

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

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

MOTION TO COMPEL DISCOVERY AND FOR EXPEDITED TREATMENT

COMES NOW Staff of the Public Service Commission of Missouri, and for its Motion for Sanctions and for Expedited Treatment states:

I. Motion to Compel Discovery

1. At the direction of the Commission, in November, 2005, the Staff began an investigation into the rates and practices of Missouri Pipeline Company, LLC (MPC) and Missouri Gas Company, LLC (MGC) (collectively, Pipelines).

2. In January 2006, Staff subpoenaed for deposition David (BJ) Lodholz, Comptroller of Pipelines. At the request and for the convenience of Pipelines, Staff has postponed that deposition a number of times.

3. On March 23, 2006, Staff served subpoenas duces tecum on Pipelines, Mr. Lodholz, and a number of Pipeline affiliates. The subpoenas set depositions for several dates in April, 2006.

4. On March 31, after Pipelines had made a presentation to the Commission Staff filed a complaint case alleging, among other things, that the rates of Pipelines are excessive, and that all of the named affiliates should be treated as regulated utilities because they are operated without regard to their separate legal existence.

5. On April 25, 2006, Staff re-noticed the depositions, noticing Mr. Lodholz for May 3, 2006; and MPC for May 4, 2006.

6. On April 26, 2006, Pipeline affiliate, and respondent, Omega Pipeline Company, LLC (Omega) filed its motion to dismiss and to quash subpoenas. On May 2, Pipelines and their other affiliate Respondents filed a similar motion to quash, but not a motion to dismiss. Neither the Pipelines nor Omega sought expedited treatment of their motions, nor an order from the Commission to stop the depositions. Even though the Commission has not ruled the motions to quash, both Pipelines and Omega told Staff that they would not attend the scheduled depositions.

7. Staff convened the deposition at the appointed hour and place on May 3, and Pipelines and Omega reiterated by telephone their refusal to obey the Commission's subpoena.

8. Staff convened the deposition of Missouri Pipeline Company at the appointed hour and place on May 10, 2006 and Pipelines reiterated by telephone their refusal to obey the Commission subpoena.

9. The Commission has authority to compel discovery, 4 CSR 240-2.090. To the extent necessary, and as further illustrated by this motion, Staff asks the Commission to waive the provisions of 4 CSR 240-2.090(8), that require a conference with the regulatory law judge presiding in the case. Staff believes that the pending motions demonstrate that the Respondents are not willing to produce material that Staff contends is relevant, material and discoverable. Under the circumstances, the issues are properly framed for Commission decision.

10. Pipelines' and Omega's refusal to comply with the subpoenas is particularly problematic considering the prior Staff accommodation of their schedules, compounded by the substantial press of other pending matters on both the Commission and its Staff. The willful and contumacious disregard of discovery, valid on its face, works a hindrance on the ability of Staff to timely complete the tasks set for it by the Commission.

11. Staff is purposely not seeking, at this time, an award of its costs for the failure of Respondents to appear at the scheduled depositions. Staff believes that to include such a request at this time will only further delay resolution of the pressing discovery issues before the Commission. Staff does not waive its right to costs as sanctions, but reserves the right to seek such sanctions at a later time.

12. Staff therefore asks the Commission to order Pipelines and Omega to do the following, as sanctions for their actions, and to insure that the Commission obtains the information it needs to fairly decide this case:

- a. To produce the documents listed on Attachment A at the Commission offices at 200 Madison Street, Jefferson City, Missouri, not later than May 19, 2006;
- b. To produce David (BJ) Lodholz for deposition at 9:00 a.m. on May 23 and continuing to 24, 2006, at the Commission's offices at 1845 Borman Court, St. Louis; and
- c. To produce David Ries for deposition at 9:00 a.m. on May 24, 25, and 26 2006, at the Commission's offices at 1845 Borman Court, St. Louis.

II. Motion to Expedite

13. Because of the press of time and the substantial number of pending cases on the Commission's docket, Staff asks the Commission to shorten the time for response to this motion, and order Pipelines and Omega to respond not later than May 12, 2006. Staff also asks the

Commission to rule Omega's motion to dismiss, both motions to quash, and this motion by May 18, 2006.

14. The Pipelines have failed to respond to Staff's Complaint in this case within the time required by Commission Order, and are thus in default. Omega was the only party to respond to the Complaint within thirty (30) days.

WHEREFORE, Staff asks the Commission to compel discovery on the terms Staff has set forth, and to rule on the pending discovery motions not later than May 18, 2006.

Respectfully submitted,

/s/ Thomas R. Schwarz, Jr.

Thomas R. Schwarz, Jr.
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Certificate of Service

I hereby certify that a copy of the foregoing has been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 10th day of May, 2006.

/s/ Thomas R. Schwarz, Jr.

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DOCUMENTS THAT RESPONDENTS SHALL PROVIDE TO STAFF

1. For all Respondents, a list of costs that are allocated among the affiliates (both regulated and nonregulated), the quantification and support for the calculation of the allocated cost charged/booked to each affiliate. [Regulated affiliate allocation data has been provided, but no nonregulated affiliate data.]

2. For each cost charged to the regulated utilities from an affiliate (whether regulated or nonregulated) or owner, provide any analysis/support of the cost versus market value of goods or services provided [this should include, at a minimum, any written contracts and/or agreements with third party vendors providing goods or services that are allocated to the regulated utilities or their regulated or nonregulated affiliates].

For each cost charged by the regulated utilities to an affiliate (whether regulated or nonregulated) or owner, provide any analysis/support of the cost versus market value of goods or services provided [this should include, at a minimum, any written contracts and/or agreements with third party vendors providing goods or services that are allocated to the regulated utilities or their regulated or nonregulated affiliates].

3. Written contracts and/or agreements for goods or services provided to the regulated utilities by any affiliate (regulated or nonregulated) or owner.

4. Written contracts and/or agreements for goods or services provided by the regulated utilities to any other affiliate (regulated or nonregulated) or owner.

5. All contracts for services executed by MPC.

6. All contract for services executed by MGC.
7. All contracts for services executed by Omega.
8. Copies of all records of any natural gas deliveries made to MIG from MPC for ultimate delivery into MRT.
9. Balances and terms of any indentures that are held at any affiliates (regulated or nonregulated) of Gateway Pipeline.
10. Supporting work papers for the determination of the MPC and MGC federal and other income tax expense reported on the 2002-2004 annual reports including income tax allocation calculations. This should include all K-1s issued by regulated or nonregulated affiliates that include the flow through of MPC and MGC revenues or losses.
11. 2002-2005 Audited Financial Statements of Mogas Energy LLC, D & D Energy LLC, DES Energy LLC, and E3.
12. 2002-2005 Federal and State tax returns with supporting schedules for MPC, MGC, Gateway Pipeline Company LLC, Mogas Energy LLC, D & D Energy LLC, DES Energy LLC.
13. Copy of any financial arrangements, effective since 1/1/02, between D & D Energy LLC and any lender.
14. Copy of the ownership and operating agreements for Mogas Energy LLC, D & D Energy LLC and DES Energy LLC, effective since 1/1/02.
15. Copy of any Duke Capital loan agreement or other contract with Mogas Energy LLC, D & D Energy LLC, or DES Energy LLC effective since 1/1/02.
16. Copy of all documentation supporting the MPC need for capacity on MIG, and all invoices under the contract.
17. A copy of all gas supply and transportation contracts held by Omega or its affiliates to serve load on the MPC and MGC systems from 2003 to current.
18. A copy of all gas supply and transportation bills from suppliers to Omega or its affiliates to serve load on MPC and MGC systems from 2003 to current.
19. All analysis and reports that calculate lost & unaccounted for gas and/or receipts vs. deliveries on MPC and MGC for 2003 through current. Include a copy of the most current L&U calculation/report.
20. Monthly bills to customers from MPC and MGC (and from Omega to customers when gas is carried on MPC and/or MGC). 2003-current.

21. A copy of all correspondence and documentation related to MPC's and MIGs Operational Balancing Agreements (OBA) with MRT and PEPL. A copy of all OBAs in effect from 2003 to current.
22. A list of all marketing companies doing business on MPC and MGC along with what shipper they are serving.
23. A monthly 2003, 2004 and 2005 comparison between all MPC and MGC shippers scheduled receipts versus the actual deliveries to the shippers.
24. A copy of all documentation that shows daily deliveries from Panhandle Eastern Pipeline Company at Curryville from 2000 to current date.
25. A copy of all documentation that shows daily deliveries from Mississippi River Transmission Corporation at Missouri Interstate Gas from its inception to current date.
26. A copy of all documentation that shows daily deliveries from Missouri Interstate Gas to Missouri Pipeline Company from inception to current date.
27. A copy of all Omega billings to Omega customers that are served directly or indirectly from MPC or MGC on a monthly basis from 2003, 2004, and 2005.
28. Monthly MIG invoices to all shippers of MIG for 2003, 2004, 2005.
29. A copy of all documentation that shows daily deliveries, by delivery point, to all MPC and MGC delivery points from 2000 to current date.
30. A copy of all documentation received from Panhandle Eastern Pipeline Company and Mississippi River Transmission Corporation regarding actual deliveries to the MPC and MIG receipt points.
31. A monthly summary of all receipts of gas going into the pipeline (MIG receipt point and PEPL/Curryville receipt point) and a monthly summary of all deliveries going out of the pipelines (MPC and MGC) for 2003, 2004, 2005. The receipts and deliveries should be categorized by each receipt and delivery point on the MPC and MGC systems.
32. Copies of the MPC/MGC bills to Omega Pipeline Company since 1/1/02 with any supporting documentation justifying any discounts provided to Omega during this period.
33. Copies of the MPC and MGC bills to their customers paying maximum tariff rates in 2004 and 2005. Please identify the amount for each customer that was recorded as revenue in 2004, if different from amounts shown on these bills.
34. Copy of the contract(s) between Omega Pipeline and Fort Leonard Wood effective since 1/1/02.

35. Copy of any R2 Development contract with any affiliated entity (regulated or nonregulated), other than MPC or MGC, effective since 1/1/02. [Staff has copy of R2 Development contract with MPC and MGC. Need to have contracts of R2 Development with any other affiliates.]

36. Copies of R2 Development invoices with supporting information that have been charged or allocated to MPC and MGC between 1/1/02 and 12/31/03.

37. Copy of any Management Resources Group LLC contract with MPC, MGC, or any affiliated entity (regulated or nonregulated) effective since 1/1/02.

38. Identify each individual who charged and or allocated compensation to MPC and/or MGC in 2004 and 2005, and who also received compensation from another MPC/MGC affiliate entity (regulated or nonregulated) in those years. For each such individual, identify the amount of compensation that each MPC/MGC affiliate entity (regulated or nonregulated) paid to this individual in 2004.

39. Describe the relationship between E3 (Earth, Energy, and Environment LLC) and MPC/MGC, including common owners, employees, officers, customers, or property.

40. Copies of the initial entries recorded on Gateway, MPC and MGC books to recognize the purchase transaction with Aquila, with the supporting documentation for each entry.

41. Copies of all entries on Gateway, MPC, or MGC books since 1/1/02 related to a Related-Party Receivable or Payable. Please provide the supporting documentation for each entry. We have g/l for 2004-2005 that allows us to see one side of the transaction. Need them to provide transactions with both debit and credit accounts and support for the entries for 2002-2005.

42. Copies of all payments (e.g. checks) paid to third-party entities related to amounts recorded as Gateway, MIG, and Omega Taxes other Than Income Taxes expense in 2004. Please provide copying of any supporting documentation that supports the allocation of these payments to Gateway, MIG, and Omega, if any such allocation occurred.

43. Copies of all insurance policies and invoices related to Property Insurance expense charged to Gateway, MIG and Omega in 2004. Please provide copies of any supporting documentation that supports the allocation of these payments to Gateway, MIG and Omega, if any such allocation occurred. [Staff has insurance policies for MPC and MGC but does not know if insurance expenses were charged to Gateway, MIG or Omega.]

44. All contracts between Omega and parties (regardless of whether they are shippers on MPC or MGC) that are served off of Missouri Pipeline or Missouri Gas Company for the period 1/1/02 to current.

45. All gas supply contracts held by MPC, MGC or other Respondents (regulated or nonregulated) for calendar year 2004 and 2005 as currently available.
46. A listing of all derivative instruments issued by regulated or nonregulated affiliate entities related to natural gas and position reports for calendar year 2004 and 2005.
47. All internal audit reports and workpapers for the last 3 years to current.
48. Balances and terms of any indentures that are held at any affiliates (regulated or nonregulated) of Gateway Pipeline.
49. Most recent copies of Schedules I and II attached to Exhibit A of the March 15, 2002 Senior Secured Term Loan Agreement.
50. Most recent copies of Schedule 1 attached to Exhibit B of the March 15, 2002 Senior Secured Term Loan Agreement.
51. The current financial interests of the banks listed on ANNEX A attached to Exhibit C of the March 15, 2002 Senior Secured Term Loan Agreement.
52. Executed copy of Exhibit G (including ANNEX 1 attached) to the March 15, 2002 Senior Secured Term Loan Agreement.
53. List of all current Secured Parties as defined in the March 15, 2002 Senior Secured Term Loan Agreement.
54. Unamortized balance of debt issuance expenses as of December 31, 2005 and amount amortized for the 2005 calendar year.
55. Unedited external auditor workpapers for the 2004 audited financial statements for the 2004 consolidated Gateway, MPC, MGC, and MIG financial statements and the Mogas Energy LLC financial statements, to include any permanent file maintained by the external auditor used in the audit process.
56. Unedited external auditor workpapers for the 2004 audited financial statements for the 2004 consolidated Gateway, MPC, MGC, and MIG financial statements and the Mogas Energy LLC financial statements, to include any permanent file maintained by the external auditor used in the audit process.