

Margaret Huard
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New Hampshire Public Utility Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

RE: Docket # DG14-380

July 27, 2015

Dear Ms. Howland et al,

Please consider these additional facts and information along with my previous comment under this docket (Peggy Huard) as well as the comment I submitted under IR15-124.

Information continues to come to light to discredit both TGP, Liberty Utilities, their parent companies Kinder Morgan and Algonquin Power and Utilities Corporation and the entire energy industry.

In my comment dated July 6, 2015, I presented a quote explaining the relationship between the various parties to the agreement sought after in this petition. At the hearing on July 21, 2015, one of the public commenters had stated that they thought that Liberty Utilities was a subsidiary of Kinder Morgan. Attorney Knowlton was so kind and clever to clear that from the record by inquiring of her witness, Francisco C. DaFonte, if this were in fact true. He had replied no. Neither Attorney Knowlton nor Francisco C. DaFonte bothered to expand and reveal the real relationship, which is disclosed in a public filing for APUC as follows.

"On November 24, 2014, **APUC** announced its agreement to participate in a natural gas pipeline transmission project in partnership with **KINDER MORGAN LIMITED PARTNERSHIP. LIBERTY UTILITIES** (Pipeline & Transmission) Corp., a wholly owned subsidiary of **APUC**, and **KINDER MORGAN LIMITED PARTNERSHIP** have agreed to form a new entity ("Northeast Expansion LLC") to undertake the development, construction and ownership of a 30-inch or 36-inch natural gas transmission pipeline to be located between Wright, New York and Dracut, Massachusetts. The project is scalable up to 2.2 billion cubic feet per day (Bcf/d), and the pipeline capacity will be contracted with local distribution utilities, and other customers, to help ease constraints on natural gas supply in the northeast U.S. and help ensure much needed reliability to the power-generation grid. It is anticipated that the project will receive a Federal Energy Regulation Commission ("FERC") certificate in the fourth quarter of 2016, with commercial operations occurring by late 2018. Under the agreement, APUC will initially subscribe for a 2.5% interest in **Northeast Expansion LLC** with an opportunity to increase its participation up to 10%. The total capital investment opportunity for **APUC** could be up to U.S. \$400 million, depending on the final pipeline configuration and design capacity." (Form 40F dated 3/31/15 @ sec.gov)

This relationship can be more clearly understood by looking at a diagram created by another concerned rate payer. It is clear to see that there is a huge conflict of interest created by this relationship. Furthermore, both witnesses for Liberty Utilities are employees of Liberty Utilities earning a salary and most likely receiving some additional benefits. Their testimony lacks independence and shows a tremendous amount of bias and false and misleading statements.

Ratepayers continue to find information that the need is not real, but fabricated, that it is not needed at all, for any reason, by the people that will be inconvenienced and harmed by the construction of the pipelines that will be needed to transport the natural gas requested in this petition.

Also of note are three laterals and delivery lines proposed to feed off the NED Wright to Dracut line, Lynnfield and Haverhill Laterals and the Maritime and Concord Delivery Lines. The Lynnfield Lateral is flowing towards Lynnfield in the direction of the Salem Harbor.

This is quite a bit of natural gas being transported across our country for what appears to have ulterior, grossly capitalistic motives.

I have found an article from the Boston Globe dated 1/9/15 claiming that the former coal plant on the Salem Harbor, which had been shut down in 2014, will now be converted to a natural gas powered energy facility. Highstar Capital, LP, a division of Oaktree Capital Management, LP, purchased 87.5 percent of the available equity, in the project, and Toyota Tsusho Corp., a Japanese industrial conglomerate affiliated with the automaker, purchased 12.5 percent. The main lenders were MUFG Union Bank, GE Energy Financial Services, and BNP Paribas.

It also seems that Kinder Morgan insiders are taking advantage of a low stock price and have purchased stocks recently as follows. (Source: Morningstar.com)

RICHARD KINDER

07/24/2015	100,000Buy at \$34.9744 per share.	3,497,440
06/12/2015	100,000Buy at \$38.9989 per share.	3,899,890
06/05/2015	100,000Buy at \$39.9900 per share.	3,999,000
03/13/2015	100,000Buy at \$39.5000 per share.	3,950,000

Richard Kinder also purchased large amounts of shares in past years as follows.

05/09/2014	100,000Buy at \$32.3618 per share.	3,236,180
02/24/2014	199,165Buy at \$32.0886 per share.	6,390,926
02/20/2014	100,000Buy at \$32.9728 per share.	3,297,280
12/18/2013	328,324Buy at \$33.8627 per share.	11,117,937
12/17/2013	500,000Buy at \$33.0454 per share.	16,522,700
09/09/2013	500,000Buy at \$35.7375 per share.	17,868,750
06/24/2013	500,000Buy at \$35.7752 per share.	17,887,600
11/22/2011	19,723,865Buy at \$25.3500 per share.	499,999,977

Richard Kinder also purchased shares at \$27/share in 2011.

Steven J. Kean, Director; President and Chief Executive Officer of Company and of KMR, KMGP,EPB

06/15/2015	6,000Buy at \$39.3830 per share.	236,298
06/15/2015	6,000Buy at \$39.3730 per share.	236,238

Steven Kean acquired shares in 2013.

07/16/2013	754,717Acquisition	30,000,000
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An article dated July 22, 2015 from seekingalpha.com states the following.

"Kinder Morgan's stock does not trade -- and is not directly correlated -- with the price of oil. The company derives its revenue based on the volume of oil and gas that goes through its pipelines. The way I like to put it is whether the price of oil goes up or down, companies still need to transport it from point A to point B. So, I believe Kinder Morgan will continue to be a big player in the oil and gas field regardless of the price of the commodity. One of the problems I can foresee is that if the price of oil/gas drops to a level so unsustainable that Kinder Morgan is forced to shut down rigs at an even faster rate than is happening now, then there will be less oil/gas to transport -- leading to decreased revenue. Decreased revenue in high-yielding dividend companies can lead to extremely problematic circumstances. Kinder Morgan is compelled to pay out its dividend on time every quarter as it seeks additional investment from dividend growth investors. If revenue continues to decline due to surges in the supply of oil and gas, KMI will be forced to borrow money to pay out its dividend."

"KMI's board approved a \$3.3 billion investment in a mainline pipeline project with delivery capacity totaling up to 1.3 billion cubic feet per day of natural gas to serve New England's natural gas utilities and electricity generation customers. Kinder Morgan is not afraid to aggressively go out and make acquisitions it believes will bolster the company."

"Kinder Morgan also recently announced that it plans to buy the rest of the Elba Liquefaction project from Royal Dutch Shell (it already owns 49%). This brings KMI's total investment in the project to just over \$2 billion. Production is expected to begin in 2017, around the time some analysts believe oil will return to \$65-\$70 a barrel of oil levels."

"Let's not forget about the dividend yield. Currently, KMI sports an impressive 5.4% yield. What's more is that management has announced that it plans to increase the dividend every year by 10% until 2020."

It would seem to me that the costs associated with paying these lucrative dividends on these shares of stock would undoubtedly be passed on to utility companies like Liberty Utilities when they purchase natural gas to generate the electricity that is then in turn passed onto the rate payers.

We, the rate payers are not at all happy to see this continued capitalistic greed and corruption that is driving utility rates up, not actual need!

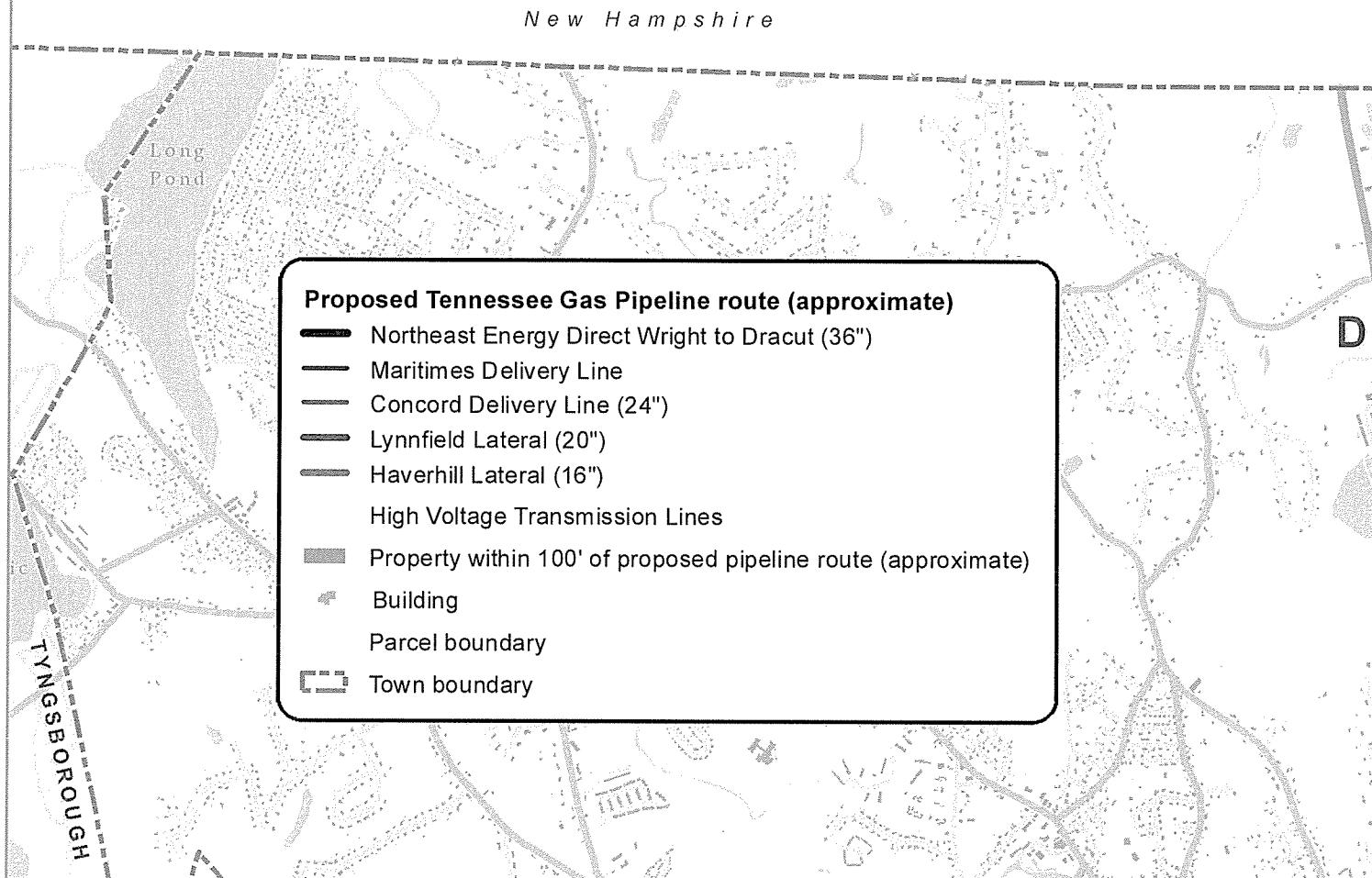
Please seriously consider the implications of these facts. Also please consider the repercussions of awarding Liberty Utilities the firm agreement they seek with TGP/Kinder Morgan, that will ultimately allow related parties to rip people from their hard earned property to line the pockets of millionaires.

It is completely unfair and negligent for the NH PUC to continue to allow the industry to take advantage of its rate payers in this manner.

Thank you for your careful consideration.

Sincerely,
Margaret Huard
Margaret (Peggy) Huard

Proposed Tennessee Gas Pipeline Route within Dracut, Massachusetts (December 8, 2014, FERC)



Sources:

Tennessee Gas Pipeline Company, LLC (12/8/14 FERC public filing application maps, proprietary Tennessee Gas Pipeline, LLC. Re-digitized at 1:7200 by NMCOG); MassDOT/NMCOG (2013 roads); MassGIS/NMCOG (2011 parcels, town boundaries, 2011 buildings); MassDEP (2009 hydrology)

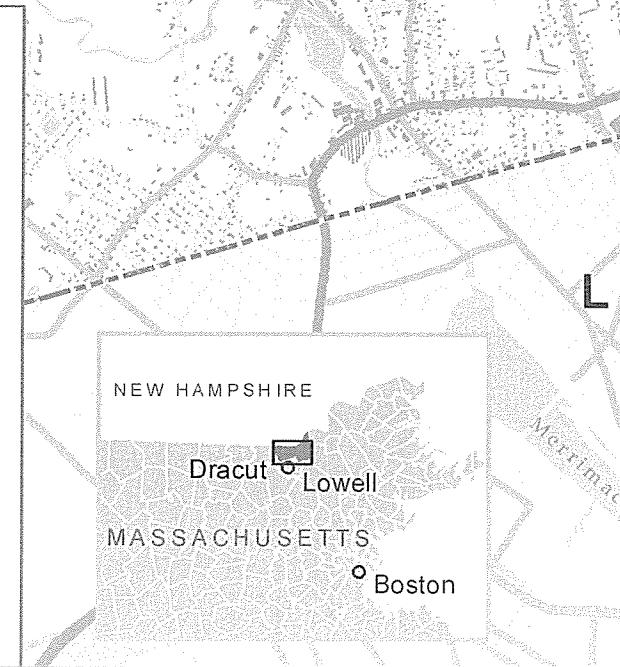
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David Gilbert Keith
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February 3, 2015

Attorney Cristobal Bonifaz
Law Office of Cristobal Bonifaz
180 Maple Street
P.O. Box 180
Conway, Massachusetts 01341

Dear Attorney Bonifaz:

Thank you for asking me to study the Kinder Morgan proposed project of constructing a gas pipeline through certain towns in Massachusetts, including especially Deerfield, and to reach an opinion as to whether A.) the New England states can use the 2.2 billion cubic feet of natural gas per day the pipeline will be capable of transporting or, B.) the amount exceeds what New England states can use in the foreseeable future, and C.) a large portion of the delivered natural gas will be exported from New England.

As an independent researcher I have provided environmental analysis for over 20 years in a number of legal cases involving oil spills as well as noise, air, and water pollution related to aircraft. I am co-author of "The Hidden Cost of Oil: New Orleans to Indonesia" and "After the Gold Rush." I am currently a member of the Deerfield Energy Resources Committee.

As per the facts delineated below it is my expert opinion that a great portion of this gas will not find use in New England and will be exported from the United States.

Marcellus and Utica production has already overwhelmed demand in the US Northeast area and has begun to push outward.

-- Pieridae Energy (Canada) Ltd., Application to import natural gas.
Nov. 6, 2013

1: Natural Gas Consumption & Demand in New England

Kinder Morgan, Inc. is proposing to build a pipeline from New York State capable of delivering 2.2 billion cubic feet [bcf] per day to Dracut, Massachusetts. For the reasons delineated below, I conclude that New England simply cannot use this much additional energy and a very large portion of this gas will instead find its demand as Liquefied Natural Gas shipped to markets overseas.

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To understand why 2.2bcf/day of natural gas exceeds demand in New England, it is important to look at the difference between supply and delivery rate.

Recent studies have concluded that New England has had to pay more for fuel during peak demand days because of constraints in the supply of natural gas.¹ On peak days the inflow of gas comes close to the maximum inflow capacity, triggering higher costs as the reserve threshold is approached and alternate fuels and generation (such as Hydro-Quebec) must be used. This constraint has two components. The first is regulatory disincentive for electric power generating facilities to buy forward contracts.² The second is more a shortage of flow than of gas itself. The household equivalent would be turning on all the water taps and then flushing the toilets. The tanks would take longer to refill and the shower would be unsatisfying—but that is different from running out of water.¹

New England does not need more gas. It may need marginally faster delivery of gas. According to the US Energy Information Agency [EIA], existing net inflow capacity (inflow less outflow) to New England is almost two thirds more gas than the region consumes.

The six New England states consumed 889 billion cubic feet [bcf] of natural gas in 2013. For the six years ending in 2013, *net* inflow capacity constant at 1,441bcf/yr. The capacity is already in place to deliver more gas than the region uses.

Delivery rate—a separate issue—will be improved by completion of two projects expected to be completed in 2016. Spectra Energy's Algonquin Incremental Market Project will deliver .33bcf/day and Kinder Morgan's Tennessee Gas Pipeline [TGP] Northeast Connecticut Expansion 0.07bcf/day. These improvements will likely ease price volatility in New England, but the larger question is whether New England has sufficient demand to use the gas being delivered. Given these expansions and Kinder Morgan's proposed 2.2bcf/day Northeast Direct Pipeline, the answer is no.

¹ "The interstate pipelines have a combined capacity of approximately 3,500 MMcf/d to serve New England's residential, commercial, municipal, and industrial customers, as well as the demands of the region's natural-gas-fired power plants. During the peak winter period for natural gas demand, natural gas consumption can easily reach the capacity limits of the pipelines." ISO NE, Inc. "2013 Annual Markets Report," p. 13, May 6, 2013 http://www.iso-ne.com/static-assets/documents/markets/mkt_anlys_rpts/annl_mkt_rpts/2013/2013_amr_final_050614.pdf (Accessed 1/25/2015)

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Indeed, such considerations are already well under way. The Canadian Broadcast Corporation reports: "The company that owns majority interest in the Maritimes and Northeast Pipeline has announced plans to reverse its flow from south to north, putting pressure on New Brunswick's Saint John's Canaport liquefied natural gas terminal to convert into an export facility." The same report notes that another LNG export facility is also proposed for Guysborough County in Nova Scotia and adds: "The Saint John's terminal is idle for extended periods each year. For the most part, it sends gas into the United States during peak winter-demand periods."¹ The Maritimes & Northeast pipeline was built to bring Canadian gas south, ending in Dracut, Massachusetts, but demand is already proving insufficient and Canadian production is diminishing. The far greater flood of gas Kinder Morgan proposes to deliver will not "sit idle." The natural gas transported through Kinder Morgan's NED pipeline will likely find much of its demand in exports as liquefied natural gas.

Conclusion:

- New England may have a capacity shortage that constrains delivery of available natural gas to power generators during comparatively few peak demand hours per year.
- New England does not have any evident shortage of natural gas itself. Additional gas, therefore, is not needed even if incremental growth of pipelines to deliver gas more quickly might be helpful.
- New England cannot use another 803bcf/yr of natural gas. At least a large portion of this gas will be exported.

Thank you again for giving me this opportunity to examine this important issue.

Sincerely,



David Gilbert Keith

E.g.:

- "2013 Annual Markets Report," ISO NE, Inc. May 6, 2013 http://www.iso-ne.com/static-assets/documents/markets/mkt_anlys_rpts/annl_mkt_rpts/2013/2013_amr_final_050614.pdf (Accessed 1/25/2015),
- "Assessment of New England's Natural Gas Pipeline Capacity to Satisfy Short and Near Term Electric Generation Needs: Phase II," ICF International, LLC., 11/20/2014 http://www.iso-ne.com/static-assets/documents/2014/11/final_icf_phii_gas_study_report_with_appendices_112014.pdf (Accessed 1/25/2015)
- "Natural Gas Infrastructure and Electric Generation: Proposed Solutions for New England," B&V Project No. 178511, Prepared for: The New England States Committee on Electricity, Black & Veatch, 8/26/2013 http://www.nescoo.com/uploads/Phase_III_Gas-Elec_Report_Sept_2013.pdf (Accessed 1/24/2015)

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ⁱⁱ "In the case of natural gas, part of the problem results from the predominance of market-driven electricity generation investment within the New England region. Merchant generators in search of the lowest cost fuels have gravitated toward natural gas as a default, and no single generator has an incentive to invest in the forward contracts, firm gas transportation service, fuel diversification or storage that would be necessary to increase reliability and reduce price volatility." —Quadrennial Energy Review Task Force Secretariat and Energy Policy and Systems Analysis Staff, U.S. Dept. of Energy, Letter Re: "Infrastructure Constraints in New England," 4/15/2014 http://energy.gov/sites/prod/files/2014/04/f15/BriefingMemo_InfrastructureConstraintsinNewEngland_April21.pdf (Accessed 1/26/2015)

ⁱⁱⁱ U.S. EIA, "High prices show stresses in New England natural gas delivery system," Feb. 7, 2014 <http://www.eia.doe.gov/naturalgas/review/deliverysystem/2013/> (Accessed 2/2/2015)

^{iv} "Assessment of New England's Natural Gas Pipeline Capacity to Satisfy Short and Near-Term Power Generation Needs; Phase 1," ICF International, LLC, p. 34, 6/24/2012 Public Version

^v Black & Veatch, "Natural Gas Infrastructure and Electric Generation: Proposed Solutions for New England, B&V Project No. 178511, Prepared for: The New England States Committee on Electricity, 8/26/2013 http://www.nescoe.com/uploads/Phase_III_Gas-Elec_Report_Sept_2013.pdf (Accessed 1/24/2015)

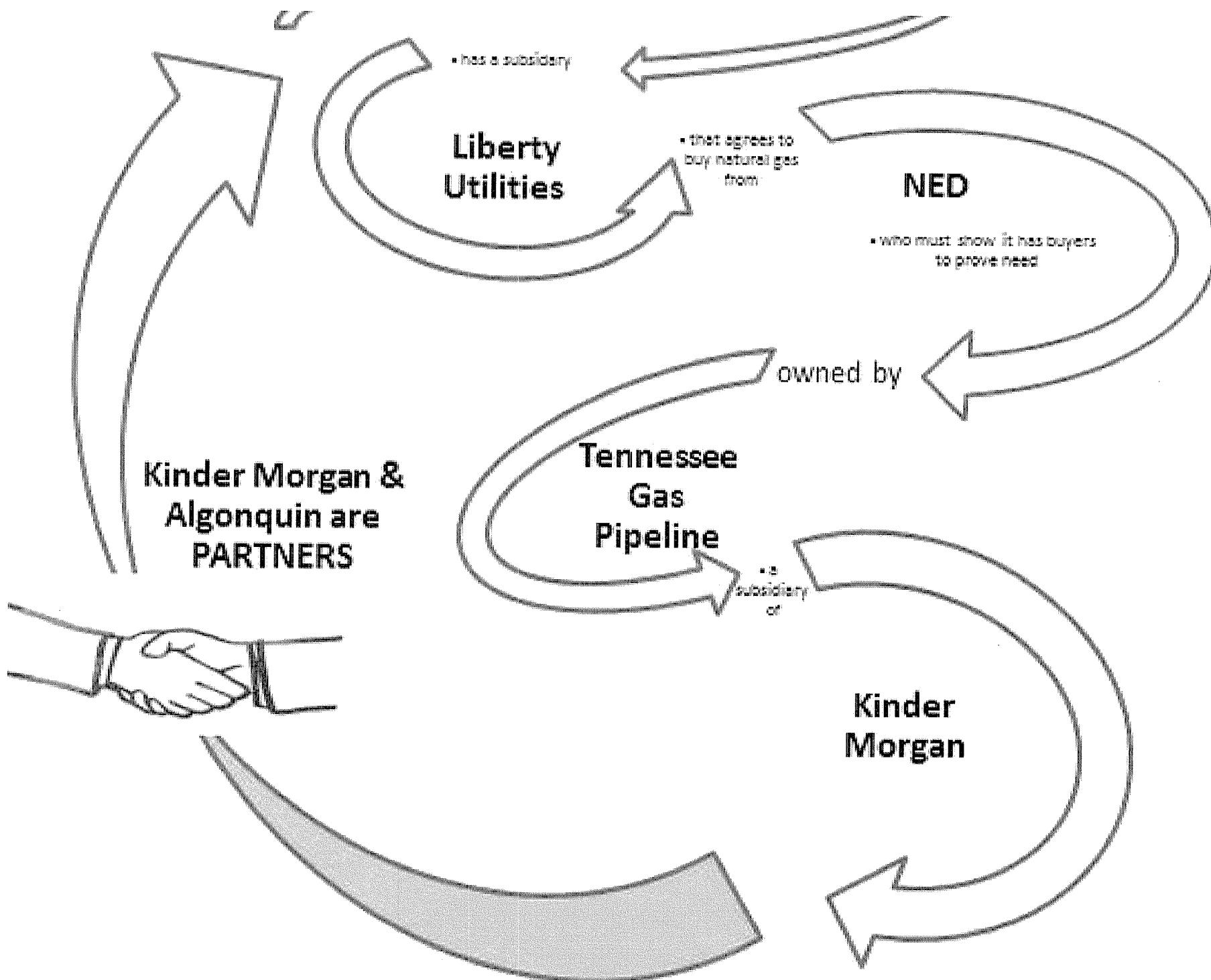
^{vi} U.S. EIA: "Peak-to-average electricity demand ratio rising in New England and many other U.S. regions" <http://www.eia.gov/todayinenergy/detail.cfm?id=15051>

^{vii} "Massachusetts Low Gas demand Analysis: Final Report," Synapse Energy Economics, Inc., p.25 Jan. 7, 2015 <http://www.mass.gov/eea/docs/doer/fuels/doer-low-demand-report-final.pdf> (Accessed 1/25/15)

^{viii} U.S. Energy Information Agency, "Today in Energy: Increased natural gas production would meet most demand from added LNG exports," 11/12/14 <http://www.eia.gov/todayinenergy/detail.cfm?id=18771> (Accessed 1/25/15) See also: U.S. EIA "Annual Energy Outlook with projections to 2040," Marcellus natural gas exceeds 100% of the demand projected for the New England and Mid-Atlantic Census Divisions from 2016 through 2040 in the Reference case, requiring transportation of some Marcellus gas to other markets. During the expected peak production period for the Marcellus shale, from 2022 through 2025, its total production exceeds natural gas consumption in the New England and Middle Atlantic regions by more than 1.0 Tcf over the period. http://www.eia.gov/forecasts/aeo/MT_naturalgas.cfm (Accessed 2/3/2015)

^{ix} Ibid.

^x CBC News: "New uses sought for Saint John's Canaport LNG terminal," 1/23/2015 <http://www.cbc.ca/news/canada/new-brunswick/new-uses-sought-for-saint-john-s-canaport-lng-terminal-1.2538819> (Accessed 1/25/2015)



Maritimes & Northeast Pipeline

