



Town of
Longmeadow, Massachusetts

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Select Board meeting – January 3, 2021

The Longmeadow Select Board held a public forum on the Eversource Gas Reliability Project on November 15, 2021. Below are questions that were asked at the meeting that Eversource needed to provide answers to after additional review and research. The Select Board received the answers and are providing them to the public. Additionally, at the December 20, 2021 Select Board meeting, the Select Board voted to file intervener petitions in two gas related matters in front of the EFSB, see below.

(1) The rate of return on new gas infrastructure is said to be around 10%. We are wondering what that 10% applies to? Is it the total cost of the capital investment? If not, then what? Also, is it 10% annually or one-time?

The current return on equity (ROE) was established as part of a Massachusetts Department of Public Utilities (DPU) Order on Docket 20-59 issued on October 7, 2020. The applicable language from p. 17 of the Order is below.

The Settlement establishes a return on equity of 9.70 percent as of January 1, 2021, which was originally proposed in the D.P.U. 18-45 Rate Settlement (Settlement § 2.4.4 & App. 2 § 1.5.1). The Settlement also establishes that EGMA would have a capital structure of 53.25 percent common equity and 46.75 percent long-term debt, resulting in a weighted average cost of capital of 7.50 percent (Settlement § 2.4.4).

The full Order can be accessed at the following link:

<https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/12751142>

It is important to note that shareholders will not be allowed a return from this project (or any other project) unless it is deemed prudent, and costs associated with the project undergo the Department of Public Utilities standard scrutiny as part of a future Rate Case proceeding. Shareholders incur the risk of construction. To build this project, Eversource will incur capital construction costs and, once the project is complete, will incur expenses such as maintenance, depreciation, property tax and debt costs. Once constructed, EGMA will have an opportunity to earn a return on this capital investment by including it for DPU review in a rate case. For a capital investment to be included in rate base during a rate case, the DPU must determine that the costs were prudently incurred, and the resulting facilities are in place and “used and useful” to customers. A rate case is a year-long, litigated proceeding in which the Attorney General participates as the consumer advocate and comments on the prudence of the company’s capital investments and allowed return. EGMA would not be able to recover any of its project costs until the conclusion of a rate case with an approval from the DPU.

(2) The proposed pipeline would provide reliability/backup for 15% of Longmeadow customers. Are the other 85% of Longmeadow customers already protected with a reliability/backup feed? If so, where would the backup gas supply come from if the

current line was disabled? Also, what might cause that current line (presumably the one originating from Tennessee Gas compressor station) to become disabled?

The 85% of Longmeadow customers not served directly by the Western Mass Natural Gas Reliability Project have resiliency built in via a combination of 5 individual mains local to the town. The 5 mains are fed through 2 separate gate stations. Additionally, there are 2 backup supply sources for this segment of our distribution network through a Liquefied Natural Gas (LNG) plant and an emergency interconnect.

As with any natural gas infrastructure, some of the contingencies we prepare for include system failures, natural disasters, and third-party accidents.

(3) The dam at the Longmeadow Country Club is listed as a significant hazard dam by the Mass Office of Dam Safety. Is there any consideration of this high risk dam in the route selection? What mitigations are planned to deal with this dam?

The project team is aware that all proposed routes will travel within Shaker Road which is in proximity to the Longmeadow Country Club Dam. In conjunction with the Energy Facility Siting Board (EFSB) filing, the project will also file with the Massachusetts Environmental Policy Act (MEPA). The Massachusetts Office of Dam Safety will be notified through the MEPA process and will provide the project team with direction if they deem necessary. It is important to note that there is currently water and natural gas infrastructure located in Shaker Road at the location in question. The project team continues to interact with town officials regarding specifics about the dam as engineering plans advance.

(4) We are very concerned about the proximity of the proposed metering station to both abutting residences and Wolf Swamp Road Elementary School. During the meeting, Mark (I believe) stated that other metering stations are being located near schools and/or residences, including one in Cambridge. If possible, can you please provide a list of existing metering or gate stations that Eversource uses that are located in residential zones/areas and/or within .5 mile of a school. Also, how long has the Cambridge facility that Mark cited been in use?

Eversource provides the same high level of safety and security required by industry standards to all our facilities. Eversource implements a comprehensive maintenance and inspection program and an effective leak management program, which exceed the requirements of federal and state pipeline safety regulations. In fact, construction, operations, and maintenance work at Eversource must comply with regulations required by the Natural Gas Pipeline Act of 1968, along with various amendments, which ensure public safety and reliability. Eversource also complies with other regulatory initiatives designed to improve pipeline safety such as the Distribution Integrity Management Program and Transmission Integrity Pipeline Management Program. Eversource is constantly evaluating new procedures and best utility practices to adopt new methods to ensure the highest levels of service and safety. Compliance with these industry standards ensures that the Company's infrastructure is operated safely, regardless of location or proximity to customers.

(5) Columbia Gas publicly described this project as being located in a “non-residential” area. Does Eversource stand by that statement?

Eversource is unaware of the details surrounding the referenced statement by Columbia Gas. However, we are aware the location of the proposed Point of Delivery (POD) site is located in

the Residence A-1 Zone as described in the Longmeadow Zoning By-Laws through ATM May 16, 2021.

The Longmeadow Select Board, at the December 20, 2021 meeting, voted to file intervenor petitions in the following matters at the Energy Facilities Siting Board (EFSB):

- Eversource Forecast and Supply Plan, Notice and Order of Notice (DPU 21-118). In this case, ES asserts that Longmeadow Project and other projects are required for reliability.
- Safety Assessment, Notice of Filing, Request for Comments and Revised Order of Notice (DPU 21-109). In this case, ES makes the case for additional safety upgrades based upon its assessment of infrastructure, including the Western Massachusetts Reliability Project.