

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 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)

Docket No. 7970

RESPONSE OF PETITIONER TO NATHAN B. PALMER'S
SECOND SET OF INFORMATION REQUESTS ON PETITIONER

This is the response of Vermont Gas Systems, Inc. ("VGS" or "Petitioner") to the Second Set of Discovery Requests ("Discovery Requests") of Nathan B. Palmer ("Palmer"). Petitioner is filing one complete hard copy of its responses with the Public Service Board ("Board"), with two copies served on Nathan B. Palmer and a copy served on each other party of record.

General Objections:

1. Petitioner objects to any instructions contained in the Discovery Requests to the extent such instructions purport to place on Petitioner greater requirements or reserve greater rights to Palmer than are permitted by the Vermont Rules of Civil Procedure as made applicable to Board proceedings through Board Rule 2.214 (A).
2. Petitioner objects to any request for information or production of document(s) that is (or are) subject to the attorney-client privilege, constitute work product, are protected under state or federal law or are proprietary, competitively sensitive or confidential.
3. Petitioner objects to requests to the extent that they (a) are overbroad or unduly burdensome; (b) are cumulative; (c) call for the production of documents not in the possession, custody or control of Petitioner; (d) call for the review, compilation, or production of publicly-available documents that could be obtained by the requesting party in a less burdensome manner; (e) are vague and/or ambiguous; (f) seek information not reasonably calculated to lead to the discovery of admissible evidence; or (g) call for the review, compilation, or production of a voluminous number of documents at great expense to Petitioner.

4. Petitioner does not hereby waive any objections, and it reserves the right to later raise any additional, available objections.

5. Responses and objections indicated herein reflect the position of the individual specified by Petitioner and not the other respondents unless specifically stated otherwise.

RE: A.PALMER:VGS.1-1

Q.Palmer:VGS.2-1: I object to your objection. This is a very specific question and one that is not answered in the 2-28-13 pre-filed supplemental testimony of John Heintz. In that testimony, on page 5, line 5, about somewhere in Williston (I think it was), you state that the route now shifts to avoid VELCO infrastructure. But when you get to page 6, line 6, which is describing the vicinity of ours and the Latreille's property, you simply state "Transmission Mainline alignment change from VELCO K-43 ROW to (MP24 to MP24.9), crossing Rotax Road, (4800 feet)." That is a statement, not an explanation. I want to know what is so important on the existing VELCO corridor that you need to run 4800 feet out of your way and trash the soil that we have been nurturing for years, cut down several trees that we have planted and bring this hazardous substance carrying tube within 100 feet of where we sleep and substantially reduce our property's value. And I want to see documentation.

A.Palmer:VGS.2-1: In VGS' consultation with VELCO, it became clear that the co-location of the Project within the VELCO corridor in this area would create conflicts with existing and proposed electric transmission infrastructure. The VELCO corridor in this area is also closer to more homes.

Person Responsible for Response: John Heintz
Title: Project Manager
Date: May 30, 2013

RE: A.PALMER:VGS.1-4

Q.Palmer:VGS.2-2: We did not ask for an analysis. We asked for a list. VGS touts their safety standards. A responsible company selling a hazardous product like methane, must study accidents in order to identify possible mistakes that could and should be avoided in the future. Does VGS ever study gas pipeline accidents? This question is directly related to the fact that we are being asked to trust you with our safety. If this list or "analysis" has not been performed, do you think it should be? (I do and request that you do so)

A.Palmer:VGS.2-2: The US DOT publishes information and statistics on pipeline incidents. VGS reviews reports issued by the NTSB concerning natural gas related incidents. VGS also reviews natural gas related incidents when they occur on its mains and services to determine if there are lessons to be learned. The VGS Safety Manager also reviews field damage reports and submits the required reports to the Department of Public Service for their investigation into the cause of an incident. See: <http://phmsa.dot.gov/pipeline>.

Person Responsible for Response: Jean-Marc Teixeira
Title: Vice President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PALMER:VGS 1-5

Q.Palmer:VGS.2-3: Again, I did not ask for an analysis. I asked for a list. It is unfathomable to think that VGS does not know or have access to this information. This question alludes to the trust that a landowner is supposed to have for a company that is requesting or demanding we host a pipeline full of lethal gas within 100 feet from where we sleep. To make the question more manageable, I will ask you to **please provide the list of incidents involving Enbridge or Gaz Metro in the past 5 years.**

A.Palmer:VGS.2-3: VGS does not have the information requested.

Person Responsible for Response: Jean-Marc Teixeira
Title: Vice President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PALMER:VGS.1-6

Q.Palmer:VGS.2-4: When a person hires a contractor to perform work on their home, they require the contractor provide proof of liability insurance before signing a contract. VGS is proposing to permanently install a pipeline that will transport a volatile gas across our land within 100 feet of our home and you refuse to answer a simple question about liability. If you still maintain that this requires a legal conclusion, please ask one of your attorneys to answer it. Or have your insurance agent answer the question. **What is the extent of the company's liability for lives lost, property destroyed and wells polluted along the pipeline?**

A.Palmer:VGS.2-4: Objection, the request calls for a legal conclusion. An additional reason it cannot be answered definitively is because the question is so broad and could have numerous scenarios with differing answers. Without waiving the objection, Vermont Gas carries liability insurance that would cover its liability in the situation where it was determined that Vermont Gas was liable for damage.

Person Responsible for Response: Eileen Simollardes
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PALMER:VGS. 1-7

Q.Palmer:VGS.2-5: As a landowner who is being asked to host this pipeline, I feel it is within my legal right to ask this question. I feel it is your legal obligation to answer it. This is not the type of information I want to find out about first hand. If you have had damage to properties before, you will have this information. I would like to point out that your refusal to answer these questions about liability and the way you refer to it as a legal conclusion speaks volumes about how the petitioner deals with things when they go awry. So I will ask again, **How long does it take for injured parties or people with damaged properties to recover damages? Please document these responses.**

A.Palmer:VGS.2-5: Objection, the request calls for a legal conclusion. An additional reason it cannot be answered definitively is because the question is so broad and could have numerous scenarios with differing answers.

Person Responsible for Response: Eileen Simollardes
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.
Date: May 30, 2013

Q.Palmer:VGS.2-6: There were three gas leak incidents in April of this year involving the Petitioner; April 16th in Essex Jct., April 24th in St. Albans, and April 25th in Hinesburg. Please use these incidents to showcase how the Petitioner's insurance covered these situations. Was any of the liability shifted to the landowners or the construction companies involved? Have these incidents been dealt with by the Petitioner's insurance or are these now legal issues? Were the towns reimbursed by the Petitioner for Fire, Police and Highway personnel expenses? If not, what was the cost to these towns?

A.Palmer:VGS.2-6: Objection to the extent the question calls for a legal conclusion. Without waiving the objection, all three incidents were on public rights of way and therefore no private land was involved. All three were the results of construction activities that occurred within the public right of way (not VGS construction). Petitioner's insurance is not currently involved nor is it a pending legal issue. VGS did not reimburse the towns for these incidents. The Underground Facility Damage Reports associated with these incidents are included as **Attachment A.Palmer:VGS.2-6.1 to Attachment A.Palmer:VGS.2-6.3.**

Person Responsible for Response: Jean-Marc Teixeira
Title: Vice President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

Q.Palmer:VGS.2-7: How many gas leak response teams does the Petitioner employ? With additional pipeline, will they be adding more response teams?

A.Palmer:VGS.2-7: See Mr. Lyons prefiled testimony at A8 and Mr. Teixeira's prefiled testimony at A20. All reports of leaks are responded to per the VGS' Operations and Maintenance Manual and its Emergency Response Plan, **Attachments A.CSWD:VGS.RTP.1-12.1** and **1-12.2**. VGS dispatches a qualified service technician or distribution and maintenance technician to investigate all leak reports. VGS presently has twenty-seven technicians available for first response.

Person Responsible for Response: Jean-Marc Teixeira
Title: Vice President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PALMER:VGS.1-11

Q.Palmer:VGS.2-8: No one was asking whether or not you were going to hire professionals, but thanks for the reassurances. Will these be union workers or will they be Canadian? As far as having limited impacts, we are talking about explosive devices here. What you refer to as "limited impacts" might be referred to by others as substantial impacts. It depends on whose perspective you are taking. Would you consider a cracked foundation a "limited impact"? Would you consider a diminished water supply (I know...difficult to prove) a "limited impact"?

A.Palmer:VGS.2-8: At this time VGS has not identified the company it will hire to perform any blasting required for the Project. We do not anticipate any impact to private wells, homes or foundations and will conduct pre and post blast surveys for all structures, including wells, within 600 feet of any blasting activity to confirm this.

Person Responsible for Response: John Heintz
Title: Project Manager
Date: May 30, 2013

RE: A.PALMER:VGS. 1-12

Q.Palmer:VGS.2-9: I was not talking about wetlands, I was talking about **all** of our land. And I am not talking about managing just the right of way, I am talking about mitigating invasive species that might be spread by your construction. Plants and bugs know no boundaries. In the case of an infestation, I would need a guarantee that no pesticides or herbicides would be used to eradicate the pest/and or invasive species. I would need to know that this immense project would not become my own burden or that of any other agricultural operation on my land. **Are you going to send a crew out to pull weeds or pick bugs on their hands and knees if there is an infestation?** Simply stating that you will comply with all the regulations in place does not make me feel confident that the Petitioner will do the right thing if something goes wrong, especially if the regulations in place are only pertaining to designated wetlands.

A.Palmer:VGS.2-9: VGS will not use pesticides or herbicides and will comply with all environmental conditions required by its CPG and other environmental permits for the Project.

Person Responsible for Response: Jean-Marc Teixeira
Title: Vice President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PALMER.VGS. 1-14

Q.Palmer:VGS.2-10: If you have not yet decided on which pipe to buy for this project, please provide the MSDS sheets on the ones in the running. Also, as previously requested, provide MSDS on all other products used during construction. This issue needs to be addressed specifically as to how it will affect our organic farming methods and certification. Also, in crossing from our neighbor's property to ours, your equipment will be tracking mud, dirt and contamination (specifically, herbicides and pesticides) from a non-organic farm. This would be unacceptable as it will cause our farm to lose the potential for organic status. **Please explain how your crew will avoid contamination of our soil.**

A.Palmer:VGS.2-10: VGS does not yet have MSDS sheets for potential pipes or products to be used during construction. The procurement process has not yet begun. We will supplement this information if procurement is completed before the issuance of the CPG. Vermont Gas does not believe this project will affect your organic farming methods or certification. See also A.Palmer:VGS.2-9.

Person Responsible for Response: Jean-Marc Teixeira; Jeff Nelson
Title: Vice President of Operations, Vermont Gas Systems, Inc.; Director of Energy and Environmental Services, Vanasse Hangen Brustlin, Inc.
Date: May 30, 2013

Q.Palmer:VGS.2-11: In Don Gilbert's testimony, VGS ANGP Gilbert PFT (12-20-2012) , he states on page 11, lines 4 and 5, that "expanding natural gas service to Addison County is the first step towards a long term plan to serve Rutland and eventually connect Vermont to the US natural gas system." And on lines 14-15, "In addition, the Project will provide additional "backfeed" capability to enhance the reliability of service to customers in Chittenden County." This would indicate that Vermont Gas intends to purchase "natural" gas from closer sources such as the gas produced from the Marcellus Shale deposits. Please confirm or deny this assumption. (before you object to this request, please consider the fact that this product will be passing through and/or across our land.)

A.Palmer:VGS.2-11: Vermont Gas has a long-term plan to interconnect to the U.S. natural gas system. That would allow Vermont Gas to purchase from additional supply sources. Whether or not one of those supply basins was the Marcellus Shale deposit would depend on what pipeline Vermont Gas interconnects to and what suppliers it ultimately would contract with.

Please note that the back feed referenced in lines 14-15 of Mr. Gilbert's testimony does not refer to the potential to bring gas from the south. Rather it is a reference to the ability to feed the system from alternate paths off our existing system.

Person Responsible for Response: Eileen Simollardes; Jean-Marc Teixeira
Title: Vice President, Supply and Regulatory Affairs; Vice President Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A. CLF:VGS. 1-5

Q.Palmer:VGS.2-12: This is an example of you using a string of words I know the meaning of, but you have combined them in such a way that it makes no sense to me at all. I do understand the part that you object to this request and would like to know why you would be trying to obscure the content of the deed of easement. The process of siting this pipeline should be totally transparent. This is Vermont and that is the way Vermonters like to do business. As a landowner directly affected by this easement it would be helpful if I could see this document and ponder it for a while BEFORE I am actually asked to sign on to it. Please produce all documents describing the terms of any easements proposed to landowners for use of their property.

A.Palmer:VGS.2-12: Objection, the request is not reasonably calculated to lead to the discovery of relevant evidence. Notwithstanding the objection, see **Attachments**

A.Palmer:VGS.2-12.1 and **A.Palmer:VGS.2-12.2** containing the generic form of easement option and easement used by Vermont Gas for this project.

Person Responsible for Response: Eileen Simollardes
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.
Date: May 30, 2013

RE: A.PSD:VGS.1-34

Q.Palmer:VGS.2-13: It seems the nature of this transmission line is like a train track that has no spur or stopping point between "gate stations" (placed only in high concentrations of populations), so does not serve the **majority** of communities or properties it passes through. I have no interest in hooking up to this pipeline that will be supplying "fracked" gas, but since I heard of this project, I have been wondering why those that are hosting the pipeline are not offered distribution. **Please explain what a "baby gate" or "farm tap" is and also explain WHY you are not going to use them along the route.**

A.Palmer:VGS.2-13: See: A.PSD:VGS.1-34. VGS is still in the process of evaluating potential service areas along the route however VGS and Monkton have been in conversations regarding the location of a gate station to serve portions of Monkton, including the school. In addition, VGS will be serving St. George after working with the town to identify an appropriate location for the gate station. With the addition of these gate stations, all communities along the route that do not have access to natural gas service today will have access to natural gas service as a result of the project.

All of the communities that the transmission pipeline passes through will be offered service. The smaller communities will be served with appropriately sized small gate stations that utilize a filter, heaters, meters and regulators, (aka "baby gate"). They will also have Supervisory, Control, and Data Acquisition ("SCADA") equipment that transmit information that is monitored by our gas control department. All stations will be secured within a locked fence. A "farm tap" is a single high pressure regulator that was traditionally used to serve an isolated customer off a transmission line. VGS no longer installs farm taps for individual customer service.

Person Responsible for Response: Eileen Simollardes; Jean-Marc Teixeira
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.; Vice
President of Operations, Vermont Gas Systems, Inc.
Date: May 30, 2013

Q.Palmer:VGS.2-14: *From my Motion to Intervene; 2. Pursuant to 30V.S.A. §248(b), having spent at least the last decade of my life working for the development of alternative and local sustainable energy projects, I feel like any progress in the alternative energy fields is being undermined by this 12 inch industrial pipeline. I am filing as a "conscientious objector" as this project goes totally against our visions for the energy future of Vermont.*

Therefore, I would like you to deny or admit to the following statements and provide documents to support your response where requested.

- a. Greenhouse gases contribute to climate change. (If you deny this statement, please document your source of information)
- b. Climate change is damaging Vermont's environment. (If you deny this statement, please document your source of information. If you claim not to have done this analysis, please refer to other sources that have.)
- c. Methane released into the atmosphere has, by volume, approximately twenty five (25) times the global warming potential than does the carbon dioxide (CO₂), by volume. (If you deny this statement, or claim not to have done this analysis, please refer to other sources that have.)
- d. No less than twenty-five (25%) of the anthropogenic (man-made) sources of methane released into the atmosphere are attributable to the production, transmission, and distribution of energy. (If you deny this statement, or claim not to have done this analysis, please refer to other sources that have.)
- e. It isn't important how much methane is seeping into the air as a result of the production, transmission, and distribution facilities for natural gas.
- f. Robert Howarth, a scientist at Cornell University, is misinformed and does not know what he is talking about when he estimates the amount of methane that is released into the atmosphere through leaks during the process of production, transmission and distribution of "natural" gas. Therefore, leakage is not a problem.
- g. Even if only four percent (4%) of the methane contained in "natural" gas is released into the atmosphere through leaks in the production, transmission, and distribution of "natural" gas, the net effect of the Project, given YOUR estimates of how many users will convert to "natural" gas, will be to increase the rate of global warming, not decrease it. (If you deny this statement, or claim not to have done this analysis, please refer to other sources that have. Or, better yet, plug the 4% leakage figures into your analysis that says that this project is environmentally a good thing for Vermont) Please do the same analysis if the above figure of released methane is only 3%. (If you intend to object to this request, please admit that your analysis' uses the figures that show the Project in an environmentally good light and not the figures actual scientists are claiming to be accurate.)

h. You say this project is not designed to leak. Thank you for that reassurance. However, there is much to lose if it does leak. Within the last month there have been three leak incidents in Chittenden and Franklin Counties. These were serious enough leaks to cause evacuations. **The structures involved in these incidents were designed not to leak.**

i. The process of hydraulic fracturing to extract gas from shale gas deposits is widespread and it is currently the main source of "natural" gas.

j. The "natural" gas you are now peddling in Vermont comes from Alberta Canada and Vermont Gas Systems has no control over the price of the gas it purchases from Alberta, Canada.

k. The Petitioner's assertion that the Project will "reduce greenhouse gas emissions by 300,000 tons over the next 20 years" was made without factoring in the leakage that is or is not occurring during the production, transmission or distribution of the "natural" gas.

l. The Petitioner's assertions that this Project will reduce greenhouse gas emissions was made assuming that most of the Addison County residents and businesses that will be offered "natural" gas distribution will convert to "natural" gas because it is cheaper.

m. The Petitioner's assertions that this Project will reduce greenhouse gas emissions was made assuming that most Addison County residents and businesses that will be offered "natural" gas distribution will convert to "natural" gas because they believe it is a cleaner alternative to oil or propane.

A.Palmer:VGS.2-14:

a. Vermont Gas can neither admit or deny since it is aware of scientific debate around the subject of climate change. Vermont Gas admits that there is a significant body of scientific work strongly linking greenhouse gases to climate change.

b. Neither admit or deny. Vermont Gas is not aware of any studies that document damage to Vermont's environment from climate change. However, we are aware of a recent White Paper prepared by the Agency of Natural Resources that speaks to Climate Changes in Vermont. See **Attachment A.Palmer:VGS.2-14(b).**

c. Partially admit. Vermont Gas has seen information indicating methane released into the atmosphere has, by volume, approximately twenty-one times the global warming potential than does the carbon dioxide (CO₂), by volume.

d. Admit. See **Attachment A.Palmer:VGS.2-14(d).**

e. Yes.

f. Partially admit and partially denied. To the best of Vermont Gas' knowledge Robert Howarth is a professor at Cornell University. Robert Howarth estimated the amount of methane that is released into the atmosphere through leaks during the process of production, transmission and distribution of "natural" gas. However these estimates were criticized as significantly overstated and are not supported by EPA's estimate of emissions. Vermont Gas believes the natural gas industry should and does pay close attention to leakage.

g. Objection, the request question calls for analysis that has not been performed. Without waiving the objection, denied. Even if Vermont Gas were to undertake this calculation using the 4% or 3% figure for natural gas it could not produce a meaningful analysis because the total emissions avoided by converting from fuel oil to natural gas would not be included.

h. Partially admit and partially deny. Admit that the structures were designed not to leak. Denied that the three incidents were serious enough leaks to cause evacuations. The incidents were not "leaks" but rather 3rd party damage to the system that resulted in a leak. The decision whether or not to evacuate is not necessarily dependent on the severity of the leak.

i. Partially admit and partially deny. Admit that the process of hydraulic fracturing to extract gas from shale gas deposits is widespread. Denied that it is currently the main source of natural gas. Vermont Gas does not know how the natural gas it procures is produced.

j. Partially admit and partially denied. Admit that approximately 70% of the gas purchased by Vermont Gas is sourced from Alberta, Canada and Vermont Gas Systems has no control over the wholesale price. Denied in that 30% of the gas purchased is sourced from Parkway, Ontario and may or may not have originated in Alberta.

k. Admit.

l. Partially admit and partially denied. Admit that the greenhouse gas emission reduction assumes the conversion to natural gas from fuel oil and propane. Denied as to whether or not those converting will do so simply because it is cheaper. Vermont Gas made no assumptions regarding customer's motivation for conversion.

m. Partially admit and partially denied. Admit that the greenhouse gas emission reduction assumes the conversion to natural gas from fuel oil and propane. Denied as to whether or not those converting will do so simply because it is cleaner. Vermont Gas made no assumptions regarding customer's motivation for conversion.

Person Responsible for Response: Eileen Simollardes
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.
Date: May 30, 2013

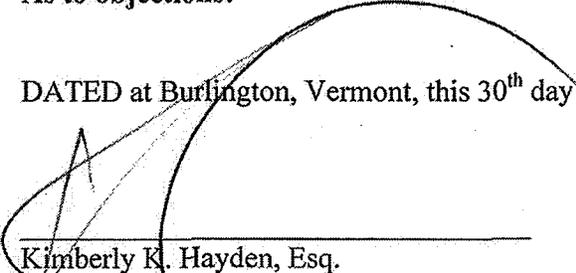
Q.Palmer:VGS.2-15: We have been told that this pipe will last for one hundred years. According to many environmental scientists, civilization has 15 to 20 years max to stop burning fossil fuels before we get to a point where there will be no turning back. Why would you think it makes sense to build out more fossil fuel infrastructure?

A.Palmer:VGS.2-15: Vermont Gas believes that this project is a cleaner, more cost effective choice for Vermonters than fuel oil and propane.

Person Responsible for Response: Eileen Simollardes
Title: Vice President, Supply and Regulatory Affairs, Vermont Gas Systems, Inc.
Date: May 30, 2013

As to objections:

DATED at Burlington, Vermont, this 30th day of May, 2013.



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