



NE-07 Project

Millennium, Columbia, Empire, Algonquin, Iroquois

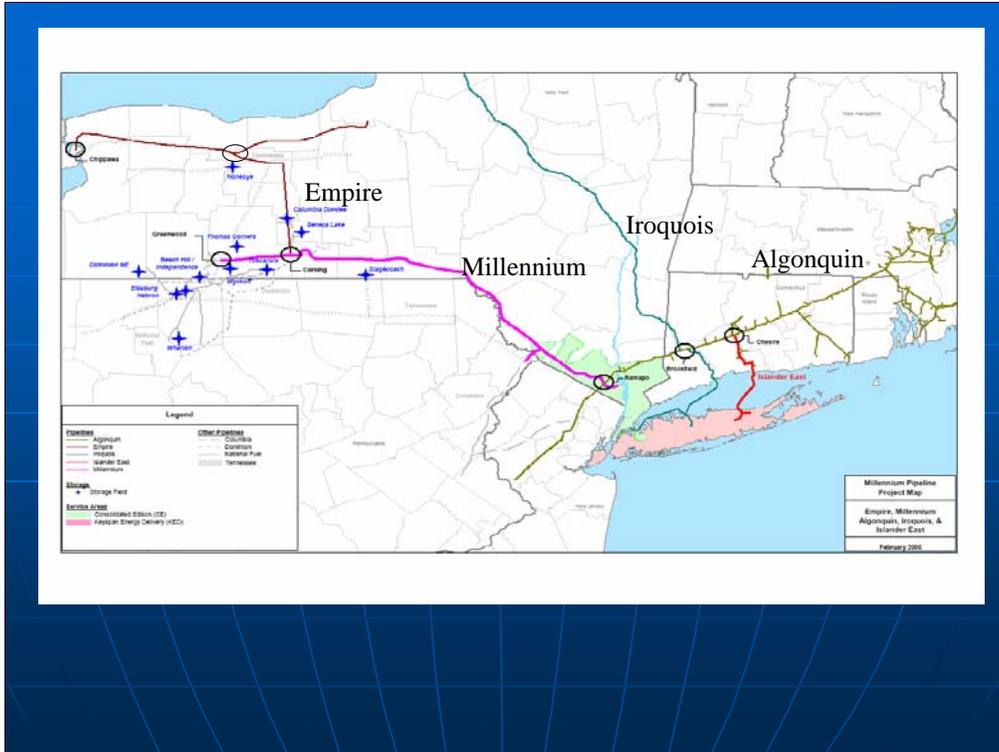
Item No.: C-1
December 21, 2006

Good morning Chairman Kelliher and Commissioners.

NE-07 Team

- Sheila Hernandez - OEP
- Elizabeth Anklam - OEP
- Buu Nguyen - OEP
- Jennifer Kerrigan - OEP
- Joseph Caramanica - OEP
- Joel Arneson - OGC
- Audrey Wong - OE
- Robert Sheldon - OEMR
- Frank Sparber - OEMR

My name is Sheila Hernandez and I work in the Office of Energy Projects. Seated at the table and behind me are the staff team members of the NE-07 Project: Joel Arneson of the Office of the General Counsel; Elizabeth Anklam, Buu Nguyen, Joseph Caramanica and Jennifer Kerrigan of the Office of Energy Projects; Robert Sheldon of the Office of Energy Markets and Reliability and Audrey Wong of the Office of Enforcement.



Item No. C- 1 approves the Northeast-07 Project, a series of individual projects designed to access new gas supplies from Canada to the New York City area.

The Northeast-07 Project is a reconfiguration of the Millennium Pipeline Project approved in 2002 which authorized the construction and operation of a pipeline from the United States-Canada border in Lake Erie across southern New York and the Hudson River to a terminus in Mount Vernon, New York.

The Northeast-07 Project before us today, is comprised of five proposals by Millennium Pipeline Company, Columbia Gas Transmission Corporation, Empire Pipeline, Algonquin Gas Transmission and Iroquois Gas Transmission System.

See close up map on next page

Empire

- Pipe: 78 miles
- Compression: 20,620 hp
- Capacity: 250,000 Dth/day
- Cost: \$144.2 million

Specifically, Empire Pipeline, a new interstate pipeline company, proposes to install 20,620 horsepower of compression, and construct and operate 78 miles of pipeline from Empire State Pipeline's existing intrastate facilities at Victor, New York, south to an interconnection with the proposed Millennium Pipeline at Corning, New York. The design capacity of Empire Pipeline's facilities will be 250,000 dekatherms per day. The project cost is estimated to be \$144.2 million. On July 20, 2006, the Commission issued a Preliminary Determination to Empire Pipeline finding that conversion of its existing facilities to interstate service coupled with construction of the new facilities to interconnect with Millennium is in the public convenience and necessity, subject to an evaluation of environmental issues. The preliminary determination also required Empire to make numerous revisions to its proposed rates and tariff.

Millennium

- Pipe: 181.7 miles
- Compression: 15,002 hp
- Capacity: 525,000 Dth/day
- Cost: \$663.8 million

Millennium proposes to acquire certain facilities, install 15,002 horsepower of compression, and construct and operate 181.7 miles of pipeline from the North Greenwood compressor station in central New York east to Rockland County, New York. The Millennium pipeline will interconnect with the facilities of Algonquin at the existing Ramapo meter and regulation station also in Rockland County. The design capacity of Millennium's facilities will be 525,000 dekatherms per day. The estimated cost of the project is \$663.8 million. Millennium no longer proposes to cross Lake Erie or the Hudson River, or terminate in Mount Vernon, New York. Since Millennium's pipeline will follow the route of Columbia's existing Line A-5 from the vicinity of the north Greenwood compressor station to the Ramapo station in Rockland County, Columbia proposes to abandon its Line A-5 and to lease capacity on the newly constructed Millennium system to provide service to existing customers off Line A-5.

Algonquin

- Pipe: 4.8 miles
- Compression: 71,810 hp
- Capacity: 325,000 Dth/day
- Cost: \$191.7 million

Algonquin proposes to install 71,810 horsepower of compression, and construct and operate 4.8 miles of replacement pipeline to facilitate the transportation of new supply receipts from Millennium from the Ramapo station to an interconnection with Iroquois' system in the Town of Brookfield, Connecticut. The design capacity of Algonquin's facilities will be 325,000 dekatherms per day. The estimated cost of the project is \$191.7 million.

Iroquois

- Pipe: 0 miles
- Compression: 7,700 hp
- Capacity: 100,000 Dth/day
- Cost: \$41.6 million

Iroquois proposes to install 7,700 horsepower of compression to transport the gas from Brookfield, Connecticut into the New York City metropolitan area. The design capacity of Iroquois' facilities will be 100,000 dekatherms per day. The estimated cost of the project is \$41.6 million.

Shippers and Delivery (1st year of service)

- New York City Area
 - Con Ed and KeySpan
 - 250,000 Dth/day

- West of Hudson River
 - Con Ed, Central Hudson, Columbia
 - 105,000 Dth/day

During the first year of service, 250,000 dekatherms per day will be delivered into the New York City area increasing to 300,000 dekatherms per day in the third year of service.

NE-07 Project Totals

- Pipe: 264.5 miles
- Compression: 115,132 hp
- Facility Cost: \$1.041 billion

In total, the Northeast-07 Project will add approximately 265 miles of pipeline and 115,132 horsepower of compression to the northeast infrastructure. The total estimated cost of the Northeast-07 Project is \$1.04 billion. This draft order amends the certificates issued to Millennium and Columbia in 2002, vacates the portions of the 2002 order that are no longer needed, issues certificates to Empire Pipeline to become a jurisdictional pipeline and to construct and operate facilities, grants and denies requests for rehearing and clarification of Empire Pipeline's preliminary determination, issues a certificate to Algonquin to construct and operate facilities, and amends a certificate issued to Iroquois to construct and operate facilities.

We are now available to answer any questions.