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August 10, 2015

Susan Hudson, Clerk
Public Service Board
112 State Street
4th Floor
Montpelier, VT 05620-2356

Re: Docket No. 7970 – Reply Brief

Dear Mrs. Hudson,

Attached please find a Reply Brief submitted on behalf of Ms. Kristin Lyons.

Thank you and please let me know if you have any questions.

Sincerely,

~ *Caroline*

Caroline Engvall

cc: Service List

STATE OF VERMONT
PUBLIC SERVICE BOARD

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”) Docket No. 7970
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

REPLY BRIEF OF KRISTIN LYONS

Ms. Lyons thanks the Board for the opportunity to submit a reply brief. She joins in the Reply Brief filed by AARP and incorporates AARP’s arguments. She submits this brief to point out the fallacy underlying VGS’s proposed findings and conclusions about CNG.

VGS summarizes its argument on page 1: “... the investments necessary for CNG service were made in anticipation that pipeline gas would thereafter be available, and it would therefore be inappropriate to calculate the Project's economic benefits by assuming that CNG would be available in its absence.” This argument is repeated in Findings 194-199. VGS also argues in Findings 99-104 that CNG is more expensive and less reliable than gas delivered by pipeline.

VGS’ arguments fail to take into account that VGS is a regulated

Vermont utility bearing a continuing burden to re-evaluate its projects after § 248 approval and throughout project implementation. .

A utility's obligations include continued monitoring, review, and assessment of its participation in specific power projects. These assessments must, at least, consider the likelihood of the project's coming on-line at expected times and within estimated costs, options available in case of failure to meet expected operating criteria, alternative power sources or conservation efforts that might replace the power project and the effect of continued investment on ratepayers and stockholders. This continuing review and assessment process should be documented so that its prudence can be evaluated when challenged. [FN351]

Re: Green Mountain Power, Docket No. 5983, Feb. 27, 1998 Order, 184 PUR 4th 1.

Having completed the installation of CNG facilities, VGS had a duty to “monitor, review and assess” whether the NPV of the project remained positive.

The CNG facilities, by themselves, provide some but not all of the benefits of the project. The CNG facilities provide fuel cost savings for commercial and industrial users, and they provide GHG reductions for about half of the projected load of the project. The fuel costs savings are not as great as the project would provide, and the GHG savings may not be as great as the project would provide, as compared to oil and propane. The CNG facilities provide these reduced benefits, however, without *any* of the costs of the project.

A reasonable utility manager engaged in monitoring, reviewing and assessing the costs and benefits of the pipeline project would monitor the existing facts on the ground - Middlebury businesses are already receiving gas - - and then review and assess extent to which the reduced benefits that the project would provide have reduced the NPV of the project.

VGS' proposed findings conclusions essentially reject the legal responsibility it has to carry out this obligation. Their argument is that once a utility starts a project, it would be "inappropriate" to force them to evaluate whether the public would come out ahead if the project were stopped mid-way through. Board precedent rejects VGS's argument.

Dated at Bristol, Vermont, this 10th day of August, 2015.

Kristin Lyons

BY:

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