

**Northeast Energy Direct Project  
North Reading, MA questions**

- 1. Residents of North Reading were not afforded the opportunity to interact with representatives of the Federal Energy Regulatory Commission at the February 17, 2015 Open House held in Andover. When will such an opportunity for residents to engage in open one-on-one discussion with FERC and Kinder Morgan representatives be offered?**

The Federal Energy Regulatory Commission (FERC) will set up and hold formal scoping meetings regarding Tennessee's Project to solicit input from the public and interested parties. The scoping meeting dates or locations have not been set, but Tennessee understanding was that dates, times and locations would be set follow the completion of the Open House meetings which were scheduled by Tennessee.

- 2. Could you please provide the Board of Selectmen a report on contracts associated with the proposed pipeline for New England natural gas suppliers, as well as contracts to provide gas to foreign/overseas suppliers or distributors?**

Tennessee has finalized its anchor shippers for the market path component. For further details, on please visit our project website at: <http://www.kindermorgan.com/content/docs/0305NEDPR.pdf> The project is being developed to provide much needed additional firm transportation capacity into the Northeast for local distribution companies (LDCs) who need the capacity to serve increasing demand in their service territories. Under the Natural Gas Act, Tennessee is 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, Tennessee cannot discriminate among customers based on the ultimate destination or use of the gas, such as the Northeast vs. Canada or another foreign country (via export of LNG). The ultimate destination of the gas and volumes associated is within the sole control of the project customers. We currently do not have any executed contracts to provide gas to foreign/overseas suppliers or distributors.

- 3. Has Kinder Morgan been allowed access to utility rights-of-way, easements, or property in North Reading for purposes of surveying? Could you please provide a report on any and all contracts with power/utility companies for access or easements in North Reading?**

Tennessee will only survey properties where survey permission has been granted. Tennessee has received permission to survey from National Grid on their fee owned properties. In locations where National Grid has an easement, Tennessee will be requesting survey permission from the underlying fee property owner. Tennessee continues to discuss and review routing options, co-location, scheduling and mapping with all property owners.

- 4. Could you please provide the Board of Selectmen with information depicting the need for natural gas pipeline capacity in New England, as well as the capacity in existing pipelines?**

TGP's NED 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 in that have occurred historically, including during the 2013-2014 winter.

In addition to the three reports/studies attached to our email response, please find the attached studies and informational links below.

- 1) ICF Phase 1 (June 2012):
  - a) <http://psb.vermont.gov/sites/psb/files/docket/7862relicense4/Exhibit%20EN-JT-15.pdf>.
- 2) ICF Phase 2 (November 2014)
  - a) [http://www.iso-ne.com/static-assets/documents/2014/11/final\\_icf\\_phii\\_gas\\_study\\_report\\_with\\_appendices\\_112014.pdf](http://www.iso-ne.com/static-assets/documents/2014/11/final_icf_phii_gas_study_report_with_appendices_112014.pdf)
- 3) ICF Winter Benchmark (April 2014)
  - a) [http://www.iso-ne.com/static-assets/documents/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/2014/apr292014/a3\\_icf\\_benchmarking\\_study.pdf](http://www.iso-ne.com/static-assets/documents/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2014/apr292014/a3_icf_benchmarking_study.pdf)
- 4) EIPC 4-Target study accessible at:
  - a) [http://www.eipconline.com/Gas-Electric\\_Documents.html](http://www.eipconline.com/Gas-Electric_Documents.html)

**5. Could you please advise the Board of Selectmen as to Kinder Morgan's safety record, as well as any plans to mitigate the risk of catastrophic damage as has been reported to have occurred on other Kinder Morgan pipelines?**

Tennessee is committed to public safety, protection of the environment, and operation of its facilities in compliance with all applicable rules and regulations. The natural gas pipelines fall under the regulatory oversight of Pipeline and Hazardous Safety Administration PHMSA. The PHMSA is an agency of the U.S. Department of Transportation whose mission is to protect people and the environment from the risks inherent in transportation of hazardous materials - by pipeline and other modes of transportation [www.phmsa.gov.com](http://www.phmsa.gov.com).

Tennessee as well as Kinder Morgan is proud of its safety record and its compliance with all applicable safety rules and regulations for pipelines.

Pipelines are the safest and most cost-effective means to transport the extraordinary volumes of natural gas that fuel our nation's economy and provide heat and cooking fuel to residential consumers. Pipelines are extremely safe relative to the volumes of gas transported. While the amount of natural gas being used in the United States continues to increase dramatically, the industry's safety performance in recent years has improved significantly and serious accidents are rare.

Tennessee's Environment, Health and Safety Performance measures compared to the rest of the US industry are available on our web page at (also see Attachment A):

[http://www.kindermorgan.com/pages/ehs/ehs\\_performance/default.aspx](http://www.kindermorgan.com/pages/ehs/ehs_performance/default.aspx)

The data in the attached figures represents the number of Department of Transportation (DOT) reportable *Incidents* per 1,000 miles of Transmission and Regulated Gathering pipe that Kinder Morgan operates. It is reported using 12-month and three-year average rates, and compares Kinder Morgan's performance to the industry average. In addition, DOT *Incident* data categorized as a *Rupture* is also presented as a rate per 1,000 miles of Onshore Transmission and Regulated Gathering pipe that Kinder

Morgan operates. It is reported using annual and three-year average rates, and compares Kinder Morgan's performance to the industry average.

The figures shows that for Gas Pipeline ((PHMSA) reportable) Incident Data for a 3 year average, that Kinder Morgan's Transmission and Regulated Gathering was 0.25 versus 0.38 for the US Industry Average. For ruptures (defined as a break, burst or failure) on a three year average Kinder Morgan's Transmission and Regulated Gathering was 0.03 versus 0.07 for the US Industry Average. By both metrics, Kinder Morgan has consistently outperformed the industry average.

Kinder Morgan compares our record against the Industry average, and we outperform our peers on 35 of 36 measures. The target comparative measure group is: Natural Gas Transmission Pipelines under the DOT/PHMSA jurisdiction.

**6. Could you please advise the Board of Selectmen as to Kinder Morgan's intentions regarding requests to survey Massachusetts Constitution Article 97 protected properties? 235 North Street, North Reading, MA 01864 ... 978/357-5210- FAX 978/664-6053. Will Kinder Morgan be seeking an exemption from the Article 97 process from either the Commonwealth or United States government?**

Tennessee continues to work with the stakeholders of the public lands owned by the Commonwealth to secure access to these properties. It intends to seek Article 97 authorization from the Massachusetts Legislature to obtain easement rights on lands that are subject to Article 97 (i.e. lands taken or acquired by the Commonwealth for conservation purposes). Tennessee also intends to seek concurrence from EEA under EEA's Article 97 Land Disposition Policy. Tennessee's position on this has been on the "Questions & Answers" portion of Tennessee's website, which has been posted for several months, indicating that Tennessee intends to seek Article 97 authorization from the legislature: [http://www.kindermorgan.com/pages/business/gas\\_pipelines/east/neenergydirect/faq.aspx](http://www.kindermorgan.com/pages/business/gas_pipelines/east/neenergydirect/faq.aspx). Tennessee is reserving its available legal rights through this process.

**7. Could you please provide a report as to payments to pipeline host communities in excess of the valuation of the pipeline property itself?**

Tennessee is not aware of any payments in excess of the valuation of the pipeline.