



December 20, 2012

Mrs. Susan M. Hudson, Clerk  
Vermont Public Service Board  
Drawer 20, 112 State Street  
Montpelier, VT 05620-2701

**RE: Vermont Gas Systems, Inc.: Addison Natural Gas Project  
Certificate of Public Good – Section 248 Permit Application**

Dear Mrs. Hudson:

With this letter, Vermont Gas Systems, Inc. (“Vermont Gas,” “VGS” or the “Company”) respectfully submits a petition, prefiled testimony and exhibits in support of its request, pursuant to Section 248 of Title 30, Vermont Statutes Annotated, and Public Service Board (“Board”) Rule 5.400, for a Certificate of Public Good (“CPG”) to construct the Addison Natural Gas Project (the “Project”). The Addison Natural Gas Project will provide significant economic, environmental and reliability benefits to Vermont as well as advance Vermont Gas’s longer-term goal to extend service to the Rutland area. If approved, the Project will:

- Bring natural gas service to about 3,000 Addison County homes and businesses;
- Reduce Addison County energy bills by over \$200 million over the next 20 years;
- Provide \$1.7 million in annual property tax income to the state;
- Reduce almost 16,000 tons of greenhouse gas emissions per year;
- Reduce the equivalent of an estimated 6.3 million gallons of oil use per year; and
- Reduce the number of heavy vehicles on the roads and their associated emissions.

The Project includes the following principal components:

(1) Approximately 43 miles of new 12-inch transmission pipeline, extending from a new tie-in to be located at Vermont Gas’s existing 10-inch mainline north of Severance Road in Colchester, Vermont, to the intersection of U.S. Route 7 and Exchange Street in Middlebury, Vermont;

(2) Approximately 5 miles of new six-inch distribution mainlines that will extend distribution service to Vergennes (4 miles) and Middlebury (1 mile); and

(3) Three new pressure regulation stations, one located near Route 2 in Williston to reinforce the existing distribution system, one on Plank Road in New Haven, and the third just south of the intersection of U.S. Route 7 and Exchange Street in Middlebury.

The current schedule is to construct the transmission facilities and distribution mainlines in 2014. This will bring gas service to anchor customers in the Middlebury industrial park by late 2014. The distribution networks in Middlebury and Vergennes will be constructed in 2015, with residential and commercial customers receiving gas service by the 2015/16 winter. Meeting these deadlines is critical. Addison County's large customers continue to stress the need for this low-cost fuel option as soon as possible due to the high prices of fuel oil or propane.

To achieve these deadlines, Vermont Gas is requesting the Board to hold a prehearing conference as early as possible in January, 2013 and establish an approximately nine-month schedule to complete its Section 248 review and issue a Certificate of Public Good for the Project by September 30, 2013. A copy of a proposed schedule for the docket proceedings has been reviewed with input from the Agency of Natural Resources and the Department of Public Service and is included with this filing for the Board's consideration in advance of the prehearing conference.

This submittal includes an original and six copies of the following:

- Cover Letter
- Petition
- Proposed Docket Schedule
- Rule 5.402(C)(1)(e) Index
- Notice of Appearance
- Adjoining Landowner Notice
- Certificate of Service & Statement of Notice Required
- List of Adjoining Landowners & Statement of Compliance with Rule 5.402(B)(3)
- Supporting Prefiled Testimony and Exhibits (hard copy and electronic on disc)

Finally, VGS has received input from stakeholders along the proposed Project alignment in the Towns of Monkton and Hinesburg suggesting alternative locations for the Project corridor in these communities. VGS is providing notice under separate cover to the landowners along the alternative corridor. A copy of such letter and landowner list is included with this filing.

Thank you in advance for your attention to this matter.

Sincerely,

VERMONT GAS SYSTEMS, INC.

By its attorneys,



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DOWNS RACHLIN MARTIN PLLC

John H. Marshall

Kimberly K. Hayden

Lisa A. Fearon

Enclosures

cc: Certificate of Service

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