

Memorandum

To: James Sinclair, Project Executive Sponsor; Project File
From: John R. Stamatov, Project Manager
Date: August 24, 2015

RE: Phase 1 of the Addison Rutland Natural Gas Project
Non-Substantial Change Determination Summary: *3rd Change Request*
Docket No. 7970

The purpose of this memorandum is to summarize 18 proposed changes (the “Project Changes”) to the design of Phase 1 of the Addison Rutland Natural Gas Project (the “Project”).¹ This memorandum, combined with the memoranda, letters, or work plans prepared by Mr. Nelson, Mr. Buscher, and Mr. Crock, support the VGS Project team’s conclusion that the Project Changes will not raise a substantial issue with respect to any of the applicable Section 248 criteria, and should be considered non-substantial changes to the Project. These changes have also been previewed with the Vermont Agency of Natural Resources (“ANR”) and the Department of Public Service (the “Department”). In response to feedback provided by ANR, Vermont Gas has added Attachment 2B to this filing. Vermont Gas has also previewed the changes with the impacted municipalities and regional planning commissions.

As an initial matter, the Project budget of approximately \$154 million as filed with the Board on December 19, 2014, does not need to be modified for the Project Changes. In the aggregate, the Project Changes will improve constructability and respond to landowner requests, which VGS anticipates will reduce construction and schedule risks.

Vermont Gas has reviewed the Project Changes with the involved landowners and the changes are reflected in the underlying easements. A number of the Project Changes are being proposed specifically in response to landowner requests. To date, no landowner concerns have been raised. Additionally, the changes do not introduce any new landowners or abutters to the Project, and Vermont Gas holds the required easements for all of the changes except one, PH1-41. In that case the landowner has agreed to the revised access road but the documents have not yet been executed.

Each of the Project Changes is described in greater detail in Attachment 1A to this memorandum. Attachment 1A provides a description of each change; the change location information, including the relevant natural resource sheet identifier; and the reason for each change. Additionally, the last column of Attachment 1A identifies any impacts (e.g., additional tree clearing, earth disturbance) that will result from each change. While Attachment 1A provides the details, the 18 Project Changes can be characterized as follows:

¹ Vermont Gas Systems, Inc. (“Vermont Gas” or “VGS”) anticipates that there will be an additional non-substantial change to the Project associated with a reroute currently under consideration in response to a landowner concern. Any additional non-substantial changes will be filed with the Public Service Board (the “Board”) as appropriate.

- Alignment changes (6) – designated as category “AC” on Attachment 1;
- Mainline Valve (“MLV”) location changes (4) – designated as category “MLV” on Attachment 1A;
- Access road and workspace adjustments/changes (7) – designated as category “AR” on Attachment 1A;
- Updates to natural resource mapping/impacts (1) – designated as category “NR” on Attachment 1A.

The attached orthographic mapping (Attachment 1B to this memorandum) shows locations of the changes and, where applicable, the prior and now-proposed locations of the 4 MLVs and the access roads. Messrs. Nelson, Sky, Crock, and Buscher have reviewed these Project Changes and evaluated the applicable Section 248 criteria, and they have concluded the changes do not raise a substantial issue with respect to any of the applicable criteria. A table providing a detailed summary of the potential impacts of each change on the natural resource, aesthetic, and historic sites criteria is provided as Attachment 2B to Messrs. Nelson and Sky’s memorandum. VGS has also evaluated potential impacts on all other Section 248 criteria and determined that these changes do not have the potential for significant impacts.

Some of these changes did require that VGS seek collateral permit amendments. In late June 2015, VGS filed permit amendment requests with both the U.S. Army Corps of Engineers and ANR. Vermont Gas has received the Army Corps amendment and is awaiting the ANR permit amendments. All of these Project Changes are captured in the most current EPSC Plan Sheets, which were provided as part of our permit amendment filings and are also provided as Attachment 1C to this memorandum.

Vermont Gas respectfully asks that the Board review and approve these Project Changes as quickly as possible. While none of the Project Changes pertain to the first eleven miles of pipeline slated for construction in 2015, the construction in the vicinity of the Rocky Ridge golf course needs to occur between November 1, 2015 and February 28, 2016 to avoid disrupting the landowner’s business and enable natural gas service to Middlebury and Vergennes residents in time for the 2016/2017 heating season. Construction in this area can occur during the winter, but conditions in November are likely to be more favorable than later in the season. Further, the construction contractor intends to continue working late into the fall. Being able to access as many parcels as possible during the 2015 construction season will provide the contractor with additional construction flexibility, helping ensure Vermont Gas can complete the entire Project by fall, 2016.

Conclusion

Vermont Gas is proposing these Project Changes to respond to landowner requests and to improve constructability. The Project Team has reviewed the environmental, aesthetic, and historic assessments of the Project Changes, along with the other Section 248 criteria, and has concluded that these changes do not raise a substantial issue with respect to any of the applicable Section 248 criteria. In addition, where required, VGS has applied for amendments to collateral ANR permits. We conclude the proposed Project Changes are non-substantial and improve the

Project without increasing the Project budget, and without raising substantial issues with respect to any of the applicable Section 248 criteria.

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