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To: Hepper, Raymond (rhepper@iso-ne.com); George, Anne (AGeorge@iso-ne.com); Heather Hunt (heatherhunt@nescoe.com); Clarke, Steven (ENE) (steven.clarke@state.ma.us); katie dykes (katie.dykes@ct.gov); McCluskey, George (George.McCluskey@puc.nh.gov)

Cc: Woodcock, Patrick C (Patrick.C.Woodcock@maine.gov)

Subject: Gas pipeline conversation group

This is addressed to the people who have (thus far) responded to my invitation for self-selection to the group that could have some conversations (I envision by telephone) with each of the relevant pipeline companies. I have reached out to Spectra, Kinder Morgan, and PNGTS (which is tied to TransCanada, so one conversation is likely to do for those two) to get the names of the right people with whom to speak. It might be possible to set up one or more calls in the next couple of weeks, so to allow for that possibility it would be helpful if you could all send me what days and time slots would be available for you between now and January 7.

On substance, I think the list that Heather put together is a good one, but if anyone has additions, please forward them to the group. I've attached Heather's list for your convenience.

Thanks.

Tom Welch

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CONFIDENTIAL PRELIMINARY DRAFT

1. Understanding that power generation entities have not yet contracted for long-term firm pipeline capacity in New England, what other dynamics or incentives in New York have allowed for such expansions?
2. Would some form of regulated payment under an electric tariff provide sufficient security for a party to move forward to build/contract for new pipeline capacity or is a firm contract with counterparty an absolute requirement?
3. Is a 15-year rate schedule necessary or could it be shorter?
4. Is there flexibility in connection with 100% cost of service/regulated payment (e.g., would something less than 100% be workable)?
5. Would reliance on such a tariff payment create any financial balance sheet implications?
6. Is there any specific tariff language that you would consider a “must have” in order to rely on funding via a tariff provision?
7. What concerns would arise if such a tariff provision provided a “first take” priority to power generators?
8. Can a regulated pipeline company provide 100% “open access” transportation to non-contracted entity? Do you have a view as to whether would FERC approve a pipeline certificate application based on a tariff-oriented framework?
9. Do you have any particular concerns about a regulated pipeline constructing and operating a pipeline expansion into New England with payment from an electric tariff?