

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Docket No. 7970

Petition of Vermont Gas Systems, Inc. for a certificate of public good, pursuant to 30 V.S.A. §248, authorizing the construction of the “Addison Natural Gas Project” consisting of approximately 43 miles of new “natural” gas transmission pipeline in Chittenden and Addison Counties, approximately 5 miles of new distribution mainlines in Addison County, together with three new gate stations in Williston, New Haven and Middlebury, Vermont

DISCOVERY REQUESTS TO
VERMONT DEPARTMENT OF PUBLIC SERVICE
BY
NATHAN B PALMER
of
Monkton, Vermont
June 20, 2013

INTERROGATORIES AND REQUESTS TO PRODUCE

TJ Poor

1. Mr Poor quotes the 2011 CEP, vol. 2, p.220 on page 5, lines 6-9 **“The plan states “Vermont should encourage the increased use of natural gas by supporting economically viable expansion of the natural gas service territory, promoting attachments to the current distribution system...and promoting the use of natural gas vehicles.”** and on same page, lines 19-23, **“Importantly, the CEP recognizes that natural gas expansion encourages fuel choice for Vermonters.”**

Since the cost analysis of Ms Simollardes has been called into question,(see TJ Poor testimony page 12, lines 15-16) and a large portion of the cost of this project will be provided by International Paper, can you still support the notion that this project is economically viable for Vermont?

2. Is it wise (or even legal?) to tie the energy needs of our state to a large corporation such as IP ?
3. Since much of the cost of this expansion has been paid for by ratepayers in Chittenden and Franklin Counties, is it safe to assume that Addison County ratepayers will be paying for expansion to Rutland County? Has this additional cost burden been figured into this present cost analysis? (my concern is that in addition to price volatility, Addison County ratepayers will be burdened with additional cost factors)
4. On Page 5 line 20-23, Mr Poor states” **If concerns associated with natural gas production outweigh the potential benefits for a particular customer, that customer is not obligated to take service. The expansion should also increase competitiveness in the fuels market by applying downward pressure on prices and helping keep service quality high.**”
Since this project will be serving only a small percentage of Vermonters in Addison County, can you still claim that it will encourage fuel choices for the vast population of Vermont that will *not be offered* distribution? Please demonstrate for the Board's consideration, what the total percentage of Vermont's population to be offered distribution from *this Phase* of the project.
5. By hooking up schools and municipal buildings to “natural” gas, wont some residents be buying and paying for “natural” gas regardless of their preferences or concerns about the production and consequent environmental ramifications associated with it?
6. Mr Poor seems to imply that fuel prices (oil and propane) will be reduced by the “downward” pressure from “natural” gas prices. Could not the opposite effect happen? Since VGS will have “cherry picked” the densely populated areas, leaving only the more remote customers to be serviced, might the fuel dealers left standing have to raise their prices to cover the costs of more extended deliveries?

7. And if Mr Poor is correct in his assumption, and the “downward pressure” brings prices for other fuels in direct competition with the “natural” gas now available, doesn't this contradict all of the other cost savings predictions the Petitioner has made regarding “natural” gas vs. other fuel sources?

8. On page 11, lines 13-20 , Mr Poor states, **“it should be noted that methane is a valuable commodity, making it more likely that methane emissions will be captured for the purposes of selling (and burning) the fuel. This provides significant motivation (perhaps from the industry's perspective greater motivation than environmental concerns alone) for the industry to reduce methane leaks going forward.”**

As reported in a recent National Geographic, currently, at many oil fields, the industry will burn off gas rather than capture it on account of the cost of processing and transporting and the low prices they are getting for gas. At what price level do you predict this shift to gas being considered a “valuable commodity” worth capturing will happen?

9. Would you say then, if the price of natural gas does not increase, and basically stays the same, (as is the scenario predicted in the Petitioner's testimony) the consequences might be the opposite...making the fugitive gas less desirable or equitable for the gas industry to capture and sell? And without the environmental motivation (as you seem to imply the gas and oil industry has less of) why would there be any effort to decrease methane leaks going forward?

10. When the CEP was developed in 2011, there were factors regarding the production of “natural” gas that were still not apparent to the general public. Do you agree that given the awareness of the problems with the extraction processes, the transmission leakage, and the safety issues associated with “natural” gas that have been peppering the news over the last 2-3 years, that the “real Vermonters” who contributed to the development of the CEP and agreed to the expansion of natural gas service, might not feel the same about the expansion of “natural” gas infrastructure today? (think legislative ban on “fracking” in Vermont)

11. On page 6 line 18-20, Mr Poor states; **“If total Vermont energy consumption across sectors remains constant, the proposed Project would increase the natural gas share of total Vermont energy consumption to 6.6%”**

Does this figure include the expansions VGS has already made to Jericho and Underhill and Franklin County, and plans for expansion into Richmond?

12. Has anyone in the Public Service Department been to Alberta, or Colorado or PA where they are drilling for gas, or North Dakota where oil wells are more common than cows?

13. Have you or anyone else figured the costs to residents, towns and states whose wells and potable water sources are being permanently polluted due to the method of gas extraction (ie hydraulic fracturing) currently being widely used?

14. If, as you say, the “natural” gas life cycle **“analysis is challenging”**, and as Mr Kumar says, **“VGS has over-estimated the benefits associated with the ANGP.”**, and ANR has pointed out several areas that still need addressing in terms of avoidance and mitigation, which could add substantially to the total cost of the project, doesn't it seem premature to come to the conclusion that this project makes economic sense for the state?

15. On page 12 lines 23 and 24, Mr Poor concludes that in regards to GHG emissions associated with this Project, **“that it is uncertain whether greenhouse gas emissions from outside the borders of the state are reduced.”**

Would you consider the GHG emissions from outside of Vermont to be an important factor in determining the merit of this project in the Board's consideration?

Jatinder Kumar, DPS

1. Did the DPS ask you to evaluate the wisdom and the effects of having so much energy infrastructure in VT owned by only one company?

2. In your testimony, page 8, line 11, you state that **“It is my opinion that given its limited availability in Vermont, natural gas is underutilized as a heating source.”**

Has Mr Kumar ever been to Vermont? Would the rural character, sparse population, and rugged terrain of Vermont help explain this “under-utilization” of “natural” gas?

3. So gas is an existing fuel source in many areas, but it was adopted in an economy that did not have a price on carbon. If gas was more expensive than other sources due to the cost of carbon, would you still **“encourage the use of natural gas?”**

4. Would you please perform an analysis that would show what the dollar figure amounts of the cost per ton of GHG emissions saved, in relation to the total price of the project (this Phase) would be?

5 On page 9, lines 8-13, Mr Kumar is asked; Q.**“Is there a more cost effective manner to provide the services that would be provided by the ANGP?”** A. **No, There is no other more cost effective manner including energy conservation/efficiency programs and/or load management measures, to provide the benefits that would be provided by the ANGP (and the associated increased access to VGS-sponsored efficiency programs)**

Can you provide your economic analysis for this statement? Please include the capital costs as well as the unit costs for gas.

6. Can you provide historical documentation of the above scenario in other locations, (where new gas infrastructure is judged to be cheaper than conservation/efficiency?)

7. This project is purported to be able to offer 3000 homes and businesses the option for distribution. Please explain how the remainder of the homes and businesses will be able to benefit from the VGS sponsored efficiency programs.

David Berger, DPS

1. How will the DPS ensure proper oversight of the construction of this project? Will the DPS have personnel on hand? Considering that the entire gas safety division at the DPS is just one person, will the DPS be hiring additional personnel for this as the “representatives” indicated on page 8, line 7? Considering that the engineers presenting the testimony in this docket are not even Professional Engineers in the State of Vermont, who will oversee this on behalf of the Vermont public? Is it the position of the DPS that VGS contractors should be allowed to supervise themselves and voluntarily report any quality issues?

2. Does the DPS consider it acceptable to place a pipeline within 300' of a house when the Potential Impact Radius of that pipeline is over 300'? Does this not cause an undue adverse effect on the safety and well-being of the occupants of that house who are now required to live their lives permanently within a Potential Impact Radius? Is the DPS aware that the National Transportation Safety Board put pipeline safety on it's “Most Wanted” list for 2013?