

CONSTITUTION PIPELINE COMPANY UPDATE



CONSTITUTION PIPELINE

www.constitutionpipeline.com
July 2012

Public Feedback Sought for New Pipeline Project

Constitution Pipeline Company is soliciting input on preliminary routing options for a new natural gas pipeline that would start in Susquehanna County, Pa., and extend about 120 miles across parts of Broome, Chenango, Delaware and Schoharie Counties in New York, ending in Schoharie County, NY. The proposal also includes construction of a new compressor facility in Schoharie County.

The company is providing this newsletter to parties who may be affected or have an interest in the pipeline proposal.

Constitution Pipeline Company will formally introduce the project to interested parties during a series of public workshops that will be conducted in the project area in July 2012. These workshops, also known as “open houses,” are open to the public and are designed to provide all interested parties an opportunity to meet project personnel, review maps, learn more about the regulatory process, ask questions and share feedback.

“Our goal is to work with communities to identify facility locations that minimize impacts on the community and the environment, while balancing the needs of customers,” said Public Outreach Manager Cindy Ivey. “Early

involvement from communities is very important and helps us identify and address issues related to project design and location.”

The open houses are informal. Pipeline staff, representing a variety of disciplines, will be present to listen to landowners, public officials, and other interested stakeholders who attended the meetings to learn more about the project.

Constitution Pipeline Company is in the early stages of developing a new natural gas pipeline project designed to connect abundant Pennsylvania natural gas supplies with growing northeastern markets by spring 2015.

Before the company can construct any facilities, Constitution Pipeline Company must obtain a Certificate of Public Convenience and Necessity from the Federal Energy Regulatory Commission (FERC), in addition to various state and local permits. The company expects to file a formal application with FERC for this project in early 2013.

“We’re still relatively early in this process,” said Ivey. “The facility design, location and other details won’t be finalized until a formal certificate application is filed with the FERC.”

(continued on page 2)

Public Open Houses

Learn more about the pipeline project at any of these open house meetings. All of the open houses will take place from 6:30 to 8:30 p.m.

Tuesday, July 17

Susquehanna County
The Summit Restaurant
U.S. Rt. 11 at PA 706 | New Milford, Pa.

Wednesday, July 18

Broome County
West Windsor Fire Hall
9 Karla Drive | Windsor, NY

Thursday, July 19

Chenango County
River Club
1 Maple Street | Afton, NY

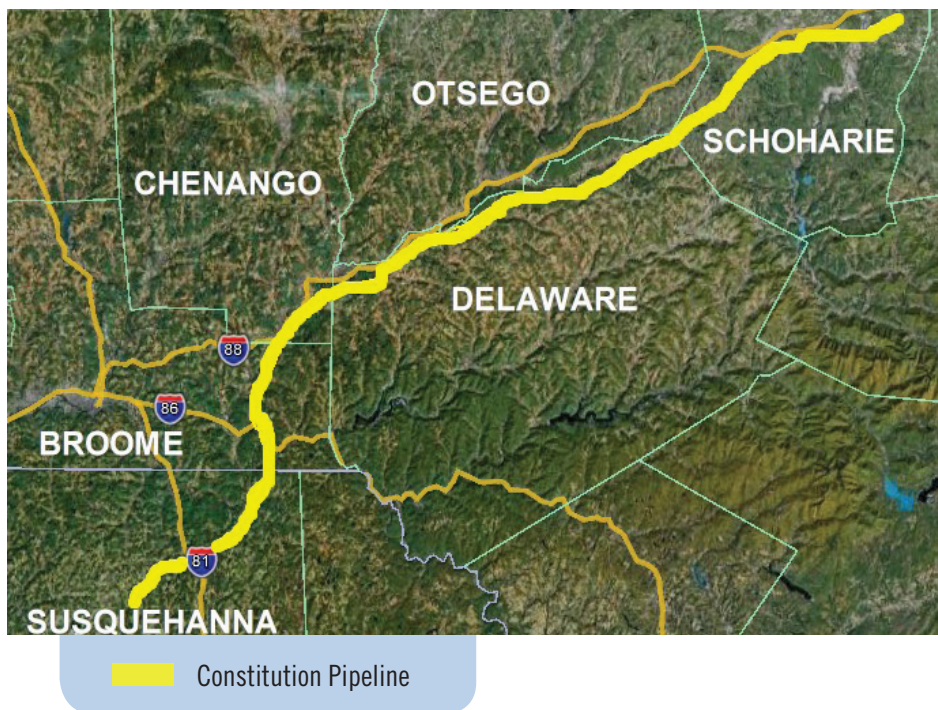
Wednesday, July 25

Delaware County
Franklin Central School,
26 Institute Street | Franklin, NY

Thursday, July 26

Schoharie County
Best Western Cobleskill
121 Burgin Drive | Cobleskill, NY





Public Feedback

(continued from front)

To that end, Constitution Pipeline Company has requested that FERC initiate an environmental review of the pipeline project before the company files its certificate application (Docket No. PF12-9).

This formal process, which is known as FERC pre-filing, is designed to solicit early input from citizens, governmental entities and other interested parties to identify and address issues associated with potential facility locations during the design stage of a proposed project.

Federal regulations require that the pipeline company conduct numerous studies and analyze a number of alternatives before filing an application with FERC.

The current proposed route is part of a study corridor and is subject to change. In developing the route, project engineers attempt to balance environmental and landowner considerations with the engineering requirements for safely constructing a transmission pipeline. These factors include topography, geography, environmental concerns, collocation with other linear development and constructability.

The route attempts to maximize opportunities to co-locate with existing corridors while avoiding watersheds and aqueduct tunnels. The proposed route avoids populated areas where possible, while minimizing impacts to wetland, riparian and other high value wildlife habitat areas. The proposed route also minimizes river and stream crossings to reduce environmental impact.

Interested parties also may provide feedback by calling the company toll free at 866-455-9103 or submitting comments electronically at PipelineExpansion@Williams.com.

More information can be found on the project website at www.constitutionpipeline.com.

PRELIMINARY PROJECT SCHEDULE

April	2012	Pre-filing process begins
June	2012	Ground surveys begin
July	2012	Open Houses and Informational Meetings
Fall	2012	Begin easement negotiations
January	2013	Submit 7(c) application to FERC
April	2014	Proposed construction start
March	2015	Target in-service

PRELIMINARY PROJECT SCOPE

Facility Type	Length (Miles)	County	State
30-inch diameter natural gas pipeline	22.7	Susquehanna	PA
	15.2	Broome	NY
	8.7	Chenango	NY
	43.3	Delaware	NY
	30.7	Schoharie	NY
Compressor Station (32,000 hp)	--	Schoharie	NY

A Company Committed to Safety

If it is ultimately constructed, the Constitution Pipeline would become part of a vast pipeline transmission system sometimes referred to as the “interstate highway” for natural gas. It consists of more than 300,000 miles of high-strength steel pipe moving large amounts of natural gas thousands of miles from producing regions to market. According to statistics from the National Transportation Safety Board, natural gas pipelines are the most cost-efficient and safe mode of energy transportation today – surpassing highway, railroad, airborne or waterborne transport.

High Standards

Interstate pipelines are regulated by the U.S. Department of Transportation’s Office of Pipeline Safety, which imposes a broad range of construction and operations standards. Constitution Pipeline Company has its own high standards for pipeline design, material specifications, construction, maintenance and testing. These standards, which must be met before a pipeline can be placed into service, include:

- At steel rolling mills, where pipe is fabricated, pipeline representatives thoroughly analyze the pipe to ensure that quality meets or exceeds both federal and industry-wide standards.
- During construction, pipeline representatives carefully inspect the fabrication and construction of the pipeline. Welds linking the joints of the pipeline are checked to test their integrity.
- Once the pipeline is in the ground and before it is placed into service, it is pressure-tested with water or inert gas in excess of its operating pressure to verify that it can withstand high pressure.
- In accordance with federal law, aboveground pipeline markers are used to alert the public of the presence of one or more pipelines within an easement. These markers,



which contain the name of the pipeline operator and emergency contact information, are usually located near road, rail, fence, water crossings and curbs.

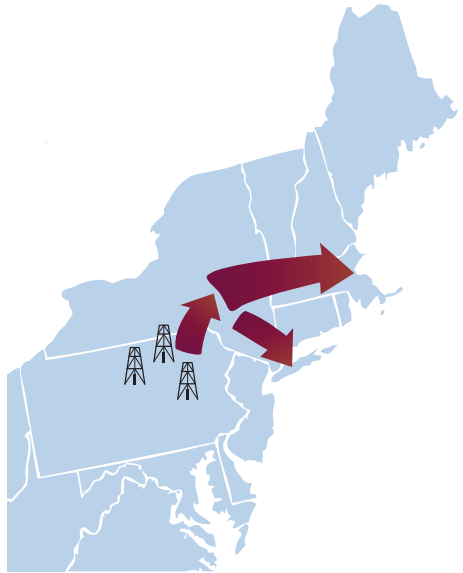
- Protective coatings are applied to the exterior and interior of the pipe to help prevent corrosion.
- Once the pipeline is placed in the ground, the operator installs a system called cathodic protection, which, along with the pipe’s protective coating, is designed to prevent corrosion.
- To help protect against third-party damage regular inspections by motor vehicles and low-flying patrol aircraft keep a watchful eye on the pipeline routes and adjacent areas.
- The pipeline will become part of the nationwide 811 Call Before You Dig program.
- Constitution Pipeline will be equipped with automatic shut off valves with remote monitoring and control 24 hours a day.
- Pipeline maintenance crews perform facility inspections, check for

construction activity in the vicinity of the pipeline, and maintain the pipelines and their rights of way. Populated areas are inspected and patrolled more frequently.

- Pipelines undergo periodic maintenance inspections, including leak surveys and valve and safety device inspections. An internal computerized inspection device known as a “smart pig” is also utilized to periodically examine the pipe’s condition.
- Local pipeline representatives meet with local emergency response officials, excavation contractors, landowners and local community leaders to educate them about pipeline operation and emergency response procedures.
- Safety information regarding our operations is distributed annually to landowners, residents and businesses located near our facilities.
- The Constitution Pipeline will be continuously monitored 24 hours a day, 365 days a year through its Gas Control center.

Connecting Supply & Demand

Historically low natural gas prices and the public’s desire for cleaner energy have fueled the growing popularity of natural gas. Clean-burning natural gas currently produces one-quarter of all electric generation and heats about half of all U.S. homes – and those numbers continue to climb.



Traditionally, most East coast markets received shipments of natural gas via pipelines from the Gulf Coast, Western Canada and through a series of liquefied natural gas import terminals located along the Eastern Seaboard. However, recent discoveries of abundant Appalachian natural gas supplies have dramatically shifted the natural gas marketplace, presenting both opportunities and challenges. Although these supplies enjoy close proximity to large urban areas, the region currently lacks the transmission infrastructure to transport this natural gas to market.

The Constitution Pipeline is being designed to change that. The pipeline would connect this vast supply basin with two major interstate natural gas pipelines. These pipelines presently serve as major interstate highways for natural gas transportation. Linking this supply area with these two pipelines will provide markets greater access and increase the reliability the interstate transmission pipeline grid.

Natural Gas Produced in Pennsylvania

If it is ultimately constructed, the pipeline would connect natural gas that has already been produced in Pennsylvania with existing transmission pipelines serving northeastern markets. The Constitution Pipeline is not dependent upon nor does it require the development of any new natural gas wells anywhere along the project’s proposed path. That means there are no natural gas wells in New York associated with the proposed project and it is not designed to facilitate natural gas drilling in New York.

The Constitution Pipeline is already fully contracted with long-term commitments from established natural gas producers operating in Pennsylvania. If built, the pipeline would join the more than 4,500 miles of interstate transmission pipelines already operating in New York and more than 10,000 miles of transmission pipeline currently operating in Pennsylvania.

Pipeline Would Deliver Significant Benefits

The \$750 million Constitution Pipeline Project has the potential to deliver a number of benefits to the region.

Reliability — The Constitution Pipeline is designed to provide reliable access to new supplies of Pennsylvania natural gas, thus enhancing the nation’s energy security and alleviating the possibility of energy shortages. The natural gas transported by the project will help meet current and future demand in northeast markets.

Environmental — As the project meets growth in the region’s natural gas market, surrounding communities will be served by the potential beneficial impacts on air quality by virtue of the fact that natural gas is cleaner burning than other fossil fuels.

Local Natural Gas Service — If constructed, the Constitution Pipeline would be considered an “open access pipeline,” meaning that local municipalities or public utilities along

the project route could potentially tap the line in the future to provide residential, commercial and industrial natural gas service.

Economic — Natural gas prices are currently at historic lows. Increased access to domestic natural gas supply can ultimately benefit consumers by helping keep natural gas and wholesale electricity prices down. Natural gas currently fuels one-quarter of all electric power generation.

The state and local communities would benefit economically from pipeline construction. Restaurants, hotels/motels, and retailers will experience increased activity from construction crews.

Communities would benefit economically through state and local sales. They would

also benefit from taxes paid for the materials and equipment purchased to be installed at job sites.

Most notably, local communities would benefit from property taxes that Constitution Pipeline Company would pay during the ongoing operation of the pipeline. These taxes, known as ad valorem taxes, are conservatively estimated to be in excess of \$13 million per year.

PROJECTED ANNUAL PROPERTY TAX BENEFIT (PRELIMINARY):	
Susquehanna County	\$250,000
Broome County	\$2 million
Chenago County	\$1 million
Delaware County	\$5 million
Schohari County	\$5 million

Closer Look:

The Federal Regulatory Process

FERC is responsible for determining whether or not proposed interstate pipeline projects are in the public interest. The information below explains FERC's review process for the planned project, and how you can get involved in the process.

FERC Pre-Filing

Before a pipeline company obtains authorization to construct an interstate transmission pipeline, the company must first file a detailed project plan with the Federal Energy Regulatory Commission (FERC). This plan is formally called an application for a Certificate of Public Convenience and Necessity (Certificate Application).

The Certificate Application is a comprehensive document that describes the proposed project, its need and potential environmental impacts.

When a pipeline company like Constitution Pipeline Company is ready to begin preparing its Certificate Application, it typically initiates what is known as the FERC pre-filing process. The pre-filing process is designed to encourage involvement by citizens, government entities and other interested parties during the design stage of a proposed project.

As part of this process, Constitution Pipeline Company will host a series of public workshops in the areas potentially affected by the proposal. Representatives from FERC normally participate in these meetings, as well. FERC may also hold public scoping meetings in the project area.

Once the pre-filing process begins, all documents and correspondence submitted to or issued by FERC regarding the project can be accessed by referencing the Docket Number on FERC's website: <http://elibrary.ferc.gov/>. A docket number is assigned to the project during pre-filing and a separate docket number is assigned when the certificate application is filed. For this project, information is aggregated by FERC under docket number PF12-9. The subsequent docket number will be assigned when Constitution Pipeline makes its Certificate Application.

FERC Filing

Constitution Pipeline Company anticipates filing its Certificate Application for the pipeline project in early 2013.

Among other things, the Certificate Application contains a description of the new facilities, need for the project, detailed maps, schedules, and various environmental reports. This information details the various studies and analyses that have been conducted to determine what effect construction and operation could potentially have on the environment and community.

The environmental reports include an analysis of route alternatives, as well as an analysis of potential impacts to water resources, vegetation and wildlife, cultural resources, socioeconomic, soils, geology and land use.

When the Certificate Application is filed and a Certificate Proceeding (CP) docket number is assigned, a copy of the application will be made available for viewing at local public libraries, as well as via FERC's website by referencing the project's docket number.

Environmental Evaluation

FERC will prepare an environmental evaluation using information included in Constitution Pipeline's Certificate Application, supplemental information that may be provided by Constitution upon request, information assembled by FERC staff, as well as information provided by state and federal agencies and the public. The evaluation will describe the proposed project and alternatives, as well as identify existing environmental conditions and potential impacts from the project.

The evaluation also will indicate what mitigation measures, construction procedures, and routing could be included in the project to eliminate or reduce impacts

FERC's environmental document will be mailed to federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; affected landowners; other interested parties and newspapers. FERC will establish a public comment period to provide ample time for the public to review the evaluation. Once the comment period ends, FERC will address any comments in the final Order.

If FERC determines that the project is environmentally acceptable – and is satisfied the project is in the public interest – it will issue an Order granting a Certificate of Public Convenience and Necessity. FERC issues this document to signify that approval has been granted to build and operate the pipeline.

Comments received on the environmental evaluation are typically addressed by FERC in this document. The certificate will detail the conditions of the approval, including the final route FERC has authorized, and construction and mitigation measures Constitution Pipeline must follow.

Comments to FERC

When providing comments to the FERC, you should reference Docket Number PF12-9 or the CP docket number assigned when the certificate application is filed.

Comments may be filed via the Internet on the FERC's website – www.ferc.gov. To do so, click on the Quick Comment link. The FERC website also contains additional information about getting involved in the regulatory process under the Citizens tab.

You may send written comments to the FERC at:

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First St., N.E., Room 1A
Washington, DC 20426



CONSTITUTION PIPELINE

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Corporate Communications
2800 Post Oak Blvd., Level 17
Houston, TX 77056

CONTACT US

If you have any questions, feel free to contact us anytime.

Toll-free hotline: **866-455-9103**

E-mail: **PipelineExpansion@williams.com**

You may also call or write one of our land offices, located at:

Constitution Pipeline (Schenectady Project Office)

PO Box 14139

Albany, NY 12213

518-982-1637

Constitution Pipeline (Binghamton Project Office)

PO Box #340

Kirkwood, NY 13795

607-235-3236