To get approval for constructing the Constitution Pipeline, the applicant ("Williams") must show that the project is not only "in the public interest" but that it is a public "necessity" without which customers in the Northeast region will be deprived of essential energy supplies.

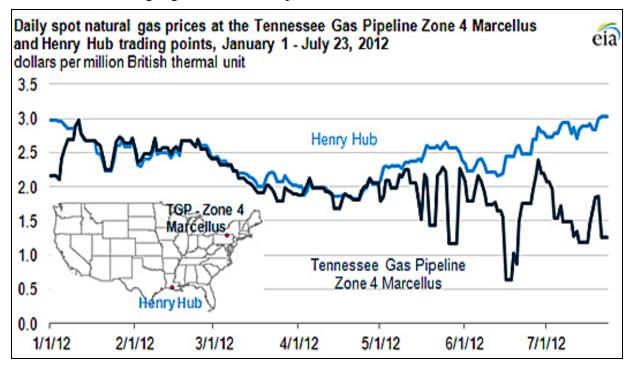
Williams states in its online newsletter: "The natural gas transported by the project will help meet current and future demand in northeast markets." <sup>1</sup>

Yet, in the same newsletter, Williams states: "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."

In other words, if built, the 121-mile Constitution Pipeline will add less than 1% to the already existing interstate transmission system in these two states.

As for helping to "meet current and future demand in northeast markets," current prices, due to oversupply of natural gas in the United States, are already at 10-year lows, and every indication is that we will soon run out of storage capacity nationwide, perhaps as early as the fall, resulting in the need to cut back existing transmission.





Compared to the national price on the spot market set at the Henry Hub, natural gas in northeast PA, within a few miles of the designated starting point for the Constitution Pipeline, is going for less than half, when even the Henry Hub price fails to cover drilling costs.

In the last 3 years, FERC has approved an enormous amount of new transmission capacity in the Northeast, totaling about 8 million dekatherms/day, and less than half of that has become operational. In other words, about 7 times the planned capacity of the Constitution Pipeline (650,000 dekatherms) has already been approved and is waiting to go on line!

The outlook for the O&G industry is bleak. According to the latest U.S. Energy Information Administration (EIA) forecast: "Natural gas consumption grows by about 0.4 percent per

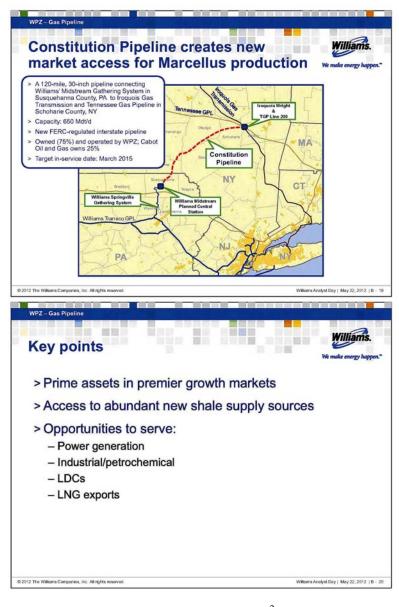
<sup>&</sup>lt;sup>1</sup> http://constitutionpipeline.files.wordpress.com/2012/07/12-559-constitution-landowners-newsletter online v1.pdf

year from 2010 to 2035... Growing production from tight shale keeps natural gas prices below their 2005-2008 levels through 2035." <sup>2</sup>

Clearly there is already far more transmission capacity available without the Constitution Pipeline to support a projected annual growth of .4% in domestic natural gas consumption.

Given the above evidence, there is only one way to explain the "need" and financial viability of this pipeline project: to pump natural gas from the Northeast to eastern seaports, so that it can be liquefied for export overseas, where gas can be sold at five to ten times the current domestic rates.

Williams, of course, has made no mention of this to FERC or in their public statements, but they have, in fact, made their intentions perfectly clear to their investors. Here are 2 slides from their "Analyst Day" presentation on May 22, the day after they pre-filed with FERC:



The bottom line, literally and figuratively: **LNG exports** <sup>3</sup>

<sup>3</sup> http://www.b2i.us/Profiles/Investor/Investor.asp?BzID=630&from=dl&ID=136006&myID=136006&L=i&Validate=3&I=

<sup>&</sup>lt;sup>2</sup> http://www.eia.gov/forecasts/aeo/pdf/0383(2012).pdf (p. 76)

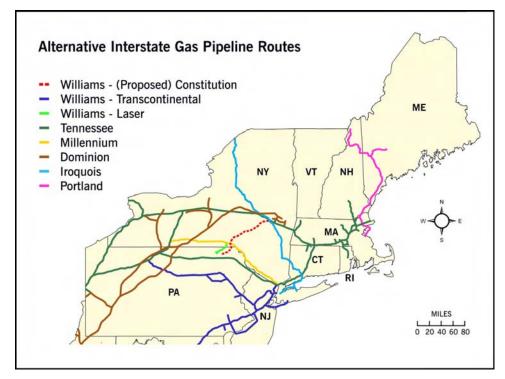
Williams is not alone in this strategy. Dominion, another pipeline company, pre-filed a FERC application on June 1 to build a gas liquefaction facility at its terminal at Cove Point, Maryland, on Chesapeake Bay. (Dominion's interstate pipeline runs through western PA and NY.) And EIA published a report just a few months ago entitled "Effect of Increased Natural Gas Exports on Domestic Energy Markets," examining various scenarios that would allow up to 18% of current domestic production to be exported from such terminals to countries, mainly in Europe. <sup>4</sup>

If Williams (or other pipeline operators) were to build liquefaction facilities in eastern ports, the net result for Northeast customers would be *higher* prices for natural gas.

The Constitution Pipeline is thus clearly NOT in the best interests of the people the pipeline is intended to serve. It is in fact a BAD deal for all of us, and serves only the private, for-profit interests of the O&G industry, and in particular, Williams, and its partner Cabot Oil & Gas.

It would be a shameful thing to give the power of eminent domain to Williams – allowing it to plow a 121-mile swath 125-ft. wide through virgin forests, streams, wetlands, steep slopes and bedrock (requiring extensive blasting), prime farmland, and residential parcels, devaluing, and in many cases, ruining, thousands of acres of private property and disrupting the lives of several thousand landowners and their families – all so that they can engage in a speculative scheme to jack up the profits of private gas companies at the expense of domestic consumers.

If FERC believes it has no choice but to act in accordance with Federal regulations that mandate cooperation with foreign fair trade agreements, then let it do so in the least harmful way possible. Require that this pipeline be co-located along an existing interstate pipeline:



FERC's request to Williams that it consider the I-88 state highway corridor as a potential alternate route is not a workable solution. The median is too narrow to permit pipeline construction, there are too many houses in close proximity, the entire immediate area is too populated, and Williams has made it abundantly clear that it does not want to put itself under DOT regulations.

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<sup>&</sup>lt;sup>4</sup> http://www.eia.gov/analysis/requests/fe/

There are a number of much more viable and safer alternatives that would serve equally well to allow Williams to provide additional access to urban centers and terminals on the East Coast: the Millennium in New York's southern tier; the Tennessee running east/west through northern PA just south of Williams' proposed starting point; the Dominion, which runs through New York, joining with the Iroquois just north of Williams' proposed terminus; even Williams' own Transco pipeline ("Williams – Transcontinental"), which runs through PA into New Jersey.

All of these, either separately or in connection with each other, offer multiple possibilities for co-location along existing pipeline routes, without the resulting devastation to pristine land in central New York.

The real bottom line here is that the O&G industry in America, and especially in the Northeast, has screwed itself, rushing into hydrofracking, each company loading itself with debt to grab as many assets as it could possibly leverage, outdoing each other to drill as many wells as states would permit and available rigs would allow, in a feeding frenzy of corporate greed.

Now they are facing the long-term consequences of their own reckless behavior. Way too much gas is being produced, far outstripping demand, and the only way out – other than popping the gas bubble and drastically cutting the supply – is to move as much of it abroad as quickly as possible, before the rest of the world catches up and global prices for natural gas equalize in the same way oil prices have.

The use of eminent domain as a weapon in this global corporate warfare is an outrage. It is a terrible abuse of governmental power directed against innocent citizens, a taking of their most fundamental Constitutional rights, solely for the benefit of private industry. To name this project The Constitution Pipeline is an obscenity. Please do not let this happen.

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