

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

Staff of the Missouri Public Service Commission,	)	
	)	
	)	
Complainant,	)	
	)	
v.	)	Case No. GC-2006-0491
	)	
Missouri Pipeline Company, LLC and	)	
Missouri Gas Company, LLC	)	
	)	
Respondents.	)	

**STAFF'S RESPONSE TO OMEGA'S  
AUGUST 13 LETTER TO MORRIS WOODRUFF**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff) and for its Response to Omega's August 13 letter to Morris Woodruff states:

1. In its letter, Omega does "not believe there is a compelling reason to disclose this information [the identity of customers served by Omega Pipeline Company while it was operating as an affiliated marketing company] because it would not appear to be relevant to the question of what Omega was paying MPC/MGC for natural gas transportation service.

2. The actual names of the customers may not be particularly relevant to the issue. The letters A, B, and C were used during portions of the hearing to distinguish the customers that had been designated by MPC/MGC as highly confidential. This approach would still provide enough detail for the public to differentiate between the customers without disclosing the actual names.

3. The issue of the actual rates charged is another matter entirely. The Commission should make public the rates MPC and MGC charged its affiliate, Omega, because, under MPC's and MGC's tariffs, those rates became the maximum tariff rates that MPC and MGC could charge non-affiliates and MPC/MGC's actual tariffed rates cannot and should not be hidden from customers.

4. MPC/MGC tariffs require that the lowest rate charged an affiliate becomes the maximum rate that may be charged non-affiliates. All non-affiliates have the right to know what the maximum tariff rates became when MPC and MGC charged its affiliate Omega less that it was charging non-affiliates.

5. Further, the amount of the discount that MPC and MGC were giving affiliate Omega is highly relevant and most certainly needs to be declassified so that the non-affiliate customers can quantify the discounts billed by MPC/MGC to Omega and compare those rates to the rates MPC/MGC charged its non-affiliated customers. Non-affiliate customers must know what the tariff rate became when MPC/MGC billed Omega discounted rates. In other words, MPC/MGC's tariffs state that the affiliate discount (amount billed to Omega) became the maximum rate for all customers. Non-affiliated customers not only have to know what the maximum tariffed rate is because that is the maximum rate they should be paying, Omega's marketing competitors and the customers of MPC/MGC must also know the maximum tariff rate to be able to calculate damages.

6. Omega has no legitimate competitive position to be compromised in this area since the MPC/MGC tariffs (Exhs. 70 and 71) state that Omega is to be charged a rate equal to or greater than non-affiliate shippers. In the event, that MPC/MGC tariffs

provisions were not followed, as Staff asserted, the customers of MPC/MGC must be able to determine the amount of financial harm done to them as a result of the discounts given to Omega prior to its sale to Tortoise Capital Resources.

7. Omega's statement that the City of Cuba was not a marketing customer of Omega (Footnote 4 to August 13 letter to Morris Woodruff) is proven false by reference to the Cuba contract in the record (Exh. 3), which shows that Omega was buying gas for Cuba and was providing a bundled service of both transportation, even though Cuba had its own transportation contracts with MPC/MGC, and commodity service to the City of Cuba for a fixed price.

8. The alleged MGC discount to the City of Cuba that was billed Omega by MGC sets the maximum rate to other customers and therefore needs to be disclosed to the customers. The MPC/MGC invoice identifies which entity is the shipper. Omega would have no issue with the release of MPC/MGC invoices where the City of Cuba is identified as the shipper. Only the City of Cuba should have the right to object to the disclosure of this discount since it supposedly was in its alleged contract with MGC. (Exh. 26.) Omega was not party to the alleged contract setting the discount rate between the City of Cuba and MGC as the discount letter was never signed by the Mayor of Cuba or even disclosed to the City of Cuba.<sup>1</sup>

9. In violation of their tariffs, MPC and MGC charged non-affiliated customers higher rates than the lowest rate charged to affiliate, Omega, without reducing the tariff rate. P.S.C. MO. No. 3, Sheet No. 5, Paragraph 3.2. This is not an issue that Omega should be able to hide. If Omega received a discount from MPC/MGC, then the rate

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<sup>1</sup> This "contract" was never signed by the Mayor of Cuba and, in fact, did not even contain a signature block for the Mayor's signature, leading to the inevitable conclusion that it is not a valid contract and is, in fact, a later created document.

charged to Omega establishes by tariff, the rate that can be charged to non-affiliated customers. In this instance Omega will never be overcharged, but the non-affiliated shippers that were charged higher transportation rates than the pipelines charged Omega are harmed.

10. Additionally all information about other marketers and customers on the pipeline systems was available to Omega because David Ries was an officer of both the pipeline companies and Omega. Mr. Ries has already disclosed all highly confidential information about non-affiliate marketing companies and customers to affiliate Omega. Disclosing this information to other customers and marketers on the MPC pipeline system would not place Omega at any legitimate competitive disadvantage, but only remove the inappropriate advantage provided MPC/MGC to Omega by leveling the playing field through provision of the same information to all customers/shippers, affiliated or not.

11. In its letter Omega states the very reason that confidential marketing information about non-affiliates should have been kept from Omega as a marketer – “[t]he gas marketing business is intensely competitive and the disclosure of this information likely would cause irreparable damage to [all other marketers] business.” (Omega August 13 letter to Morris Woodruff p. 2.) This damage has already occurred by the MPC/MGC sharing of confidential information to Omega. Release of this information will reduce but not totally eliminate the irreparable damage MPC/MGC has caused to its non-affiliated shippers.

WHEREFORE, the Staff respectfully suggests that the Commission may continue to refer to customers as A, B and C as was done in the hearing, the

Commission should deny Omega's request to keep the discount rates charged to affiliate Omega confidential as those rates became, by tariff provision, the maximum tariffed rates that could be charged to non-affiliated customers.

Respectfully submitted,

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#### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronic mail to all counsel of record this 14th day of August, 2007.

/s/ Lera L. Shemwell