



# PSC NEWS

## Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 600

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**FOR IMMEDIATE RELEASE**

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### **PSC TO SEEK PENALTIES AGAINST TWO NATURAL GAS TRANSPORTERS**

JEFFERSON CITY---The Missouri Public Service Commission will pursue penalties against Missouri Pipeline Company (MPC) and Missouri Gas Company (MGC) for alleged price discrimination and assisting an affiliated company in gaining a competitive advantage over other energy marketers in violation of PSC regulations and their own tariffs. The Commission's vote was 3 to 2.

The PSC Staff filed a complaint last year against MPC and MGC, who are natural gas transporters operating in east central Missouri.

Based upon evidence presented in the case, the Commission determined that MPC and MGC failed to maintain separate facilities and personnel from an affiliate, Omega Pipeline Company (Omega). Omega was a gas marketing company which provided marketing services to several entities that obtained natural gas through MPC or MGC.

According to sworn testimony, the president of MPC and MGC, David Ries, was also president of Omega. The PSC Staff alleged Ries used his position as head of these companies to negotiate arrangements between the companies in a way that favored Omega over other companies that were shipping gas on the MPC and MGC pipelines. Staff alleged MPC and MGC improperly shared confidential information with Omega.

"That same information was not shared with other shippers on the pipelines, including other entities that were acting as marketing agents in competition with Omega," the Commission said. "Having access to that sort of information provided Omega with a competitive advantage over the other marketing agents who shipped gas on MPC and MGC allowing Omega access to market information and price information of competitors, other shippers could not access."

MPC and MGC tariffs provide that "the lowest transportation rate charged to an affiliate shall be the maximum rate that can be charged to non-affiliates." Accordingly in its complaint, the PSC Staff claimed that the rates charged to shippers should be adjusted to reflect the discounts offered to Omega. The Commission agreed.

As transporter of natural gas, MPC and MGC are not sellers of natural gas. They collect a fee for transporting the gas that various shippers purchase from gas suppliers and move through the pipelines. Shippers on the pipeline would include other public utilities, municipal gas distribution systems and large industrial users who purchase their own gas supply.

The circuit court will review the Commission's decision and determine whether to assess penalties against MPC and MGC. If penalties are assessed, the court would determine the amount. Any money paid would, by law, go to the state public school fund.