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April 2008



Why the Pacific Connector Gas Pipeline is needed

A reliable and efficient energy source is critical to maintaining a healthy economy for the people of Oregon. Consistent, fact-based information is necessary so that citizens, public agencies and advocacy organizations can make informed judgments about expanding Oregon's supply of natural gas. Many questions have been raised regarding the need for a liquefied natural gas (LNG) terminal and associated natural gas pipeline infrastructure in the state of Oregon. To help clarify questions and concerns, we want to present accurate information on the need for the Jordan Cove Energy Project (JCEP) and the Pacific Connector Gas Pipeline (PCGP). Natural gas currently provides approximately 20 percent of Oregon's energy

needs. Additional natural gas supplies are needed to meet growing demand and replace declining traditional supply sources such as those in Western Canada. The Pacific Northwest relies on natural gas from Canada for approximately 80 percent of its natural gas supplies. Not only are Canadian gas reserves on the decline, but increasing energy demands in Canada will result in less supply available to serve markets in the Pacific Northwest. The need for LNG is not limited to the Pacific Northwest. Due to increasing demand and production declines in traditional supply basins in the U.S. and Canada, LNG has been identified as a significant, necessary energy source for the United States for the foreseeable future.

Contact Information

PCGP understands you may have questions and concerns about surveying and other activities on your property. You will be contacted for permission before we access your property. However, if you have any specific land and routing questions or concerns, please contact our land office listed below.

Pacific Connector Gas Pipeline Land Office

161 NE Garden Valley Boulevard Suite 101 Roseburg, OR 97470 Phone: 541-673-5108

For more general questions:

E-mail: pacificconnector@williams.com

Toll free: 866-227-9249

Web site: www.pacificconnectorgp.com

A full copy of the Federal Energy Regulatory Commission (FERC) Certificate Application for the Jordan Cove Energy project and the Pacific Connector Gas Pipeline project can be accessed at the public libraries located in Coos, Douglas, Jackson and Klamath counties. Once the Draft Environmental Impact Statement (DEIS) is issued by the FERC, copies of that document will be made available to the public at the same libraries.



Landowner Concerns

The acquisition of easements for the pipeline right of way from landowners will not occur as early as originally anticipated; it is not currently scheduled to begin until the end of 2008. When the time comes, land representatives will contact landowners to begin negotiations to determine fair compensation for any easement. In the interim, landowners can contact a PCGP land representative at the Roseburg office listed on the front page of this newsletter.

Why the Pacific Connector Gas Pipeline and the Jordan Cove Energy Project Make Sense for Oregon

As Oregonians are aware, a number of proposed Pacific Northwest LNG and pipeline projects have been announced in the last several years. To be commercially viable, any LNG terminal located in Oregon must be interconnected with pipelines that serve not only Oregon but also northern California markets. Economies of scale dictate an LNG facility design capacity that will deliver more natural gas than is needed in Oregon alone. Delivery of natural gas to northern California markets is necessary for any proposed LNG project located in the Pacific Northwest to be economically viable

for the gas suppliers, the project developer and the gas consumer alike.



Pacific Connector Gas Pipeline complements the existing pipeline network.

The PCGP project map above illustrates why the proposed JCEP and PCGP projects will help meet the growing demand for natural gas in the Pacific Northwest, California and other western U.S. markets. In comparing JCEP/PCGP with other projects, the Coos Bay location offers distinct benefits and advantages, including:

- The JCEP LNG terminal site is zoned marine dependent industrial and is accessed by a well maintained and underutilized navigation channel.
- The JCEP LNG supply will have direct access to the Pacific Northwest, California and other western U.S. markets through interconnections with existing pipeline infrastructure.
- Making natural gas service available to a combined market including the Pacific Northwest and northern California will lead to a more efficient distribution system and lower costs to consumers in all areas.
- The Pacific Northwest's historical dependence on hydroelectric

power has left the region underdeveloped in its natural gas infrastructure relative to the rest of the U.S. The installation of the JCEP/PCGP projects will help fill this void.

Environmental Concerns

The Pacific Connector Gas Pipeline project will meet the requirements of applicable environmental laws and regulations. Environmental compliance and stewardship have been key factors in the routing, design and construction planning of the pipeline. Since filing its application with the FERC in September 2007, PCGP has been working with permitting agencies to determine how to best avoid, minimize and mitigate potential environmental impacts of the project. Ultimately, the final route will be selected based on a balance of environmental, landowner, safety and construction factors. The cumulative project impacts will be available for public review and comment when the DEIS is complete. The public is encouraged to participate in this process so that issues and concerns can be formally addressed on record.

About the Project

The PCGP project, which is being jointly developed by Williams, Pacific Connector Gas Pipeline, LLC, PG&E Strategic Capital, Inc. and Fort Chicago Energy Partners LP, is a 230-mile, 36-inch diameter pipeline designed to transport up to 1 billion cubic feet of natural gas per day from the Jordan Cove LNG import terminal to markets in the region.

The PCPG project includes interconnects to Northwest Pipeline GP near Myrtle Creek, Ore., Avista Corporation's distribution system near Shady Cove, Ore., Pacific Gas and Electric Company's gas transmission system, Tuscarora Gas Transmission's system and Gas Transmission Northwest's system, all located near Malin, Ore.

Benefits

There are many benefits to developing an LNG facility as a new natural gas supply source in the Pacific Northwest. Some of these benefits include:

- An LNG facility will provide a third supply source of natural gas in the Pacific Northwest to supplement existing Canadian and U.S. Rocky Mountain supplies.
- LNG supply may dampen price in-

creases (since 2000 regional wholesale gas prices have increased nearly 200 percent) and reduce price volatility as existing Canadian supplies shrink and demand increases.

- Natural gas is the cleanest fossil fuel and is poised to fill increasing energy needs and bridge the energy gap as the shift to renewable energy sources becomes commercially viable.
- Natural gas is one of the few energy sources capable of filling the growing need for generating electricity as we reduce our use of coal and transition to renewable energy sources other than additional hydropower, which is problematic as environmental conflicts have precluded further development of hydropower.



Project Timeline

FERC & NEPA* Milestones	Anticipated Date
FERC Certificate Applications filed	September 2007
DEIS issued by FERC	Spring 2008
FERC DEIS Public Comment Meetings	Spring/Summer 2008
Final EIS issued by FERC	Fall 2008
Project receives FERC Certificate Order	Early 2009

* NEPA is the National Environmental Policy Act



Pacific Connector Gas Pipeline 161 NE Garden Valley Boulevard, Suite 101 Roseburg, OR 97470 Tel: 541-673-5108



We're hosting a series of open houses to provide information about the Pacific Connector Gas Pipeline project. You're invited to attend the open house in your area to learn more about it. April 21, 2008 **North Bend** Mill Casino Hotel 3201 Tremont Avenue 6-9 p.m.

April 22, 2008 **Canyonville** Seven Feathers Hotel 146 Chief Miwaleta Lane 6-9 p.m. April 23, 2008 **Shady Cove** The Grange Hall 95 Chaparral 6-9 p.m.

April 24, 2008 **Klamath Falls** Shilo Inn 2500 Almond Street 6-9 p.m.