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Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Dear Secretary Bose:

As a 14 year resident of Windsor, MA I'm writing this letter to state my opposition of the Kinder Morgan 36" high pressure gas pipeline project (also known as the Tennessee Gas Pipeline, or Northeast Energy Direct (NED) Project, FERC Docket #PF14-22) including any compressor stations planned as part of this project. (Note that this pipeline will border my property and an 80,000 horse power compressor station is being planned in Windsor, MA approximately 1 mile from my property). I know that you are well aware of what is being proposed by Kinder Morgan, so I'll spare you a reiteration of the proposal. What I'm asking of you today is when it comes time to make a decision on whether to allow or decline any part of this project that you not only review the facts about what this project will do to our environment and the health of individuals who surround it, but to also consider the moral and legal obligations that you will be violating as a federation who has been put in place to protect our environment and the people that live in it.

Kinder Morgan is a company that is known for its lies, for being involved in illegal activity such as theft and felony, as well as polluting and bribing. Why would anyone want to support a company with this kind of a reputation? Please reference the attachment for details.

The proposed NED pipeline path runs through thousands of private and public properties, some of the state's most sensitive eco-systems and lands set aside for conservation and aquifers. The pipeline poses risks for contamination of water, soil, vegetation, air, human life and animal life. It can result in leaks, ruptures, explosions and fires which the Windsor, MA "volunteer" fire department is not equipped to contain. Pipeline safety and health incidents are constantly reported across the country because existing pipelines are not being maintained or monitored routinely, especially pipelines installed by Kinder Morgan and its subsidiaries.

Massachusetts residents should not be forced to pay (via tax tariff) or aid and assist in this dangerous and shortsighted exploitation of our nation's natural resources. Our picturesque towns, rolling hills, small farms, vast forests and protected wetlands will be forever changed if Kinder Morgan and the Tennessee Gas Pipeline companies are allowed to carve a permanent scar into our landscape, causing destruction and pollution. We have the right to a safe and clean environment and future generations deserve the same opportunities we have today.

When the time comes, please do the right thing and reject the Kinder Morgan, Northeast Energy Direct Pipeline Project and start putting an end to the devastation that is currently plaguing our country due to the negative health and environmental impacts of fracking. **If you do approve this project please let it be contingent upon Kinder Morgan offering to purchase properties at pre-pipeline appraisal prices that are considered within an explosive or evacuation zone, as determined by the National Fire Protection Association (NFPA) and / or the National Institute of Occupational Safety and Health (NIAOSH).** This is only fair to give affected families an opportunity to move to a safer location.

Thank you for your consideration,

The Wandrei Family (Rebecca, Michael and Nathan)
Windsor, MA 01270

Rebecca L. Wandrei, Nathan D. Wandrei
Michael D. Wandrei

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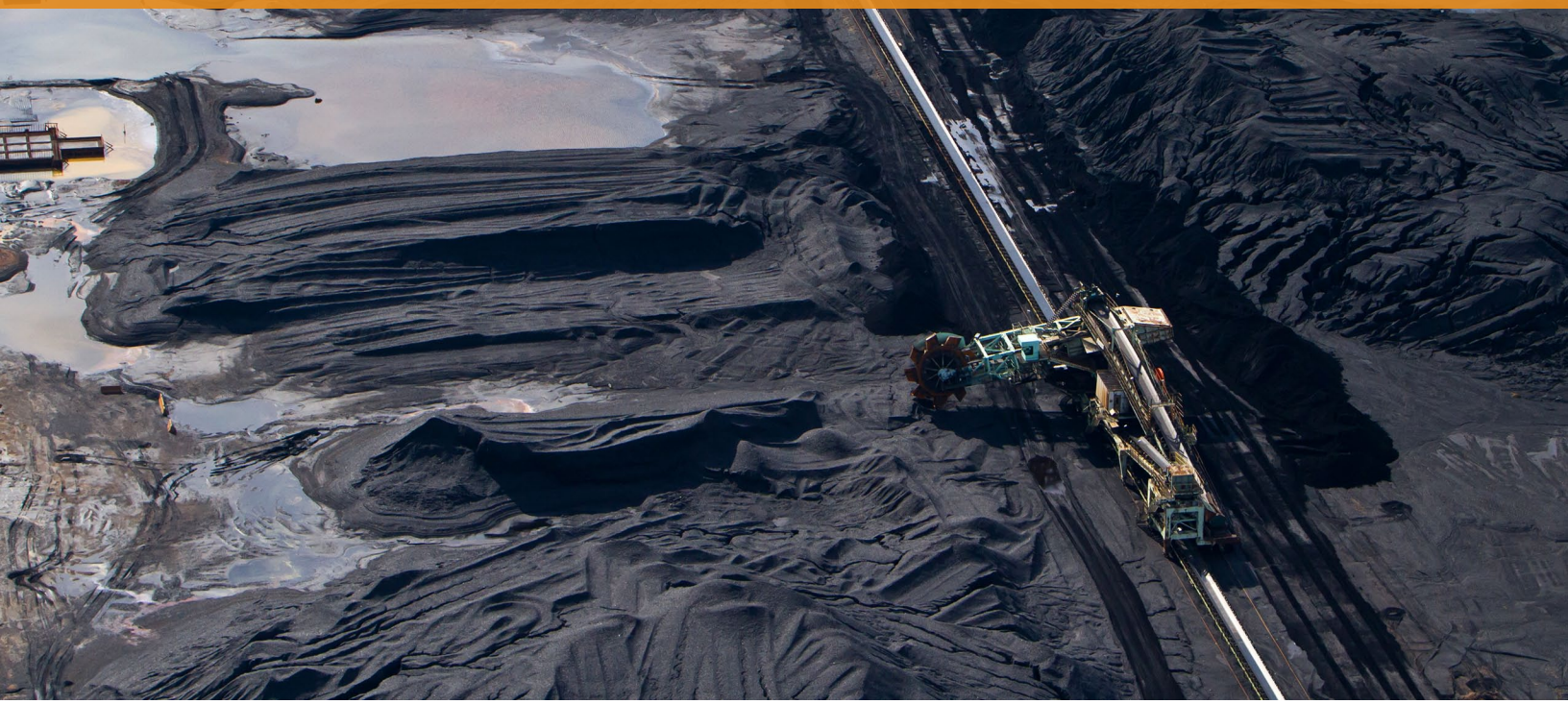
Sightline INSTITUTE

The Facts about Kinder Morgan



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DECEMBER 2014

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DECEMBER 2014

The Facts about Kinder Morgan

By Eric de Place

Energy giant Kinder Morgan has big ambitions. Best known for its empire of oil and natural gas pipelines, the firm aspires to enlarge its role in coal transport too. Expanding its export terminals in Louisiana and Texas would increase Kinder Morgan's coal export capacity in the Gulf Coast region from roughly 5 million tons annually in recent years to nearly 29 million tons.[1]

These coal terminal expansions could boost Kinder Morgan's profits, but they also raise questions about what the projects might cost neighboring communities.

In public, Kinder Morgan points out that it is already operating coal export facilities in Virginia, South Carolina, Louisiana and Texas. Or, as the company's spokesperson said when the firm was pushing a failed coal export plan in Oregon, "What we're proposing is not something we don't already do." [2]

And that's exactly the problem.

The truth is that Kinder Morgan's existing coal export operations are well known for blighting neighborhoods and fouling rivers. In fact, the company's track record is one of pollution, law-breaking, and cover-ups.

- In Louisiana, Kinder Morgan's terminal spills coal directly into the Mississippi River and nearby wetlands. The pollution is so heavy that satellite photos show coal-polluted water spreading from the facility in black plumes. The same site generates so much wind-blown coal dust that nearby residents won a settlement from Kinder Morgan because their homes and belongings were so often covered in coal dust.[3]
- In Houston, Kinder Morgan's terminal operators leave coal and petcoke, a highly toxic byproduct of oil refining, in uncovered piles several stories high. The company's petcoke operations are so dirty that even the firm's promotional literature shows plumes of black dust blowing off its equipment.[4]
- In South Carolina, coal dust from Kinder Morgan's terminal contaminates the bay's oysters, pilings, and boats. Locals have videotaped the company washing coal directly into sensitive waterways.
- In Virginia, Kinder Morgan's coal export terminal is an open sore on the neighborhood, coating nearby homes in dust so frequently that the mayor has spoken out about the problem.
- In Oregon, Kinder Morgan officials bribed a ship captain to illegally dump contaminated material at sea, and the firm's operations have repeatedly polluted the Willamette River.
- Kinder Morgan has been fined numerous times by the US government for stealing coal from customers' stockpiles, lying to air pollution regulators, illegally mixing hazardous waste into gasoline, and many other crimes.
- Kinder Morgan's pipelines are plagued by leaks and explosions, including two large and dangerous spills in residential neighborhoods in Canada. One hedge fund analyst has accused the firm of "starving" its pipelines of maintenance spending.

In "The Facts about Kinder Morgan," Sightline Institute explores the company's misbehavior so that local residents can decide for themselves whether they should welcome Kinder Morgan's coal export plans.

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What is Kinder Morgan?

Headquartered in Houston, Texas, Kinder Morgan is an energy transport company that describes itself as operating like a giant toll road for energy products. Kinder Morgan was formed in 1997 when a pair of former high-level Enron executives, Richard Kinder and William Morgan, bought pipelines and other assets from Enron.

The firm's core business is moving oil, natural gas, and coal from wellheads and mines to utilities, refineries, and manufacturers. Through partnerships and acquisitions, Kinder Morgan has grown into one of the largest pipeline and bulk port operators in the country. The enterprise consists of four major arms—Kinder Morgan, Inc. (KMI), the parent company; Kinder Morgan Energy Partners, L.P. (KMP), the owner and operator of almost all the assets; Kinder Morgan Management (KMR); and El Paso Pipeline Partners (EPB)—as well as an array of subsidiary and partner companies.[5] Kinder Morgan's parts are arranged in a complex, interlocking financial structure called a "master limited partnership." But in August 2014 the firm announced major restructuring plans that will eliminate the partnership structure, combining all of these subsidiaries into a single entity that would be worth about $92 billion.[6]

Founder and CEO Richard Kinder is known not only as a skilled energy executive but as a brilliant marketer. He famously claims only $1 a year in salary and no bonus, and he likes to say that the company is run by shareholders, for shareholders.[7] Yet Kinder himself is the company's biggest shareholder, with a 24 percent ownership stake that nets him nearly $400 million in dividends each year.[8] As of May 2014, Forbes estimated his net worth at $9.4 billion, making him the 137th richest person in the world and the richest in his home town of Houston.[9]

Kinder Morgan is best known for its aggressive expansion of its network of oil and gas pipelines. In 2012 the company spent $21.1 billion to buy the El Paso Corporation, which made Kinder Morgan the third largest energy company in the US, and the largest "midstream" company.[10] In Canada, Kinder Morgan plans to nearly triple the capacity of its Trans Mountain pipeline, which connects the Alberta oil sands to a port near Vancouver, British Columbia and to US refineries in Washington State.[11]

Kinder Morgan is now expanding its coal transport and handling business.[12] The firm exported roughly 40 million tons of coal annually in recent years.[13] Yet because US domestic demand for coal is declining, Kinder Morgan is looking to expand its coal export capacity.

At present, Kinder Morgan's main coal export growth opportunities appear to be at the Gulf Coast, where it has put nearly $400 million into expanding or building new export capacity at its two Houston terminals and its IMT terminal in Louisiana. [14] Once all of the expansions are completed, Kinder Morgan will be able to export 28 million tons of coal annually from the trio of terminals – more than five times as much as its capacity there in 2011.[15]

Yet even a cursory examination of Kinder Morgan's operations raises serious questions about the company's commitment to health, safety, and environmental protection. Many of Kinder Morgan's coal-handling sites are rife with pollution and coal dust.

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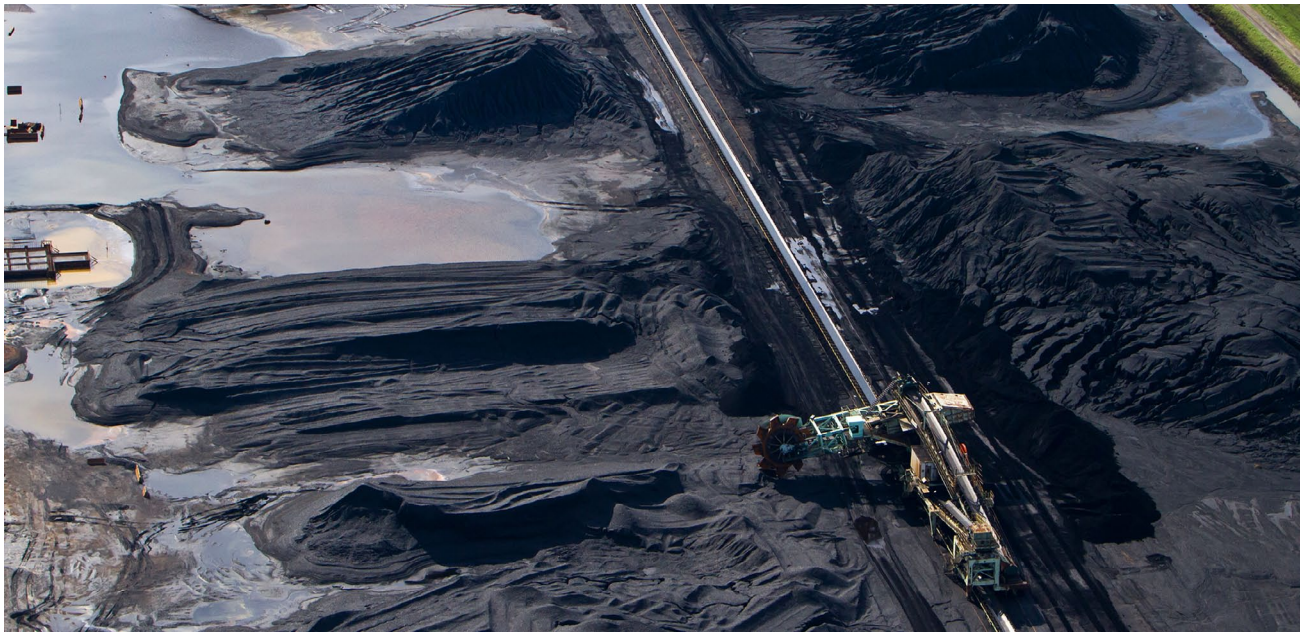
Air and water pollution in Louisiana

Kinder Morgan's International Marine Terminal, known as IMT, sits about 45 miles southeast of New Orleans on the Mississippi River, and it is a key part of the firm's coal export strategy.[16]

In 2010, the facility could handle 5 million tons of coal exports annually.[17] Anticipating growth in overseas markets, particularly in China and Europe, Kinder Morgan spent $162 million to expand the site's capacity to a hoped-for 16 million tons by 2014.[18] At the same time, Kinder Morgan cut new deals with coal mining companies, including a 2012 agreement with Peabody Energy to use Kinder Morgan's Gulf Coast terminals to export five to seven millions tons of Powder River Basin and Illinois Basin coal annually through 2021.[19]

Kinder Morgan's IMT terminal is a serious ongoing source of pollution. Aerial photographs show plumes of coal- or petcoke-polluted water spreading from IMT's barges and docks into the Mississippi River.[20]



After Hurricane Isaac, stormwater collected around piles of open coal at Kinder Morgan's International Marine Terminal in Louisiana.

Photo by Jeffrey Dubinsky / Louisiana Environmental Action Network, all rights reserved, used with permission.

Despite being located in an area prone to floods and hurricanes, IMT is unable to weather serious storms. Extensive photographic documentation made available by Gulf Restoration Network and Louisiana Environmental Action Network shows the flooding at IMT after Hurricane Isaac in 2012. Photos also show extensive coal pollution in the aftermath of the hurricane, including piles of coal standing in blackened waterways and along the riverside, as well as wetland plants stained black from coal.[21]

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A containment system breached by Hurricane Isaac allows coal to spill into a drainage canal.

Photo by Jonathan Henderson / Gulf Restoration Network, all rights reserved, used with permission.

In drier weather, Kinder Morgan's site is an active source of coal dust. In 2008, the residents of Myrtle Grove, a community roughly two miles from IMT, filed a suit against Kinder Morgan because of the heavy accumulation of coal dust on, in, and near their homes. Under a subsequent settlement, Kinder Morgan was supposed to install equipment that would cut down on the coal dust pollution, but until last year, locals were reporting that the firm failed to live up to the agreement and was opting instead to simply send checks to cover the cost of washing coal dust off homes and cars.[22]

By early 2014, the air in Myrtle Grove was still dirty enough so that monitoring equipment registered potentially hazardous levels of fine particulate matter, a pollutant considered particularly dangerous because its particles are small enough to embed in lung tissue. Initial results from a year-long project to measure air quality around the coal terminals are troubling; according to public interest groups in the region, one air sample taken from an area about 500 yards from IMT showed concentrations of fine particles that the World Health Organization deems unhealthy when the levels are sustained over long periods of time.[23]

Coal dust generated by Kinder Morgan's coal terminal clouds the air along Highway 23 in Myrtle Grove, Louisiana.

Photo by Bryan Ernst, all rights reserved, used with permission.

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"What's particularly worrisome is that high levels of PM-10 are usually found in urban areas with a lot of freeways," said Denny Larson, executive director of Global Community Monitor, a group that helped measure the air samples. "So our results, since they came from a relatively rural area, raise a very red flag. And they point a finger directly at the coal facilities, with their large piles of uncovered and uncontrolled coal."

Residents and activists have also photographed coal dust clouds near the site.[24]

Towering piles of petcoke in Houston, Texas

Kinder Morgan also has port expansion plans in the Houston Ship Channel, where the company operates a pair of coal and petcoke terminals, the Houston Bulk Terminal (sometimes referred to as Penn City) and the Houston Deepwater Terminal. These facilities handle both coal and petroleum coke (petcoke), a highly toxic byproduct of oil refining. The firm recently invested $225.5 million to add a combined 12.7 million net tons of capacity at the two terminals.[25]

Kinder Morgan's terminals in Houston have a track record of pollution that worries local residents. The company's petcoke operations there are so dirty that even the firm's promotional literature shows plumes of black dust blowing off its railcar loading equipment.[26]

Residents of nearby Marwood, a low-income community, worry about the health implications of Kinder Morgan's pollution. Some residents complain about the presence of dust in their homes.[27] Air Alliance Houston, a public health advocacy organization, reports that its preliminary monitoring in the area shows the presence of elevated levels of nickel, a metal found in petcoke.

Although the source of pollution cannot be definitively proven, there are reasons to think that it may have originated at the coal and petcoke piles at Kinder Morgan's facilities, which sometimes reach as high as the nearby freeway and reportedly coat passing vehicles with black dust on a regular basis.[28] In fact, a range of public interest organizations have raised concerns about both terminals, arguing that their draft permits allow them to emit 32 tons of hazardous particulate matter at Penn City and 16 tons at the Deepwater Terminal.[29]

Kinder Morgan's coal piles rise above Houston's Beltway 8 Bridge.

Photo by Scott Eustis, Gulf Restoration Network, all rights reserved, used with permission.

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Coal dust problems for Charleston, South Carolina

Kinder Morgan's Shipyard River Terminal covers 60 acres in Charleston, South Carolina. Although the terminal handles only about 3 million tons of coal per year, the site plagues surrounding communities with numerous well-documented incidents of escaping coal dust.[30]

A typical account from Charleston's *Post and Courier* newspaper reads:

> *As nearby residents and city officials hack about gritty air and clogged roads, Kinder Morgan says it is just filling a need... Residents say that coal dust from the facility already is polluting the air in nearby neighborhoods and at the Cooper River Marina.*[31]

Residents are particularly concerned about pollution on the Cooper River, which flows into the Atlantic Ocean near Kinder Morgan's coal terminal. Again, according to the *Post and Courier*:

> *...sailboat owners say that one side of their masts are white and [the] other side dirty gray. The cleaner half faces north, toward the old Navy base. The dirtier side faces south, toward the Kinder Morgan Energy Partners' shipping terminal...*
>
> *"[Coal dust] is so excessive that it grinds into the top layer of the fiberglass," said George Heinemann, a Summerville resident who keeps his boat in the marina. "The docks are filthy. Even if your boat is clean and your shoe is wet when you step on the boat, you can see a shoe imprint."*[32]

A local marine mechanic, Ken Bonerigo, has documented Kinder Morgan's violations in detail. According to the Charleston *City Paper*:

> *Bonerigo's videos... clearly show coal spilling into the water and plumes of dust escaping into the air as the piles are transferred from ship to shore. In perhaps the most shocking footage, the video "Midnight Clean Up" shows a crane scooping up water and sloshing it onto the dock to wash the coal debris into the water rather than sweeping it up.*[33]

And:

> *Under Kinder Morgan's watch, violations of the Pollution Control Act and Water Classifications and Standards have persisted, covering everything from spillage of petroleum coke into the water to fugitive emissions from ships. A 2001 investigation uncovered seven violations, resulting in total fines of just $32,400... Despite subsequent agreements to improve facilities, 2005 investigations found the company responsible for airborne particulate matter settling on neighboring properties...*[34]

Bonerigo's videos depict coal dust on boats, oysters, pilings, and in the water.[35]

Coal dust from Kinder Morgan's coal terminal contaminates a piling at the Cooper River Marina in Charleston, South Carolina.

Video by YouTube user svosprey.

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Problems persist. In 2008, for example, South Carolina regulators fined Kinder Morgan $19,000 for failing to contain coal dust at its facilities, and the state ordered the firm to upgrade its operations.[36]

Until recently, Kinder Morgan used the Shipyard River Terminal to import coal, but with new export potential and rail shipping agreements, the company is expanding the terminal enough to more than double its coal-handling capacity, raising serious concerns for area residents.[37]

Coal dust problems at Newport News, Virginia

Pier IX, in Newport News, Virginia, is one of Kinder Morgan's largest coal export facilities. The terminal has the capacity to ship 12 million metric tons of coal per year and store 1.3 million tons on site. Located on the James River, it can accommodate enormous "capesize" vessels capable of handling 150,000 tons of coal.[38] (A second coal terminal in Newport News is operated by Dominion Terminal Associates.)

Despite recent costly upgrades and 44 sprinklers designed to suppress coal dust on Kinder Morgan's site, the community is routinely blanketed in coal dust. In 2011, the *Daily Press* newspaper reported:

> *[Mayor] Price said not only are the piles unsightly, but the coal dust blown from the piles has for decades caused problems in the Southeast Community. Wind picks up the dust in the piles off of Terminal Avenue… coating neighborhoods in the Southeast Community…*[39]

In fact, the *Daily Press* reported that Mayor McKinley Price, who lives about a mile from the coal piers, has complained that coal dust coats his house and outdoor furniture.[40]

McKinley Price, Mayor of Newport News, Virginia.

Photo by flickr user vademocrats, used under a creative commons license.

Kinder Morgan's poor coal handling practices may even be resulting in serious health consequences nearby. A local newspaper reported on a 2005 health study that showed Newport News residents in the Southeast Community experience asthma rates more than twice the citywide and state averages.[41]

Across the bay in Norfolk, Virginia, communities near the Lambert's Point coal terminal operated by Norfolk Southern also worry that coal dust is responsible for the vicinity's elevated asthma rates. Near Lambert's Point, coal dust coats cars, windowsills, and plants. Even the soil is contaminated with coal and high concentrations of arsenic.[42]

The coal dust problem in Newport News is so severe that it has figured prominently in local electoral debates, and city officials are considering using public money to attempt to mitigate the spread of coal dust from the terminals.[43]

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Kinder Morgan's failed plan to bring coal to Oregon

Kinder Morgan's coal port plans do not always succeed, as the company learned when it launched a proposal to export coal from a site on the lower Columbia River in Oregon.

Kinder Morgan wanted to build and operate a 30-million-ton-per-year coal export terminal at an industrial park about 60 miles downriver from Portland. The terminal was designed to receive coal shipped by train from the Powder River Basin in Montana and Wyoming, unload the coal into stockpiles, and then reload it onto ocean-going vessels bound for Asia. Kinder Morgan estimated that the project would cost $150 million to $200 million. Local port commissioners approved Kinder Morgan's proposal in January 2012.[44]

Yet Kinder Morgan's plans unraveled just a few months later. In May, facing coordinated community opposition as well as research documenting the company's persistent problems managing coal dust, Portland General Electric (PGE) refused to allow Kinder Morgan to sublease its property at the port. The utility, which operates coal-handling facilities of its own, concluded that Kinder Morgan could not be trusted to prevent coal dust from fouling PGE's nearby natural gas turbines.

Kinder Morgan scrambled to spin the story, saying, **"We don't have a site identified, and we have not put forth a proposal."**

Yet the company's response was an outright deception. In fact, Kinder Morgan's own publicity materials identified a specific site, one that the firm actually labeled in an aerial photograph as "proposed terminal development."[45]

A week later, Kinder Morgan dropped its coal export proposal in Oregon.[46]

Bribery and pollution in Portland, Oregon

Kinder Morgan's operations in Portland, Oregon have been home to pollution, law-breaking, and even bribery.

In one incident, Kinder Morgan illegally dumped contaminated potassium chloride into the Pacific Ocean rather than pay landfill charges to dispose of it properly. In 2003, according to dockworkers, company officials bribed a ship captain $1,100 to haul 159 tons of the fertilizer component out to sea and dump it.[47] Nearly five years later, Kinder Morgan finally pled guilty to violating the Ocean Dumping Act and settled with the US Attorney's Office, agreeing to pay $240,000.[48]

Previously, in response to a lawsuit against the company for its poor handling of soda ash in Portland, Kinder Morgan agreed in 2004 to pay $75,000 for spills and to prevent its soda ash from continuing to pollute the Willamette River.[49] But problems continued. In July 2011, state officials levied a $10,400 fine for a spill at Kinder Morgan's port site, in which a fueling vessel spilled 125 gallons of marine fuel into the Willamette River. Then in October 2011, the US Coast Guard investigated a mysterious oil spill and fish die-off at Kinder Morgan's soda ash facility; state officials say it was the deadliest fish kill on the lower Willamette in nearly a decade.[50]

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Fraud, scams, and thefts

The bribery case in Oregon is part of a pattern of illegal behavior. An FBI investigation determined that between 1997 and 2001, Kinder Morgan systematically defrauded its own customers, including the Tennessee Valley Authority (TVA), a publicly owned provider of electricity in the mid-South.

At Kinder Morgan's Cora Terminal in Illinois, company officials used two different methods to weigh coal for the TVA and other power producers.[51] Operators used certified scales to take delivery of coal from rail cars, but then weighed outgoing coal by "barge draft," typically yielding weights two to three percent heavier than the certified scales. Kinder Morgan claimed that it was shipping out the same amount of coal that it had received, but in reality the company was keeping the excess coal yielded by the weight differential and selling it as its own coal, marketed under the "Red Lightning" brand, an apparent nod to the company's logo, which features a red lightning bolt.

The same federal investigation found that at its Grand River Terminal in Kentucky, Kinder Morgan officials simply took coal from its customer stockpiles. Altogether, investigators established that Kinder Morgan took and resold nearly 259,000 tons of coal. In 2007, the US Attorney's Office reached a $25 million civil settlement with Kinder Morgan.[52]

In another case settled in 2007, the US Environmental Protection Agency (EPA) fined Kinder Morgan $613,000 for violations of the US Clean Air Act after regulators discovered that the company had been illegally mixing an industrial solvent—a dangerous hazardous waste described as a "cyclohexane mixture"—into unleaded gasoline and diesel. The company distributed 8 million gallons of the contaminated fuel, which clogged fuel filters and caused vehicles to break down.[53]

In 2010, the federal government fined Kinder Morgan $1 million for repeatedly violating the Clean Air Act at its Port Manatee Terminal in Florida. The US Department of Justice found that, among other crimes, Kinder Morgan managers lied in permit applications, stating that the company would control its pollution when they knew the control equipment was not being used or even properly maintained.[54]

The US Environmental Protection Agency has also investigated Kinder Morgan for violating the federal Renewable Fuels Standard. Officials alleged that Kinder Morgan used invalid documents to fulfill its requirements for the use of renewable energy. The company signed a settlement agreement in April 2012, agreeing to resolve 30,000 violations and pay a monetary penalty.[55]

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Wall Street worries

Long a darling of investors, Kinder Morgan has recently been faced with stern questions by bearish financial analysts who question both the accounting arrangements between the companies as well as the wisdom of drastically reduced maintenance spending.

In September 2013 Kevin Kaiser, a senior analyst with the hedge fund investment firm Hedgeye, published a damning critique of the company, aptly titled, "Is Kinder Morgan Maintaining its Stock Prices Instead of its Assets?" Although the report was largely devoted to Kinder Morgan's curious accounting practices under its master limited partnership arrangement—practices that Hedgeye believes may be misleading to investors—the report also raises a number of issues that may concern communities near Kinder Morgan's facilities.

For example, Hedgeye claimed that, "Kinder Morgan's high-level business strategy is to starve its pipelines and related infrastructure of routine maintenance spending." The report enumerates a variety of instances in which the company has slashed maintenance spending on some of its pipelines by as much as 90 percent.

Then in February 2014, a shareholder filed a lawsuit arguing that Kinder Morgan was playing games by making clever use of the arrangement of its companies. Plaintiff John Slotoroff alleges that Kinder Morgan (KMI) has taken $3.2 billion out of Kinder Morgan Energy Partners (KMP), money that is then not available for maintenance of pipelines and other energy infrastructure.[56] The company says that it plans to defend itself "vigorously."[57]

That same month, financial magazine *Barron's* published a gimlet-eyed look at Kinder Morgan, highlighting similar questions about the company's financial practices.[58] *Barron's* also drew more attention to Kinder Morgan's apparent under-spending on maintenance, quoting an analyst at investment banking firm Jefferies: "We struggle to understand how KMP can safely operate the largest portfolio of transmission and storage assets in the industry for just a fraction of its peers' expenditures."

Jefferies points out that Kinder Morgan spends just half as much on the maintenance per mile of pipeline as Spectra Energy, another major pipeline operator. [59]

In response to the *Barron's* article, Kinder Morgan issued a rebuttal similar to other statements it has made:[60]

> *"We have consistently outperformed industry averages for health, environmental and safety measures. The suggestion that we would knowingly compromise safety is simply uninformed, irresponsible and is not supported by our safety record."*

Kinder Morgan's pipeline operations have had their share of problems though.

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Pipelines failures result in deaths, felonies, and environmental damages

In 2005, for $3.1 billion, Kinder Morgan acquired Canadian pipeline company Terasen, including its Trans Mountain Pipeline, which the company now proposes to nearly triple in capacity.[61] In 2007, the pipeline ruptured in Burnaby, a suburb of Vancouver, British Columbia. Fifty families were forced to evacuate their homes as oil rained down on a residential neighborhood.[62]

CBC News reported:

> *Some witnesses said oil shot 30 metres into the air like a geyser for 25 minutes. The black liquid rained down on houses, spewed across two lanes of traffic and ran downhill into [Burrard Inlet].*
>
> *"We smelled oil and the smell of gas in [our] home," said one resident, Natalie Marson. "Next thing I know, we heard a frantic knock and it was police officers telling us to get out."*[63]

In 2007, a Kinder Morgan pipeline ruptured in Burnaby, British Columbia. Fifty families were forced to evacuate their homes as nearly 60,000 gallons of crude oil rained down on their residential neighborhood.

Video from YouTube user Ben West.

Then in January 2012, a Kinder Morgan storage facility in Abbotsford, another Vancouver suburb, spilled roughly 29,000 gallons of crude oil.[64]

The most tragic Kinder Morgan mishap occurred in November 2004 when an excavator ruptured a pipeline carrying gasoline in the town of Walnut Creek, California. When a welding torch ignited the fuel, the pipeline erupted in a fiery explosion, killing five workers.[65] The courts convicted the Kinder Morgan subsidiary that operated the pipeline on six felony counts related to the explosion and ordered the firm to pay $15 million in fines.[66]

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Kinder Morgan has had numerous other problems in California.

In April 2004, a long stretch of corroded pipeline ruptured, spilling more than 123,000 gallons of diesel fuel into the Suisun Marsh, a sensitive saltwater wetland on San Francisco Bay.[67] Local environmental groups allege that the company waited more than a day before notifying authorities that the spill had occurred.[68] Kinder Morgan pled guilty on four counts related to the Suisun Marsh spill and an unrelated small spill in Los Angeles Harbor.[69]

In November 2004, an oil pipeline owned by a Kinder Morgan subsidiary burst in the Mojave Desert, sending a jet of fuel 80 feet into the air. The break closed the nearby interstate highway and contaminated more than 10,000 tons of soil in the habitat for federally-designated endangered species.[70]

A ruptured Kinder Morgan pipeline in Walnut Creek, California, killed five people when it exploded.

Photo by wikimedia user Leonard G., used under a creative commons license.

A Kinder Morgan oil pipeline ruptures in endangered species habitat in California's Mojave Desert.

Photo by US EPA (p. 3 of report).

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In 2005, Kinder Morgan spilled 70,000 gallons of fuel into Oakland's inner harbor, and then 300 gallons into the Donner Lake watershed in the Sierra Nevada.[71] And in 2007, the city of San Diego sued Kinder Morgan for failing to clean up a fuel leak that contaminated an aquifer.[72]

Problems plague Kinder Morgan's pipeline operations elsewhere too. In one high profile case, a ruptured pipeline in Arizona spilled 19,000 gallons of gasoline into a housing development under construction.[73]

In May 2011, the US Pipeline and Hazardous Materials Safety Administration fined Kinder Morgan $425,000 for safety violations, following a federal investigation into the company spilling 8,600 gallons of "hazardous liquid" in New Jersey.[74]

Then in December 2011, a two-year-old natural gas pipeline called REX, owned mostly by Kinder Morgan, leaked in Ohio, spewing 127,000 cubic feet of natural gas and forcing nearby residents to evacuate their homes. The *Philadelphia Inquirer* reported:[75]

> *The leak in Ohio was the last in a string of problems with REX. One worker digging the line in Wyoming was incinerated when his bulldozer hit another buried line; another firm was fined for not marking it properly.*

Perhaps most troubling are allegations that a Kinder Morgan subcontractor was attempting to intimidate whistleblowers. According to the *Inquirer*, "In Kansas, three private safety inspectors attached to the project quit in protest, saying that a REX subcontractor had pressured them to keep quiet about substandard work, making threats and offering bribes."[76]

Kinder Morgan has had other labor problems too.

Labor violations and unsafe working conditions

Kinder Morgan has numerous labor and workplace safety violations to its name. In February 2011, for example, the US Department of Labor sued Kinder Morgan, arguing that the firm had been underpaying nearly 4,600 workers for overtime for at least two years.[77] The company agreed to settle the suit, paying out $830,000 in back pay.[78]

The company claims that it has "better than industry average" safety performance at its facilities.[79] Yet Kinder Morgan has been fined for workplace safety violations over and over again by the U.S. Occupational Safety & Health Administration, including "serious" violations at the company's bulk handling terminal in Portland, Oregon; its coal-handling terminals in Louisiana; Sparrows Point and Baltimore, Maryland; Rockwood, Illinois; Milwaukee, Wisconsin; Fernandina Beach, Florida; and Fairless Hills, Pennsylvania.[80]

In 2011, Kinder Morgan agreed to pay $7.5 million in a wrongful death lawsuit brought by the family of a Nevada truck driver. The family accused the company of failing to monitor and warn workers about exposure to toxic chemicals like benzene.[81]

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Controversy over oil sands pipeline in Northwest

Kinder Morgan is proposing to spend $5.4 billion building a second oil pipeline 608 miles from Edmonton, Alberta to a port on the Burrard Inlet at Burnaby, British Columbia along roughly the same route as the existing Trans Mountain Pipeline.[82] The new pipeline would be capable of moving 590,000 barrels per day (bpd) in addition to the existing line's rated capacity of 300,000 bpd.[83]

Staunchly opposed by environmental advocates, the Trans Mountain Pipeline has become increasing controversial. At least one investment analyst has called the expansion project "the new Keystone XL" in reference to the breadth and severity of opposition.[84] Even the company has had to publicly acknowledge that its plans are unpopular. According to reporting in the *Financial Post*, the president of Kinder Morgan Canada, Ian Anderson, "said the company is fielding a dizzying array of questions from regulators, municipalities and various levels of government" and that interest in the project is "overwhelming."[85]

Indeed, the project's opponents include not only environmental groups, but also the Tsleil Waututh First Nation, whose traditional territory includes much of Burrard Inlet, as well as the City of Burnaby. The mayor's opposition has been described as "blistering"[86] and local homeowners whose property may be seized to provide a right-of-way for the expanded pipeline.[87]

Among the biggest worries is that the expanded pipeline would induce an unsafe increase in oil tanker traffic. The expansion is projected to add 400 tankers to the region every year, and oil spill maps show that in some cases, a spill would result in widespread shoreline contamination in a very short period of time.[88]

Others worry about spills from the pipeline itself, which crosses numerous water bodies and densely populated areas. Indeed, Kinder Morgan's 15,000-page permit application caused a minor public relations headache for the firm when it came to light to that the report says pipeline spills can have a positive effect on regional economies because "spill response and cleanup creates business and employment opportunities."

Though the company responded by telling the *Vancouver Sun* that "no spill is acceptable to us," locals were not convinced.[89]

Buying influence

Kinder Morgan trumpets the claim that it does not make any political contributions.[90] Yet public information made available by the Center for Responsive Politics shows that, in fact, Kinder Morgan has spent $1.8 million to lobby Congress since 2003, and the firm is continuing to spend money on lobbying in 2014.[91] Individuals at Kinder Morgan have made more than $1.4 million in contributions to candidates and PACs since 1998, with the vast majority going to support Republicans.[92]

Kinder Morgan's leadership also makes lavish political gifts. CEO Richard Kinder, who owns 24 percent of the company, seems to focus his political contributions on unregulated "soft money," giving nearly half a million dollars to the Republican National State Elections Committee since 2001. He also contributed over $250,000 to Political Actions Committees (PACs) and an additional $90,000 in "joint fundraising contributions" for Republican candidates. His wife, Nancy Kinder, donated over $90,000 to the National Republican Senatorial Committee, and since 2001 she has contributed over $350,000 to Republican candidates and PACs, plus more than $80,000 in joint fundraising contributions.[93] Richard and Nancy Kinder were also major financial supporters of George W. Bush, raising well over $1 million for his two presidential candidacies.[94]

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Richard Kinder is still making political contributions. In 2011, he gave thousands of dollars to top Republicans like House Speaker John Boehner and David Dewhurst, a former Texas candidate for the US Senate.[95] He supported Mitt Romney's presidential bid with at least $19,000 of gifts and he is avidly pro-fossil fuels, telling *Forbes* magazine in 2012:

> *"I think that for any of our lifetimes fossil fuels are going to be the primary source of energy in this world.... I'm a huge believer in the genius of mankind, and I think we'll continue to find new ways to utilize, explore for and produce more and more fossil fuels."*[96]

Even the family's ostensibly charitable foundation, the Kinder Foundation, may be pushing a political agenda. The Foundation contributed $10 million to the George W. Bush Presidential Center in part to support the Bush Institute, the Center's policy arm that promotes public policies related to "free market capitalism" and energy production.[97]

What do the facts about Kinder Morgan mean for the Gulf Coast?

Despite Kinder Morgan's assurances to the contrary, there are good reasons to be concerned about the company's coal expansion plans.

Kinder Morgan's existing coal export operations are clearly dirty and are often in violation of clean air and clean water laws. Moreover, the company's overall track record of crime, fraud, deceit, and political meddling are worrisome. Until Kinder Morgan can demonstrate that it has cleaned up its act, decision-makers who want to protect the public interest should be extremely cautious about inviting Kinder Morgan to do business in their communities.

About the Author

Eric de Place is policy director at Sightline Institute where he leads the center's work on coal and oil. This report was based in part on Sightline's 2012 report, "The Facts about Kinder Morgan." It also benefited from valuable contributions by John Abbots, Nick Abraham, Pam MacRae, and Jerrell Whitehead.

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