

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Staff Exhibit 7
FILED
November 7, 2007
Data Center
Missouri Public
Service Commission

Application of The Gas Service Company
for a certificate of convenience and
necessity to serve as a natural gas
public utility a described area in
Platte County, Missouri.

CASE NO. 12,633

Application of Missouri Public Service
Company for a certificate of convenience
and necessity for ownership, operation
and maintenance of a natural gas distribution
system and all connecting lines required
therewith within Platte County, Missouri.

CASE NO. 12,674

Staff Exhibit No. 7
Case No(s). GA-2007-0289
Date 10/25/07 Rptr UV

APPEARANCES:

For The Gas Service Company

Jerry Huggan
Kyle D. Williams

For Missouri Public Service Company

A. Z. Patterson

For Kansas City, Missouri

David M. Proctor, By:
Frank C. Knight

For Cities Service Gas Company, as
Interested May Appear

John Handren of
Handren & Andrew
Jefferson City, Mo.
O. R. Stites,
Oklahoma City, Okla.

For City of St. Joseph, Missouri

Whitney W. Potter

For the Commission

Glenn D. Evans, Gen. Counsel
Frank J. Inen, Ass't. Gen.
Counsel
G. R. Gilcrest, Engineer

REPORT AND ORDER

These cases are before the Commission by virtue of applications filed July 11,
1953 and August 27, 1953 by The Gas Service Company of Kansas City, Missouri, (hereinafter
sometimes referred to as "Gas Service") and the Missouri Public Service Company
(hereinafter sometimes referred to as "Public Service") of Warrensburg, Missouri,
respectively for authority to render natural gas service in specified areas of
Platte County, Missouri.

The cases were set for hearing before the Commission at its hearing room in
Jefferson City on May 2, 1955, and were then and there heard by the Commission
en banc after due notice had been given to all interested parties. The two cases,
as entitled above, because of their similarity in issues were set and heard at the
same time and submitted on the record joined and made at that hearing. Appearances

were as stated above. The following recitals, findings and conclusions are based on the record as submitted.

FINDINGS OF FACT

The Gas Service Company is a public utility corporation duly organized under the laws of the State of Delaware and authorized in the State of Missouri to engage in the business of distributing and selling natural gas in said State, and is and at all times has been under the jurisdiction of this Commission. Its Articles of Incorporation and Amendments thereto are on file with the Secretary of the State of Missouri, and have previously been filed with this Commission in connection with other cases, reference to which was made to avoid repetition. Its financial condition as of December 31, 1950 is shown by its Exhibit No. 5 filed in this proceeding. Gas Service obtains all its gas for distribution in the Kansas City area from Cities Service Gas Company which is the principal source of natural gas in that area.

The Missouri Public Service Company is a Missouri corporation, duly authorized to engage as a public utility under the jurisdiction of this Commission in the rendition of electric, gas and water utility service in the State of Missouri. Its Articles of Incorporation and all Amendments thereto have been previously filed with this Commission. It has been duly certified and authorized to operate natural gas properties within the incorporated communities of Weston and Platte City in Platte County, Missouri. It also provides natural gas service to the community of Tracy in Platte County, Missouri.

Applicant Gas Service was granted a certificate of convenience and necessity by this Commission on June 14, 1950, in Case No. 11,928, to provide natural gas service in a certain area in Platte County, Missouri; said area being located in the southeast corner of Platte County extending approximately eight miles north from the Missouri River and extending west from the east line of Platte County approximately four miles in the northern half, the southern portion averaging approximately two miles wide, including the community of Platte Woods which is situated in the northwest portion of said area. Said area is that portion of Platte County outlined in red on a map submitted as Gas Service Exhibit No. 6. This service area also extends eastward into Clay County, Missouri, and is supplied by three lines extending north across the Missouri River from the Kansas City Distribution system.

The City of Kansas City has purchased some 1,500 acres of land in Jackson County, situated approximately eight miles north of the Missouri River and midway between the communities of Platte City and Platte Woods, along the west side of U. S. Highway No. 71 and approximately two miles west of the communities of Linkville and Farrelview. This area is indicated on Gas Service Exhibit No. 6 by a green outline. The City of Kansas City proposes to establish on this tract an industrial airport including a terminal building and other buildings and structures which will be leased to the Trans-World Airlines, Inc., as an overhaul station ultimately employing some 2,000 to 3,000 employees, the project to cost approximately \$25,000,000. Kansas City employed the services of a private consulting engineering firm to make necessary studies to determine the amount of natural gas that would be required in the operation of this airport. The results of this study indicated that the maximum daily requirement of interruptible gas would be 4,300 Mcf and the maximum daily requirement of firm gas would be 44,100 cubic feet. The interruptible gas is to be used, among other things, for boiler fuel to generate heating and process steam. The facilities using interruptible gas will be supplemented by stand-by equipment, including storage for 300,000 gallons of fuel oil.

Prior to the time of the filing of application by Gas Service the City of Kansas City requested said applicant to make provision for furnishing gas service to the City at said industrial airport site. However, subsequent to this request the City of Kansas City elected that Trans-World Airlines should contract direct for its gas supply as evidenced by Gas Service Exhibit No. 1, being a copy of a letter from the Director of Aviation for the City of Kansas City, which states:

"Kansas City has been advised by counsel for your company that Trans-World Airlines desires to contract directly with the Gas Service Company for its gas supply at the TWA Overhaul Base on the Mid-Continent International Airport.

"With reference to Article XIII of the Lease and Agreement between Kansas City and Trans-World Airlines, Inc., the City does not elect to supply TWA with Gas and therefore consents that TWA may contract directly for its gas supply."

The applications herein seek authority to not only serve the airport with interruptible gas but also to provide firm gas service in prescribed areas which encompass the airport site.

The communities of Weston, Tracy and Platte City are provided with natural gas service by Public Service through town-border stations which are supplied by three inch lines owned by Cities Service Gas Company. These three inch lines,

one to Tracy and Platte City and one to Weston are tapped to a line which extends from the Tonganoxie Pump Station in Kansas across the Missouri River south of U. S. Military Reservation of Fort Leavenworth and north to St. Joseph, Missouri, passing between the communities of Weston and Platte City.

The rural area surrounding the airport site, which Gas Service seeks authority to serve, comprises approximately 64.5 square miles which includes the airport site and the unincorporated communities of Hampton, Tiffany Springs, Farrelview and Linkville. The proposed area boundary is outlined in blue on Gas Service Exhibit No. 6. This area which adjoins Gas Service's presently certificated service area in the southeast corner of Platte County is within the following described boundary:

Beginning at the northeast corner of Section 9, Township 52, Range 33, thence west a distance of nine miles to the northwest corner of Section 7, Township 52, Range 34, thence south a distance of nine miles to the southwest corner of Section 19, Township 51, Range 34, thence east a distance of approximately four and one-half miles to the center of the south line of Section 23, Township 51, Range 34, thence north a distance of one mile to the center of the north line of Section 23, Township 51, Range 34, thence east a distance of one-half mile to the northeast corner of said section, thence north a distance of three miles to the northeast corner of Section 2, Township 51, Range 34, thence east a distance of four miles to the southeast corner of Section 33, Township 52, Range 33, thence north a distance of five miles to the point of beginning.

Gas Service proposes to provide natural gas service to the airport site through a ten inch transmission line approximately fourteen miles long, extending from a proposed new sixteen inch river crossing at a cost of approximately \$285,760.00. The proposed route of this line is shown in orange on Gas Service's Exhibit No. 6.

As hereinbefore stated the southeast corner of Platte County is now being served with natural gas by Gas Service through three separate lines extending across the Missouri River from the Kansas City distribution system. As requirements demand, firm gas could and would be supplied to the rural area outside the airport site and within the above described service area from these existing facilities within this certificated area situated southeast of the airport site.

Evidence of record indicates that by virtue of the nature of the source of supply for Gas Service's proposed ten inch line the St. Joseph twelve inch line would not be drawn down to the extent of jeopardizing the firm gas supply to the City of St. Joseph. St. Joseph's only source of supply is the twelve inch line which is indicated in brown on Gas Service's Exhibit No. 6. As heretofore

stated, the maximum daily requirement for firm gas on the airport site is 44,100 cubic feet.

Referring to Cities Service Gas Company Exhibit No. 1, which is a photostatic of a letter signed by a Vice President and directed to The Gas Service Company, we quote in part as follows:

"x x x You represented that the requirements of this airport are estimated as follows:

	<u>Peak Hour</u> MCF	<u>Peak Day</u> MCF	<u>Annual</u> MCF
Firm Demand	6	44.1	15,000
Interruptible	252	4300	456,000

x x x

In order to serve the airport you have requested that we grant a tap from our St. Joseph 12-inch pipeline. This request has been thoroughly discussed with the Operating Division and the Management of this company.

At this time service in the general area of Kansas City, Missouri, and Kansas City, Kansas, is rendered through six major town border measuring stations and numerous other small measuring stations. Our gas supply at these stations is more than ample to deliver the additional gas required for the industrial airport. Most of the present capacity of our St. Joseph 12-inch pipeline is required during peak periods to serve current and immediate future demands of communities supplied from that line.

For these reasons we feel that deliveries of gas for the airport should be rendered through existing measuring stations for the Kansas City area and delivered to your customer through extension of your distribution system. However, we are aware of the problem confronting your company with this particular customer and upon consideration of that problem we are willing as an accommodation to your company to grant a connection to our St. Joseph line with the following understanding: x x x Deliveries through such connection shall be utilized only for the purpose of rendering firm and interruptible service to the airport. Your company shall not inter-connect your proposed pipe line to serve the airport with your existing distribution system for the purpose of supplementing the supply of gas for the area north of Kansas City, Missouri.

In view of the demand, data which you have supplied, the maximum daily delivery through the new connection for firm and interruptible service shall not exceed 5,000 Mcf. During winter periods, when firm service only is rendered through the new connection, maximum daily deliveries per such firm service shall not exceed 500 Mcf. curtailment of the interruptible portion of the airport load shall be effected upon request by our company and such request will be made when, in the opinion of our operators, curtailment is necessary to protect deliveries from our St. Joseph line north of this proposed connection."

The application of the Missouri Public Service Company, in addition to serving the airport site, seeks a certificate of convenience and necessity to serve the natural gas requirements of that portion of Platte County, Missouri, north of a line extending northeast from the center of the west line of Section 20 (Missouri River), Township 51 N, Range 35 W to the northeast corner of said

51 N, Range 35 W; thence north to the southwest corner of Section 6, Township 51 N, Range 30 W; thence east one mile; thence north one and one-half mile to the center of the west line of Section 32, Township 52 N, Range 30 W; thence east approximately eight and one-quarter miles to the east county line of Platte County. This area coincides with the area in Platte County for which this company now has authority to serve its electrical customers.

Public Service Exhibit No. 3, which is a map of a portion of Platte County, indicates this area boundary by a red line. The area for which this applicant seeks authority to serve with natural gas constitutes approximately 5/7's of Platte County or 297 square miles which includes, in addition to the airport site, more than twenty-four communities, including Ferrelview, Linkville, Dearborn, Edgerton and Camden Point in addition to the three communities which this company is presently serving.

Public Service proposes to construct 12 miles of six inch pipeline from a connection with the 12-inch St. Joseph supply line at a point approximately two miles southeast of the community of Weston to the airport site. It is also proposed to extend a three inch line east from this line at the airport to serve the communities of Ferrelview and Linkville.

The Missouri Gas and Electric Service Company, predecessor of Missouri Public Service Company, was authorized in 1930 in Cases Nos. 7381 and 7382 to serve the communities of Platte City and Weston with natural gas. In Case No. 7414 Cities Service Gas Company was authorized to construct two three-inch pipelines to serve these two communities from the 12-inch St. Joseph pipeline. The delivery of gas to these communities is subject to a "Contract for Sale of Gas for Resale" executed June 13, 1947, by and between Cities Service Gas Company and Missouri Gas and Electric Service Company. A copy of this contract was submitted as Public Service Exhibit No. 4 and reads in part as follows:

"1. The Company agrees to sell and deliver and the Utility agrees to purchase and receive and pay for, under the conditions hereinafter recited, all of the natural gas required by the Utility (subject to applicable curtailment and interruption provisions of the Company's rate schedules) to supply the demands of all of its customers in and about said cities of x x x Platte City, Weston, Tracy, x x x Missouri."

Missouri Public Service Company contends that this contract will enable it to supply the airport and all of that part of Platte County which it desires to serve

Regardless of which applicant is given authority to serve the airport site, it will secure the gas from a tap on the 12-inch line which serves and terminates at St. Joseph, Missouri. This 12-inch line serves other communities en route, and it is from this same line that Platte City, Weston and Tracy are now served. Most of the present capacity of such line is required during peak periods to serve current demands of the communities supplied from that line. A city of the size of St. Joseph located at the end of the line creates a problem for the supplier (Citizens Service Gas Company) and the citizens of said city are entitled to have their prior rights protected. While the firm and interruptible supply of gas needed to meet the requirements of the airport is available without affecting the necessary supply to St. Joseph and other communities on this line, there is no evidence of the availability of gas from such line to serve the area surrounding the airport.

CONCLUSIONS OF LAW

It is the conclusion of the Commission that either the 6" line proposed by Public Service or the 18" line proposed by Gas Service would be adequate to serve the airport site and that the maximum of 500 Mcf of firm load that would be drawn from the St. Joseph 12" line by either of these lines would not cause a shortage of supply of firm gas to the City of St. Joseph. However, the use of this 500 Mcf of firm gas is restricted to the airport site only and neither company would be permitted to interconnect its airport supply line with distribution lines to serve areas outside of the airport.

So far as the ability of either of these applicants to serve the airport is concerned, we find that they are both able to serve it and the gas required for such purpose will be available from the St. Joseph 12-inch line as per Citizens Service Exhibit 1. However, each applicant asks permission to serve an area beyond the airport, the exact areas of each having been heretofore set out. The desire to serve beyond the airport site was for the very obvious reason that the construction of the airport and the employment of 2,000 to 3,000 employees will result in construction of homes and businesses in the territory surrounding the airport with a need and demand for firm gas service. Both applicants recognized this potential need and in their testimony attempted to show that they would be able to serve in the respective areas for which they seek authority.

over and above the needs of the airport and the ability of the applicants to meet such need is important to the public and is a factor that must be considered by the Commission in reaching our decision.

It is our opinion and we find from the evidence that Missouri Public Service Company could not secure gas to serve any appreciable part of the area around the airport. Its chief witness on this point testified that in his opinion the "in and about" in the contract (which contract would be the only source of supply) would include all the area in Platte County which they sought to serve. We cannot agree to such an interpretation. The word "about" is defined in Webster's Ninth International Dictionary as meaning "near, in the vicinity." We cannot believe that the parties to the contract contemplated that practically all of Platte County is "in and about" the towns mentioned. Rather it is our conclusion that this contract would provide gas for the distribution system in the city, and such additional territory adjacent to and "about" such city as would ordinarily be served out of such distribution system. But when you leave Platte City and attempt to construct transmission lines to other communities throughout the county, we cannot find that such additional area could be served under this contract. An interpretation as claimed would undoubtedly result in a shortage of gas in the St. Joseph line, and would not be in the public interest of the old or prospective customers.

The new area for which Gas Service Company seeks authority to serve is contiguous to a certificated area in which it is now serving and from which it can provide an ample supply of gas to such new area. Cities Service Exhibit No. 1 shows that gas will be available through this outlet, and would not affect the supply in the line to St. Joseph. This new area, while quite smaller than the area requested by Missouri Public Service Company, will cover that portion of the territory which will be most affected by the presence of the airport and will not invade the area now served by Missouri Public Service Company.

Gas Service now serves the city of Kansas City, and such city as the owner of the airport prefers that Gas Service provide the gas at the airport site. At the request of such city, Gas Service filed its application on July 11, 1953. Thereafter, on August 27, 1953, Missouri Public Service Company filed its application. While the preference of the city and the prior filing by Gas Service would not be of such

weight as to control our decision, we do find that under all the facts and circumstances as shown by the evidence, such factors should be given due consideration.

After careful consideration of all the evidence, the Commission is of the opinion that it will be in the public interest to grant the application of The Gas Service Company. Therefore, the application of Missouri Public Service Company in Case No. 12,574 will be denied, and the application of The Gas Service Company in Case No. 12,632 will be granted.

It is, therefore,

ORDERED: 1. That the application of the Missouri Public Service Company in Case No. 12,574 be and the same is hereby denied.

ORDERED: 2. That The Gas Service Company be and is hereby authorized to construct, operate and maintain a ten-inch pipe line for the purpose of supplying natural gas to the Mid-Continent Airport site as set forth on Exhibit "B" attached to its supplemental application which is hereby referred to and made a part hereof.

ORDERED: 3. That The Gas Service Company be and is hereby granted a certificate of convenience and necessity to provide natural gas service within the following area:

Beginning at the northeast corner of Section 9, Township 52, Range 33, thence west a distance of nine miles to the northwest corner of Section 7, Township 52, Range 34, thence south a distance of nine miles to the southwest corner of Section 19, Township 51, Range 34, thence east a distance of approximately four and one-half miles to the center of the south line of Section 23, Township 51, Range 34, thence north a distance of one mile to the center of the north line of Section 23, Township 51, Range 34, thence east a distance of one-half mile to the northeast corner of said section, thence north a distance of three miles to the northeast corner of Section 2, Township 51, Range 34, thence east a distance of four miles to the southeast corner of Section 33, Township 52, Range 33, thence north a distance of five miles to the point of beginning, all in Platte County, Missouri.

ORDERED: 4. That all construction pursuant to authority granted in ORDERED: 2 and ORDERED: 3 above shall be maintained and operated in a reasonably safe and adequate manner so as not to endanger the safety of the public or to interfere unreasonably with the services of other public utilities.

ORDERED: 5. That this order shall take effect on June 24, 1955, and that the Secretary of the Commission shall forthwith serve on all parties interested herein a certified copy of this report and order and that applicants shall

notify the Commission in the manner prescribed by Section 386.490 R.S. Mo. 1949,

whether the terms of this order are accepted and will be obeyed.

BY THE COMMISSION

Marvin P. Moore

Marvin P. Moore
Secretary

(SEAL)

Burton, Chr., Henson, McClintock,
and McQueen, CC., Concur.

McDonald, G., Not Voting.

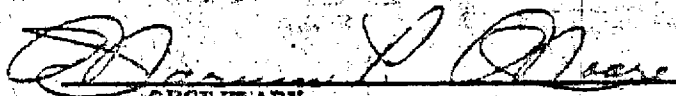
Dated at Jefferson City, Missouri,
this 24th day of May, 1955.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office, and I do hereby certify the same to be a correct transcript therefrom and of the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, this 24th day of May, 1955.


SECRETARY

