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Selectboard
Town of Hinesburg
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To the Selectboard members of the Town of Hinesburg,

We know you are concerned about the pipeline and seek the best outcome for the town. In that spirit, we would like to offer input, express concerns, and share our findings and evolving understanding with you regarding issues that have been raised since the agreement between the Town and Vermont Gas Systems (VGS) was made available to the public. These include some facts and also many unanswered questions.

Please also find attached to this letter the following documents:

1. Letter from attorney Jim Dumont to the Hinesburg Conservation Commission, dated March 14, 2016
2. Review of the decision-making on energy efficiency service delivery.

The remainder of this letter details areas of concern and key questions regarding the agreement that the Town signed with VGS on August 19, 2015.

1. Who will be served gas?

VGS themselves say fewer than 3,000 additional residences will ultimately be served down in Addison County, and those will be added over the coming decade (not even immediately.) The transmission pipeline through Geprags Park is not serving Hinesburg; it is passing through. Currently, the town has gas service via a distribution line that comes here through Shelburne up to Iroquois Manufacturing. That distribution line could, in theory, be extended to the North Road/Richmond Road communities, irrespective of the installation of a transmission line through Geprags Park. The offer to do so by VGS is a bargaining chip, but it is not mechanically dependent on the pipeline through Geprags Park.

The Town's agreement with VGS states, in part:

17. As additional consideration for the Deed of Easement, Vermont Gas agrees to extend its distribution network as shown on the attached plan in Attachment 2 within two (2) years of the service date of the new transmission pipeline (hereinafter and as described below, the "Distribution Plan"), subject to the following conditions:

- a. Approval of all required Town permits for the work. The distribution pipe will not be co-located with the Town of Hinesburg's existing water main.*
- b. Approval of all required State and Federal permits.*
- c. Approval and easements (as required) from each mobile home park owner.*

The agreement asserts that VGS will extend the distribution line to communities along Richmond Road and North Road. In conversation with staff from VGS, we were told that the process would involve going to these homes and finding 1) that they can be served and 2) that they would choose service. If enough customers were evident, VGS might consider extending the service. But that has not yet been ascertained.

Can gas even be delivered to these communities? VGS indicated that they cannot deliver gas to mobile homes that are not sitting on concrete pads. In the Triple L mobile home park, only 6 of the 62 trailers are on concrete pads and could - should VGS decide to extend service - take advantage of it. Mobile home parks are notoriously difficult for distribution pipelines due to tightly packed infrastructure. Is it safe?

What is the likelihood that VGS will obtain the needed permits and easements to deliver gas to those communities? Certainly the path from Iroquois Manufacturing to the trailer parks is full of ledge and tight spaces.

Do residents in the proposed Hinesburg distribution areas want gas? We do not know which homes in these communities can take advantage of gas or would choose to. Have the residents there even indicated or been asked if they want natural gas? Does VGS know? Does the Town know? VGS has two years to consider it, by which time the transmission line through Geprags Park will long be a "done deal".

The Town should thoroughly research the feasibility of all offers put forth in any agreement. This may require expert consultation in that technical and regulatory contexts and specifics may not be known the general public, or by those on the Selectboard's advisory commissions.

2. What are the economics of converting to natural gas?

Whether or not it is beneficial for people to convert to gas depends on what they are currently using for heating fuel. The figures provided here were compiled by research done by Barb Wilson in Shoreham.

1. If someone is using *propane* today, the conversion costs are very small - only a few hundred dollars to replace and install the burner tip. They also save quite a bit of money - close to 50% - according to the March 2016 Vermont Fuel Price Report published by the Department of Public Service (DPS): natural gas costs \$17.55/MMBtu and propane costs \$35.15/MMBtu.
2. If someone is using *fuel oil* today, the typical mobile home customer would most likely install a conversion burner, which costs around \$2,000 purchased and installed, according to VGS. If these customers choose to lease the conversion burner from VGS, it costs \$23/month or \$276/year. Based on the current DPS price of fuel (\$1.86/gallon, which is likely high), a customer that uses 600 gallons of fuel oil in one year would lose about \$87 per year on fuel costs alone. Furthermore, if these customers have an aboveground fuel tank it would have to be removed, costing as much as \$400. These costs also doesn't include any rate increases that would come in the future.
3. The dollars-per-MMBtu published by DPS for natural gas assumes that a customer is currently using around 724 gallons of fuel oil, which would translate to 100 Mcf of natural gas. If a customer is actually using less fuel oil today, the corresponding dollars-per-MMBtu is actually higher (e.g. over \$18/MMBtu). This is because the rate structure is such that the more natural gas someone uses the cheaper it is on a per-Ccf basis, since the daily access fee and other monthly charges get spread over a larger number of Ccf). In short, a residential customer would have to consume just under 950 gallons of fuel oil in order to start saving a minimal amount of their fuel bill. Savings is dependent on how much fuel oil is currently being consumed/customer on average.
4. One can get some sense of whether or not they will save money by inserting the number of gallons of oil or volume of propane they use on VGS' own website: <https://vermontgas.com/residential/residential-savings-calculator/>. VGS uses data from a monthly report of average fuel prices across the state produced by the Department of Public Service so there is a time lag in the prices quoted on the website. This week's actual average price of oil for Vermont is \$1.80. The numbers on VGS' calculator can be adjusted. For example, you likely would have paid \$1.35 per gallon for oil on February 3, 2016 even though VGS' website was showing the average price to be \$2.01 at that time and the average price in the state as a whole was apparently closer to that much higher figure. EIA usually posts its weekly price updates on Wednesdays here: <https://www.eia.gov/petroleum/heatingoilpropane/#itn-tabs-2>. If Vermont doesn't show up automatically, click on "New England" and the states will drop down.

VGS recently proposed a 3.3% rate reduction to begin in November. A member of Just Power Vermont did an analysis and found that the announced rate reduction is based on an average of all customer classes. For residential customers, the reduction will actually be much lower, and even with that reduction, based on today's prices, natural gas would be a bit over 3% more expensive than oil for residential customers.

5. Apparently, VGS admits in its filing that a 10% rate increase will have to follow to pay for the pipeline once gas starts flowing, and again, that's an average increase. Traditionally, residential customers have borne the majority of expansion costs in Vermont (something that is not true elsewhere).

3. VGS's Energy Efficiency Services

The efficiency services clause in the Town's agreement reads as follows:

18. As part of the Distribution Plan, Vermont Gas will make available its energy efficiency programs to any Hinesburg home or business currently along the existing natural gas line. Further Vermont Gas will make its energy efficiency programs available to homes and businesses along the proposed future distribution network as shown on the map included as Attachment 2.

d. Residential programs include: 1. Retrofit program, 2. New Construction program, and 3. Equipment Replacement Program.

e. Commercial programs include: (1) Workplace Equipment Replacement and Retrofit program; and (2) Workplace New Construction program.

This clause in the agreement is meaningless. In fact, the agreement between the Town and VGS was signed months after VGS and the Public Service Board had, via an order filed on April 17, 2015, established a very limited definition of "eligible" customers for energy efficiency services. This was then followed with an order on November 23, 2015 indicating VGS would no longer be providing energy efficiency services (see attachment.) Apparently, VGS failed to notify the Town of these changes relevant to the agreement. Furthermore, it appears that energy efficiency services are already available to most residents via Efficiency Vermont.

4. Low Income Discounts

The low income discounts clause in the Town's agreement reads as follows:

19. Vermont Gas offers a low income rate for eligible customers in Town of Hinesburg. The discount is 20% off of all components of the natural gas bill (the daily access charge, natural gas charge, and distribution charge) and is available to consumers with household incomes at or below 185% of the federal poverty level. Income eligibility is determined by the Department for Children and Families, Office of Energy Assistance. All customers, including low income eligible customers, pay a modest monthly fee to support the program. For a residential customer the fee is currently \$1.39 per month.

VGS is required to provide the low-income discount to everyone; this fact is even mentioned in VGS's latest marketing letters going out in Middlebury. Of course, this discount would be applied to whatever VGS rates are at the time. If recovery of pipeline expansion costs causes rates to go up by 10%, the discount would be on the higher amount. If natural gas rates are substantially higher than oil prices per MMBtu, that could mean that even after a low-income discount, natural gas could be more expensive than fuel oil - especially once conversion or rental adaptor costs are included. The agreement seems to recognize that the low-income discounts are standard business practice, but the discussion at the Selectboard meeting on February 15, 2016 indicated that some residents see this as part of the deal with VGS - as though it was part of why letting the transmission line through Geprags Park was worthwhile. Did the Selectboard explore other options for obtaining discounts for low-income residents (e.g. through fuel dealers) or other benefits (e.g. through any federal, private, or other grants for weatherizing or renewables, etc.) before deciding to sign

onto having an easement in Geprags Park condemned? Is VGS's standard program actually the best deal available?

5. Financial Compensation

Did the Town do any research to determine whether the \$75,000 offered to the Town in return for the extraordinary step of agreeing not to oppose the condemnation of an easement on land that was donated to the Town for a specific purpose is in fact fair compensation for the easement? Does this figure account for acquiescence to the condemnation? Has the Town checked in with other impacted towns (e.g. Williston) to check what kind of additional costs (e.g. insurance, road maintenance) might be associated with having the pipeline on Town property? Is the \$75,000 just for the value of the land, or does that include other elements of compensation, to which the Town might otherwise be entitled? It seems a remarkably pittance sum for what is a permanent right to that land.

Further, why has the money for monitoring the golden-winged warblers in Geprags Park gone to Audubon and not to the Conservation Commission, who in turn, could determine who to contract that work out to? And is that very minor amount of money sufficient?

6. Impact on Geprags

There is concern about the legality of process for eminent domain on a public park. Additionally, the terms of the current agreement make clear that the park will be - or could be - greatly impacted above and beyond the area of the right-of-way/easement. The terms allow VGS to do whatever they deem necessary for maintenance and "safety", as well as "temporary storage" and access. - even outside of the area of the easement itself. There is much "wiggle room" in these terms that it leaves the park vulnerable and the Town with little recourse. Much of this is spelled out in the accompanying letter from James Dumont to the Conservation Commission.

Since the park was deeded for recreational and educational uses, will the installation of a pipeline impact those uses in the future? For example, if the Town wanted to construct a school, would it even be possible adjacent to a transmission pipeline? The Town earlier looked at drilling wells in Geprags Park for water supply. Would that possibility still exist with the pipeline and would the water quality be retained? Many questions require answers.

Redress

What if something goes wrong? A major leak, or, god forbid, an explosion? There is nothing in the terms of the agreement about how that would be handled, nor how the town would be compensated for such losses, nor who and where liability would fall.

Pipeline Safety and future Town Planning

It would behoove the Town to look into some of the information available about pipeline safety and related conditions that could impact future Town planning decisions. The following website provides great information on development and land use planning best practices for towns, stakeholders, and pipeline operators:<http://mrsc.org/Home/Explore-Topics/Public-Safety/Special-Topics/Pipeline-Safety/Planning-Near-Pipelines.aspx>

Another useful resource comes from a group called PIPA (<http://primis.phmsa.dot.gov/comm/publications/PIPA/PIPA-Report-Final-20101117.pdf?nocache=5791#pagemode=bookmarks>) with an excellent summary of many of the other resources on their website, checklists, best practices, and guidelines. The PIPA report was funded by the Federal Pipeline and Hazardous Materials Safety Administration (PHMSA) to help communities and pipeline companies work together when a new pipeline project is being planned. While not all of the recommendations have been incorporated into statute, both industry and other stakeholders have backed it, and PHMSA not only helped fund the process of developing the report but has also give it a seal of approval. This is a set of recommended practices for municipalities and pipeline companies, including recommendations for minimum stakeholder engagement (e.g. a 600-foot "consultation zone" - anyone within 600 feet of a pipeline should be invited to participate in some form of consultation.) It also has some handy checklists of issues that municipalities may want to consider.

What else besides Geprags Park should the Town consider?

Currently, the agreement is entirely focused on the issue of the Geprags Park easement and compensation. There is virtually nothing at all about the rest of the town, or any protections for those who have granted easements across their properties or other areas impacted. It is unconscionable that the Town didn't even try to get safeguards in place for Town residents more generally.

The Town of Monkton, for example, has taken a much more holistic approach to considering the impacts of the pipeline on the town; Hinesburg should take a look at Monkton's MOU, and others, for example, Shoreham's MOU to see what terms they required. In the case of Monkton, many problems have come up in spite of their more thorough agreement. Residents are now discovering weaknesses that are slowly emerging over time, from which we should learn. For example, there are no clear definitions (e.g. "agricultural soils"), and the Selectboard has turned to VGS in at least one case to provide those definitions, which is probably not the best idea. The Town itself should define such terms.

A list of compounds to be tested for in well water excludes the one contaminant found in a well adjacent to VELCO utility polls after soil disturbance near the pipeline corridor in 2014. The amount of money provided to Monkton to hire an engineer to oversee construction in the Town will only afford a few hours per week of on-site oversight. In spite of these weaknesses in the Monkton agreement, it is nonetheless more detailed and robust than Hinesburg's agreement. This is true even though Monkton came to agreement a couple of months before Hinesburg did and more than a year before Hinesburg actually signed the agreement with VGS. Landowners living along the route in Hinesburg - not just lovers of Geprags Park - should be concerned - whether or not there is an easement on their property. (For e.g. see pre- and post-blasting well testing for all residential wells within 600 feet of the pipeline regardless of whether the residents have granted an easement to VGS.)

The Town has given away an easement in the Park without even getting basic protections for those landowners in place - even though the Town essentially asked for the route to cross their property.

What have we learned from construction already underway

- Accidental water line damage: See Item 2 in the attached Chittenden Solid Waste District Executive Board Minutes re: VGS hitting water lines repeatedly and having to redo work. Also, note that it looks like VGS was having trouble staying within its right-of-way. <http://www.cswd.net/wp-content/uploads/2014/09/DRAFT-Executive-Board-9.15.14-unapproved.pdf>
- Soils Management: VGS has a Soils Management Plan. Below is a recent note from Monkton resident: "VGS came to the Monkton Selectboard last night and it was a farce. At one point, the Chair of our Selectboard suggested that VGS 'take a stab at defining *agricultural lands* and *agricultural soils* as they're used in the Town's MOU with VGS. I asked what the Town's intent had been and why those terms weren't already defined in the agreement. Landowners are now at the mercy of VGS' most convenient definition."
- Blasting and Public Hearings: People along the construction route have been troubled by blasting. Some report that the sites are left as "blast zones" - utterly destroyed. There have been some public hearings as VGS is required to hold those, but VGS has not made it easy for the whereabouts and timing of those hearings to be known. Williston residents were completely unaware blasting was to occur. If any hearing was held, it was not made obvious even to those watching closely. There is more information about VGS's blasting plan and blasting "best practices" here: <http://monktonvt.com/town-info/vermont-gas-project/>
- Problems with Horizontal Directional Drilling (HDD): Given that VGS is planning to use HDD in the Geprags Park and, possibly elsewhere in Hinesburg, it would be worth noting the problems they are facing with it: <http://digital.vpr.net/post/vermont-gas-wont-say-if-it-fired-major-pipeline-contractor#stream/0>
- Words and Actions: There are waterway crossings, stormwater runoff permits, and soil management plans required for crossing the LaPlatte River. The memorandum-of-understanding between VGS and the Agency of Natural Resources, as well as many other documents, could and should be reviewed very carefully, and with a critical eye, keeping in mind that what is written on paper may not necessarily illustrate what really happens on the ground and in communities. Have the requirements and conditions been honored along the

construction route so far and in other communities? It would seem quite key at this point to learn from the experiences of others.

For a decision of this magnitude - to allow a transmission pipeline to transfer fracked gas across our town and through a public park in spite of the costs and the risks, and the need to meet state and Town goals for renewable energy - a careful process, fully-researched, and with participation of stakeholders is necessary.

Regards,

Rachel Smolker, on behalf of concerned citizens of Hinesburg