

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK
AND
MILLENNIUM PIPELINE COMPANY, L.P.

PURPOSE

This Memorandum of Understanding ("MOU") is entered into by the Public Service Commission of the State of New York ("PSCNY") and Millennium Pipeline Company, L.P. ("Millennium") (the parties). The purpose of this MOU is to clarify certain requirements for construction and operation of the Millennium Pipeline in certain areas, as specified below, that are proximate to the Consolidated Edison Electric ("Con-Ed") right-of-way located in Westchester County, New York.

BACKGROUND

As a result of the Memorandum of Understanding entered into between the parties dated March 30, 2000, the parties have met to discuss potential alternative routing of the pipeline through Westchester County to re-route the pipeline off of the Con-Ed right-of-way. Millennium has proposed an alternate route to accomplish that goal. Nevertheless, portions of the Alternate Route involve construction of the pipeline near and across the Con-Ed right-of-way. This Memorandum of Understanding defines certain mitigation measures to construct, operate, and periodically verify the condition of the pipeline on the Alternate Route and in locations with conditions similar to the Alternate Route.

THE PARTIES AGREE THAT:

- a. Applicability: The parties agree that, unless otherwise stated in this MOU, the additional requirements set forth in this MOU shall apply only to the following segments of the Alternate Route and the five perpendicular crossings more particularly described as follows:
1. Segment one begins at approximate Millennium mile post 403.8 and extends southward for a distance of 2.6 miles;

- 2 Segment two begins at approximate Millennium mile post 408.1 and extends southward a distance of 0.7 miles;
 3. Any other segment of the pipeline in Westchester County that involves conditions similar to segments (1) and (2) above regarding proximity to the Con-Ed right-of-way or any Con-Ed substation on or adjacent to the right-of-way. For the purpose of this subparagraph, any point where the pipeline is proposed to be located within 1,500 feet of the centerline of the Con-Ed right-of-way will be presumed to include similar conditions unless Millennium can establish to the satisfaction of the NYS PSC, because of topography or other conditions, that the safety measures provided by this MOU are not necessary.
 4. The Alternate Route involves five crossings of the Con-Ed right-of-way. These crossings include a distance of 1,500 feet on either side from the centerline of the Con-Ed right-of-way. The five crossings are located at the following approximate Millennium mileposts: 403.8; 406.4; 409.1; 410.7; and 417.0.
- b. Periodic Pigging: In the first and third years following the in-service date of the Millennium Pipeline, Millennium shall conduct "smart" pig surveys of the pipeline segments identified in this MOU. At the end of this period, the parties shall agree to re-evaluate the pigging requirements based upon the application of good engineering judgment.
 - c. Automatic/Remotely Controlled Valves: Millennium shall include automatic/remotely controlled valves capable of terminating gas flow to the segments of the pipeline subject to this MOU (valves to be located at approximate Millennium mile posts 403, 410 and 417) which will facilitate the prompt termination of gas delivery in the event of emergency conditions. Millennium also agrees to continuously monitor the pressure conditions along these segments.
 - d. Close Interval Surveys: Following construction and every four (4) years thereafter, Millennium shall conduct a close interval survey (typical interval equal to approximately three feet) to document the pipe to soil potential.
 - e. Waveform Monitoring or Equivalent: Millennium and the PSCNY will jointly evaluate the feasibility of installing waveform monitoring or an equivalent system to monitor adequate pipe to soil potentials on a real

time basis along with real time monitoring for third party construction activities. If the system is found to be practicable and economically reasonable in this application, it will be installed accordingly.

- f. Increased Wall Thickness: All segments of the pipeline subject to this MOU shall be constructed with a wall thickness equal to or greater than 0.525 inches. Yield strength of the steel will be equal or greater to 70,000 psi. Following definition of the segments of the pipeline subject to this MOU in accordance with paragraph (a) (3) above, if two segments are less than 400 feet apart, the pipe between such segments shall be constructed to the thickness specified above. Within forty-eight (48) hours following execution of this MOU, Millennium shall inform the PSCNY of the pipe toughness criteria to be utilized in the segments of the pipeline subject to this MOU and thereafter shall incorporate the pipe toughness criteria into the construction drawings in accordance with paragraph (m) below.
- g. Electrical Mitigation Design: Millennium shall design the pipeline system in the segments subject to this MOU to adequately mitigate induced voltages, induced currents and fault currents. Millennium shall review the design with the NYSPSC.
- h. Counterpoise: Millennium shall repair and/or relocate any counterpoise lines associated with the Con-Ed right-of-way affected by construction or which adversely affect the pipeline. This requirement shall apply throughout Westchester County.
- i. Construction Staging: Except for areas where the Millennium Pipeline crosses the Con-Ed right-of-way, Millennium shall not engage in any construction activities or construction staging on the actively maintained portion of the Con-Ed right-of-way, except as specifically authorized by Con-Ed in accordance with the procedures specified in paragraph (k) below.
- j. Stop Work Authority: For segments of the pipeline subject to this MOU, Millennium shall propose as part of the conditions associated with a final certificate from the Federal Energy Regulatory Commission a procedure whereby inspectors representing the PSCNY may identify significant violations of the construction-related safety mitigation measures required by this MOU or other pipeline safety requirements specified in the FERC certificate for the Millennium Project (hereinafter the requirements subject to this paragraph shall be referred to as "Pipeline Safety Requirements") to a person or persons who will have authority to order

Millennium and/or its contractors, agents or representatives, to stop work until such time as the violations have been corrected. Such person or persons shall, upon receipt of a stop work request from inspectors representing the PSCNY (in certain instances with the advice of Con Ed) pertaining to Pipeline Safety Requirements, interrupt work until the violation has been corrected. Such procedures shall be subject to an after-the-fact dispute resolution mechanism to promptly resolve any disputes that may arise concerning whether the pipeline is being constructed in violation of Pipeline Safety Requirements and/or whether any asserted violation has been corrected. In the event that the PSCNY contests whether the asserted violation has been corrected, construction shall not continue for a period of twenty-four (24) hours following notification to the PSCNY of the determination by the inspector that the asserted violation has been corrected.

- k Con-Ed Requirements: For all segments of the pipeline subject to this MOU, Millennium shall consult with Con-Ed regarding any requirements that are now in effect regarding construction activities on or near their electric right-of-way. Millennium shall comply with any such requirements. In addition, Millennium shall cooperate with Con-Ed regarding any electrical surveys that are required to verify the effectiveness of the counterpoise lines on the segments of the pipeline subject to this MOU or in any area where the counterpoise lines are affected, as provided in paragraph (h) above. In addition, Millennium shall consult with Con-Ed regarding appropriate special operating procedures during electrical storms. This consultation process shall require communication between Con-Ed and Millennium during storm events in order that Millennium may closely monitor its system operation during such storm events.

Repair Procedures and Emergency Plan: For the segments of the pipeline subject to this MOU, Millennium shall prepare and comply with an adequate emergency response plan and leak repair procedures to respond to pipeline leaks. The PSCNY shall have the opportunity to review and comment upon the plan. The PSCNY and Millennium shall work diligently to agree on the plan.

- m Construction Specifications: The requirements set forth in this MOU shall be included in the construction drawings and specifications for the segments of the pipeline subject to this MOU. Such construction drawings shall include the pipe toughness criteria provided to the PSCNY in accordance with paragraph (f) above. The toughness criteria shall be incorporated by

reference into this MOU. A copy of such construction drawings and specifications shall be provided to the PSCNY for review and comment. The PSCNY and Millennium shall work diligently to agree on the consistency of the construction drawings and specifications with this MOU. The final construction drawings and specifications for the segments of the pipeline subject to the MOU shall incorporate any such changes.

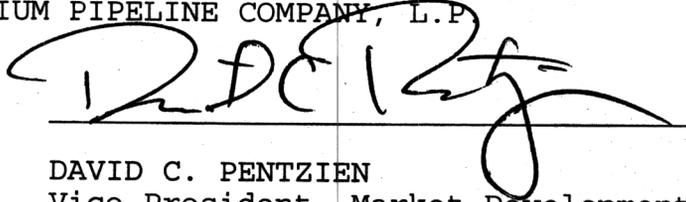
- n. Additional Requirements: Nothing in this MOU shall prohibit the PSCNY from proposing to Millennium additional pipeline safety mitigation measures in the event that conditions are discovered after the Alternate Route is proposed in detail that were not foreseeable as of the time of execution of this MOU. In addition, for a period of thirty (30) days following execution of this MOU, the PSCNY shall have the opportunity to consult with Con-Ed, without disclosing the specifics of the terms of this MOU, to allow Con-Ed to make suggestions for additional pipeline safety mitigation measures. Thereafter, the PSCNY shall provide a copy of any Con Ed written comments to Millennium and a copy of this MOU to Con-Ed. The PSCNY shall review any such recommendations from Con-Ed and propose to Millennium any such pipeline safety mitigation measures recommended by Con-Ed which the PSCNY finds to be reasonably necessary to protect the Con-Ed Electric Transmission Facilities and the substation(s) referenced in paragraph (a) (3) above, above and beyond the level of protection afforded by this MOU. The parties acknowledge that the routing of the pipeline near the Con Ed Eastview substation could potentially cause safety concerns which may not be adequately addressed in this MOU. Therefore, the PSCNY and Millennium will work diligently to find additional mitigation measures regarding that substation. In order to facilitate the process contemplated by this paragraph, the parties shall continue to collaborate and shall, to the extent arranged by the PSCNY, collaborate with Con Ed regarding the issues to be addressed under this paragraph.
- o. Binding Dispute Resolution: Millennium and the PSCNY agree that any dispute involving implementation of this MOU shall be subject to Binding Dispute Resolution. Millennium and the PSCNY shall, within thirty (30) days of the date of this MOU, each propose a person experienced in pipeline safety issues (with knowledge of the role that the Con-Ed right-of-way serves regarding electric transmission to New York City, the FERC certification process, and the requirements of this MOU) to serve as a decision-maker regarding all disputes that may arise under the terms of this MOU. In the event that the parties cannot agree to a

decision-maker, the decision-makers proposed by each party shall meet and designate a decision-maker. Millennium shall pay all costs associated with the decision-maker. The decision-maker shall have the authority to establish procedures to resolve disputes and shall be required to issue binding decisions. Any disputes relating to stop work orders shall be resolved expeditiously, within twenty-four (24) hours after the decision-maker is contacted relative to the dispute.

- p. FERC Requirements: Millennium shall file a copy of this MOU with the FERC within thirty (30) days following execution. However, in the event that the FERC requests a copy of this MOU prior to that time, Millennium shall file a copy with the FERC accordingly. In either event, Millennium shall request that the FERC incorporate the requirements of this MOU into the final certificate for the project. The pipeline safety mitigation measures required by this MOU shall be in addition to any requirements imposed by law or in the FERC certificate issued relative to this project.

MILLENNIUM PIPELINE COMPANY, L.P.

By:



Name: DAVID C. PENTZIEN
Title: Vice President, Market Development
Columbia Gas Transmission

Date: April 18, 2000

PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK



Name: JOHN P. ZEKOLL
Title: Deputy Director
Office of Gas and Water

Date: April 18, 2000