

**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) Docket No. 7970
new distribution mainline in Addison County,)
together with three new gate stations in)
Williston, New Haven, and Middlebury,)
Vermont)

TOWN OF MONKTON/VT GAS MEMORANDUM OF UNDERSTANDING

I. Preambles/Background.

Whereas, Vermont Gas Systems, Inc. (“VGS”) filed a petition with the Vermont Public Service Board (“Board”) for a certificate of public good in Docket No. 7970 on December 20, 2012 to construct the Addison Natural Gas Project (“Project”), a project to extend VGS’ natural gas transmission pipeline through Chittenden and Addison counties, including the Town of Monkton (hereinafter the “Town”).

Whereas, the Town has intervened in this docket over general concerns that include, but are not limited to, the environment, safety, and economic impacts of the natural gas transmission pipeline, as well as the desire to have VGS extend natural gas service to the Town.

Whereas, at the 2013 Town Meeting, the Town passed Articles reflecting the sentiment and concerns of the Town regarding the development of the Project.

Whereas parties have met to discuss the Town’s concerns including, but not limited to those expressed at the 2013 Town Meeting, and desire to resolve such concerns in accordance with the terms and conditions set forth in this memorandum of understanding.

Whereas the parties agree that with incorporation of the agreements and conditions set forth herein into a final order by the Public Service Board, the proposed construction of the natural gas transmission pipeline should be granted a certificate of public good.

II. Siting and Route of Natural Gas Transmission Line.

- A. To address the Town's concerns for potential adverse impacts on the environment, residential wells, residential homes and public lands and buildings in the Town, VGS agrees, subject to the approval of the Board, to site and construct the Project within or adjacent to the existing Vermont Electric Power Company, Inc. ("VELCO") right of way in the Town as depicted in Exh. VGS Supp. JAN 2, Appx I (2-28-13) at sheets 21-27 and Exh. VGS Supp. JH 3 (2-28-13) at sheets 49-65, excepting those deviations set forth therein and VGS' plan to move the Project route along the Bailey property, as shown on sheets 51-53 of EPSC permit amendments of 5/3/13. , and as filed with the Board on February 28, 2013. VGS shall actively advocate and take those steps reasonably necessary to obtain approval of this route as set forth herein with the Public Service Board and/or other regulators.

III. Construction of Distribution Network and Other Economic Issues.

- A. Subject to receipt of all necessary permits and approvals, VGS shall construct and operate a distribution network within the Town's Village and Pond districts in the locations set forth in Appendix A and generally described as follows (the "Initial Monkton Distribution Network"):

Monkton Road from 1909 Monkton Road to 953 Monkton Road. This encompasses Boyers Orchard and Monkton Central School.

*Boro Hill Road from 73 Boro Hill Road (Mark's Auto) to the intersection with Monkton Road.
Pond Road from the intersection with Monkton Road to Rotax Road.*

Rotax Road from 673 Rotax Road to the intersection with Davis Road.

Davis Road from the intersection with Rotax Road to the intersection with Silver Street.

*Monkton Road from the intersection with Davis Road to the intersection with Bristol Road.
States*

Prison Hollow Road from the intersection with Monkton Road to the Town Garage at 4059 States Prison Hollow Road. This would cover approximately 101 residential homes, 4 commercial businesses, the Monkton Central School and the Monkton Town Garage.

VGS shall take those steps reasonably necessary to obtain all the permits and approvals to construct and operate the Initial Monkton Distribution Network described above.

VGS shall pay for all costs related to the construction and operation of this Initial Monkton Distribution System including, but not limited to, the related infrastructure such as a gate station to provide future service to the Town; provided, however, that if an individual service connection is in excess of 100 feet, VGS' tariff regarding customer service extensions will apply. Ratepayers within the Town of Monkton will not be responsible for the payment of the capital expenses necessary to construct and operate the Initial Monkton Distribution System, except with respect to applicable tariff charges. Notwithstanding anything to the contrary herein, VGS shall provide a distribution connection to the Monkton Central School at no additional cost or expense to the school.

- B. VGS shall use reasonable best efforts to complete construction of the Initial Monkton Distribution System within two years from the conclusion of construction and gasification of the Project, subject to having received in a timely fashion all necessary permits and approvals for a new Monkton gate station and all other necessary permits and approvals.
- C. VGS and Monkton agree to abide by the those methodologies set forth by the Vermont Department of Taxes for assessing property taxes with respect to that portion of the Project and the Initial Monkton Distribution System (or as later expanded) located within the Town.

IV. Capacity and Construction of Transmission Pipeline.

- A. Construction methods and materials shall occur in material conformity with descriptions provided in the supplemental prefiled testimony of John Heintz, dated February 28, 2013, except to the extent they are inconsistent with those items expressly provided herein.
- B. Size and capacity of transmission pipeline shall be limited to no greater than a 12" diameter pipe at 1440 lbs of pressure. VGS agrees not to operate more than one

pipe at a time over any particular easement with a total size and capacity of limited to 12” and 1440 lbs of pressure.

- C. For any residence or well that falls within 300’ of the proposed transmission pipeline route, VGS shall construct the transmission pipeline in conformity with Class III standards pursuant to 49 C.F.R. part 192. All other areas shall be constructed in conformity with at least Class II standards. In addition, VGS shall offer at no charge to such property owners with wells within 300’ of the transmission pipeline pre-construction water testing of well water through the Vermont Department of Health program for testing drinking water from private water supplies and testing to establish mineral content, water yields, and verify pump access.
- D. VGS shall limit the transmission pipeline’s use to gaseous materials only. Without limitation, the transportation of oil will not be permitted.
- E. Impacted Agricultural Lands. Unless otherwise requested by a landowner or prohibited by a permit condition relating to the Project, VGS agrees that it shall undertake the following:
 - 1. VGS shall place any transmission line that crosses or is otherwise located upon agricultural lands at least four feet below the surface. To the extent the servient estate’s farming needs require the pipeline to be placed below four feet (e.g., subsoiler utilized by the farm exceeds 4’), VGS shall work with the landowner in good faith to reasonably accommodate depths in excess of four feet.
 - 2. Agricultural soils disturbed by construction will be replaced. Stripped topsoil will be segregated to prevent mixing with subsoil in active agricultural areas and wetlands. Removed soils will be replaced after construction and the ROW width will be decompacted with a subsoiler following installation of the pipeline.
 - 3. Clay tiles impacted by construction will also be repaired or replaced.
 - 4. Agricultural crops on servient lands within the ROW will be permitted, except for tree farming.
 - 5. Where Project construction may interfere with access to agricultural lands, VGS shall work with farmers in good faith to install temporary access and

compensate landowners for the value of lost crops due to Project construction.

F. VGS agrees to limit the hours of construction to the following within the Town:

1. Construction on Monday through Friday 7 am to 7 pm. Construction on Saturday shall occur between the hours of 8 am to 5 p.m. No construction shall occur on Sunday or state and federal holidays.
2. Blasting would be limited to Monday through Friday, between the hours of 9 a.m. to 4:30 p.m., except on state holidays; provided, however, that VGS agrees to limit blasting within 300 feet of roads and road crossings that are used for regular Town school bus routes, to the hours of 9 a.m. to 3 p.m., and to provide the Town and the Monkton Central School notice of blasting as set forth below.

G. Blasting

1. Blasting shall occur with the methods and processes described in the supplemental pre-filed testimony of John Heintz dated 2/28/13, unless such methods are in conflict with those expressly provided herein.
2. All blasting for the proposed project shall be carried out by licensed and certified blasting technicians. All blasting shall be performed in accordance with all applicable laws and regulations including, but not limited to, the Vermont Occupational Safety and Health Administration regulations. Vermont has adopted by reference Code of Federal Regulations (“CFR”) OSHA regulations regarding explosives and blasting. CVR 24 050 013 (Sec’y of State Rule Log #92-041) (Rules Pertaining to VOSHA- Process Safety Management of Highly Hazardous Chemicals; Explosives and Blating (sic) Agents). Specifically, Vermont has incorporated by reference 29 CFR Part 1910.109 Explosives and Blasting Agents and 29 CFR Part 1910.119 Process Safety Management of Highly Hazardous Chemicals. *Id.*
3. Prior to performing any blasting for the proposed project, the Petitioners shall develop and file for Board approval, a blasting plan that includes a pre-construction survey of any residential or agricultural water sources within the

Town within 600 feet of blasting, and shall arrange for a public information session with surrounding landowners to address concerns related to blasting. Parties with standing on this issue shall have two weeks, from the date this plan is filed with the Board, to comment on the plan. The Petitioners cannot commence any blasting activities until the plan is approved by the Board. In addition, VGS shall perform the following:

- a. VGS shall utilize seismic monitoring equipment during blasting at the closest structure to the blast epicenter regardless of distance (e.g., more than 600 feet).
- b. Blasting mats shall be utilized for blasting activity.
- c. All blasting shall occur in conformity with the maximum safe values recommended by Appendix B of the U.S. Bureau of Mines Standard RI 8507.

4. Water quality and flow testing of wells will be offered to all property owners within the Town within a 600 foot radius of the blasting at no charge to the property owners.

5. Prior to any actual blasting, VGS shall provide landowners and VGS shall utilize best efforts to notify e tenants with one week written notice followed by twenty-four hour advance notice, including “door hangers” (e.g., notes on the door).

6. VGS shall remediate, indemnify, and hold harmless property owners for any physical damage to property if and to the extent such damage is caused by construction and/or blasting for the Project and to the extent the property damage is not otherwise compensated with easements provided for the Project.

7. VGS shall abide by any further additional safety measures required by the Vermont Department of Public Service.

H. Lay down areas within the Town of Monkton shall occur as set forth in locations identified in Exhibit VGS Supp. JH-3 and JAN 2.

- I. VGS shall obtain all necessary municipal permits prior to bringing heavy duty construction equipment on Town roads and comply with Monkton posted weight restrictions during spring thaws.
- J. VGS shall obtain all necessary municipal permits prior to commencing construction within municipal right of ways or other properties owned by the Town. VGS shall utilize horizontal or bored drilling to construct the Project through the road crossing on Monkton Road
- K. VGS shall take those measures reasonably necessary to restore any lands disturbed by construction of the transmission pipeline to the original grade, landscaping and vegetation with similar species. Notwithstanding, VGS shall have the right to eliminate any trees within their right of way and honor the terms of any individually negotiated easements and access agreements.
- L. Construction will be performed in conformity with VGS' EPSC and Spill Prevention Control and Countermeasures Plans approved by the Vermont Agency of Natural Resources.
- M. The Town is concerned that proper oversight exists to insure that the construction of the Project occurs in conformity with the terms and conditions of the CPG and related permits. It is anticipated that the Vermont Department of Public Service will provide such oversight. However, in the event the Town determines in its own discretion that such oversight is not sufficient, VGS shall provide the Town up to \$4000 to fund a consultant hired on behalf of the Town to perform such services. VGS shall provide the Town's selectboard with direct access to the project manager who shall be vested with substantial decision making authority, and who shall return calls within 24 hours to address concerns raised by the Town and its citizens during construction. VGS shall permit Town officials to attend pre-construction meetings and provide Town officials with opportunities to ask questions and address concerns at said meeting(s).

V. Environmental Protection.

- A. VGS shall comply with all applicable Project permit conditions relating to the control of invasive species, protection of wetlands, water resources, wildlife habitat and natural communities. And, without limitation to the above, VGS shall:
 - 1. Take all reasonable measures to prevent invasive species transmission especially into sensitive habitat areas including the Huizenga swamp and other

wetlands. This shall include, without limitation to other measures, washing all equipment prior to any wetland work consistent with applicable permits.

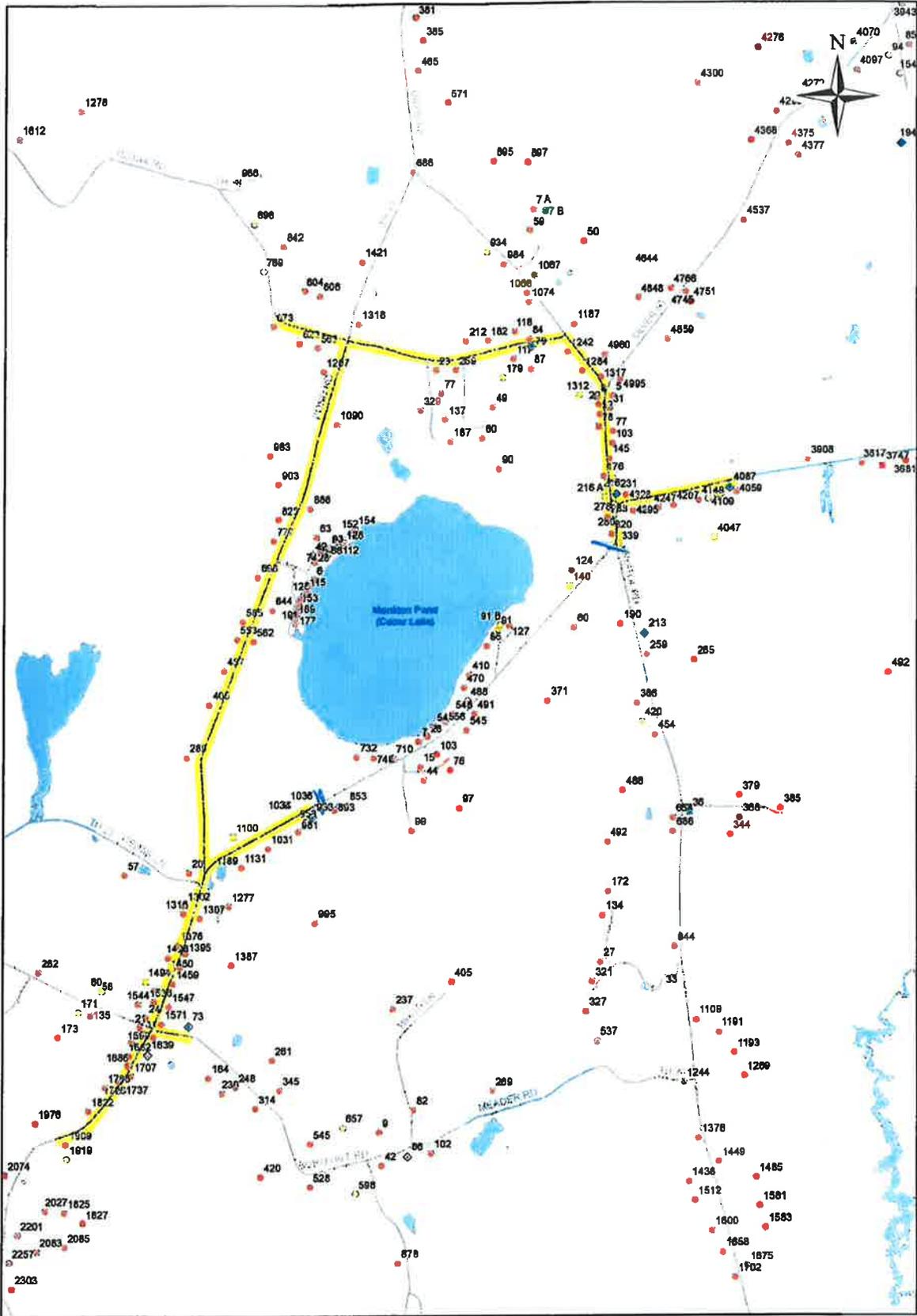
2. Take all reasonable measures to prevent adverse impacts upon sensitive wetlands and wildlife habitat consistent with the applicable permits.

- B. VGS shall fully remediate any damage or adverse impact caused by the construction or operation of the transmission pipeline upon any residential wells or septic systems that fall within 300 feet of the transmission pipeline or otherwise impacted by blasting associated with the construction of the transmission pipeline (even if greater than 300’).
- C. VGS agrees to refrain from using pesticides, herbicides or other chemicals on property to construct and maintain the pipeline ROW.

VI. Easement and Other Miscellaneous Items.

- A. VGS shall provide funding, not to exceed \$2,000.00, for the Town to hire legal counsel for the purpose of providing informational session(s) to Town residents on utility easements and the takings process.
- B. VGS shall provide natural gas training for the Town’s volunteer fire department.
- C. VGS shall comport with those conditions necessary to safely monitor and repair the transmission pipeline as described in the prefiled testimony of John Heintz and any additional requirements set forth by the Vermont Department of Public Service.
- D. VGS shall sign up the Monkton Central School and pay any the membership fee in the School Pipeline Safety Partnership for a period of three years. Information about the Partnership can be found at www.partnershipawareness.org.
- E. The Parties hereby request that the terms and conditions set forth herein be incorporated in the Public Service Board’s Order granted VGS a certificate of public good and that the certificate of public good be conditioned upon compliance of the terms and conditions set forth herein. The Parties agree that this Stipulation relates only to these Parties and should not be construed by any

party or tribunal as having precedential or any other impact on any other proceedings involving a different project, different subject matter, other utilities, or other parties.



<h2>Monkton</h2> <p>Addison Natural Gas Project</p>	LEGEND Vermont GIS Address Points Residential • Single Family • Multi Family • Mobile Home • Seasonal • Other Residential Proposed Distribution Network	Commercial/Industrial • Commercial • Commercial with Residence • Lodging • Commercial/Paro • Campground • Utility • Other Commercial • Industrial	Other • Government • Agriculture House • Public Station • Fire Station • Educational • Church • Health Care	 Vermont Gas Systems, Inc.
				Drawn By: J. Acampora
				Checked by: C. Laforce
				Date: 4/12/13