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October 11, 2013

Mrs. Susan M. Hudson, Clerk  
Vermont Public Service Board  
112 State Street  
Montpelier, VT 05620-2701

Re: *PSB Docket No. 7970: Petition of Vermont Gas Systems, Inc.,*

Dear Mrs. Hudson,

Enclosed for filing please find the original and eight copies of the Brief of the Vermont Electric Power Company, Inc. in the above referenced matter.

Very truly yours,



S. Mark Sciarrotta

Enclosures

Cc: Service List



STATE OF VERMONT  
PUBLIC SERVICE BOARD

Petition of Vermont Gas Systems, Inc., requesting 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 ) Docket No. 7970  
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 )

**BRIEF OF THE VERMONT ELECTRIC POWER COMPANY, INC.**

On December 20, 2012, Vermont Gas System, Inc. (“VGS”)’s filed a Petition for a Certificate of Public Good (“CPG”) seeking the Public Service Board (“Board”)’s approval to construct the “Addison Natural Gas Project” (the “Project”) including approximately 43 miles of new natural gas transmission pipeline in Chittenden and Addison counties. Vermont Transco LLC and the Vermont Electric Power Company, Inc. (together referred to as “VELCO”) own and operate the state’s electric transmission system. VGS plans to build significant portions of the Project in a *40-foot-wide* (to be purchased) *permanent easement* within VELCO’s rights-of-way and property (“ROW”),<sup>1</sup> with the pipeline itself sited ten (10) feet in from the edge of the ROW. VELCO intervened in this proceeding to ensure that the Project, if approved, does not adversely affect VELCO’s ability to operate, maintain and expand its system.<sup>2</sup>

On February 28, 2013, VGS submitted revised plans (the “February 2013 filing”) which modified VGS’ plans in the Rotax Road area of Monkton, diverting the pipeline

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<sup>1</sup> Docket No. 7970, Order of 4/12/2013 at 7.

<sup>2</sup> Id.

out of VELCO's ROW and across the Palmers' property. For the reasons set forth below, if a CPG is issued, the Board should approve the siting of the pipeline in the Rotax Road area as set forth in the February 2013 filing, with the modifications the Board deems necessary to promote the public good. In the alternative, if despite the additional landowner impacts, significant additional cost, inherent physical constraints, Town of Monkton's opposition, and electric transmission system impacts, the Board decides to site the Project inside the VELCO ROW, it should require that the pipeline be sited (with the exception of necessary ROW crossings) ten (10) feet in from the edge of VELCO's right of way with a minimum fifty (50) foot clearance from VELCO's current and future electric transmission system structures, and otherwise in accordance with the parties' Memorandum of Understanding.<sup>3</sup>

### **1. Background**

Since the 1950s, VELCO has owned and operated a 115 kV electric transmission line occupying the westerly side of VELCO's ROW in the Rotax Road area.<sup>4</sup> The ROW was originally 150 feet wide and in the late 1960s and early 1970s, VELCO invested electric ratepayer money to acquire an additional 200 feet of ROW width in order to accommodate the future installation and operation of additional electric transmission infrastructure.<sup>5</sup> VELCO has no current plans to develop the ROW area east of its 115 kV line, however the future installation of an additional electric transmission line or lines in this ROW during the perpetual life of the pipeline installation is reasonably likely

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<sup>3</sup> Exh. VELCO-PWL-2

<sup>4</sup> Tr. 9/19/2013 pp. 28, line 16 through pp. 29, line 4; pp. 29 line 29; pp. 42 lines 9-11(Lind)

<sup>5</sup> Id.

because, among other things, potential future load growth, the possibility of projects prompted by federal policy directives, and increasingly aggressive regional renewable portfolio standard goals all of which are likely to drive the need for additional transmission lines.<sup>6</sup>

VELCO and VGS have worked closely to ensure that the Project can be co-located in VELCO's ROW where it makes sense. Leading up to the December 2012 filing, VELCO actively consulted with VGS, and attended weekly Project meetings, to address co-location issues.<sup>7</sup> VGS' December 2012 filing proposed siting more than ten (10) miles of the Project inside of and parallel with VELCO's ROW, in addition to eighteen ROW crossings (40 foot wide easements).<sup>8</sup> Ultimately, VELCO agreed to all proposed ROW co-locations *except for one limited* area located in Monkton, near Rotax Road,<sup>9</sup> where VGS proposed to site the pipeline in the middle of the ROW, where the ROW alignment shifts to the east just north of crossing Rotax Road, (*i.e.*, the pipeline was sited in the middle of the ROW from roughly VELCO structure #186 through #190).<sup>10</sup> VGS did not propose to VELCO an alternative intra-ROW pipeline route, *e.g.*, parallel to and along the edge of VELCO's ROW boundary.<sup>11</sup> As recounted by Mr. John

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<sup>6</sup> Tr. 9/20/2013 pp. 59-60, 83-84(Dunn).

<sup>7</sup> VELCO continues to attend weekly VGS Project meetings. VELCO's Peter W. Lind has also met with several concerned landowners to hear their concerns. Tr. 9/19/2013 pp. 30 line 17 et seq. (Lind)

<sup>8</sup> Tr. 9/19/2013 pp. 31 lines 14-19 (Lind).

<sup>9</sup> Tr. 9/19/2013 pp. 30 lines 6-14; pp. 31 line 25; pp. 33 line 10 (Lind); Tr. 9/19/2013 pp. 16 lines 15-16 (Heintz).

<sup>10</sup> Tr. 9/19/2013 pp. 31 lines 14-25; pp. 33 lines 2-13 (Lind); pp. 10 lines 15-21; pp. 15 lines 11-14 (Heintz).

<sup>11</sup> Tr. 9/19/2013 pp. 34 lines 6-11 (Lind)

Heintz, VGS re-routed the pipeline alignment across the Palmers' property, as set forth in its February 2013 proposal, due to a host of reasons including the "[n]umber of impacted landowners, archeological sites, natural resources, the ravine and stream, constructability, and cost", as well as considerations related to VELCO.<sup>12</sup> Even with modifications to mitigate impacts to the Palmers, building the Project outside of the VELCO ROW in this area is at least \$300,000 less expensive.<sup>13</sup>

## **2. Legal standard and summary of argument.**

The issue before the Board is whether the February 2013 alignment proposed by VGS meets the §248 criteria and promotes the public good. In order for the Project to be approved, it must *promote the general good of the state* and, among other things, *not adversely affect system stability and reliability*.<sup>14</sup>

As described below, the testimony and evidence in this matter support the installation of the Project outside of the VELCO ROW as proposed in the February 2013 filing (with whatever mitigating measures the Board deems necessary) because it is the lower cost solution, poses fewer landowner impacts, and protects electric transmission system reliability and stability, while preserving the option of developing electric transmission infrastructure in the future. Should the Board be persuaded, despite the additional costs and other impacts, to site the Project in the VELCO ROW in the Rotax Road area, VELCO respectfully requests that the Board require that the pipeline be sited, with the exception of necessary ROW crossings, ten (10) feet in from the edge of

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<sup>12</sup> Tr. 9/19/2013 pp. 53, lines 3-6 and 8 (Heintz).

<sup>13</sup> Tr. 9/19/2013 pp. 53, lines 23-4 (Heintz) (this does not include additional compensation to VELCO for use of its ROW).

<sup>14</sup> 30 V.S.A. § 248 (a)(3) and (b)(3-4).

VELCO's ROW, with a minimum fifty (50) foot clearance from VELCO's current and future electric transmission system structures, and otherwise in accordance with the parties' Memorandum of Understanding. The Board should also require VGS to reimburse VELCO for incremental electric transmission system costs occasioned by the pipeline co-location in VELCO's ROW in order to ensure that electric ratepayers are not subsidizing a natural gas project.

**3. With limited exception and reasonable conditions, VELCO supports co-location of the Project in VELCO's ROW.**

VELCO supports, with reasonable conditions and exceptions, co-locating Project's forty (40)-foot wide permanent easement (and pipeline) in VELCO's ROW. Essentially, so long as VELCO can preserve strategic electric ratepayer ROW investment, reliably operate and maintain its current system, and reasonably expand this system in the future to continue to serve Vermont customers, VELCO believes that it is prudent to co-locate utility projects in existing corridors because doing so often delivers cost, environmental, and construction benefits. However, exceptions are warranted where co-location is likely to thwart or unduly limit foreseeable electric transmission projects and/or where co-location does not garner cost savings or other benefits.

Because the installation of the Project infrastructure and the land rights sought by VGS are perpetual in nature, careful consideration of the potential long-term consequences of co-locating a natural gas pipeline in an easement purchased for electric transmission expansion is warranted. In addition to the near term reliability issues and long-term adverse impacts on future electric transmission development attendant to co-location in the Rotax Road area, VELCO respectfully urges the Board to avoid precedent

that would add risk and uncertainty to the kind of prudent, long-term ROW investments that made co-locating the Project in the VELCO ROW a possibility in the first instance.

The kind of cooperative utility co-location effort made by VGS and VELCO in this case protects expansion capabilities, avoids reliability concerns, and maintains investment-backed expectations of the host utility and its customer, and strikes an appropriate balance of landowner impacts (both in number and degree), environmental concerns, and project cost impacts in a manner that does not undermine utilities from making prudent long-term ROW investments. The Board should support this collaborative form of co-location.

#### **4. VELCO supports the February 28, 2013 filing.**

VELCO supports the pipeline alignment set forth in VGS' February 28, 2013 filing which sites the Project outside of the VELCO ROW in the Rotax Road area. From VELCO's perspective, routing the Project outside of the VELCO ROW in the Rotax Road area eliminates all of VELCO's concerns in this area including, among other things: preserving VELCO's ability to add new lines in the ROW; electric service reliability issues associated with line outages; future cost and constructability issues attendant to having multiple facilities in a serpentine ROW; and reasonably foreseeable aesthetic and environmental issues posed by using larger steel electric transmission structures.<sup>15</sup> (The February 28, 2013 alignment is also appears to be a lower cost option and has the fewest potential landowner issues.) The testimony in this case shows that the February 28, 2013 alignment can be adequately modified to mitigate Mr. and Mrs. Palmer's concerns while

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<sup>15</sup> Tr. 9/20/2013 pp. 59-64 (Dunn).

still being the most cost effective alignment.<sup>16</sup> Moreover, the February 28, 2013 alignment reflects a reasonable, workable co-location effort that preserves electric ratepayer interests.

**5. The December 20, 2012 proposed alignment did not promote the public good.**

The Rotax Road area pipeline alignment advanced in VGS' December 20, 2012 filing is not consistent with the public good of the state and should be rejected the Board. This alignment would result in a permanent forty (40) foot wide easement (with a gas pipeline sited ten (10) feet in from the edge of ROW) in a ROW that was purchased for and that will in all likelihood be needed for expansion of the electric transmission system. For several reasons, the Board should reject it.

First, sandwiching a pipeline between electric transmission lines is the most risky and uncertain approach because it is apparently unprecedented. Mr. Heintz testified that, while he has sited pipelines across the country, he has never sited a gas pipeline between two electric transmission lines.<sup>17</sup> Moreover, he could not recall a situation where a gas pipeline was sited down the middle of a corridor between electric transmission facilities.<sup>18</sup> Mr. Heintz was the only gas transmission siting expert in this case. The Board should not revert to a novel December 2012 siting design when there is no evidentiary basis for it.

Second, siting a gas transmission pipeline between what will ultimately become multiple electric transmission lines is imprudent. Mr. Dunn, VELCO's Chief Operating Officer, who has significant electric transmission siting experience and who is

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<sup>16</sup> Tr. 9/19/2013 pp. 16 lines 11, *et seq.* (Palmer)

<sup>17</sup> Tr. 9/20/2013 pp. 22 lines 18-20 (Heintz)

<sup>18</sup> Tr. 9/20/2013 pp. 22-23 (Heintz)

responsible for electric transmission construction, operations, and maintenance in the state, opined that for a number of reasons the middle of VELCO's ROW is a "really bad place to put a gas pipeline."<sup>19</sup> It could result in construction issues, safety clearance issues, additional expense, and line outages that could compromise grid reliability.<sup>20</sup> It raises the possibility of needing to take out two electric transmission lines at the same time to accommodate VGS Project needs or emergencies.<sup>21</sup> Reversion to the December 2012 pipeline alignment would invite situations that potentially pit natural gas service reliability against electric transmission service reliability.<sup>22</sup>

Third, according to the testimony in this case, aligning 1,500 feet of gas pipeline in the gut of VELCO's ROW is the most expensive option. Co-location of the Project in the Rotax Road area of VELCO's ROW as proposed in VGS's December 2012 filing results in Project costs increases of \$300,000 to \$1,000,000.<sup>23</sup> It also raises the likelihood of higher future costs for VELCO projects in this corridor which, arguably, natural gas ratepayers would also need to bear.

Fourth, it undermines a sound policy of respecting prudent utility investment in ROW purchased for future use. And, fifth, it is opposed by the Town of Monkton. For at least these reasons, the December 20, 2012 proposal in the Rotax Road area does not promote the public good.

## **6. Other siting considerations.**

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<sup>19</sup> Tr. 9/20/2013 pp. 73 lines 1-2; pp. 80 lines 2-18 (Dunn)

<sup>20</sup> Tr. 9/20/2013 pp. 62-63, 80 (Dunn)

<sup>21</sup> Tr. 9/20/2013 pp. 80 (Dunn)

<sup>22</sup> Tr. 9/20/2013 pp. pp. 62-64, 68, 80 (Dunn) (raising specter of electric transmission outages, which impact electric reliability concerns)

<sup>23</sup> Tr. 9/20/2013 pp. 53 (Heintz)

VGS has not presented a specific siting design alternative in the VELCO corridor to its February 28, 2013 filing. However, there was some inquiry at the technical hearing as to the efficacy of siting the Project either entirely along the westerly edge of or entirely along the easterly edge of VELCO's ROW. For the reasons stated above, these alignments are inferior to the proposed February 28, 2013 route. Siting along the westerly or easterly edge of VELCO's ROW in the Rotax Road area will impact more landowners, undermines the Town of Monkton's stated interests, and will likely cost electric and gas ratepayers more money.

Notwithstanding these impacts, if the Board decides that the Project should be sited in the VELCO ROW, VELCO is willing to continue to work with VGS to design an alignment that generally places the pipeline ten (10) feet in from and parallel to (predominately) the westerly edge of VELCO's ROW and maintains at least a fifty (50) foot clearance from all VELCO facilities, as these would mitigate to some degree the electric grid issues raised above.<sup>24</sup>

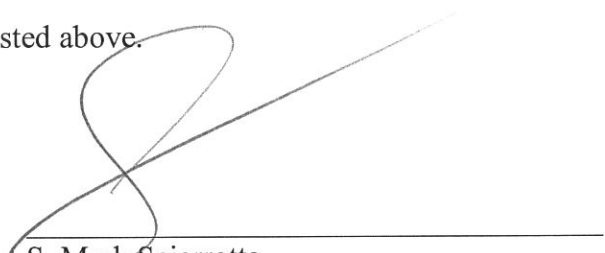
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<sup>24</sup> Tr. 9/20/2013 pp. 70 line 24 (Dunn)

**CONCLUSION**

While there is no perfect place to site a gas transmission pipeline in the Rotax Road area, the evidence shows that the public good is best promoted by siting the Project as set forth in VGS's February 2013 filing, with whatever mitigation measures the Board deems reasonable. If the Board decides to site the Project in the VELCO ROW in the Rotax Road area it should require pipeline placement that preserves VELCO's ability to expand its system and impose the conditions requested above.

Dated:     October 11, 2013  
           Rutland, Vermont



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