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Pipeline proposal receives backing of states, utilities Highland group issues strong protest, calls local study route ‘irresponsible’

BY JOHN BRUCE • STAFF WRITER

MONTEREY — Despite dismissing rumors last week that a decision was eminent, Dominion announced Tuesday its decision to build a proposed interstate natural gas transmission pipeline.

A decision has been awaited since mid- May, when Dominion informed counties of its intent to study the proposal.

With an aura of certainty over the project’s inevitable success, Tuesday’s surprise publicity splash was all about major natural gas utilities choosing Dominion to build the pipeline with the blessings of Virginia and West Virginia governors.

Not everyone shared their optimism.

Shortly after Tuesday’s press conference, Highlanders for Responsible Development made its own announcement. For the first time, the group publicly opposed the project, calling it “irresponsible development.”

President Lew Freeman said in the statement, “HRD expressed its concern about the proposed natural pipeline of Dominion Resources when the project was first announced by the company in May. We said then that the proposed pipeline would transverse over 20 miles of Highland County and raised serious questions. Among those questions were the ecological and economic impacts the project would have upon Highland County and its citizens.

“In the ensuing weeks, HRD has monitored presentations that Dominion officials made about the project to the Highland County Board of Supervisors, as well as to the boards in Pocahontas, Augusta and Nelson counties. We have also conducted a public meeting to hear from citizens about the project. Based upon the information and opinions we have gathered, HRD today expresses its strong opposition to Dominion’s proposed pipeline, now a joint venture called the Atlantic Coast Pipeline.

“Our principal reason for opposing the project is that a pipeline of this magnitude built through Highland County would have serious and permanent negative impacts upon the county’s ecology and economy. Our organization is in favor of economic development in Highland County that has an overall benefit to the county. “However, the proposed Atlantic Coast Pipeline would not be beneficial and would be incompatible with Highland County’s greatest asset — its incomparable landscape, water and natural resources. Specifically, the fragile karst topography that underlies most of Highland County is inappropriate – ecologically and geologically – for a natural gas pipeline to be responsibly and safely built. The valuable water resources of the county, which include the headwaters of two of the East Coast’s major rivers (Potomac and James), would be

harmfully affected by changes in sediment and water flows, which in turn would negatively impact water sources for many county residents as well as wildlife and other natural resources that are so important to the uniqueness of Highland County. Dominion has even recognized the danger by stating publicly on several occasions that it would avoid a route that crossed karst topography and associated sinkholes. The company has not done due diligence in its research of a pipeline, for karst and sinkholes could not be avoided in building a pipeline through the county.”

Freeman continued, “The demands the project would place on Highland County’s limited government resources – including emergency services and law enforcement – would dwarf its capabilities. Dominion, when asked about this, has responded wholly inadequately. This again raises the question of whether the company fully understands the impacts the proposed project would have on the communities through which the project would pass. Or, cares.

“The overall project would have a negative impact on the economy of Highland County. While it is true that affected landowners would receive payments for the pipeline to cross their land and additional money would be spent locally for some services purchased during construction, these benefits would be significantly offset by the decided disruption the project would have on the county’s efforts to grow its tourism, attract new residents and would have a negative impact upon property values. On the latter point, Dominion claims there would be no impact on aesthetics or property values. But, there is already evidence to the contrary. Some potential buyers of land located in counties through which the pipeline would be built, including Highland, are rethinking their interest in purchasing property because of the proposed pipeline project.

“In conclusion, the proposed Atlantic Coast Pipeline would not be development that is in the best, long term interests of the county. Rather, it would represent irresponsible development. We urge Highland County citizens, organizations and their elected officials to oppose the Atlantic Coast Pipeline being built through Highland County.”

Dominion plans to host an open house 5-8 p.m. Sept. 16 in The Highland Center.

Dominion spokesman Jim Norvelle stressed the pipeline’s route has not been determined. “Please understand that the proposed study corridor is still preliminary that we are still surveying,” he told The Recorder this week.

“Today’s announcement is that there are partners in the project that are providing financial backing,” Norvelle said.

The Federal Energy Regulatory Commission still has to weigh the project. Dominion will begin the pre-filing process this fall and seeks FERC approval by summer 2016.

In a jointly issued statement, Duke Energy and Piedmont Natural Gas said they selected Dominion to build the project, redubbed the “Atlantic Coast Pipeline,” to transport natural gas from West Virginia to eastern North Carolina. Dominion formerly titled the pipeline proposal as the “Southeast Reliability Project.”

The companies touted the pipeline as bringing “energy, economic and environmental benefits,” as an estimated cost between \$4.5 billion and \$5 billion. Four regional companies would share ownership, and the target in-service date remains late 2018. The initial capacity would be 1.5 billion cubic feet of natural gas per day.

The statement explained Duke and Piedmont selected Dominion to build and operate the proposed pipeline from West Virginia, through Virginia and into eastern North Carolina to meet the region's rapidly growing demand for natural gas. The pipeline is expected to serve as a key infrastructure engine to drive economic development and create jobs, helping counties on the pipeline's route attract new, energy-dependent businesses and industries – especially along the Interstate 95 corridor in eastern North Carolina.

Dominion told Highland officials there would be no local access to the natural gas from the pipeline.

Duke Energy and Piedmont selected Dominion's project after reviewing submittals by five companies in response to an April solicitation for proposals to build North Carolina's second major interstate natural gas pipeline.

Dominion would be one of the pipeline's four owners based in the Mid-Atlantic or Southeast:

- Dominion – 45 percent ownership
- Duke Energy – 40 percent ownership
- Piedmont Natural Gas – 10 percent ownership
- AGL Resources – 5 percent ownership

The pipeline's main customers are six utilities and related companies that collectively will purchase a substantial majority of the pipeline's capacity to transport natural gas – Duke Energy Carolinas, Duke Energy Progress, Virginia Power Services Energy, Piedmont Natural Gas, Virginia Natural Gas, and PSNC Energy, the statement said.

“The purchases will be made through 20-year contracts, subject to state regulatory approval. The pipeline's owners are negotiating with other potential customers as well,” the release stated.

Gas will be carried through a 42-inch-diameter pipe in West Virginia and Virginia, and a 36-inch-diameter pipe in North Carolina.

In the joint statement, companies' CEOs including Dominion's Thomas Farrell, Duke Energy's Lynn Good, Piedmont's Thomas Skains and AGL Resources' John Somerhalder said the pipeline would represent a major step forward for the region's energy security, economic future and carbon reduction.

They said Atlantic Coast Pipeline would be a transformational project for their region and by creating construction jobs and significant revenue for state and local governments in North Carolina, Virginia and West Virginia. The expanded source of gas will also help fuel economic development across the region as businesses and homes rely more on natural gas.

Interests in the Carolinas played a key role in the decision, the statement said. “Natural gas has a growing role in North Carolina ... Today, North Carolina is served primarily by only one major interstate natural gas

pipeline that traverses the state's western and central regions, transporting natural gas largely from the Gulf Coast region.

"To enhance reliability and energy security, Duke Energy's and Piedmont's solicitation sought proposals for a new, second natural gas pipeline that would transport additional large-scale supplies – from different sources – into the state.

"The Atlantic Coast Pipeline will meet those objectives by roughly paralleling the Interstate 95 corridor in eastern North Carolina, and transporting gas from a different natural gas source – the Utica and Marcellus shale basins located largely in West Virginia, Ohio and Pennsylvania.

"Duke Energy increasingly relies on natural gas to generate electricity after closing half of its 14 coal-fired power plants in North Carolina during the past three years," the statement read. "The company has opened five natural gas-fired power plants in North Carolina since 2011 to replace those coal plants, and plans to open a natural gas power plant in South Carolina in 2017.

Natural gas-fired power plants release far fewer air emissions than do coal-fired power plants.

"Duke Energy since 2005 has reduced company-wide carbon dioxide emissions by 20 percent, sulfur dioxide emissions by 84 percent and nitrogen oxide emissions by 63 percent by building natural gas-fired power plants, closing coal-fired power plants and installing additional emission control equipment."

Meanwhile, Piedmont Natural Gas' residential, commercial and industrial customer demand for natural gas also continues to grow, the companies explained. Additionally, Piedmont is a major retail transporter of natural gas to power plants operated by Duke Energy and other electric utilities.

Last winter's extremely cold temperatures – which resulted in high demand and high prices for natural gas across much of the U.S. – underscored the national need for more natural gas pipelines, they said.

Duke Energy will own its 40 percent share of the pipeline through the company's commercial power business unit.

Separately, Duke Energy's two North Carolina regulated utilities – Duke Energy Carolinas and Duke Energy Progress – will be customers of the pipeline, paying the pipeline's owners to transport natural gas. The transaction between Duke Energy's commercial and regulated units will require North Carolina Utilities Commission approval, which Duke Energy will request this fall.

The companies' statement expressed certainty over the pipeline route.

"The pipeline will begin in Harrison County, W.Va., at an existing natural gas transmission facility, then travel southeast through four other West Virginia counties and 13 Virginia counties before entering North Carolina, the statement said. "A separate, 70-mile extension pipeline will split off from the main pipeline at the Virginia-North Carolina border, traveling eastward through southeast Virginia to that state's Hampton Roads region, which includes Norfolk and other cities served by Virginia Natural Gas, an AGL Resources subsidiary. In

North Carolina, the pipeline will enter the state in Northampton County, travel southwest through six other counties, then terminate in Robeson County at existing Piedmont Natural Gas transmission facilities.

“Dominion is conducting land surveys along the proposed pipeline route. It will determine the final route based on landowner input; community meetings in counties on the route; consultation with government agencies and other interested stakeholders; and an environmental, historical and cultural impact assessment.”

Highland resident and University of Virginia senior scientist Rick Webb reiterated his adamant opposition, expressing concern in response to the announcement and to the governor’s agreement with the proposal.

“I’m dismayed that Gov. McAuliffe would announce support for this ill-conceived pipeline through the Allegheny Highlands prior to completion or even initiation of the environmental review process. The purpose of the required review process is to inform decision-making, including consideration of alternatives. The governor has, to some extent, preempted that,” he said. “My assumption is that the governor, who otherwise has good environmental credentials, has not been informed about the type of landscape and real problems that this pipeline route will encounter. The currently proposed route will cross miles of national forest. Dominion initially estimated about 50 miles. It will cross some of the best remaining wild and undeveloped areas in the east. It will cross over a dozen steep forest-covered mountains at elevations of 3,000 to 4,000 feet. It will cross many of the highest quality rivers and trout streams in the region. And it will cross extensive areas of problematic karst terrain.

“This pipeline project, as currently planned, cannot be built without significant long-term environmental damage to a special region that we should be working to protect,” he continued. “Given the type of landscape involved, I do not believe that construction of this pipeline can go forward in compliance with state and federal water resource protection policies and regulations. Other alternatives need to be considered.”

Nelson County landowners were also dismayed. A grassroots citizens group, Friends of Nelson County, issued a statement following the announcement. “Dominion will have to seize private property through eminent domain, uproot farms and families, and disrupt businesses and lives in their attempt to complete the project.

The pipeline will also fragment over 50 miles of remote National Forest in Virginia and West Virginia. Friends of Nelson, one of many local groups of property owners opposed to the pipeline, remains emphatically opposed to the pipeline in its entirety.”

Ernie Reed, vice chair of the group, said, “This is a long process and the pipeline cannot be built without approval from the Federal Energy Regulatory Commission. We, along with our partners in the counties along the route, intend to fight the pipeline until the project is dead. This pipeline is not in the public interest. It is purely a speculative venture to profit from the massive increase in natural gas supplies due to highly controversial hydraulic fracturing or ‘fracking.’

“Friends of Nelson grows every day with new landowners calling us wanting help protecting their private property from Dominion’s trespassing surveyors and threat of eminent domain,” he said.

Dominion said it would build and operate the pipeline through a services agreement with its Dominion Transmission subsidiary, which will oversee siting, permitting, engineering and legal issues.

About the partners

- Duke Energy is the largest electric power holding company in the United States with roughly \$115 billion in assets. Its regulated operations serve about 7.2 million customers in six states in the Southeast and Midwest. Its commercial power and international energy business segments own and operate assets in North America and Latin America, including a portfolio of renewable energy assets in the United States. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 250 company traded on the New York Stock Exchange. More information about the company is available at: www.duke-energy.com.

- Piedmont Natural Gas is primarily engaged in distributing natural gas to more than one million residential, commercial, industrial and power generation customers in portions of North Carolina, South Carolina and Tennessee, including customers served by municipalities who are wholesale customers. Its subsidiaries are invested in joint venture, energy-related businesses, including unregulated retail natural gas marketing, and regulated interstate natural gas transportation and storage, and regulated intrastate natural gas transportation businesses. Information about Piedmont Natural Gas is available at: www.piedmontng.com.

- AGL Resources is an Atlanta-based energy services holding company with operations in natural gas distribution, retail operations, wholesale services and midstream operations. AGL serves about 4.5 million customers through its regulated distribution subsidiaries in seven states. The company serves roughly 630,000 retail customers and 1.2 million customer service contracts through its SouthStar Energy Services joint venture and Pivotal Home Solutions, which market natural gas and related home services. Other non-utility businesses include asset management for natural gas wholesale customers through Sequent Energy Management and ownership and operation of natural gas storage facilities. AGL Resources is a member of the S&P 500 Index. For information, access: www.aglresources.com.