

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6876

Petition of Vermont Gas Systems, Inc. for a certificate)
of public good, pursuant to 30 V.S.A. § 248(j), to)
rebuild and enclose an existing pressure-regulation)
station on Lake Road in St. Albans, Vermont)

Order entered: 12/4/2003

I. INTRODUCTION

This case involves a petition filed on July 29, 2003, by Vermont Gas Systems, Inc. ("Vermont Gas" or "VGS") requesting a certificate of public good ("CPG") under 30 V.S.A. § 248(j). VGS seeks authorization to rebuild and enclose an existing pressure-regulation station ("Station" or "Project") on Lake Road in St. Albans, Vermont.

VGS has served the petition, prefiled testimony, proposed findings, and a proposed order (along with a prospective CPG) on the Public Service Board ("Board"), the Vermont Department of Public Service ("DPS") and the Vermont Agency of Natural Resources ("ANR"), as specified in 30 V.S.A. § 248(a)(4)(C), pursuant to the requirements of 30 V.S.A. § 248(j)(2).

Notice of the filing in this docket was sent on August 20, 2003, to all parties specified in 30 V.S.A. § 248(a)(4)(C) and all other interested persons. The notice stated that any party wishing to submit comments as to whether the petition raises a significant issue with respect to the substantive criteria of 30 V.S.A. § 248 must file the comments with the Board on or before September 19, 2003. Notice of the filing, with a request for comments on or before September 19, 2003, was also published in the *St. Albans Messenger* on August 22 and 29, 2003.

On June 16, 2003, the DPS filed a letter with the Board that stated that it does not believe that the petition raises any significant issues with respect to the criteria of § 248, and that the petition be granted and a CPG issued without hearing. The DPS asked in this letter, as outlined in more detail below, that the Board include a condition related to fire safety issues in the area surrounding the pressure-regulation station.

No comments were received from any other parties or interested persons.

The Board has reviewed the petition and accompanying documents and agrees that, pursuant to 30 V.S.A. § 248(j), a CPG should be issued without the notice and hearings otherwise required by 30 V.S.A. § 248.

II. FINDINGS

_____Based upon the petition and accompanying documents, the Board hereby makes the following findings in this matter.

1. Vermont Gas is a company that transmits, distributes and sells natural gas to the public in Vermont. Pet. at 1.

2. VGS seeks approval to (a) rebuild the existing pressure-regulation station located on Lake Road in St. Albans by stripping the Station back to the inlet flange and replacing the heater, filter, all valves, pressure-reducing regulators and relief valves; (b) enclose the pressure-regulation equipment, which is currently in the open, within a metal building to reduce potential noise for neighbors; and (c) replace the existing communications building with a new building of the same design as the proposed regulation building. *Id.*; Flock pf. at 3.

3. VGS owns the land on which the Station will be reconstructed. Flock pf. at 4.

4. The Project will increase the footprint of the Station from approximately 50 feet by 50 feet to 50 feet by 71 feet. Pet. at 1; Flock pf. at 4; exh. VGS-1.

5. The footprint increase will occur on a gravel-covered area that currently serves as parking for VGS maintenance vehicles. Flock pf. at 5-6.

6. The estimated cost of the Project is \$200,000.00. Flock pf. at 4.

7. The Lake Road Station, originally constructed in 1965 as part of VGS' initial pipeline system, is one of two stations that serve customers in the St. Albans area, including industrial customers such as the St. Albans Dairy Cooperative, Fonda Paper and EverReady. *Id.*

8. The proposed Station is more efficiently designed than the current Station. The proposed Station will include a slam-shut valve and monitor regulator, with a relief valve as back-up for over-pressure protection. *Id.*

9. Reconstructing the Station and installing the new equipment will decrease maintenance costs and increase reliability and safety. The Project will also improve the Station's appearance and reduce any noise produced at the site. *Id.*

10. The Station's capacity will increase from the current maximum of 450 Mcfh to a maximum capacity of 1320 Mcfh; however, this capacity includes redundant regulation that would only be used in the event of an equipment failure or while maintenance is being performed. The primary regulation regulator has a maximum capacity of approximately 770 Mcfh, which the manufacturer suggests sizing between 50% and 80%, resulting in a maximum design capacity for the primary regulation piping of 616 Mcfh. *Id.* at 5.

Orderly Development of the Region

[30 V.S.A. § 248(b)(1)]

11. The Project will not unduly interfere with the orderly development of the region, with due consideration having been given to the recommendations of the municipal and regional planning commissions, the recommendations of municipal legislative bodies, and the land conservation measures contained in the plan of any affected municipality. This finding is supported by findings 12 through 17, below.

12. The proposed Station is the rebuild of an existing pressure-regulation station at the same location and on an area that is already disturbed. Flock pf. at 6-7.

13. VGS plans to enclose the rebuilt Station to reduce any noise that may be emitted. *Id.* at 3.

14. The proposed communications building will replace an existing communications building and will be of the same design as the proposed pressure-regulation building. *Id.* at 3-4.

15. The Project will have no incremental impact on the orderly development of the region. *Id.* at 7.

16. Even though a local zoning permit is not required, VGS has applied for Site Plan Review, Conditional Use and a Zoning Variance from the Town of St. Albans' Development Review Board ("DRB"). The DRB approved the project on September 9, 2003. *Id.*; exh. VGS-6.

17. VGS also submitted Project plans to the Northwest Regional Zoning and Planning Commission, which indicated that it had no concerns with the Project. *Id.*; exh. VGS-2.

Need For Present and Future Demand for Service

[30 V.S.A. § 248 (b)(2)]

18. The Project is required to meet the present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy efficiency and load management measures. This finding is supported by findings 19 through 21, below.

19. The existing pressure-regulation station is one of two stations that serve the City and Town of St. Albans. Flock pf. at 8.

20. Without a pressure-regulation station in this area or substantial additions to the distribution system, this portion of VGS' system could not receive reliable natural gas service nor could additional customers be added in this area. As such, the Project is required to meet present and future demand. *Id.*

21. VGS will continue to offer its demand-side management programs and interruptible contracts. Many customers in the St. Albans area have already participated in these programs. However, demand could not be met solely with energy efficiency or load management programs. *Id.*

System Stability and Reliability

[30 V.S.A. § 248(b)(3)]

22. The Project will not have an adverse effect on system stability or reliability. This finding is supported by findings 23 and 24, below.

23. VGS designed the Project to integrate with its existing operations and in accordance with regulations promulgated by the U.S. Department of Transportation (49 C.F.R., Part 192) and Board Rule 6.100. Flock pf. at 9.

24. The more efficient design and updated components at the Station and Communications Building will enhance system reliability and safety. *Id.*

Economic Benefit to the State and Its Residents

[30 V.S.A. § 248(b)(4)]

25. The Project will result in an economic benefit to the State and its residents. This finding is supported by finding 26, below.

26. Construction of the Project will result in economic benefits to the state and its residents by ensuring continued access to a competitively-priced fuel choice for customers served from the Station, which will strengthen the economic health of those customers and Vermont as a whole. Flock pf. at 9.

**Aesthetics, Historic Sites, Air and Water Purity, the Natural Environment
and Public Health and Safety**

[30 V.S.A. § 248(b)(5)]

27. The Project as proposed will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment and the public health and safety. This finding is supported by findings 28 through 62, below, which are based on the criteria specified in 10 V.S.A. §§ 1424a(d) and 6086(a)(1) through (8), 8(A) and (9)(K).

Public Health and Safety

28. The Project will not have an undue adverse effect on the public health and safety because it will be designed and constructed in accordance with U.S. Department of Transportation regulations and Board Rule 6.100. Flock pf. at 9-11, 13.

29. VGS will obtain construction and occupancy permits for the two buildings from the Fire Prevention Division of the Vermont Department of Labor and Industry. *Id.*

30. The DPS has recommended that VGS, in order to minimize fire hazards at the Station, be required to promptly remove all fire hazards surrounding the existing pressure-regulation station and develop, in consultation with the DPS, a layout for the proposed station that gives due consideration to the importance of maintaining a non-combustible materials buffer around ignition sources. VGS has agreed to construct and operate the station to comply with this DPS recommendation. DPS letter of September 19, 2003; VGS letter of September 30, 2003.

Air Pollution

31. By designing the Project in accordance with the U.S. Department of Transportation regulations and Board Rule 6.100, the Project will be designed to prevent leaks and will not involve any process emissions into the air or water. Flock pf. at 9-11, 13.

Headwaters

[10 V.S.A. § 6086(a)(1)(A)]

32. The Project does not cross or affect any of the following headwater areas: steep slopes and shallow soils; elevation above 1,500 feet; watersheds of public water supplies; or areas supplying significant amounts of recharge waters to aquifers. Flock pf. at 11-12; exh. VGS-3.

33. The Project lies in a small watershed, between the Stevens Brooks and Rugg Brook watersheds, that has a drainage area of 20 square miles or less, and therefore constitutes a headwater as defined by 10 V.S.A. § 6086(a)(1)(A)(ii). Flock pf. at 11; exh. VGS-3.

34. However, § 6086(a)(1)(A) applies only to "lands which are not devoted to intensive development." 10 V.S.A. § 6086(a)(1)(A).

35. Because the Station is in an area of St. Albans that is already developed, which includes the existing pressure-regulation station and communications building, the Project area cannot be characterized as land that is not devoted to intensive development. Furthermore, because there are no directly applicable Health and Environmental Conservation Department regulations, the proposed Project satisfies 10 V.S.A. § 6086(a)(1)(A). Flock pf. at 11-12; exh. VGS-3.

Waste Disposal

[10 V.S.A. § 6086(a)(1)(B)]

36. The Project will meet all applicable health and environmental conservation regulations regarding the disposal of waste and will not involve the injection of waste materials or any harmful or toxic substances into groundwater or wells. Given the nature and function of the Station, no waste will be generated by its operation, nor will waste materials or harmful or toxic substances be injected into ground water or wells. Flock pf. at 12.

Water Conservation

[10 V.S.A. § 6086(a)(1)(C)]

37. This criterion is not applicable because the Project will not use water during its normal operation. *Id.*

Floodways

[10 V.S.A. § 6086(a)(1)(D)]

38. The Project is not located in a floodway or floodway fringe. *Id.*

Streams and Shorelines

[10 V.S.A. §§ 6086(a)(1)(E) and 6086(a)(1)(F)]

39. The Station is not on land on or adjacent to the banks of a stream, there are no streams within 600 feet of the Station, and there are no shorelines near the Station. *Id.* exh. VGS-3.

Wetlands

[10 V.S.A. § 6086(a)(1)(G)]

40. The Project will not adversely affect any significant wetlands or the natural environment. *Id.*

Sufficiency of Water And Burden on

Existing Water Supply

[10 V.S.A. §§ 6086(a)(2) & (3)]

41. The Project will not use water during construction or for on-going operations; therefore, sufficient water is available and the Project will not cause an unreasonable burden on existing water supply. Flock pf. at 12-13.

Soil Erosion

[10 V.S.A. § 6086(a)(4)]

42. The Project will not cause unreasonable soil erosion or reduction in the capacity of the land to hold water because it will be constructed with appropriate construction techniques. *Id.* at 13.

43. The Project's plans include erosion control and station drainage plans designed by a professional engineer. *Id.*; exh. VGS-1.

Transportation

[10 V.S.A. § 6086(a)(5)]

44. The Project will not cause unreasonable congestion or unsafe conditions with respect to any affected means of transportation. This finding is supported by findings 45-47, below.

45. The Project is located adjacent to Lake Road in St. Albans, but will not interfere with the use or maintenance of this road either during or after construction. Flock pf. at 13.

46. The Project location has adequate space for maintenance vehicle parking. *Id.*

47. Vermont Gas designed the Project facilities and will construct and operate them in accordance with U.S. Department of Transportation regulations and Board Rule 6.100, which will promote safe operation. *Id.*

Educational and Municipal Services

[10 V.S.A. §§ 6086(a)(6) & (7)]

48. The Project will not require the placement or relocation of any Vermont Gas employees to the St. Albans area and is being built to serve existing load; therefore, it will not place an unreasonable burden on the ability of the municipality to provide educational or municipal or governmental services. Flock pf. at 14.

Aesthetics, Historic Sites or Rare and Irreplaceable Natural Areas

[10 V.S.A. § 6086(a)(8)]

49. The Project will not have an undue adverse effect on the scenic or natural beauty of the area, or upon aesthetics, historic sites or rare and irreplaceable natural areas. This finding is supported by findings 50 through 56, below.

50. The Project involves the rebuilding and enclosure of an existing pressure-regulation station and the replacement of an existing communications building. Flock pf. at 14.

51. VGS plans to plant trees to screen the Project from Lake Road and plant grass in certain areas that are currently gravel, all of which will improve the aesthetics of the site. *Id.*

52. The Northwest Regional Planning Commission concluded that the Project will "improve the look of the Site." *Id.* at 15; exh. VGS-2.

53. VGS also plans to encase the pressure-regulation equipment in a small, metal structure that will reduce potential noise to surrounding neighbors. Flock pf. at 14.

54. The pressure-regulation station building will match the proposed communications building. *Id.*

55. The Project is in an area that has been previously disturbed. Therefore, it will not have an undue adverse effect on any historic sites. Flock pf. at 15.

56. An archaeological consultant conducted an Archaeological Resource Assessment of the Project site and concluded that the Project area of potential effect ("APE") is located on cut and fill soils. Soil cores demonstrate that the soils beneath the surface are disturbed. No archaeological information is expected to be recovered from the Project APE by further studies. *Id.*; exh. VGS-4.

Necessary Wildlife Habitat and Endangered Species

[10 V.S.A. § 6086(a)(8)(A)]

57. The Project will not have an impact on any necessary wildlife habitat or endangered species. This finding is supported by findings 58 and 59, below.

58. The Project will not adversely affect any rare and irreplaceable natural areas or necessary wildlife habitat or endangered species. *Id.*

59. Based on the Significant Habitat Map for the Town of St. Albans, no critical habitat, significant natural community, or threatened or endangered species occur in the Project area. Flock pf. at 16; exh. VGS-3.

Development Affecting Public Investments

[10 V.S.A. § 6086(a)(9)(K)]

60. The Project will not unnecessarily or unreasonably endanger the public or quasi-public investments in any governmental public utility facilities, services, or lands, or materially jeopardize or interfere with the function, efficiency, or safety of, or the public's use or enjoyment of or access to, such facilities, services, or lands. This finding is supported by findings 61 and 62, below.

61. The Project is adjacent to a public road, but it will not interfere with the use or maintenance of the road either during or after construction. Flock pf. at 14.

62. The Project will not adversely affect any other governmental or public-utility facilities, services or lands. *Id.*

Consistency With Company's Least-Cost Integrated Plan

[30 V.S.A. § 248(b)(6)]

63. The Station is the rebuild of an existing pressure-regulation station; therefore, the load to be served from the Station is already included in VGS' Integrated Resource Plan ("IRP"). Flock pf. at 16.

64. Further, Vermont Gas' IRP projects growth in the number of customers that the Station serves. *Id.*

65. The Project is necessary to provide service to incremental customers in the St. Albans area. *Id.*

Outstanding Water Resources

[30 V.S.A. § 248(b)(8)]

66. The Project is not located on or near water or wetlands and, therefore, will not have an undue adverse effect on any outstanding resource waters. *Id.* at 15; exh. VGS-3.

Inapplicable Criteria

67. The Project is not a natural gas facility that is part of or incidental to an electric-generating facility, so the seventh criterion of Subsection 248(b), requiring compliance with the Department's electric-energy plan, and the tenth criterion, addressing use of existing and planned transmission facilities, are not applicable. *See* 30 V.S.A. § 248(b)(7), (10).

68. The Project is not a waste-to-energy facility; therefore, the ninth criterion of Subsection 248(b) is not applicable. *See* 30 V.S.A. § 248(b)(9).

III. CONCLUSION

Based upon all of the above evidence, the proposed construction will be of limited size and scope; the petition does not raise a significant issue with respect to the substantive criteria of 30 V.S.A. § 248; the public interest is satisfied by the procedures authorized in 30 V.S.A. § 248(j); and the proposed project will promote the general good of the state.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that the reconstruction and enclosure of an existing pressure-regulation station on Lake Road in St. Albans, Vermont, will promote the general good of the State of Vermont in accordance with 30 V.S.A. § 248, and a certificate of public good shall be issued in this matter.

Dated at Montpelier, Vermont, this 4th day December, 2003.

s/Michael H. Dworkin)

) PUBLIC SERVICE

s/David C. Coen)

) BOARD

s/John D. Burke)

) OF VERMONT

OFFICE OF THE CLERK

FILED: December 4, 2003

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.