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August 28, 2001

Missouri Public Service Commission
Attn: Secretary of the Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Mo. 65102-0360

FILED²

AUG 28 2001

Missouri Public
Service Commission

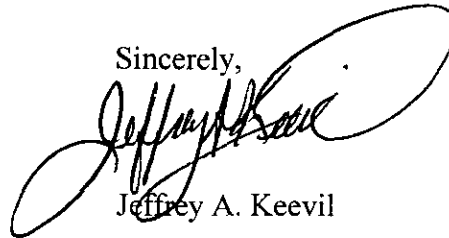
RE: Case No. GM-2001-585

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case are an original and the appropriate number of copies of the POSITION STATEMENT OF GATEWAY PIPELINE COMPANY, INC. on behalf of Gateway Pipeline Company, Inc.

Copies of this filing have on this date been mailed or hand-delivered to counsel of record. Thank you for your attention to this matter.

Sincerely,



Jeffrey A. Keevil

JAK/er
Enclosures
cc: counsel of record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
AUG 28 2001

Missouri Public
Service Commission

In the Matter of the Joint Application of)
Gateway Pipeline Company, Inc.,) Case No. GM-2001-585
Missouri Gas Company and Missouri)
Pipeline Company.)

POSITION STATEMENT OF
GATEWAY PIPELINE COMPANY, INC.

COMES NOW Gateway Pipeline Company, Inc. ("Gateway"), and offers its Statement of Position with respect to the issues in this case. Gateway respectfully states as follows:

1. Should the request of the Joint Applicants for Gateway Pipeline Company to acquire all of the stock of UtiliCorp Pipeline Systems be approved?

Yes. As the Commission has recently stated, "[T]he Commission is unwilling to deny private, investor-owned companies an important incident of the ownership of property unless there is *compelling evidence* on the record tending to show that a public detriment *will* occur."¹ (emphasis added) Accordingly, the Commission should approve the Joint Application and authorize Gateway to acquire all of the stock of UtiliCorp Pipeline Systems.

A. Would the sale be detrimental to the public interest?

No, the sale would not be detrimental to the public interest. There is no competent or substantial evidence that approval of the sale would result in a direct and present public detriment. Since the proposed transaction is a stock sale, MPC and MGC

¹ *In the Matter of the Joint Application of Missouri-American Water Company and United Water Missouri, Inc.*, Case No. WM-2000-222, March 16, 2000.

will continue to operate under their current Commission-approved rates and tariffs.

Although not required for approval, the sale would in fact be in the public interest.

Virtually all of the concerns raised by the Public Counsel, Staff, and intervenors raise issues (e.g., acquisition premiums or service changes) which: (i) have not been requested by Gateway in this proceeding; or (ii) are only properly raised in a rate case, which this case is not; or (iii) raise alleged factors which already exist under the current owners. In short, the status quo does not change by this transaction.

B. If so, are there conditions that the Commission could impose to reduce or eliminate any detriment?

Gateway has agreed to the conditions contained in the rebuttal testimony of Staff witness John Kottwitz at page 3, line 14 through page 4, line 3. The Commission may impose its customary condition that nothing in its Report and Order in this case shall be considered as a finding by the Commission for ratemaking purposes of the involved properties. However, in order to impose additional conditions, the Commission must find that approval of the sale as proposed would result in a direct and present public detriment. Gateway's position is that this transaction is not detrimental to the public interest and therefore, there is no need for any other conditions. If, however, the Commission finds the transaction as proposed would result in a direct and present detriment to the public interest, the Commission can, and should, indicate what conditions it believes should be imposed on the transaction in order to eliminate such direct and present public detriment. It would then be up to the Joint Applicants, including Gateway, to determine if the transaction would still be acceptable with the imposition of such conditions and whether or not to proceed with the transaction.

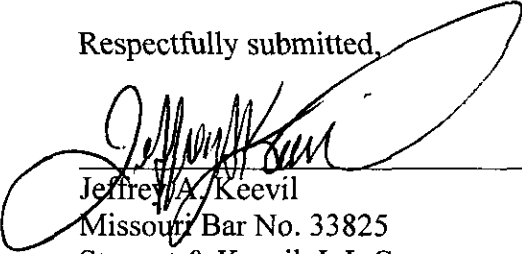
2. What is the nature of MPC's certificate of convenience and necessity, particularly in regard to whether the certificate would prohibit Gateway from physically connecting MPC with pipeline assets which cross the river into Illinois, if those pipeline assets were owned by an entity other than MPC or MGC? If so, should the Commission remove such condition?

In Case No. GA-89-126, the Commission imposed the following condition on MPC (the Applicant therein):

the physical separation of the intrastate pipeline from the portion of the Applicant's [MPC's] segment crossing the state boundary into Illinois.

At the time of GA-89-126, MPC owned both the intrastate pipeline and the segment which crossed the river. Gateway believes that the Commission merely intended to continue this condition in Case No. GM-94-252; however, other parties to this case have taken the position that MPC's intrastate pipeline cannot be connected with pipeline assets which cross the river into Illinois, even if those assets are owned by an entity other than MPC. Therefore, the Commission should clarify that MPC is not currently prohibited from connecting with pipeline assets which cross the river into Illinois if those pipeline assets are owned by an entity other than MPC. If, however, the Commission finds that MPC is currently prohibited from connecting with pipeline assets which cross the river into Illinois even if those pipeline assets are owned by an entity other than MPC, the Commission should remove such condition.

Respectfully submitted,



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ATTORNEY FOR GATEWAY
PIPELINE COMPANY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served by placing same in first-class mail, postage paid, or by hand-delivery, to counsel of record on this 28th day of August, 2001.

