

Brookline, NH Questions & Responses:

What is the projects current time line? When do you expect to formally file with the NH Site Evaluation Committee? FERC?

Below is a general time line for the Northeast Energy Direct Project.

- Project Development and Commercial Negotiations – Ongoing
- Outreach Meetings at state, local and town level – Ongoing
- Route Selection and Permit Preparation – Ongoing
- Proposed Construction Start Date – January 2017
- Proposed In-Service Date – November 2018

Tennessee Gas Pipeline Company (TGP) will formally file the route for the NED Project with FERC as part of the certificate application in the fall of 2015. TGP will also file the route with the NH Site Evaluation Committee in the fall of 2015.

What Brookline businesses or services will be used by KM during potential construction?

During the construction, this project will generate millions of dollars for state and local economies through spending by workers on living expenses, entertainment and meals at local businesses. Some temporary jobs will be created and demand for local services such as fuel and mechanical work will increase. Towns and counties will also see a significant increase in annual property tax revenues once the project is placed into service.

What facility needs and other items would be needed to “tap” into the 36-inc pipeline for use by Brookline residents/businesses? What would be the cost of such a facility?

The TGP system is an interstate transmission pipeline which provides gas to local utilities and power generators. Natural gas utility companies, such as Liberty Utilities, in turn distribute the natural gas to homes and businesses via their own distribution pipeline networks. These local distribution companies (LDCs), in cooperation with TGP, determine where access points to the pipeline are constructed. TGP does not distribute natural gas directly to consumers’ homes and businesses. Any questions regarding increasing natural gas access to consumers would need to be directed to local LDCs, such as Liberty Utilities.

If New England’s shortage of natural gas has primarily been limited to a handful of days in recent winters, wouldn’t it make sense to build a gas storage facility near power generation plants that can be

used to provide additional supply at much less cost and environmental impact than a new pipeline?

The NED Project is proposed to meet the growing needs of LDCs, power generators and industrial users for a domestically produced, clean-burning and environmentally friendly energy source to serve New Hampshire and New England. LDC demand growth stems not merely from the needs of their existing customers but also from significant initiatives by LDCs to convert homeowners to natural gas for heating to reduce dependence on more expensive, less environmentally friendly heating oil. Natural gas also benefits the power generation sector as older coal plants are retired and nuclear generating plants are replaced over time. Of additional significance, intermittent renewable generation technologies, such as wind and solar, require additional gas-fired generation for backup.

According to the ISO-New England, New England currently relies on natural gas fired generation for 52 percent of its electricity, more than for any other generation technology. However, more pipeline capacity is needed. In a February 2014 report to New England's governors, congressional delegation and other officials, the Industrial Energy Consumer Group, a non-profit business group in Augusta, Maine, that has studied energy supply/demand in New England, concluded that more pipeline capacity serving the region could have had a major positive effect on lowering the high consumer prices paid for gas this past winter and in previous winters.

The report said that the 2013-2014 winter contributed "to the highest energy prices ever experienced by New England," which were twice as high as those experienced in 2012-2013. The report said the price shock could have been avoided, but that "New England lacks adequate natural gas pipeline capacity."

In February 2014, NESCOE requested that "all possible efforts be made" to secure approval of needed revisions to the ISO New England tariff governing wholesale electric power supply commitments "as expeditiously as possible and with the objective of allowing commitments to be made that would permit...new pipeline capacity to be available no later than the winter of 2017/18."

The governors of the region and various customer groups are calling for up to 2.0 billion cubic feet per day of new gas pipeline capacity into the region in order to help bring natural gas prices down. The NED Project assists in achieving those regional energy goals.

In sum, this project was conceived in response to repeated requests from potential customers and governmental agencies in New England for a pipeline project of sufficient size to meet the growth in natural gas consumption that is forecasted to occur during the next decade in the Northeast, predominantly in New England, while keeping delivered gas prices at reasonable levels and minimizing price spikes that have occurred historically, including during the 2013-2014 winter.

If the existing powerline corridor is about 250 feet wide (free of trees), how many additional feet of tree clearing will be needed parallel to the existing corridor for the pipeline?

TGP is currently in discussions with Northeast Utilities and other utilities that we are proposing to co-locate facilities with, to identify exactly what factors will determine any increase in size of the existing corridor. Also, the width of the right-of-way may differ depending on the location and topography of the land. This will be discussed with each individual landowner during easement discussions.

In upland areas, the maintained corridor is normally the width of the permanent easement and trees are kept clear by mowing or removal on a regular basis.

How is the right of way maintained? Are herbicides used? If so, how are they applied?

After constructing the pipeline, TGP will restore the right-of-way as required by, and in accordance with the conditions imposed by FERC in its certificate of public convenience and necessity. For the majority of its system, TGP maintains its easements by mechanical means (e.g. tractor with mower or brush hog). In some instances, as approved by landowners and regulatory agencies, herbicides may be applied in certain locations (typically at compressor stations or above-ground sites such as valves or pig launchers or receivers). This would be something landowners would discuss directly with TGP during the easement negotiation process.

Is blasting typically used to deal with ledge? Are you aware of Brookline's Blasting Ordinance?

Blasting is sometimes used depending on geologic factors. TGP will identify existing ordinances, including those relating to blasting, during the permitting process and ensure compliance with those ordinances.

What will be the expected life of the pipeline? What is done when that time arrives?

The serviceable life of the pipeline is indefinite because of the materials used and the procedures in place to protect the installed pipeline, including corrosion protective coating, cathodic protection and periodic inspections.

Abandonment of unused or retired pipelines is under the jurisdiction of the FERC. The FERC would review any request by TGP to abandon the pipeline and issue an approval before the pipeline could be removed from service and either removed from the ground or abandoned in place (depending on location and environmental impacts). If a pipeline is abandoned in place, it will be disconnected from all sources and supplies of gas, purged of gas and the ends sealed, and, in certain cases, the pipeline may be filled with water or inert gas such as nitrogen.

What are the maintenance and inspection protocols for a 36-inch gas pipeline?

The safety of the nation's natural gas pipeline network is regulated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), which administers the Natural Gas Pipeline Safety Act of 1968 and subsequent amendments to this statute in the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011. PHMSA is responsible for implementing pipeline safety laws and regulations, which establish requirements to ensure that pipelines are constructed and operated safely. Kinder Morgan closely monitors pipeline operations, including line pressure and surveillance of the pipeline to detect leaks and protect against third-party damage. Kinder Morgan also uses state of the art, in-line inspection tools, known as smart pigs, to periodically internally inspect the pipeline in accordance with PHMSA requirements for potential damage, erosion or corrosion. Any damage or corrosion detected through this process is repaired or replaced.

Here is a sampling of how the design and implementation of the NED Project will follow federal PHMSA regulations:

- a. Design – Kinder Morgan's pipeline design includes safety features that increase with population density and land usage along the pipeline. This includes: (i) extra wall thickness in more populated areas, (ii) extra wall thickness at road crossings, (iii) additional depth of cover in agricultural areas under active cultivation, (iv) corrosion protective coatings, and (v) cathodic protection facilities to protect against corrosion.
- b. Testing – The company X-rays 100 percent of all pipeline welds and pressure tests the completed pipeline with water at a pressure much higher than it will operate to ensure that it is properly built prior to being placed in service. It also inspects the pipelines internally before placing them in service to help ensure that any anomalies are identified and corrected.
- c. Cathodic Protection – Kinder Morgan applies electrical current, known as cathodic protection, to pipelines to prevent external corrosion from occurring and regularly checks pipelines to ensure the protection is consistently applied. By applying the electrical current, the pipelines are protected from pipe steel being removed by corrosion.
- d. Encroachment – One of the most common causes of pipeline incidents is damage by a third party. Kinder Morgan obtains an approximately 50-foot wide permanent right-of-way to distance third party construction activities from accidentally damaging pipelines. This gives the company room to safely operate and maintain the pipeline.
- e. Kinder Morgan actively participates in all applicable One Call programs to help prevent third-party damage. Company representatives will meet landowners and contractors to discuss excavation and mark all pipelines prior to excavation when provided with notification by state One Call programs. Depending on the location of the digging, Kinder Morgan also will have a company employee on site to observe digging operations around its pipelines.

- f. **Monitoring** – Kinder Morgan closely monitors pipeline operations, including line pressure and surveillance of the pipeline to detect leaks and protect against third-party damage.
- g. **Inspection** – Kinder Morgan uses state of the art, in-line inspection tools, known as smart pigs, to periodically internally inspect pipelines in accordance with PHMSA requirements for potential damage, erosion or corrosion. Any damage or corrosion detected through this process is repaired or replaced.
- h. **Shut-Off Valves**- Shut-off valves installed on the new pipeline facilities will include:
 - Valves that will automatically close when a specified change in pipeline conditions occur.
 - Valves that are monitored 24 hours per day and can be closed remotely from Kinder Morgan’s gas control center.

What is the expected life of the gas supplies that will supply the pipeline?

The TGP system receives natural gas from multiple sources in several regions across the United States and is not dependent on one particular shale play or gas field’s performance. TGP is a natural gas transportation company, not a drilling and production company. TGP’s pipeline system serves customers in the Marcellus region and other locations via transportation service agreements. Because it does not drill for the gas in the regions where the majority of the gas is sourced from, TGP has not performed estimates for future projected gas yields in particular shale plays.

Does KM believe that NH ratepayers will likely be funding a portion of pipeline construction through a tariff?

Recent initiatives by the New England Governors and the New England States Committee on Electricity (NESCOE), a not-for-profit organization representing the collective interests of the six New England states on regional electricity matters, suggest that adding significant natural gas firm transportation capacity to the region’s markets would, over time, **lower** the price of gas in New England and enhance the reliability of both gas and electricity service. Certain electric distribution companies (EDC) (i.e. electric utilities) in the region have also proposed that they may be willing to contract for additional gas transportation capacity to support electricity generation if they were able to recover the costs of this capacity from their ratepayers. Whether or not such cost recovery by such EDCs would be in the public interest and permissible would be decided, after a thorough and public process, by the state public utilities commissions that regulate and set the rates of each EDC.

What is the estimated probability that a portion of gas coming through the pipeline will be exported at some point?

This project is being developed to provide much needed additional firm transportation capacity into the Northeast for LDCs that need the capacity to serve increasing demand in their service territories. Under the Natural Gas Act, this project would be an open-access interstate pipeline system subject to the regulations and policies of the FERC, which require that transportation capacity be allocated on a not unduly discriminatory basis. Under FERC's regulations and policies, Kinder Morgan cannot discriminate among customers based on the ultimate destination or use of the gas, such as the Northeast versus Canada or another foreign country (via export of LNG). The ultimate destination of the gas and volumes associated are within the sole control of the project customers.

The segments of the Atlantic Canada natural gas market are similar to those in the Northeast. They include local distribution companies, electric utilities, industrial companies, power generators and potential LNG export projects. There are currently four proposed LNG export projects in Atlantic Canada and one LNG export project in northern Maine that could find capacity on the NED Project useful to serve their proposed LNG export facilities. At this time, Kinder Morgan has not executed any contracts with developers of proposed LNG export facilities.

Can you cite a study showing there is a demand for this gas in New England? Will any of the gas that moves through the pipeline be used by residents of NH?

In New Hampshire, Liberty Utilities, a local distribution company, has signed a long-term precedent agreement with TGP for the NED Project. Under the precedent agreement, Liberty Utilities will buy up to 115,000 dekatherms per day of natural gas – enough gas to heat 65,000 New Hampshire homes on the coldest day of the winter. Liberty has 87,000 customers in New Hampshire.

Please provide the basis for the estimated \$441,472 in annual property tax payments KM has communicated to the Town. Does KM have a policy or plan to seek abatements for the pipeline after it is built?

The tax estimate Kinder Morgan provided is an estimate of projected annual taxes following completion of the pipeline, and is based upon the estimated final value of the pipeline. This number will vary depending on the final cost of the pipeline (construction process, materials used, etc...).

Kinder Morgan does not plan to seek tax abatements at this time.

Will KM reimburse impacted homeowners for baseline testing of private wells prior to any construction?

Yes. If the well is within 200 feet of the work area and the landowner requests Kinder Morgan to conduct pre-well quality and yield inspections, then Kinder Morgan will pay for these tests and provide a copy to the landowner.

Will KM be seeking easements from impacted landowners prior to acquisitions via eminent domain? If so, does the value offered to landowners that have not agreed decrease once eminent domain is granted?

Yes, Kinder Morgan will be negotiating with landowners prior to any actions taken by FERC.

Under the Natural Gas Act (NGA), an interstate pipeline is required to file with the FERC an application for a certificate to construct, operate and maintain an interstate natural gas pipeline. Under this statute, FERC is given exclusive federal authority to determine if the pipeline and related facilities, such as meter and compressor stations, are required by the public convenience and necessity and should be built. If, after review of the certificate application, FERC determines that the pipeline should be built, it will issue a certificate of public convenience and necessity. Once the certificate is issued and accepted by the pipeline company, the NGA provides that the federal doctrine of preemption will apply and supersede any state laws that conflict with the NGA. Issuance of the certificate gives the interstate natural gas pipeline authority to exercise the right of eminent domain to condemn private and state lands deemed beneficial for the public interest. Such eminent domain actions are then filed in federal court to determine the value of the property taken and convey title to the pipeline company for an easement to build the pipeline.

Are you aware of any situations where a pipeline has impacted a landowner's ability to secure homeowner's insurance? Adversely impacted the ability to get a mortgage?

TGP is not aware of any documented occurrences of a landowner not being able to secure homeowners insurance or a mortgage.

How many pipeline explosions or other events, resulting in either property damage or personal injury, have occurred in the last 10 years at KM- constructed/maintained pipeline?

Since 1951, Kinder Morgan has been operating safely in New Hampshire. For more information about Kinder Morgan's safety record, visit kindermorgan.com.

Link to Incident Data Source (PHMSA website):

<http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnextoid=fdd2dfa122a1d110VgnVCM1000009ed07898RCRD&vgnnextchannel=3430fb649a2dc110VgnVCM1000009ed07898RCRD&vgnnextfmt=print>

Does KM provide guidance and financial support for additional equipment and training that is recommended for local emergency responders?

Kinder Morgan does conduct annual meetings with first responders, local officials and contractors in all counties, cities and towns where it operates, and will continue this process in any locality where a pipeline is installed as part of the project. Kinder Morgan's local employees who operate the pipeline attend these meetings to answer questions and provide additional information related to emergency response, safety and local contact information. These employees serve on the Local Emergency Planning Committee and regularly attend meetings within the counties where they live. As the project is constructed, placed in service and operated as part of TGP's system, Kinder Morgan will continue all of these activities in counties where its facilities are located and will begin those activities in counties where new facilities are added.

The meetings held in communities along TGP's system provide first responders with information about responding to a natural gas incident. In addition, the company conducts mock emergency drills with local responders and hold open houses at its facilities to better familiarize first responders with its equipment and facilities. Kinder Morgan's personnel have access to pipeline emergency training materials and, if requested, can provide workshops or training for first responders.

Is KM likely to do any "horizontal drilling" in Brookline to install the pipeline rather than "clearing and digging" in order to be less disruptive-especially around homes and across Route 13?

Utilization of Horizontal Directional Drilling (HDD) construction methods are not being proposed at this time.

What is involved when KM surveys land for a pipeline?

Kinder Morgan's land team agents have already begun the process of meeting with every landowner along the route. The land agents will request permission to survey each property. The surveys requested are (1) civil surveys which identify the boundaries of the corridor for all other surveys, obtain an accurate description of existing features- and locate the alignment for the proposed pipeline, (2) geotechnical surveys, (3) archaeological surveys, (4) wetland and stream surveys, and (5) surveys for rare, threatened, or endangered species. The information obtained from these surveys will be included in Kinder Morgan's application to the Federal Energy Regulatory Commission and to other federal and state agencies. It will also allow the company to identify unique features on each owner's property. All of the information gathered as part of the survey activities will aid in determining the alignment of the proposed pipeline and its location relative to homes, wells, septic systems and other improvements.