they obtained the details from the  
12 payroll system from you, what would they obtain?

13 A. They used a -- we used an outside payroll  
14 service, it's called Pay Data, and it switched to Check  
15 Date Solutions, and they would get a pay register that we  
16 print out from Check Date Solutions, that we receive from  
17 Check Date Solutions.

18 Q. Are you saying Check Date?

19 A. Check Date Solutions was the name of the  
20 service that we used out of Kansas City.

21 Q. Would you describe for me how that works.

22 A. In terms of payroll, we would -- I would  
23 submit a -- I wouldn't submit. I would get time sheets,  
24 I'd collect time sheets and I'd enter online people's  
25 hours each pay period. Pay Data would cut checks, send us

1 checks. Everybody was on direct deposit, but they would  
2 give us a check stub, send it to us.

3 And then when we set the checks up, they'd  
4 give us a package of reports, I think they use the word  
5 payroll register. They'd give us a payroll register,  
6 labor distribution. There's probably four or five reports  
7 they'd give us each pay period.

8 Q. Did you ever see anybody on that report  
9 that shouldn't have been on there?

10 A. No.

11 Q. If you would look down at Item 3, would you  
12 have any idea why, for example, Preston Price, where  
13 there's an X and it's circled and for Ryan there's an X  
14 and it's circled?

15 A. No.

16 Q. Do you remember any special treatment or  
17 requests for those two?

18 A. No.

19 Q. Are there similarities between the jobs of  
20 those two employees?

21 A. No.

22 Q. Did they bring anything particularly to  
23 your attention about --

24 A. No.

25 Q. And your line 4, I see they've got what

1 looks like a zero, and do you know what that means? Would  
2 yours not have been approved?

3 A. Mine were always signed off by Dave Wallen,  
4 who was not my supervisor per se, but it was like a  
5 signoff acknowledgement. But mine was strictly salary.  
6 There was nothing else that came through on mine except  
7 for salary and reimbursed expenses that were accompanied  
8 by receipt. And for me in particular, they would verify  
9 my year-end salary versus what I was supposed to be paid.

10 Q. At the bottom, if we look at the X, it says  
11 time sheets were not obtained for these individuals, and  
12 per B.J., these employees only turn in time sheet if sick  
13 or take vacation. Both are salaried employees that work  
14 offsite. Do you remember indicating that?

15 A. Yeah. What would happen with Preston is we  
16 typically got his time sheet every -- not every time, he  
17 would turn in every time to Yvette and she would  
18 periodically send me a batch and I would call up and say,  
19 I need a batch, you know, I don't have his time sheets for  
20 this pay period. But as I said, he -- because he was  
21 salaried, it wasn't critical to get a time sheet in terms  
22 of by project because he didn't work on projects. He  
23 worked for MPC. Does that make sense?

24 Q. Not really.

25 A. He didn't -- the guys in the field would



1 work on different capital projects. We had some projects  
2 that were assigned -- project numbers that were assigned  
3 to different capital projects or work that they were  
4 working on within MPC. He being a salaried administrative  
5 person wouldn't be out in the field working on projects.  
6 He would be supporting the computer system.

7 Q. And Ryan Ries, the same thing?

8 A. Correct.

9 Q. I see there's the notation that the zero  
10 with the line through it means that it was not approved by  
11 a supervisor. At the bottom it says, Gateway has  
12 approximately 12 employees. Is that correct?

13 A. Yeah. Yes.

14 Q. Do you know whose notes those are at the  
15 bottom?

16 A. Must be RBG's or theirs, but I assume --  
17 this looks like an RBG worksheet.

18 Q. So you would have not reviewed this sheet?

19 A. No.

20 Q. You would have reviewed what from them?

21 A. I would submit stuff to them. This  
22 reflects what -- this is their work papers. They do a,  
23 you know, an audit and they have work papers that support  
24 our transactions and our conversations.

25 Q. And you -- what would they have provided

1 you, then, as a result of this?

2 A. Either a -- an opinion, you know, if we  
3 had -- if there were any problems, then we'd have to  
4 resolve them, but there were never any problems. The  
5 final verdict of an audit is to get an unqualified  
6 opinion, which we got.

7 Q. How often does Preston come into the  
8 St. Peters office?

9 A. Five times a year maybe.

10 Q. And Yvette?

11 A. Maybe once a year. Her communication is  
12 more online. She talks about different benefits, how  
13 benefits were changing, talks about enrollment procedures.

14 Q. What about Dave Ries, how often is he in?

15 A. Once a month.

16 Q. And Ryan Ries?

17 A. Maybe once a quarter.

18 Q. You don't -- do you consider him an IT  
19 person?

20 A. Ryan?

21 Q. Uh-huh.

22 A. Not in the -- no. I consider him an  
23 engineer that worked with the system, but Preston was  
24 clearly the IT person. When I -- I don't know how you  
25 define IT, but when I define IT, I define somebody who

1 supports your operating system. That was Preston.

2 Q. So Preston, he would work for -- again, for  
3 any of you?

4 A. Sure.

5 Q. Let's say you have a problem on your  
6 computer.

7 A. Just kind of like any tech person,  
8 especially at a small company, from time to time I'd call  
9 and say my e-mail's down, and he would be -- from time to  
10 time he would do a system cleanup or backup and he'd call  
11 our office and say, okay, I'm going to shut down for  
12 15 minutes, just normal tech-work-type stuff.

13 Q. Did you see any particular work product  
14 that he created?

15 A. No, not that I recall.

16 Q. New procedures?

17 A. No. He did some upgrades that I saw.

18 Q. What about Yvette, did she do any projects?

19 A. She would do HR tech projects where she  
20 might look at a different insurance provider and let us  
21 know what she was looking at, what changes it would entail  
22 in terms of payroll deductions, things like that.

23 Q. What about Ryan, did you see projects from  
24 Ryan Ries?

25 A. No.

1 Q. Work projects?

2 A. From Ryan, no. But again, Ryan wasn't an  
3 admin person like Yvette and Preston were. It wouldn't  
4 have made sense for me to see stuff that he did.

5 Q. Who would see?

6 A. Probably Dave Wallen, Dave Ries, Patty,  
7 people that worked with the daily nominations and daily  
8 output.

9 Q. Would you assign certain Omega customers to  
10 certain staff people to work with?

11 A. No. No.

12 Q. Would any of the people that we've been  
13 talking about, Yvette, Preston or Ryan, perform work for  
14 R2 Development?

15 A. I'm not sure. I don't know.

16 Q. How would that be reported if they had?

17 A. I wouldn't see it.

18 Q. You wouldn't see it?

19 A. I would not see it, and I shouldn't see it.

20 Q. Do any of those three people perform  
21 services for any of the Langley group of companies?

22 A. I'm not sure. I don't know.

23 Q. But you wouldn't see it if they had?

24 A. No, I wouldn't see it.

25 Q. Who would know?

1           A.       Dennis Langley.

2           Q.       Do you know if any of the three received  
3       compensation from any other MPC or MGC affiliated or  
4       regulated company?

5           A.       You mean other than MPC?

6           Q.       Yes.

7           A.       I don't know.

8           Q.       We will plan to stop, try to reach a good  
9       point and stop around four.

10          A.       Okay.

11          Q.       Do you know who -- this is customers with  
12       whom Laclede Gas Company has a contract?

13          A.       No idea.

14          Q.       Do you know who their gas supplier is?

15          A.       No.

16          Q.       What about Laclede Energy Resources, do you  
17       know who they have a contract with?

18          A.       No idea.

19          Q.       I'm going to go through these, then, fairly  
20       rapidly. Any other Laclede affiliate who might have  
21       contracts?

22          A.       No.

23          Q.       Ameren --

24          A.       No.

25          Q.       -- contracts?

1 A. No.

2 Q. Specifically asking you, do they have a  
3 contract with MPC and MGC, did you have any contract  
4 administration duties?

5 A. No. I know there was a copy of a contract,  
6 but I didn't negotiate the contract and I didn't have -- I  
7 didn't review the contract. I didn't have anything to do  
8 with the contract.

9 Q. Who kept those?

10 A. I believe there's a copy kept by -- by Dave  
11 Wallen, but I'm not sure.

12 Q. So do you know anything about an Ameren  
13 Energy Marketing contract?

14 A. No. No.

15 Q. Ameren Energy Fuels and Services contracts?

16 A. No.

17 Q. Do you know about the gas supplier for any  
18 of those companies?

19 A. No.

20 Q. Ameren Services?

21 A. No.

22 Q. Any other Ameren affiliates?

23 A. No.

24 Q. Are you aware that Laclede purchased  
25 Fidelity?

1           A.       No.

2           Q.       Do you know if the City of St. James has a

3 contract with MPC or MGC?

4           A.       No.

5           Q.       What about the City of Cuba, are you aware

6 of any of their contracts?

7           A.       No.

8           Q.       Have you seen any of these contracts?

9           A.       No.

10          Q.       What about the City of St. Robert?

11          A.       No.

12          Q.       Waynesville?

13          A.       No.

14          Q.       Fort Leonard Wood?

15          A.       No.

16          Q.       \*\* \_\_\_\_\_ \*\*

17          A.       No.

18          Q.       \*\* \_\_\_\_\_ \*\*

19          A.       No.

20          Q.       \*\* \_\_\_\_\_ \*\*

21          A.       No.

22          Q.       \*\* \_\_\_\_\_ \*\*

23          A.       No.

24          Q.       \*\* \_\_\_\_\_ \*\*

25          A.       No.

1 Q. What about \*\* \_\_\_\_\_ \*\*

2 A. No.

3 Q. \*\* \_\_\_\_\_ \*\*

4 A. No.

5 Q. Do you know it by the name of \*\* \_\_\_\_\_

6 \_\_\_\_\_ \*\*

7 A. No.

8 Q. How many customers does MPC have?

9 A. Off the top of my head, 10, 12.

10 Q. What about MGC?

11 A. A few less. Probably three less than what

12 MPC has.

13 Q. What about Omega?

14 A. One primary one, the Department of Defense,

15 and then they would do business with City of Cuba in some

16 special projects from time to time.

17 Q. \*\* \_\_\_\_\_ \*\*

18 A. Right.

19 Q. \*\* \_\_\_\_\_ \*\*

20 A. Right.

21 Q. \*\* \_\_\_\_\_ \*\*

22 A. Yeah.

23 Q. \*\* \_\_\_\_\_ \*\*

24 A. No.

25 Q. Any of the other cities, St. James?



1 A. No.

2 Q. St. Robert, Waynesville?

3 A. No.

4 Q. Do you know what \*\* \_\_\_\_\_ \*\* is?

5 A. Yeah.

6 Q. What is it?

7 A. \*\* \_\_\_\_\_ \*\*

8 Q. And are they a customer of either of the

9 pipelines?

10 A. MPC, MGC, yeah.

11 Q. And Omega?

12 A. No.

13 Q. \*\* \_\_\_\_\_ \*\*

14 A. I believe -- oh, no, they were -- they're a

15 customer of MPC, MGC.

16 Q. Not Omega?

17 A. No.

18 Q. Would any of these be customers of MIG?

19 A. No.

20 Q. How many customers does MIG have?

21 A. One.

22 Q. Which is?

23 A. They charge Missouri Pipeline

24 transportation charges, transportation fee.

25 Q. Do you know if they have any business with

1 the City of Cuba?

2 A. No.

3 Q. No, you don't know, or, no, they don't?

4 A. No, they don't.

5 Q. What about \*\* \_\_\_\_\_ \*\*

6 A. No.

7 Q. Do you know if Gateway, UPSI or Missouri

8 Gas Energy have customers other than those that transport

9 through MPC and MGC?

10 A. No.

11 Q. You don't know or they don't?

12 A. They don't.

13 Q. Do you know how customers' meters are read?

14 A. No.

15 Q. Do you know if someone physically goes out

16 and reads them?

17 A. I don't believe so, but I'm not -- I don't

18 know.

19 Q. How often are meter readings taken?

20 A. I believe daily, but that's a guess.

21 Q. Let's say if they are taken daily, who

22 would record them?

23 A. Patty and/or Dave. Patty Hawkins and/or

24 Dave Wallen.

25 Q. Dave Wallen. Again, do you know if that's

1     done in the computer?

2             A.       It is.

3             Q.       Do you know if they maintain a file of

4     those or do they maintain them on the computer?

5             A.       It's maintained on the computer.

6             Q.       Excel? Do you know, is there a program?

7             A.       Excel.

8             Q.       You said Patty might be inputting that; is

9     that correct?

10            A.       Yes.

11            Q.       Do you know that Patty is?

12            A.       Yes, with Dave as a backup, Dave Wallen as

13     a backup.

14            Q.       The document that we looked at earlier is

15     not what they are keeping; is that correct? And I'm

16     referring to Exhibit 1 -- 2. I'm sorry. Exhibit 2.

17            A.       I'm not sure who this is -- I'm not sure.

18            Q.       Does that mean they might be?

19            A.       They might be. They might be.

20            Q.       Do you know what type of reports are

21     generated from the meter readings?

22            A.       Excel-type reports that show daily

23     nominations and daily usage and balance information.

24            Q.       Are these able to be printed out?

25            A.       Pardon me?

1 Q. Can you print them?

2 A. They can, yeah. Yes.

3 Q. Are there passwords on any of that?

4 A. I don't know.

5 Q. Do you know who owns the meters?

6 A. I don't know.

7 Q. If it's a customer or the company?

8 A. I don't know.

9 Q. Did you pay receipts for replacement of

10 meters?

11 A. Not that I recall.

12 Q. So you don't know if meters were replaced

13 and billed?

14 A. I don't know.

15 Q. Who sends the meter readings to the

16 customers?

17 A. It would go with their invoice each month.

18 Q. So the invoice is prepared and then the

19 meter readings would back that?

20 A. Yes.

21 Q. In Excel?

22 A. Correct.

23 Q. Is it all in Excel?

24 A. Yes.

25 Q. And then it would be e-mailed to the

1 customer?

2 A. Mailed.

3 Q. So you would have hard copies that would

4 back that up each month?

5 A. Correct. Hard copy and an Excel copy as

6 well.

7 Q. Who would review those?

8 A. Dave Ries.

9 Q. Let's say a meter reading came in and it

10 looks suspicious, who might note that?

11 A. Dave Ries or Dave Wallen.

12 Q. I use the term suspicious meaning, let's

13 say, you get zero reads in the winter.

14 A. Unreasonable. Yeah. Dave Ries or Dave

15 Wallen.

16 Q. So you send them a monthly invoice; is that

17 correct?

18 A. That's correct.

19 Q. And the meter reads would then be sent

20 monthly to the customer?

21 A. Correct.

22 Q. And you're not aware of the customers

23 actually reading the meter?

24 A. I'm not aware of that, correct.

25 Q. Do any customers receive meter readings

1 more often than that?

2 A. Not that I'm aware of.

3 Q. And these -- the invoice and the meter

4 readings, are they kept by customer?

5 A. Yes.

6 Q. In like an expandable file, hard copies in

7 a file?

8 A. Well, on Excel and a hard copy printout.

9 Q. Do you know how the \*\* \_\_\_\_\_ \*\* meter

10 is read?

11 A. The same as the rest of them, I believe. I

12 believe they have the same type of invoice, and then they

13 have a backup that shows the daily output.

14 Q. And the City of Cuba the same?

15 A. Yes.

16 Q. Do you know who reads the \*\* \_\_\_\_\_ \*\*

17 A. No.

18 Q. So if a customer questions a meter reading,

19 who would they call?

20 A. The contact on the invoice. That's me, but

21 I was never contacted, so I guess it never came up, which

22 is a good thing.

23 Q. Customers who make nomination, who would

24 they contact?

25 A. I believe they fax the nomination change

1 and it would be entered into the system by Patty or Dave.

2 Q. So if they are changing the nomination,  
3 they fax it in to the St. Peters nomination?

4 A. Correct.

5 Q. Does that occur on a daily basis?

6 A. I'm not sure. I'm not sure. I don't think  
7 they change it that often, but I'm not sure.

8 Q. And who compares the daily meter readings  
9 with what was actually delivered to determine imbalances?

10 A. Dave Wallen.

11 Q. Do you know how -- whether he determines  
12 imbalances on a daily base?

13 A. I'm not sure.

14 Q. Do you know what he does if he finds a  
15 significant imbalance?

16 A. Contact the customers. From there, I don't  
17 know what he does.

18 Q. If he has questions about whether or not a  
19 meter is working properly, what would he do?

20 A. I have no idea.

21 Q. Do you know how he informs the customer if  
22 there's an imbalance?

23 A. No.

24 Q. If he calls or --

25 A. No.

1 Q. Who generates the customer's bill, invoice?

2 A. Patty.

3 Q. And do you review them before they go out?

4 A. Uh-huh. And I would enter them into

5 QuickBooks. Dave Ries would sign off on them as well.

6 Q. And they are generated what time of the

7 month?

8 A. The first day of the month.

9 Q. And you generate all of them, MPC, MGC and

10 Omega?

11 A. Correct.

12 Q. How do you do it, manually or --

13 A. It's printed out.

14 Q. By software?

15 A. By Patty, by software. Right.

16 Q. And which software have we talked about?

17 Is this Excel or --

18 A. Yeah, it's Excel. All it is is a

19 compilation of the day-by-day usage.

20 Q. Would that also record imbalances or --

21 A. Yes.

22 Q. Do you have any penalties if someone's

23 seriously out of balance?

24 A. I believe they do, but I don't know if they

25 ever -- to my knowledge, they never pursued that.



1           Q.     Anyone besides you review the customers'  
2 bills prior to sending them?

3           A.     Dave Ries.

4           Q.     Does Omega receive the same actual paper  
5 bill and daily reads that the other customers do?

6           A.     Yes.

7           Q.     You are able to charge a late payment fee;  
8 is that correct?

9           A.     Yes.

10          Q.     Do you charge it?

11          A.     No. Omega from time to time will pay  
12 interest, but that was the only one.

13          Q.     Was that part of the contract?

14          A.     Yeah. Actually, you can see right on the  
15 invoice, it says, due ten days from invoice.

16          Q.     Was everyone due ten days from --

17          A.     Uh-huh.

18          Q.     -- date of the invoice?

19          A.     Yes.

20          Q.     The date the invoice was generated?

21          A.     Correct. There's a due date listed right  
22 on top.

23          Q.     I think you'd indicated earlier most of  
24 them generally paid right on time; is that correct?

25          A.     Yes.

1 Q. Anybody who didn't?

2 A. A few from time to time, and once I  
3 contacted them they would pay.

4 Q. Would you record any late payments in your  
5 general ledger, late payment fees?

6 A. Just for Omega. We had somebody record it  
7 as -- as miscellaneous income.

8 Q. Miscellaneous?

9 A. Income, to distinguish it from interest  
10 income.

11 Q. Can you estimate how many times a year that  
12 might happen?

13 A. Maybe -- they were current during most of  
14 my term there, but during my four years there, they may  
15 have paid late fees, I'm just guessing, four or five  
16 times.

17 Q. For the transportation customers for MPC  
18 and MGC, how did you calculate those bills to divide it?

19 A. Oh, it was just -- it was based on what --  
20 it was based on -- it's my understanding it was based on  
21 the cutoff point where MGC started, and it was tracked  
22 daily. So it wasn't a difficult process, not like we had  
23 to sit down and track it at the end of the month. It was  
24 just there.

25 Q. How much they transported daily through

1     that length of the system?

2             A.       Correct.  Correct.

3             Q.       So if one customer was closer to St. Louis  
4     than another customer, they would pay a different fee?

5             A.       No.  If one person was before -- and I  
6     don't know.  Let's say there's a -- let's say that there's  
7     a, whatever it was, 28-mile pipe and this was where MGC  
8     started.  Any customers before that point were just billed  
9     from MPC.  Any customers below that point were billed from  
10    both, based on how far it went on MPC's line and how far  
11    it went on MGC's line.

12            Q.       So the customer closest to MIG would pay  
13    less transportation; is that what you're saying to me?

14            A.       Yeah.  Well, they would pay --

15            Q.       Or to PE--

16            A.       Your initial question was, how did it  
17    distinguish mean MPC and MGC.  Just think of a -- here's  
18    the pipe, here's the point where it's MGC, here's the  
19    point where it's MPC.  Anybody before this point is all  
20    MPC.  Anybody after this point is both.

21            Q.       Is everybody charged the same rate?

22            A.       No.

23            Q.       So how did you distinguish the rates?

24            A.       It was done.  I had no involvement.

25            Q.       By contracting them?

1           A.     Yes.

2           Q.     As opposed to tariffed rates?

3           A.     I'm not sure.

4           Q.     You know the term maximum daily quantities?

5           A.     Yes.

6           Q.     And how were those determined for each

7 customer that received firm transportation?

8           A.     I don't know. I wasn't involved in that

9 process.

10          Q.     So you don't know if it's by contract or --

11          A.     That's correct.

12          Q.     Who would negotiate contracts with

13 customers?

14          A.     Dave Ries.

15          Q.     Do you know if these MDQs changed

16 regularly?

17          A.     I'm not -- I'm not -- no, I don't know.

18          Q.     Did you know how -- do you know how often

19 customer rates were renegotiated?

20          A.     Infrequently, depending on new contract

21 terms.

22          Q.     And was it by contract term?

23          A.     My understanding, yes.

24          Q.     Anyone different negotiate contracts for

25 Omega?

1           A.       No.

2           Q.       So how did you receive notification that a  
3 customer rate had changed?

4           A.       Dave would let me know. It would be  
5 reflected on the invoice.

6           Q.       Okay. How did it come to be reflected on  
7 the invoice?

8           A.       He would --

9           Q.       Did you get an e-mail that it was changed  
10 or --

11          A.       Yeah. Yeah. I mean, it was done -- you  
12 know, it was done -- it was transparent to me. He would  
13 let Patty know, and she would enter the new rate or Ryan  
14 would enter the new rate into the system, and then it  
15 would be reflected on an invoice.

16          Q.       And if they had questions, they were to  
17 call whom?

18          A.       Me.

19          Q.       Did you receive calls?

20          A.       Nope.

21          Q.       Do you keep distinct or separate accounts  
22 receivable ledgers for each of the companies?

23          A.       Yes.

24          Q.       So MPC has its own, MGC its own?

25          A.       Yes.

1 Q. Omega its own, MIG its own?

2 A. Yep.

3 Q. Anybody else?

4 A. Nope.

5 Q. Of the customers that we have discussed,

6 does each customer get a separate bill?

7 A. Yes.

8 Q. So let's say, for example -- I can't think

9 of a city. Cuba's the only one I can think of. So the

10 City of Cuba would get a distinct bill from any of the

11 other transportation customers?

12 A. Right.

13 Q. Did I ask you if you kept separate and

14 distinct accounts receivables for each Omega customer as

15 well?

16 A. Yes.

17 Q. And you did?

18 A. Yes.

19 Q. Who calculates Omega's bills?

20 A. Calculates, what do you mean?

21 Q. Figures the invoices.

22 A. Dave. He does -- he negotiates the rates,

23 if that's what you're asking. I'm not sure what you're

24 asking.

25 Q. Do you have a software program that would

1     then calculate the bill?

2             A.       It's a basic calc within an Excel

3     spreadsheet. Might say their rate is .3036 and the

4     quantity he's doing that month was X thousand. It just

5     does the simple math.

6             Q.       Who bills Cuba?

7             A.       MPC, MGC and Omega.

8             Q.       And what about \*\* \_\_\_\_\_ \*\*

9             A.       Omega.

10            Q.       And the Fort?

11            A.       Omega.

12            Q.       \*\* \_\_\_\_\_ \*\*

13            A.       \*\* \_\_\_\_\_ \*\* I'm not --

14            Q.       \*\* \_\_\_\_\_ \*\*

15            A.       That's a name that doesn't ring a bell with

16     me.

17            Q.       Who would review Omega's bills?

18            A.       Dave Ries.

19            Q.       So Mr. Ries would also mail them?

20            A.       No.

21            Q.       Who mails them?

22            A.       Patty.

23            Q.       So they would be generated out of the

24     St. Peters office?

25            A.       That's correct.

1           Q.     Do you keep all of the customer contracts  
2     in St. Peters?  
3           A.     Yes.  
4           Q.     And again, all of the records regarding  
5     each customer in terms of the accounting?  
6           A.     Uh-huh.   Yes.  
7           Q.     Who reviews MPC and MGC bills before  
8     they're mailed?  
9           A.     Dave Ries.  
10          Q.     And you?  
11          A.     No.   Dave Ries and Dave Wallen.  
12          Q.     Let me ask, why wouldn't you review them?  
13          A.     Because I'm not familiar with the  
14     nomination process.   I mean, I would look at them and then  
15     input if anything jumped out, but in terms of the daily  
16     noms and the daily activity, that's something I wasn't  
17     familiar with.  
18          Q.     When are revenues posted to general  
19     ledgers?  
20          A.     Monthly.  
21          Q.     Anything that you post daily?  
22          A.     The GL, just the receipt of cash, and AP if  
23     we do accounts payable.  
24          Q.     And when you say cash receipts, again,  
25     you're referring to those transfers or checks coming in,



1     either one?

2             A.       Correct.

3             Q.       And what sort of document do you use to

4     post the revenues? What's the source of the information?

5             A.       The ones that were wires I would get off

6     the computer system. Each morning I would get in and see

7     if there were any transfers that were made the prior day.

8             Q.       Who posts those?

9             A.       Me.

10            Q.       Can I ask you when they were posted? Are

11   those posted monthly?

12            A.       Daily.

13            Q.       Does your software program tell you if

14   something doesn't look right?

15            A.       In terms of?

16            Q.       If you put in zero and it's expecting

17   something else?

18            A.       Yes. Yes.

19            Q.       If you put in too many zeros, would it come

20   up with something?

21            A.       Yes, yes, yes.

22            Q.       And what are the source documents that you

23   use to post your AR?

24            A.       Either a check or a wire transfer.

25            Q.       Do you post those?

1           A.     Yes.

2           Q.     When you're gone?

3           A.     They weren't posted.

4           Q.     They just wait for you?

5           A.     That's correct.

6           Q.     Do you post the customer payments as well?

7           A.     Yes.

8           Q.     Daily or --

9           A.     As they came in.

10          Q.     And again, if you're not there, they'd just  
11 wait for you?

12          A.     That's correct, patiently.

13          Q.     When are the customer payments posted to  
14 the Omega general ledger?

15          A.     As they come in.

16          Q.     And the same for MPC and MGC?

17          A.     Correct.

18          Q.     And again, what was the source that you  
19 would use to know that amount?

20          A.     The bank -- online bank, the documents or  
21 check, a physical check.

22          Q.     I think we talked about this, but you  
23 stamped them as you got them?

24          A.     Are we at a break point? Can we --

25          Q.     Yeah, probably just a minute. Do you stamp

1     them as they came in? The checks, you would stamp them?

2             A.       Yeah. I would stamp them and endorse them,

3     right.

4             Q.       For deposit only or --

5             A.       Right.

6             Q.       -- with your name?

7             A.       Right.

8             Q.       Is it your name?

9             A.       No. It's the company name. That would be

10    a big internal control issue if it was in my name. No, it

11    was made to the company.

12            Q.       So you would sign Missouri Pipeline Company

13    by, and put the initials or just --

14            A.       No. I would -- I would sign a deposit

15    ticket, but I would -- the endorsement would just be

16    Missouri Pipeline Company for deposit only, \*\* \_\_\_\_\_

17    \_\_\_\_\_ \*\*, and I -- and the deposit ticket would ask for a

18    signature and I would sign that.

19            Q.       Have they changed things since you are no

20    longer controller --

21            A.       I have no idea.

22            Q.       -- so that you can't get into these

23    accounts or --

24            A.       I have no idea.

25            Q.       So you haven't been out trying to look up

1 the bank account or anything?

2 A. I have no idea. I know they changed the --  
3 at least they told Mike Mertz to change -- you can change  
4 the password, the online password. That's real easy to  
5 do. In fact, UMB, which is a good thing, they require you  
6 to change it every, I think it was six weeks. So you had  
7 to come up with a new password every six weeks. So I've  
8 been out of there for a couple months, so obviously  
9 they've changed it for sure by now.

10 MS. SHEMWELL: This does seem to be a good  
11 time for a break, so we'll go off the record, and it's  
12 just four o'clock.

13 (THE DEPOSITION WAS ADJOURNED UNTIL  
14 JUNE 18, 2006.)

15

16

17

18

19

20

21

22

23

24

25

## 1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI )  
 ) ss.  
3 COUNTY OF COLE )

4

5 I, KELLENE K. FEDDERSEN, RPR, CSR, CCR, and  
6 Notary Public within and for the State of Missouri, do  
7 hereby certify that the witness whose testimony appears in  
8 the foregoing deposition was duly sworn by me; that the  
9 testimony of said witness was taken by me to the best of  
10 my ability and thereafter reduced to typewriting under my  
11 direction; that I am neither counsel for, related to, nor  
12 employed by any of the parties to the action to which this  
13 deposition was taken, and further that I am not a relative  
14 or employee of any attorney or counsel employed by the  
15 parties thereto, nor financially or otherwise interested  
16 in the outcome of the action.

17

18

19

20

KELLENE K. FEDDERSEN, RPR, CSR, CCR  
Notary Public, State of Missouri  
(Commissioned in Cole County)  
My commission expires 3/28/09.

21

22

23

24

25