

Richard H. Saudek

Attorney

1350 Dodge Road

Montpelier, VT 05602¹

January 21, 2015

By Hand

Re: Docket No. 7970

Susan Hudson, Clerk

Vermont Public Service Board

112 State Street

Montpelier, VT 05620

Dear Sue:

Enclosed are the comments of the Vermont Fuel Dealers Association (VFDA) in response to the Board's solicitation of positions on the scope of review upon remand.

Sincerely yours,



Richard H. Saudek

¹ Address until February 1, 2015

**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 mainline in Addison County,)
together with three new gate stations in)
Williston, New Haven, and Middlebury,)
Vermont)

Docket No. 7970

Scope of Review on Remand

The Vermont Fuel Dealers Association submits the following comments in response to the Board’s solicitation of comments in its Order of January 16, 2015.

By filing its second large cost increase in a year, VGS invited an updated look at the economics of the project and a new review applying the criteria for measuring benefits as articulated by the Board in its December 23, 2013 decision. It would be meaningless to focus only on the increased cost of the project in isolation, ignoring the huge changes in the costs of competing fuels since the project received its CPG. In fact, it would be impossible to say whether any real economic benefit still exists without examining the new costs in context.

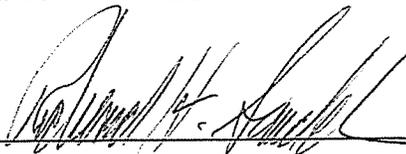
In short, there are at least two sides to the equation that the Board must consider to get a realistic idea of whether the pipeline is still beneficial – both the large VGS cost overruns and their implications in today’s markets. If the price of oil and other potential sources had held steady or increased in recent months, the analysis might be simpler. But, as everyone knows, the price of oil has plummeted and is expected to remain in its new range for the foreseeable future.

Comparative environmental impacts of the project have also been directly affected by the change to low sulfur oil by Vermont oil suppliers. And costs of conversion from oil to natural gas should be addressed when measuring the true likelihood of replacement of oil by customers.

If the Board doesn’t consider current market conditions, what assurance do VGS ratepayers have that they aren’t being told to pay a large amount of money for a long pipe that won’t benefit them or anyone else?

Date: January 21, 2015

VERMONT FUEL DEALERS ASSOCIATION

By  _____

Richard H. Saudek, Attorney

dicksaudek@outlook.com¹

¹ This is a temporary email address. It will change on February 1, 2015.