From: Maryann Harper [mailto:mbharper17@gmail.com]
Sent: Friday, December 04, 2015 11:30 AM
To: Monroe, Pamela
Subject: Kinder Morgan's Death Spiral Puts the Unthinkable Squarely on the Table

SEC DOCKET 2015-08

Dear Ms. Monroe:

This will serve as a follow up to my previous comments filed on 12/3/2015 regarding the financial status of Kinder Morgan who is currently engaged in prefiling activities and will file an application for the proposed N.E.D. pipeline under their subsidiary company Tennessee Gas Pipeline Co LLC on the docket opened as SEC 2015-08. I have included the article in whole below but also the link as reference: http://seekingalpha.com/article/3732306-kinder-morgans-death-spiral-puts-the-unthinkable-squarely-on-the-table

Respectfully submitted,

Maryann B. Harper

Rindge, NH

Kinder Morgan's Death Spiral Puts The Unthinkable Squarely On The Table

Dec. 4, 2015 12:04 AM ET

Summary

Kinder Morgan's stock seems caught in an ever increasing death spiral with no end in sight.

The company was recently put on credit downgrade watch by Moody's.

Shareholders are seemingly running for the exits. The stock's deep descent has begun to pick up steam.

In the following article, I will give my thoughts on the subject.

The wild ride

Kinder Morgan (NYSE:KMI) has been on a wild ride over the last couple of years. Nonetheless, over the last few

months, the stock has cratered along with the price of oil and gas. The steep decline in the stock has led the company to pursue other financing options rather than its own equity due to the significantly increased cost of capital.

The rock and hard place

What's more, the company is already highly leveraged. This has called into question Kinder Morgan's ability to finance its $21 billion in growth projects. Without adequate funding options for growth, dividend distributions have been placed in a highly precarious position. This has caused substantial tumult among Kinder Morgan's shareholders. KMI's shareholders are primarily investors who depend on the dividend for income.

Questionable acquisition leads to possible junk status

A recent somewhat questionable acquisition by Kinder Morgan has many up in arms wondering how in the world the company could make such a purchase at this time. I do not think KMI expected Moody's to put it on a downgrade watch. Nonetheless, that is exactly what happened. **If Kinder Morgan gets downgraded to junk status by Moody's, this will throw a massive monkey wrench into the company's financing plans. The stock will take an even greater nose dive as well, if that's even possible.**

The best solution?

I believe the continued sell off in Kinder Morgan's stock has opened the door for a dividend cut. At this point, it is the most prudent move going forward. The excess funds could be used to pay down debt or fund new growth projects. The share price will take a significant hit if that occurs. The one saving grace may be the fact this will mark the bottom for the stock.

Cash flows remain strong

The saving grace for Kinder Morgan is the fact cash flow remains strong. In fact, distributable cash flow grew by 22 percent year over year. **The major problem the company currently faces has to do with funding of growth projects.** It seems the most logical thing to do would be to take some of the cash flows to ease the funding gap. I believe it may just do it based on recent events.

What is the game plan for current dividend investors?

I am holding on to my shares and taking a wait-and-see approach. If the company announces a dividend cut and the stock drops drastically, I will be a buyer. Currently, I say avoid the stock until some semblance of a technical bottom materializes. Right now, the stock is the definition of a falling knife. Catching falling knives is not part of my repertoire.

Bottom line

Kinder Morgan has its back to the wall. I do not believe management expected Moody's to put the company on a credit downgrade watch. These latest developments have led me to change my stance on the stock from a buy to hold as of today. I feel a dividend cut is now on the table. This could cause a sea change in the ownership of the stock. As income investors sell out on the news of the cut, value investors will gladly step in and take shares off their hands at severely depressed levels. The company is now a C-Corp - maybe this was a fait accompli. The stock currently trades for $19.26 and sports a 9.87 percent yield. If that doesn't attract any dividend or income buyers, what will? A dividend cut may have just become a self-fulfilling prophecy. Those are my thoughts on the subject. I look forward to hearing yours. If you found this article interesting, please hit the follow button below. I would greatly appreciate it.