

CONSTITUTION PIPELINE COMPANY UPDATE



CONSTITUTION PIPELINE

www.constitutionpipeline.com
August 2012

More than 700 Attend Pipeline Public Meetings

More than 700 people attended the five public open houses hosted by Constitution Pipeline Company in July to share feedback and learn more about the proposed 121-mile pipeline project.

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

The public open houses were part of an effort by Constitution Pipeline to solicit input on preliminary routing options for a new natural gas pipeline that would start in Susquehanna County, Pa., and extend across parts of Broome, Chenango, Delaware and Schoharie Counties in New York. The meetings were open to the public and designed to provide interested parties an opportunity to meet project personnel, review maps, learn more about the regulatory process, ask questions and share feedback.

“I think many of the people I spoke with assumed the route is already set in stone, and they’re surprised to learn it isn’t,” said Project Manager Matthew Swift.

“Determining the best location for pipeline facilities is a long regulatory process that involves a significant amount of public input. Throughout this process, our goal is to create a dialogue with interested parties so that we can work together to identify and address issues up front so that they don’t become surprises later.”

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 the spring of 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.

“We received some great input. Once we’ve had an opportunity to evaluate the input we’ve collected, our goal is to

refine the proposal and file a certificate application with the Federal Energy Regulatory Commission (FERC) early next year,” added Swift.

The FERC is the primary federal regulatory agency that determines whether or not interstate transmission pipelines should be built. The FERC attended the open houses and will conduct its own public hearings in the fall as it evaluates the environmental effects and market need of the proposal.

According to Swift, there are at least 15 significant route alternatives that the company is evaluating and will file with FERC as part of its certificate application.

“Routing decisions aren’t always black and white. There are a whole host of considerations when trying to identify a route. At the end of the day, it’s a balancing act.”

Swift noted that major considerations when routing a pipeline include avoiding impacts to people and the environment, while also identifying a route that can be constructed safely.

“First we’re trying to choose a route that can be constructed and operated safely. Second, we are trying to avoid disturbing people by routing the pipeline away from populated areas. Finally, we want to minimize environmental impacts, specifically wetland and wildlife habitat areas.”

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



Land Supervisor Jim Wallace reviews maps during the Constitution Pipeline open house meeting in Chenango County, NY.

Frequently Asked Questions about the Constitution Pipeline

Why is this pipeline important?

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 Northeast markets, 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 in northern New York. These pipelines presently serve as major interstate highways for natural gas transportation. Linking this domestic supply area with these two pipelines will provide markets greater access and increase the reliability of the interstate transmission pipeline grid.

Has the location of the pipeline been determined?

Constitution Pipeline Company has identified a preliminary project route which avoids populated areas where possible, while minimizing impacts to wetland, riparian and other high value wildlife habitat areas. It is important to emphasize that the current route is preliminary and subject to change. Federal regulations require that the pipeline company conduct numerous studies and analyze a number of alternatives before filing an application with the Federal Energy Regulatory Commission.

Would you consider placing the pipeline directly adjacent to I-88?

As requested by FERC, we are conducting engineering studies to assess the viability of collocating all, or portions of the pipeline adjacent to I-88. If certain segments are viable, we will include them as alternatives when we file additional environmental documents with FERC. Commission staff will analyze the environmental

aspects and the technical feasibility of locating the pipeline near I-88.

Could local communities receive natural gas service from this pipeline?

The pipeline would be considered an “open access pipeline,” meaning that local municipalities or public utilities could potentially tap the line in the future to provide residential, commercial and industrial natural gas service.

Will I be notified if the proposed pipeline might affect my property?

Yes. Landowners whose property may be affected by the proposed route should have already been contacted by a Constitution Pipeline land representative requesting permission for company representatives to conduct various surveys on their property. Landowners along alternative routes being considered or developed may not have been contacted yet.

Who decides if the pipeline project gets built?

Interstate natural gas pipelines are regulated by the Federal Energy Regulatory Commission (FERC). As such, FERC requires operators to obtain a federal Certificate of Public Convenience and Necessity, in addition to various state and local permits, before any pipeline facilities can be built.

How long does the process take?

Depending on the size of the project, the federal review and time needed for pipeline construction can vary. For the Constitution Pipeline, the company anticipates filing an application with the FERC in early 2013. If approved by FERC, the company could begin construction in the spring of 2014 and place the pipeline into service by spring 2015.

Is this pipeline dependent upon hydraulic fracturing being allowed in the southern tier of New York?

No. The proposed pipeline is being designed to transport natural gas that has already been produced in Pennsylvania, not New York.

What is an easement?

An easement is a limited right to use the land for specific purposes. Constitution Pipeline Company will

compensate the landowner for the right to construct, operate and maintain an underground pipeline (and, in limited cases, aboveground equipment related to the pipeline such as valves, and cathodic protection sites).

What size will the easement be?

Typically, a 50-foot wide easement is required for operation and maintenance of the pipeline.

How will the value of the easement be determined?

The valuation of the easement will be determined by the market value of land in the area as determined by independent sources such as county deed and tax records, local appraisers, real estate brokers and other real estate professionals, considering such factors as length, width, existing use and comparable land sales in the area. Impact to the remaining property may also be considered. This information will be shared with the landowner and fair compensation will be offered.

Will I still own the land? Can I still use it?

It is important to note that an easement does not transfer title of the land; it merely grants the right to use the land for the specific purposes stated in the easement agreement. After construction of the pipeline, most uses of the surface of the land will be permitted, including farming activities such as crop production or raising livestock. Two notable exceptions include planting trees within the easement or placing a permanent structure within the easement, both of which are prohibited.

What will the presence of the pipeline do to my property values?

Historically speaking, natural gas pipeline easements have had no measureable effect on property values. In fact, a 2001 national case study revealed no significant impact on property sales located along natural gas pipelines.

How will the pipeline affect land drainage?

The right-of-way will be graded after construction to allow normal water drainage. All drainages will be

(continued from page 2)

returned to their original patterns. The right-of-way may be terraced, seeded, mulched or otherwise stabilized to prevent erosion.

What precautions will be taken to prevent the subsoil from mixing with the topsoil?

In agricultural and other selected areas, topsoil will be excavated and segregated into separate stockpiles to allow for the re-establishment of the original soil profile.

What does the company do to protect water wells?

Constitution will conduct pre and post-construction testing of potable wells and springs within 150 feet of the construction workspace areas. Affected landowners outside of this radius that are interested in having potable water source testing conducted should contact their land agent.

Will the presence of a natural gas pipeline affect my homeowners insurance?

It has been our experience that insurance underwriters have not considered the presence of a transmission pipeline when determining the cost and coverage of property insurance.

Will this pipeline be safe?

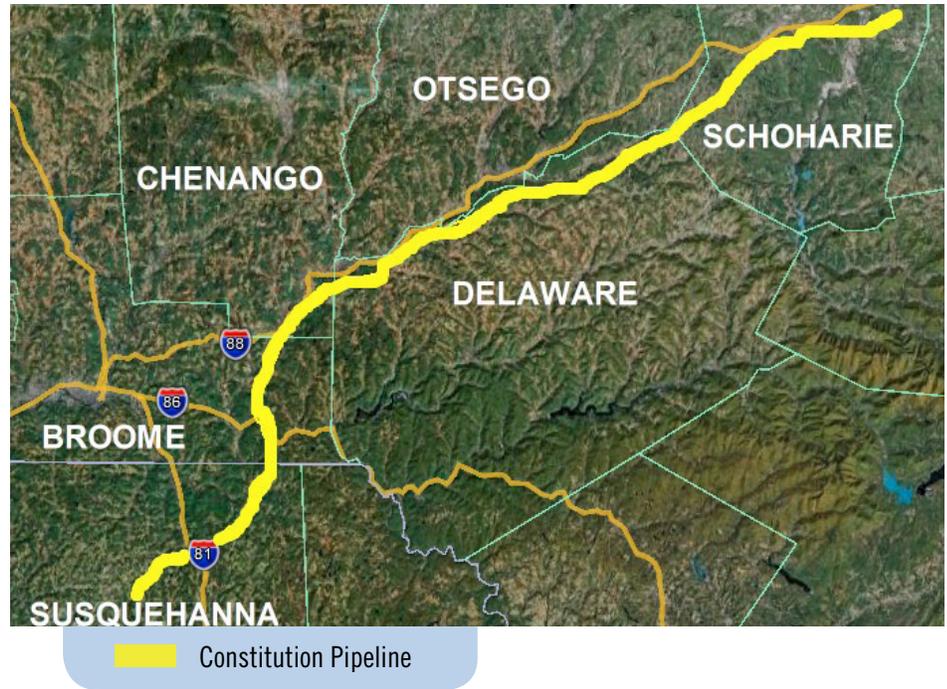
Yes. The pipeline design features and the operating practices of Constitution Pipeline Company will exceed safety requirements of regulatory authorities.

Will this gas be exported overseas?

This gas will be delivered to customers served by the Iroquois and Tennessee Gas Pipeline systems. There are no natural gas LNG export terminals in this region.

Can this gas ultimately be delivered by existing pipeline infrastructure without constructing a new pipeline?

There is no pipeline currently connecting supplies in north & central Pennsylvania to the existing pipeline infrastructure in northern New York. All of the pipelines that transect the region are operating at capacity and currently serving other needs.



PROJECT SCHEDULE & ACTIVITY UPDATE

April	2012	Pre-filing process began
June	2012	Ground surveys began and are ongoing
July	2012	Open Houses & Informational Meetings held in 5 counties
Fall	2012	FERC Scoping 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



CONSTITUTION PIPELINE

Constitution Pipeline

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

Visit us Online for Maps, Videos and Regular Project Updates

Stay updated on the progress of the Constitution Pipeline project by visiting the project website at:

www.constitutionpipeline.com.

The project website contains county-level project maps, video interviews with project personnel and regular project updates.

The site also contains a comprehensive list of the most common questions fielded by the project team, in addition to detailed information about the regulatory process and pipeline construction techniques.

Finally, if you would like to show your support for the pipeline project, the site contains a feature which allows users to submit supportive comments directly to their elected officials. Just click the “Get Involved” button at the top of the page.