

MEMORANDUM

To: Parties in PSB Docket No. 7970

From: Susan M. Hudson, Clerk of the Board

Re: Questions for Vermont Gas Systems, Inc.

Date: September 9, 2013

The Public Service Board ("Board") has several questions for Vermont Gas Systems, Inc. ("VGS") concerning its filing. The Board requests that VGS file its responses by September 12, 2013.

1. In testimony in Docket 7712 (concerning the Expansion Fund), Mr. Gilbert and Ms. Simollardes stated that VGS did not expect that the new Vergennes and Middlebury markets would be large enough to pay for the Expansion Project. (See Order of 9/28/11 at 7). Is this still correct? Have the additional upgrades associated with the potential expansion to International Paper in Ticonderoga altered VGS's analysis or conclusions?
2. VGS suggested in Docket 7712 that after ten years, the incremental revenues were expected to be substantially less than the carrying costs of the Expansion Project that would be paid by ratepayers (considering all costs that would not be paid by International Paper). Is this still accurate? Would this relationship still be correct if VGS assumed that its acquisition of new customers in Middlebury and Vergennes was as successful as for the recent expansion to Jericho? Alternatively, would the incremental revenues exceed the carrying costs after twenty years?
3. Assuming that the additional revenues do not pay for the Expansion Project, has VGS estimated the rate effect for existing customers from the Expansion Project? For instance, would the rates for existing customers be higher with the Expansion than without? By how much? And for how long (is there a time at which the expected incremental revenues provide a net contribution)?

Please provide the calculations supporting the above responses and include spreadsheet files where appropriate.