

PALOMAR: SEEING OREGON AS A “BACK DOOR” TO NORTHERN CALIFORNIA

In December, 2006, NorthernStar asserted in its filings with the U.S. Security Exchange Commission (SEC) that it was working with TransCanada and NW Natural on plans for the Palomar pipeline, stating:

“In addition to the Bradwood Pipeline application, we have recently submitted a request for service to TransCanada and NW Natural for their open season under which they would construct, own and operate a pipeline that would connect the Bradwood terminal to Williams’ Northwest pipeline at Molalla and TransCanada’s GTN Pipeline near Madras. This will provide Bradwood and/or other shippers with gas transportation service from the LNG terminal to the pipeline systems of both the Northwest Pipeline Company and TransCanada’s GTN Pipeline, which can deliver approximately 2.0 Bcf/d into Northern California at the Malin, Oregon interconnect point.”

NorthernStar 12/15/06 Registration filing with SEC, page 54 (emphasis added)

NorthernStar’s SEC filing also touts Bradwood Landing’s “convenient access” to the large “Northern and Southern California” gas markets in addition to referencing the smaller Northwest markets. Prospectus at p. 2. Clearly, NorthernStar sought to inform its investors that the project would be able to access the California market.

NW Natural, our local gas utility, is a paid consultant for NorthernStar, and this was disclosed at page 56 of Northern Star’s SEC filings cited above. (“We engaged NW Natural under a consulting services agreement to assist Bradwood with, and to manage other third party consultants in, the preparation of the materials required to file the federal, state and local permits to construct and operate the Bradwood Pipeline.”) Bradwood repeatedly touted its connection to NW Natural Gas:

We have agreed with Northwest Natural Gas Company (NW Natural) to coordinate the permitting of a connecting pipeline under a consulting services agreement, which also provides NW Natural with a nonexclusive option to construct and own the connecting pipeline (Bradwood Pipeline). NW Natural is headquartered in Portland, Oregon and is primarily engaged in the local distribution of natural gas to over 600,000 customers through separate systems in Oregon.

NorthernStar SEC filing. 12/15/06. p 54.

Finally, in the July 17, 2007 *Daily Astorian* NW Natural spokesman Steve Sechrist explained that the Palomar pipeline project was in “pretty advanced discussions” with Bradwood Landing executives about buying capacity in the Palomar pipeline. NW

Natural will also likely own the 35-mile NorthernStar pipeline through Clatsop, Columbia, and Cowlitz County (WA).

NorthernStar's SEC application it states in paragraph 1 under "Pipeline Status and Access to Natural Gas Storage" :

"Simultaneously, we are nearing completion of our negotiations with Bradwood's pipeline partner, NW Natural, for NW Natural to construct and own the Bradwood Pipeline. If these negotiations result in a definitive agreement, we anticipate transferring to NW Natural any FERC authorizations that we may have received that are necessary for NW Natural to construct and operate the pipeline."

NorthernStar SEC S-1 filing at 56.

Bradwood LNG has repeatedly acknowledged its connection with NW Natural. Yet, NW Natural has denied its relationship with the Bradwood LNG project. Clearly, the Palomar project would connect to the Bradwood LNG terminal, and the Bradwood LNG terminal requires NW Natural's Palomar pipeline in order to connect to California and other regional markets.

Bradwood LNG tells its investors that it is in business with NW Natural, yet NW Natural pretends that it isn't in the LNG business.

It's time for NW Natural to come clean and to jettison the Bradwood LNG project, a project that will harm the Pacific Northwest's efforts towards energy independence and reduced greenhouse gas emissions.