

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

Staff of the Missouri Public Service Commission)	
Complainant,)	
)	
v.)	Case No. GC-2006-0378
)	
Missouri Pipeline Company, LLC)	
Missouri Gas Company, LLC)	
Omega Pipeline Company, LLC)	
Mogas Energy, LLC)	
United Pipeline Systems, Inc., and)	
Gateway Pipeline Company, LLC,)	
Respondents.)	

ANSWER TO COMPLAINT

COME NOW Respondents Missouri Pipeline Company, LLC, Missouri Gas Company, LLC, Mogas Energy, LLC, United Pipeline Systems, Inc. and Gateway Pipeline Company and for their answer to Staff's Complaint, state as follows:

1. Respondents admit the allegations contained in paragraph 1.
2. United Pipeline Systems, LLC is a limited liability company. The remaining allegations in paragraph 2 call for a legal conclusion and Respondents are without sufficient knowledge with which to admit or deny the allegations at this point.
3. Respondents admit the allegations contained in paragraph 3.
4. Respondents deny the allegations as stated in paragraph 4.
5. Respondents admit, subject to check, that the referenced statutory provision appears to have been correctly quoted.

6. Respondents admit, subject to check, that the partial reference to the statutory provision appears to have been accurately quoted.

7. Respondents admit that Staff, through the General Counsel, has authority to file certain complaints under certain circumstances and conditions. Respondents deny that the referenced rule authorizes Staff to bring the instant Complaint against Respondents.

8. Respondents admit that Attachment A to the Complaint is Staff's Report of its preliminary findings, but that said report contains inaccuracies. Respondents admit that Staff has filed a motion for protective order.

9. Paragraph 9 of the Complaint does not require an answer.

10. Respondents admit, subject to check, that the partial reference to the statutory provision appears to be accurately quoted. Respondents deny any of Respondents' charges are not just and reasonable.

11. Respondents admit, subject to check, that the referenced statutory provision appears to be accurately quoted.

12. Respondents admit, subject to check, that the referenced statutory provision appears to be accurately quoted.

13. Respondents admit, subject to check, that the partial reference to the statutory provision appears to be accurately quoted.

14. Respondents are without sufficient knowledge to admit or deny the allegation that Staff has audited the current revenues and expenses of MPC and MGC. Respondents deny the allegation that the rates of MPC and MGC are not just and reasonable. Respondents deny the remaining allegation of Paragraph 14 of the Complaint.

15. Respondents are without sufficient information to admit or deny the basis of Staffs calculations. Respondents deny that any expenses on the books of MPC and MGC are unreasonable or inappropriate.

16. Respondents deny the allegations in Paragraph 16 of the Complaint.

17. Paragraph 17 of the Complaint does not require an answer.

18. Respondents deny the allegation in Paragraph 18 of the Complaint.

19. Respondents deny the allegation in Paragraph 19 of the Complaint.

20. Respondents are without sufficient knowledge to admit or deny the allegation in Paragraph 20 of the Complaint.

21. Paragraph 21 of the Complaint does not require an answer.

22. Respondents admit, subject to check, that the partial reference to the statutory provision appears to be accurately quoted.

23. Respondents admit that the partial reference to the Commission regulation is accurately quoted.

24. Respondents admit that the referenced regulation addresses affiliate transactions for natural gas utilities, but is without sufficient information with which to admit or deny that such regulations were duly promulgated.

25. Respondents deny the allegation in Paragraph 25 of the Complaint.

26. Respondents MPC and MGC admit that they properly receive and deliver services from entities which may be affiliated entities. Respondents deny the remainder of the allegations in Paragraph 26 of the Complaint.

27. Respondents deny the allegations in Paragraph 27 of the Complaint. The phrase “related entities” is not defined and is vague and ambiguous.

28. Respondents deny the allegations in Paragraph 28 of the Complaint.

29. Paragraph 29 of the Complaint does not require an answer.

30. Respondents deny any allegations that any party was charged any amounts that in the aggregate exceeded the maximum allowed charges of MPC and MGC.

31. Paragraph 31 of the Complaint does not require an answer.

32. Respondents deny the allegations of Paragraph 32 of the Complaint and oppose the proposed procedural schedule set forth therein. The proposed schedule is unreasonable and unrealistic. Respondents suggest that a prehearing conference be convened to allow the parties an opportunity to discuss and negotiate a suggested schedule consistent with Commission practice.

33. Paragraphs 33 through 37 are not set forth in the Complaint and require no answer.

34. Paragraph 38 of the Complaint requires no answer.

35. Respondents offer the following additional affirmative defenses;

a) Staff does not have standing to file a complaint challenging the justness and reasonableness of the rates of MPC and MGC. Section 386.390.1 provides in the pertinent part that “...***no complaint shall be entertained by the commission, except upon its own motion***, as to the reasonableness of any rates or charges of any gas, electrical, water, sewer, or telephone corporation, unless the same be signed by the public counsel or the mayor or the president or chairman of the board of alderman or a majority of the council,

commission or other legislative body of any city, town, village or county, within which the alleged violation occurred, or not less than twenty-five consumers or purchasers, or prospective consumers or purchasers, of such gas, electricity, water, sewer or telephone service.”

Staff, through the office of General Counsel, is not among the entities identified in the statute that are authorized to complain as to the reasonableness of rates and charges. Further, Respondents are not aware of any motion made and approved by the Commission directing such a complaint be filed and certainly not a motion for which Respondents received any required notice.

b) Staff’s Complaint fails to state a claim upon which relief can be granted. Staff fails to allege or in any way demonstrate that either MPC or MGC are earning in excess of the returns or amounts previously authorized by this Commission. Furthermore, Staff has not alleged or in any way demonstrated that MPC or MGC are incurring and passing through to customers amounts exceeding previously authorized revenues or costs of service. The revenues received by both MPC and MGC have not and are not in dispute by the Staff and, in fact, those revenues received and reported to the Commission have never met or exceeded the revenue requirements authorized by the Commission in Case Nos. GR-92-314 or GA-90-280 respectively.

c) The Commission lacks jurisdiction to maintain a complaint as to Respondents Mogas Energy, LLC, United Pipeline Systems, LLC, and Gateway Pipeline Company, LLC. These entities in fact have not employees or established special business purposes. Therefore, none of these entities is a “gas corporation” within the statutory

definition set forth in Section 386.020(16) and as acknowledged by the Commission in Case No. GM-2001-585 and for these reasons the Commission lacks subject matter jurisdiction to regulate or otherwise supervise or interfere with their activities.

WHEREFORE, Respondents request that the Complaint be dismissed without further proceedings and grant such other relief as it deems appropriate.

Respectfully submitted,

LATHROP & GAGE, L.C.

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ATTORNEYS FOR RESPONDENTS

Dated: May 11, 2006

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing Answer to Complaint has been hand-delivered, transmitted by e-mail or mailed, First Class, postage prepaid, this 11th day of May, 2006, to:

<u>Name of Company</u> <u>Name of Party</u>	<u>Email</u> <u>Phone</u> <u>Fax</u>	<u>Mailing</u> <u>Address</u>	<u>Street</u> <u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
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/s/ Paul S. DeFord

Attorney