

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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FEDERAL ENERGY
REGULATORY COMMISSION

Midwestern Gas Transmission Company)

Docket No. CP05-372-000

ANSWER OF MIDWESTERN GAS TRANSMISSION COMPANY
TO COMMENTS
CONCERNING THE MGT EASTERN EXTENSION PROJECT

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.213, Midwestern Gas Transmission Company ("MGT") files this answer to the various comments submitted in response to MGT's June 6, 2005 application for certification, pursuant to Section 7(c) of the Natural Gas Act, of the so-called "MGT Eastern Extension Project."¹

In support, MGT states as follows:

¹ MGT notes that certain commentors have requested dismissal of MGT's application. *See, e.g.*, "Motion for Leave to Intervene and Comments of Columbia Gulf Transmission Company," Docket No. CP05-372-000 (filed July 6, 2005); Letter from Linda Roddy, Docket Nos. PF05-2-000 and CP05-372-000 (filed July 1, 2005). Such affirmative relief is properly requested by motion to the Commission, to which answers are permitted. In the event that the Commission determines that leave to answer is required, MGT respectfully submits that good cause exists to permit this answer. As shown herein, commentors have raised issues that reflect an incomplete and/or inaccurate understanding of the facts. This answer serves to explicate the record by clarifying these misunderstandings and errors in order to assist the Commission in its decision making process. *See, e.g., Eastern Shore Natural Gas Co.*, 111 FERC ¶ 61,479 (2005); *Gulf South Pipeline Co.*, 110 FERC ¶ 61,391 (2005).

I. OVERVIEW AND SUMMARY

The fully-subscribed MGT Eastern Extension Project will transport up to 120,000 dekatherms per day of natural gas to meet the growing local distribution demands of Piedmont Natural Gas Company, Inc. (“Piedmont”). MGT has proposed a negotiated/incremental rate structure to ensure that existing customers will not subsidize project costs. The long-term contractual commitment by the project shipper, Piedmont, confirms that comparable service arrangements are not available through existing providers.

The MGT Eastern Extension Project entails approximately 30 miles of new, 16-inch diameter, pipeline, traversing largely open and/or agricultural lands. Despite efforts to minimize environmental impacts (including, specifically, residential impacts), the MGT Eastern Extension Project has been the target of considerable landowner opposition, first during the pre-filing process selected by MGT and, subsequently, in comments and protests to MGT’s certificate application.

The principal purpose of this answer is to address these landowner concerns and, in the process, provide the Commission with an informed record upon which the requisite “benefits-impacts” analysis can be made. In this regard, MGT is mindful of the legitimate and sincere interests of landowners who are understandably wary of the prospect of pipeline construction anywhere close to their property. However, much of what has been alleged reflects fundamentally erroneous information and/or assumptions regarding pipeline construction procedures and operating protocols. MGT hopes that this answer will help clarify many of the issues and concerns raised in comments and will facilitate further dialogue between the company and affected landowners.

II. DISCUSSION

A. MGT's Eastern Extension Project Offers Public Benefits that Outweigh the Residual Impacts to Landowners and the Environment.

Individual landowners, interested parties and the STOP group (Sumner Trousdale Oppose Pipeline) oppose the MGT Eastern Extension Project, raising questions concerning the benefits of and the need for the MGT Eastern Extension Project. Generally, these parties have maintained that the MGT Eastern Extension will adversely impact landowners and the environment, and that these residual impacts are not outweighed by any offsetting public benefits. Several of the parties cite the fact that local and state governmental entities have also indicated their opposition to the MGT Eastern Extension Project to reinforce their arguments. While the Commission considers the opposition of local governmental bodies in its certificate analysis, such opposition alone will not derail a project. Instead, issues raised by local authorities are considered on even terms with other comments in determining whether the project is in the public interest. *See, e.g., Greenbrier Pipeline Co.*, 101 FERC 61,122 (2002), *order on reh'g*, 103 FERC 61,024 (2003); *East Tennessee Natural Gas Co.*, 98 FERC 61,331, *order on reh'g*, 101 FERC 61,188 (2002).

The FERC's Policy Statement on certificating new pipeline construction established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. As is detailed in MGT's Application for Certificate of Public Convenience and Necessity (the "Application") and in Section 10.1 of Resource Report No. 10 – Alternatives (filed with the Application), the demonstrated public benefits of the MGT Eastern Extension Project outweigh any potential adverse consequences to customers, existing pipelines and/or landowners. In

short, the primary objectives and related benefits of the MGT Eastern Extension Project are: 1) to provide incremental natural gas volumes to meet the projected demand growth requirements of Piedmont in North and South Carolina and on the eastern side of Nashville Gas Company's distribution system; 2) to provide price competition resulting from natural gas sourced from the Chicago Hub, i.e. Canadian, Rocky Mountains, Mid-Continent and in the future, Alaskan and the MacKenzie Delta natural gas supply regions; 3) to provide increased reliability and flexibility in the natural gas transportation grid resulting from an additional transportation alternative and associated interconnects; and 4) to provide increased natural gas supply reliability resulting from natural gas supplies sourced from the Chicago Hub.

Parties also contend that the MGT Eastern Expansion Project is not necessary because Piedmont's natural gas needs can be met by existing pipelines. Specifically, STOP, through their consultant, Mr. William W. Wade, claims that the natural gas needed by Piedmont could be supplied either via Columbia Gulf Transmission Company's ("Columbia Gulf") existing system or through backhaul arrangement(s) utilizing the existing systems of Tennessee Gas Pipeline Company ("Tennessee Gas") and/or East Tennessee Natural Gas, LLC ("East Tennessee"). See "Alternatives to MGT's Eastern Extension Project" filed in Docket PF05-02. MGT, however, has already considered these possible system alternatives, including possible expansion of those systems, if necessary, in the "Analysis of the Midwestern Gas Transmission Company MGT Eastern Extension Project under the Federal Energy Regulatory Commission Policy Statement of September 15, 1999" filed in Docket PF05-02 and in Section 10.3.2 of Resource Report No. 10. For the reasons set forth therein, and discussed below, the

system alternatives neither achieve the MGT Eastern Extension Project objectives nor meet the specific needs of Piedmont.

During the consideration of all route alternatives, MGT attempted to avoid, to the extent practicable, residential impacts, wetlands, stream crossings, critical habitat, recreation and conservation areas, historic areas, business and commercial strips, and similar factors. MGT has also given emphasis to keeping the route as short as possible, which, by itself, is a major factor in minimizing impacts from the MGT Eastern Extension Project. During field investigations and consultation with representatives from a number of federal and state agencies, MGT verified the location of sensitive environmental resources and evaluated routing variations. MGT also evaluated input received from other stakeholders such as local residents and public officials. MGT is prepared and committed to continue working closely with all stakeholders to enhance siting as appropriate.

B. Columbia Gulf Does Not Present a Viable Alternative to the MGT Eastern Extension Project.

In its “Motion for Leave to Intervene and Comments of Columbia Gulf Transmission Company,” filed in Docket CP05-372 (the “Columbia Gulf Motion”), Columbia Gulf submits that it can achieve the MGT Eastern Extension Project objectives of bringing incremental gas volumes to meet projected demand growth, increase competition and increase reliability and flexibility in the transportation grid “in a less intrusive means” through its existing infrastructure. As shown below, Columbia Gulf’s claims do not withstand scrutiny.

1. Piedmont's Projected Demand Growth

Columbia Gulf states that approximately 140,000 Dth/day of FTS-1 capacity is currently posted on its EBB and is available for firm service on its mainline for delivery to the Nashville market. Columbia Gulf Motion at 3.

According to Columbia Gulf's Index of Customers, Piedmont has four FTS-1 contracts on Columbia Gulf used for supply of natural gas to Nashville and the Carolinas. The path for these contracts is identified as between the CGT-RAYNE receipt location and the TCO-LEACH delivery location. Yet, the July 6, 2005 "UnSubscribed Firm Capacity" posting on Columbia Gulf's EBB, attached hereto as Exhibit A, lists the unsubscribed firm capacity between the RAYNE receipt location and the TCO-LEACH delivery location as zero (0). Columbia Gulf's own capacity posting, therefore, cannot be reconciled with its contention that it can provide transportation for Piedmont's growing natural gas demand requirements in the Nashville area without new construction or facility modifications.

In addition, Columbia Gulf erroneously fails to include in their analysis Piedmont's need for 20,000 Dth/day of incremental volumes of natural gas to reach Piedmont's distribution systems in North and South Carolina. During the development of the MGT Eastern Extension Project the Director of Business Development for East Tennessee advised MGT to locate its interconnection with East Tennessee to the east of East Tennessee's interconnect with Texas Eastern Transmission, LP ("Texas Eastern"). This location was recommended because the existing East Tennessee system lacked available firm capacity for the incremental volumes required by Piedmont in the path between its interconnects with Tennessee Gas at Ridgetop and Texas Eastern near Hartsville. Since Columbia Gulf interconnects with East Tennessee between these two

interconnects, it is MGT's understanding that East Tennessee would not have sufficient available capacity necessary to transport Columbia Gulf volumes to meet Piedmont's needs without new construction.

2. **Competitive Implications**

To bolster its claim as a viable alternative, Columbia Gulf suggests that it can supply natural gas to Nashville at a lower price than MGT by comparing its posted recourse rate of \$0.1204 with "the combined rate of \$0.1404/Dth to transport gas on Midwestern to Nashville". See Columbia Gulf Motion at n. 3. Columbia Gulf's inferences invited by this comparison, however, are misleading and should be rejected.

First, Columbia Gulf's analysis is flawed because it fails to acknowledge the other components necessary to determine that actual cost of delivered natural gas. The cost of the natural gas commodity and the additional charges incurred to transport, such as fuel, account for over 95.0% of the delivered cost. Columbia Gulf's comparison, however, reflects only the reservation component of the transportation rate which comprises only 5.0% of the actual delivered cost.

Further, the MGT Eastern Extension Project provides access to competitively priced alternative sources of natural gas from the Chicago Hub, i.e. Canadian, Rocky Mountains, Mid-Continent and in the future, Alaskan and the MacKenzie Delta natural gas supply regions. A comparison of the natural gas commodity and the additional charges incurred to transport natural gas sourced at the Chicago Hub to that of the Columbia Gulf Mainline resulted in an average price advantage of \$0.1692 per MMBtu for gas sourced from the Chicago Hub during the period 1/1/05 to 7/1/05. (Source: Gas Daily Midpoint from LIM database)

Finally, while Columbia Gulf can assert competitive claims *vis a vis* the MGT Eastern Extension Project, there is no increase in competition without the introduction of a transportation alternative. In this regard, Piedmont determined that the MGT Eastern Extension Project represented a preferred, cost competitive alternative and, on that basis, entered into a long term agreement for service with MGT. The FERC has recognized that it is the prospect of a rival pipeline, and the availability of choices, that encourages competitive pricing of transportation services. *See Guardian*, 91 FERC at 61,976-78. The FERC will not generally second guess shipper elections regarding the choice of a service provider.

3. **Reliability and Flexibility in the Transportation Grid**

In advancing its putative “system alternative,” Columbia Gulf did not support its claim that its proposal would increase the reliability and flexibility in the transportation grid. Indeed, Columbia Gulf’s acknowledgment of the recent loss of two compressor units at its Delhi compressor station illustrates the risk of limiting transportation options. Simply stated, the construction of additional infrastructure is required to increase reliability and flexibility in the transportation grid. The existing Columbia Gulf system would not meet Piedmont’s objective of having an additional transportation alternative and associated interconnects.

In that regard, the MGT Eastern Extension Project provides Piedmont with increased natural gas supply reliability resulting from natural gas supplies sourced from the Chicago Hub. As Piedmont stated in this proceeding, “the Midwestern capacity will provide Piedmont in the Nashville area with geographic supply diversity that will be especially important during times when production operations are curtailed or reduced in the Gulf coast region as a result of winter freeze-offs and tropical storm events.” *See*

“Motion to Intervene in Support of Piedmont Natural Gas Company, Inc.” Docket CP05-372-000 at 3 (filed June 15, 2005). A recent example of this was Hurricane Dennis. As reported in Gas Daily on Monday, July 11, 2005, page 1, “The threat of Hurricane Dennis nearly tripled the amount of the Gulf of Mexico’s natural gas production shut-ins to 1.041 Bcf/day, or 10.4% of the region’s production on Friday as producers pulled thousands of workers off rigs and production platforms.” Thus, the existing, or even an expanded, Columbia Gulf system does not provide Piedmont with increased natural gas supply reliability.

C. Specific Property Use Concerns Have Been or Will Be Addressed.

1. Limitations and Restrictions on Future Land Use

The City of Portland (“Portland”), STOP, the Tennessee Farm Bureau Federation (“TFBF”) and others have expressed questions and concerns regarding future land use after the construction of the pipeline. As shown herein, MGT has addressed and will continue to address specific land use concerns of landowners.

MGT will use a 50-foot wide permanent easement for the operation and maintenance of the pipeline. A landowner may continue to use the surface of the easement for agricultural purposes; provided, however that the landowner may not impound water, change the ground elevation of the easement, or construct or permit to be constructed any building, structure or other improvement upon the 50-foot wide easement which would interfere with MGT’s ingress and egress to the easement and the safe operation of the pipeline.

The TFBF raised a question about the possibility of locating a nursery on the permanent easement. Trees or shrubs with deep root systems cannot be allowed to grow in the easement in upland areas because they can damage the pipeline’s protective

coating, obscure periodic surveillance, or interfere with potential repairs to the pipeline. MGT, however, has not identified any nursery or tree farm operations that would be crossed by the MGT Eastern Extension Project. Under certain circumstances, easement terms may be negotiated to allow limited nursery operations on a portion of the 50-foot easement. Consequently, landowners are encouraged to discuss these specific questions and issues during easement negotiations.

Several parties expressed a concern that the easement would interfere with their plans for residential use and development. MGT has negotiated clauses in easements to accommodate landowner's plans to install driveways across the easement. Several minor route variations to accommodate private residential construction have been made and MGT will continue to carefully consider possible future private residential construction plans identified by landowners. There were several references in the comments to a tract where the landowner anticipated developing four 5-acre tracts. MGT will consider a minor route variation to accommodate these plans; however, such accommodation cannot be fully explored without the landowner's permission to conduct survey activity on the tract.

Portland expressed a concern regarding its plans for future expansion of the Water Treatment Plant ("WTP"). MGT representatives most recently met with Portland's Mayor and City Engineer/Public Works Superintendent on July 18, 2005 to discuss the MGT Eastern Extension Project and design and construction options that may address Portland's concerns. MGT is examining the proposed route of the pipeline in the vicinity of the WTP. MGT is also studying the possibility of designing and installing the pipeline in the area to accommodate any plans to expand the WTP. For example, it may be possible to pad the pipeline during construction in this area in anticipation of possible

blasting activities during the expansion of the WTP. MGT is committed to continue to coordinate with Portland to explore possible ways of accommodating the future WTP expansion in the design and construction of the pipeline. These efforts could resolve Portland's concern regarding any additional expenses related to the expansion of the WTP.

2. Eminent Domain Concern

MGT's goal is to negotiate the acquisition of all pipeline easements necessary for the MGT Eastern Extension Project. Condemnation, through the exercise of eminent domain rights, is viewed by MGT as a last resort, to be utilized only where all reasonable efforts to reach a negotiated agreement have failed.

TFBF stated that it is opposed to the use of eminent domain when other alternatives are available. Some parties have characterized the right of eminent domain granted by the Natural Gas Act of 1938 as the taking of farmland and property just so a private company can make a profit.

TFBF's arguments miss their mark. As noted previously, no other viable alternative exists or has been proposed that would offer services comparable to the MGT Eastern Extension Project. Moreover, MGT's status as a "private company" is irrelevant to the eminent domain issue or the FERC's consideration of MGT's Application. The FERC's analysis will necessarily focus on the public benefits offered by the MGT Eastern Extension Project, and an evaluation of those benefits within the context of the Policy Statement's impact criteria. The relevant inquiry, therefore, is whether the MGT Eastern Extension Project's proposed *public use* and *public benefits* justify certification.

3. Property Devaluation Concern

TFBF, joined by STOP, and other parties, argue that the existence of a pipeline will devalue property impacted by or in close proximity to the pipeline. Clearly, MGT has every incentive to offer reasonable compensation to landowners in order to reach a negotiated resolution of needed rights of way. To the extent such negotiations fail, and exercise of eminent domain is required, all issues relevant to property valuation will be considered by the condemnation court.

D. Comprehensive Protective and Mitigation Plan Will Be Implemented to Address Pipeline Construction Issues.

TFBF, STOP, Portland and several other parties indicated concerns regarding the impact of pipeline construction on their property and the environment. MGT will respond to each of these concerns individually.

1. Streams, Springs and Water Wells

Parties have raised a concern with the potential impact on streams, springs, and water wells due to pipeline construction. As detailed in Resource Report No. 2 - Water Use and Quality, MGT has proposed mitigation measures to minimize any potential adverse impacts on waterbodies, public watersheds, surface water intakes and protection areas, wetlands, aquifers, and public and private water supply wells. MGT will construct the MGT Eastern Extension Project in accordance with the mitigation measures contained in the FERC's Wetland and Waterbody Construction and Mitigation Procedures ("Procedures") and the FERC's Upland Erosion Control, Revegetation and Maintenance Plan ("Plan"). Many parties have indicated that the concerns of maintaining the existing water supply relate to karst terrain. Karst terrain refers to areas characterized by solution of limestone or dolomite bedrock, resulting in sinkholes (closed depressions),

pinnacled bedrock, caves/caverns and underground drainage systems. In order to evaluate potential impacts from pipeline construction, including blasting, on water supplies and the natural environment, particularly karst geology, MGT contracted with P.E. LaMoreaux & Associates, Inc. (PELA) of Oak Ridge, TN to independently investigate and assess the karstic nature of the pipeline route, water wells and springs near the pipeline route and to propose best management practices to minimize potential impacts to the environment. The PELA Report characterized karst areas along the route as low to moderate in its susceptibility to potential construction-related impacts; no areas were characterized as highly susceptible. Potential impacts will be minimized by appropriate use of best management practices provided by FERC's Plan and Procedures, the PELA report and Tennessee Department of Environment and Conservation ("TDEC") Division of Water Supply correspondence (see Application, Volume II – Part B, Appendices No. 2A, 2E, and 2F).

2. Air and Noise Quality

Several parties expressed concerns about air and noise quality during construction and the potential impacts on livestock and people. MGT recognizes these concerns and will implement procedures to address them. For example, to the extent necessary to minimize dust generation that may occur during construction, dust suppression techniques will be employed. Moreover, all gasoline or diesel fueled engines will have manufacturer-recommended emissions equipment to limit air emissions to relatively small amounts.

Finally, although construction noise is an unavoidable consequence of any pipeline construction, MGT will manage this issue by operating equipment on an as-needed basis, mostly during daylight hours. All gasoline or diesel fueled engines will

have manufacturer-recommended mufflers and will be maintained in good working order. Landowners should note that noise levels are not constant, but will vary at any given location as construction progresses along the right-of-way. Landowners having any special concerns regarding air and noise quality should advise MGT of these concerns during the easement negotiations. Landowners should also contact MGT to discuss any concerns regarding livestock during construction. In addition to the measures outlined above, temporary fencing and other measures may be used to mitigate the impact of construction noise on livestock.

3. Restoration

Several parties expressed a concern about restoration of the property impacted during construction. Generally, these concerns have been addressed by MGT's comprehensive plans for clean up and restoration. As detailed in Resource Report No. 1, MGT will undertake restoration measures, including the following actions as appropriate after pipeline construction has been completed: (1) all right-of-way, temporary extra work areas, and other disturbed areas will be finish-graded and any remaining construction debris will be disposed of properly; (2) original land contours will be restored to conform to adjacent areas as near as practicable; (3) in upland agricultural areas, subsoil will be decompacted in accordance with FERC's Plan and the segregated topsoil will be returned to its original horizon; (4) permanent erosion and sediment control measures, including diversion terraces and revegetation, will be installed; (5) all disturbed wetland areas and stream crossings will be restored and revegetated either actively or through natural-recruitment, in accordance with the FERC's Procedures and any applicable permit requirements; (6) stream and wetland crossings will be inspected and monitored after the restoration activities have occurred to ensure that natural flow

patterns and revegetation have successfully occurred; and (7) private and public property, such as fences, gates, driveways, and roads disturbed by pipeline construction will be restored to original or better condition. Landowners are encouraged to raise any specific restoration questions with MGT representatives.

4. Portland's Construction Concerns

Due to the proximity of the MGT Eastern Extension Project to its WTP, Portland has expressed concerns regarding potential construction-related impacts, especially blasting, on the WTP, clearwell, storage reservoir earthen dam, and the crossing of the WTP's raw water intake line. MGT representatives met with Portland representatives on May 20, 2005 and most recently on-site on July 18, 2005 to discuss these concerns.

At this time, MGT has not completed design details of the proposed pipeline at the subject area, in large part due to lack of survey access on property to the north and west. In this immediate area, the proposed pipeline alignment runs eastward down a steep incline, crosses the Portland intake water line, and then proceeds eastward south of Drake's Creek. The final alignment of the pipeline and its proximity to Portland's WTP facilities can only be determined when survey of the property north and west of Portland's WTP is completed.

Aside from alignment, other factors will determine the final design and construction methods at this location. The pipeline design in this area depends on the depth of the intake water line and the type of terrain that the buried pipeline will pass through. MGT has asked Portland officials for as-built information so that the location and depth of the water intake line can be included in the MGT pipeline design. Geotechnical information required for detail pipeline design will be gathered when pipeline survey activities resume.

Typically new pipelines are built to cross under an existing utility line. If the water intake line is a gravity flow type design where the line gets deeper as it proceeds to the WTP, then it could be quite deep at the point where MGT will cross. If it is more than 8 feet to 10 feet deep, then special pipeline trenching techniques may be required to place the MGT pipeline beneath it. Also, if the utility line is trenched in rocky terrain, then a special construction method such as boring or micro tunneling might be required. MGT is currently in ongoing discussions with Portland to define existing and proposed water intake line placement and is evaluating methods available to address Portland's concerns.

As discussed with Portland, MGT is considering blasting as a possible construction technique at this location due to the known presence of rock in the vicinity of the WTP. If MGT uses blasting at this location, it would be done in a controlled manner in accordance with a blasting plan that gives due consideration to nearby structures and facilities. A pipeline construction consultant that specializes in blasting would prepare the blasting plan. The plan would identify the appropriate type(s) of explosives, charge weight and configuration, depth of and spacing between charges, detonation delays, horizontal and slant distances and blasting mat placement with consideration for site-specific variables, such as proximity to existing structures, terrain, soil properties, and rock characteristics. Pipeline trenching by blasting is a proven technology that can be accomplished in a controlled manner without effects on other nearby facilities, including natural gas pipelines.

Another design option being considered at this location is horizontal directional drilling ("HDD"). Use of HDD at this location, would allow the pipeline to cross under the water intake line without affecting it and could accommodate Portland's future expansion plans for the WTP, as MGT understands them. However, the HDD

construction method is not appropriate at all locations due to several variables. No decision can be made on the suitability of an HDD at this location without establishment of final alignment, discussed above, and detailed geotechnical information necessary to determine possible geologic constraints and the subsequent likelihood of success.

5. Cultural Resources

STOP and other parties have indicated a concern regarding the potential impact of pipeline construction on cultural resources and historical buildings. In general, to comply with its obligations under Section 106 of the National Historic Preservation Act, the FERC requires applicants to evaluate all work areas for the possible presence of cultural resources. Qualified consultants develop survey methodology appropriate for a project area in consultation with the State Historic Preservation Office (“SHPO”) and conduct field and laboratory investigation and literature review accordingly. Conclusions as to the potential eligibility for listing on the National Register of Historic Places (“NRHP”) of any sites located by such investigations are included in reports prepared for, and reviewed by, the SHPO and FERC archaeologists. If potentially eligible properties are located along a route, they are more fully investigated, again in consultation with the SHPO and the FERC. If sites are deemed eligible for listing on the NRHP, then a final decision regarding protection of the site or mitigation of potential impacts to the site is reached by the SHPO, FERC and the Advisory Council on Historic Preservation, as necessary.

MGT has contracted with a qualified consultant to conduct appropriate investigation for cultural resources as outlined above. Investigations have been performed where access to properties for field surveys was granted and the findings reported to the SHPO and the FERC for their review. Additional cultural investigations

will be performed as access to the remainder of the proposed route is gained, and comments are received from the SHPO and FERC regarding any significant sites.

E. Design and Operation of the MGT Eastern Extension Project Will Conform to Federal Standards.

1. Safety

TFBF, STOP and other parties have also raised concern regarding the safety of the proposed pipeline. Resource Report No. 11 – Reliability and Safety addresses this concern in detail. As explained there, MGT will design, construct, operate, and maintain the pipeline in accordance with United States Department of Transportation standards. These safety standards, together with recent advances in pipeline manufacture, construction and inspection minimize the potential for equipment failure. MGT’s operations and maintenance program includes corrosion control, leak inspection surveys, and regularly scheduled aerial and ground patrols of the pipeline right-of-way. MGT participates in all existing One-Call systems. MGT representatives and contract inspection staff will supervise the construction sites and mark the location of MGT’s underground facilities.

a. Terrorism Concerns

Portland has expressed a concern that the proposed pipeline will become a “ready target” for terrorism. Portland cites the proximity of the MGT Eastern Extension Project’s facilities to nearby water supplies as the basis for its concern.

The threat of terrorism has prompted significant changes in the manner by which the FERC collects, maintains and processes critical infrastructure information. For example, the FERC has removed energy facility design plan and location information from its Internet website to ensure that sensitive information is not readily available. In

addition, the FERC is actively engaged with other federal agencies in developing a coordinated approach to protecting the energy facilities of the United States. A Security Task Force has been created and is addressing ways to improve pipeline security practices, strengthen communication with the industry and the interface with government, and extend public outreach efforts.

The MGT Eastern Extension Project entails less than 31 miles of new pipeline construction. Less than 1 percent of the pipeline route traverses residential areas. No new compression is involved. Thus, in relative terms, the MGT Eastern Extension Project poses far fewer safety concerns than larger-scale “greenfield” projects located in more developed areas. And while no amount of preparedness and precaution can provide absolute immunity from terrorism, MGT is committed to cooperating with the FERC, along with other federal, state, and local agencies, in order protect its facilities.

As discussed during the July 18, 2005 meeting between representatives of MGT and Portland, MGT is aware that Portland has obligations related to anti-terrorism programs. TDEC, Division of Water Supply, coordinates the drinking water security programs mandated by the federal Bioterrorism Act. It is MGT’s understanding, based upon conversations with TDEC personnel, that Portland’s obligations under the Act would not be significantly affected by the MGT Eastern Extension Project since those obligations currently are largely administrative and one-time only in nature. Portland also has obligations related to the homeland security regulations administered by the Tennessee Emergency Management Agency. MGT’s understanding is that these obligations, while also largely administrative, are more recurrent in nature. MGT is committed to cooperating with Portland to provide prompt information and/or

consultation regarding its facilities in response to Portland's current and future obligations under anti-terrorism programs.

b. Emergency Preparedness

In response to a landowner concern regarding the ability of the local fire departments to respond to any pipeline-related emergency, MGT notes that it maintains 24-hour emergency response capabilities, including a toll free emergency only phone number. The number is included in informational mail-outs, posted on all pipeline markers, and provided to local emergency agencies in the vicinity of the pipeline. MGT representatives have met previously with the emergency services departments of the municipalities and counties where existing facilities are located.

Additional and new contacts will be made by MGT representatives to ensure all emergency service departments are aware the proposed pipeline and related appurtenances are located within their service areas. MGT personnel and local emergency response groups are trained in response procedures. MGT provides these departments with the 24-hour emergency numbers and verbal, written and mapping description of the pipeline system. MGT representatives meet with all local emergency service units on an on-going basis.

2. Agricultural Concerns

Some parties raised questions regarding future surface activities along the right of way. For example, one commenter expressed concern that he would be unable to drive a bull-dozer over the pipeline right-of-way. This is not the case. Landowners may conduct normal tillage and agricultural activities on the permanent easement. This includes traversing the pipeline with heavy equipment and implements necessary for such activities.

Similarly, the TFBF and another party raised questions about MGT's policy of mowing the right-of-way. Vegetation on the permanent right-of-way will be maintained by mowing, cutting and trimming as necessary and in accordance with FERC's Plan and Procedures. This will not affect crops grown on the right-of-way, since vegetative maintenance is not normally required in active agricultural or grazing areas. Thus, there will be minimal impact on farming operations.

One landowner raised a concern about the prospect of MGT placing locks on the landowner's gates. To be clear, MGT will secure its facilities at the interconnect locations and the pipeline block valves as necessary. MGT will coordinate with individual landowners if a gate is required for access to the right-of-way on the landowner's property. If the landowner wants to secure the area with a lock, MGT and the landowner would coordinate access to the right of way. In some cases the landowner may not want the gate locked. In such cases, MGT would not install a lock on the gate.

The TFBF expressed a concern about the depth of cover over the pipeline and also inquired as to when a landowner is required to call before digging in the vicinity of the pipeline. Section 1.6.1 of Resource Report No. 1 states that MGT will bury the pipeline to allow a minimum of four (4) feet of soil over the pipeline. Where excavations occur in bedrock areas, the pipeline will be installed with a minimum of two (2) feet of cover over the pipeline. MGT participates in the Tennessee One-Call system. The One-Call statute defines "excavate" or "excavation" as an operation for the purpose of the movement, placement or removal of earth, rock or other materials in or on the ground by use of mechanized equipment or by discharge of explosives, and including augering, backfilling, digging, ditching, drilling, grading, plowing-in, pulling-in ripping, scraping, trenching and tunneling, but not including the tilling of soil for agricultural purposes; or

the digging of holes for fence posts on private property. Agricultural purposes shall include surface activities such as plowing, planting and combining, but does not include blasting, setting drainage tiles, subsoiling or other sub-surface activities. *See* “Underground Utility Damage Prevention Act,” Tenn. Code Ann. § 65-31-101 (2005). Thus, normal agricultural activity, as defined above, would not require the landowner to make a call to Tennessee One-Call. If landowners have specialized farming operations that regularly impact the sub-soil horizons, they should advise MGT of such so that this can be considered in the negotiation of the easement.

3. Maintenance

One party expressed a concern about the quality of the maintenance that MGT will perform on the pipeline. MGT will operate and maintain the pipeline facilities in compliance with the U.S. Department of Transportation regulations specified at 49 CFR 192 and the maintenance provisions of the FERC’s Plan and Procedures.

4. Damages

Some parties indicated a concern about MGT’s liability for damages after construction and during operations of the pipeline. MGT has an ongoing obligation to compensate the landowner for damages it causes. The language of the pipeline easement states that MGT will pay Grantor (landowner) for any damages to landowner’s property caused by the construction, maintenance, operation, inspection, repair, replacement, protection, alternation, removal or abandonment in place of the pipeline. This obligation exists for the life of the pipeline.

5. Future Facility Modifications

Certain parties expressed a concern that MGT intends to install a second pipeline, add an above-ground compressor station and/or sell or abandon the pipeline. The

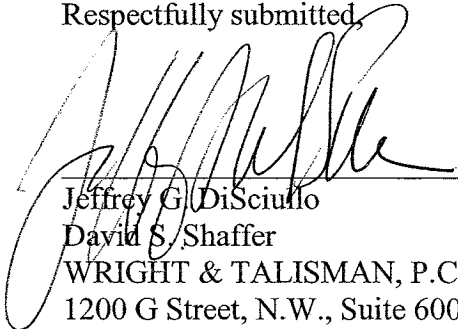
Application includes MGT's request for approval to construct and operate certain facilities. MGT has not requested authority to install a second pipeline or a new compressor station. Moreover, MGT has no foreseeable plans to sell, expand or abandon these facilities. In any event, to the extent that MGT would seek to modify or abandon these facilities, MGT would be bound by the applicable notice, filing and approval procedures under the FERC's Natural Gas Act regulations.

III. CONCLUSION

For the reasons set forth herein, MGT requests that the Commission accept this answer and proceed with the prompt review and approval of the MGT Eastern Extension Project.

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Respectfully submitted,



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July 20, 2005

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EXHIBIT A

UnSubscribed Firm Capacity

Unsubscribed Firm Capacity

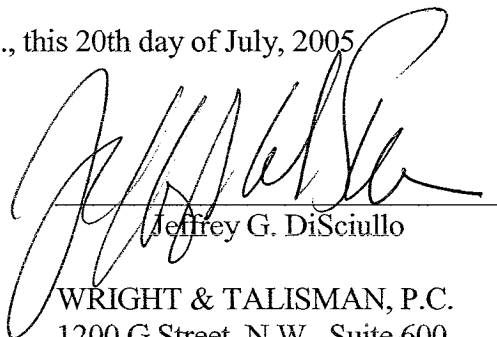
Delivery Location Del Loc Prop Del Loc Name Loc Prop Capacity

Rec Loc Prop	Rec Loc Name	Rec Loc	Del Loc Prop	Del Loc Name	Del Loc	Capacity
428	EI 331	000031405	1102B	BW HEADER	000011023	102,000
703	EI 314J	000031400	1102B	BW HEADER	000011023	187,900
501	CAMERON ME	000007652	1104S	SPL SEG	000001104	176,459
641	EC 23A	000030106	1104S	SPL SEG	000001104	426,400
4094	PARC PERDU	000008770	1201	E RAYN SEG	000001201	473,159
4123	EGAN HUB	000224571	1201	E RAYN SEG	000001201	995,485
480	PATTERSON	000042209	1204S	ERATH JUN	120400001	461,185
519	HENRY HUB	000044943	1204S	ERATH JUN	120400001	560,800
4135	LIBERTY	000224586	4078	SHADYSIDE	000060800	42,600
595	VENICE PLT	000009535	4078	SHADYSIDE	000060800	3,374
5959001	CARTER CRK	000029334	4092	KERN RIVER	000104902	113,200
4058	VM 221A	000027551	433	EGAN A	000006624	929,000
4145	JEFF DAVIS	000225289	433	EGAN A	000006624	603,385
700	SP 57	000032208	433	EGAN A	000006624	85,000
6301133	BRAZOS133A	000158441	520098	NGPL	000027200	36,300
2700010	RAYNE	000042393	801	TCO-LEACH	000044597	0
442	BARRON	000009695	801	TCO-LEACH	000044597	15,000
4141	EC 334	000225050	9138	VM245 GEN	000009138	490,400
4057	WC 645	000042192	9600601	WC 601 SDP	000158783	96,300

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 20th day of July, 2005



Jeffrey G. DiSciullo

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