

Vermont Gas Systems Addison Natural Gas Pipeline (ANGP) Project Update

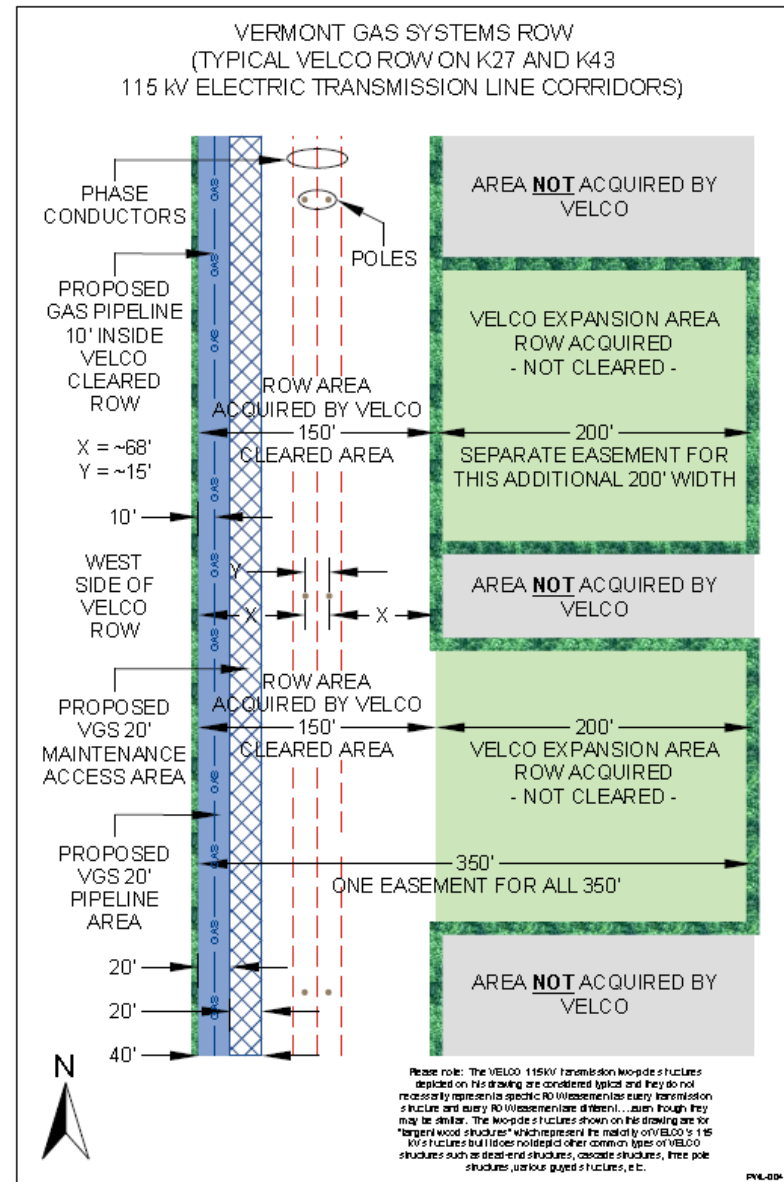
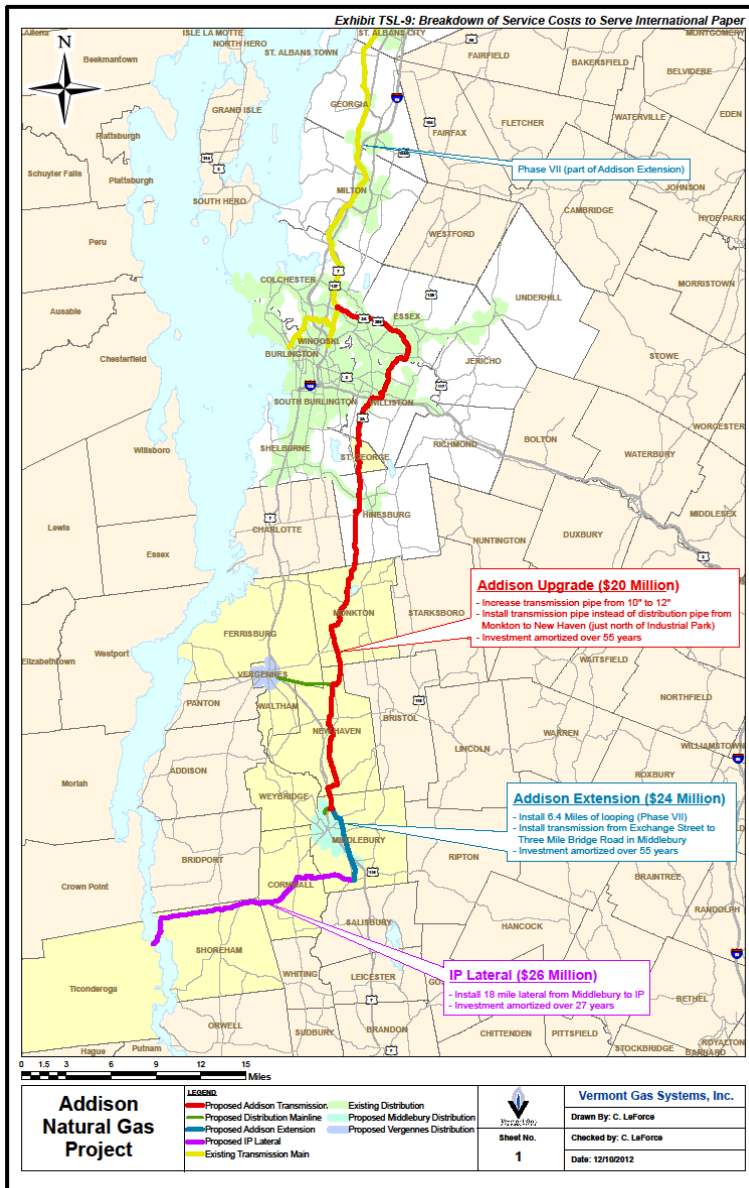
VELCO Operating Committee
August 21, 2014



Addison Natural Gas Pipeline Project update

- Current gas pipeline routing design impacts VELCO rights-of-way and in-fee parcels with 53 acres of permanent easement area, 33 acres of temporary workspace area, 18 pipeline crossings of VELCO transmission corridor ROW and over 11 miles of gas pipeline physically located in VELCO ROW/property
- Vermont Gas received final environmental permits from the Vermont Agency of Natural Resources on June 9, 2014, and from the Army Corps of Engineers on June 23, 2014
- VGS started limited pipeline construction in July 2014 for up to 17 horizontal directional drilling (HDD) locations and up to 12 miles of open-trench construction starting in Colchester, Essex and Williston. Construction started in the VELCO ROW on 8/6/2014
- Project continues to face significant construction schedule challenges in light of pending condemnations for as many as 28 properties where the landowners have denied Vermont Gas access
 - On July 25, 2014 the Vermont PSB issued an Order that temporarily prohibits Vermont Gas from performing any soil-disturbance activities within any VELCO ROW until a VGS Soil Management Plan is approved by the PSB
- Protestors in opposition to the natural gas pipeline project have publicly demonstrated against Vermont Gas and are expected to be very active during the construction phase of the project
- VELCO staff provided safety and environmental training to VGS staff and construction contractors in early June

Approved route Phase 1 VGS natural gas pipeline



Addison Natural Gas Pipeline Project next steps

- VELCO technical areas of focus
 - Review and resolve final engineering issues with pipeline routing designs
 - Continue to attend weekly VGS project and construction meetings
 - Review and approve final engineering analysis on VGS grounding and AC mitigation design
- Determine compensation for use of VELCO ROW corridors/properties
 - Proposed VELCO and VGS ROW co-location license has been finalized and is ready for execution; terms require annual fee payment to VELCO
 - Finalize value of annual license fee compensation to VELCO
- VELCO field coordinator(s) actively engaged and working with VGS regarding construction in VELCO ROW under billable agreement
- Operations & Maintenance Agreement currently under review by both parties
- Work with Vermont Gas on obtaining a VT PSB approved Soil Management Plan