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February 4, 2014

VIA E-MAIL AND HAND DELIVERY

New Hampshire Site Evaluation Committee
New Hampshire Department of Environmental Services
29 Hazen Drive
P.O. Box 95
Concord, NH 03302-0095

ATTN: Jane Murray, Secretary

RE: *Granite State Gas Transmission Company, Inc. Motion for Declaratory Ruling*

Dear Ms. Murray:

On behalf of Granite State Transmission Co., Inc. ("GSGT"), we respectfully submit for filing with the New Hampshire Site Evaluation Committee an *original* copy and 20 additional copies of a Motion for Declaratory Ruling, with attached Exhibits A and B.

GSGT requests a Site Evaluation Committee determination that the proposed replacement of a 0.9 mile section of existing interstate natural gas pipeline does not constitute a "sizeable change or addition" under RSA 162-H:5, I and, therefore, does not require a Certificate of Site and Facility under RSA 162-H.

We would be happy to submit full-size plans of the proposed project, upon request, as well as any other information deemed necessary by the Committee.

Thank you for your attention.

Sincerely,

Maureen D. Smith

Maureen D. Smith

Enclosures
cc: Gary Epler, Esq.
Michael J. Iacopino, Esq.
1111592_1

THE STATE OF NEW HAMPSHIRE

SITE EVALUATION COMMITTEE

SEC Docket No. _____

GRANITE STATE GAS TRANSMISSION CO., INC. MOTION FOR DECLARATORY RULING ON SQUAMSCOTT REPLACEMENT PROJECT

NOW COMES Granite State Gas Transmission Co., Inc. ("the Applicant" or "GSGT"), by and through its attorneys, Orr & Reno, P.A., and pursuant to N.H. Admin. R. Site 203.01, respectfully requests that the New Hampshire Site Evaluation Committee ("Committee") issue a declaratory ruling that the proposed replacement of a deteriorated segment of buried interstate natural gas transmission line in and adjacent to the Squamscott River ("Squamscott Replacement Project") in Exeter and Stratham, New Hampshire, does not constitute a "sizeable change or addition" to an existing energy facility within the meaning of RSA 162-H:5, I. As such, the Applicant respectfully requests that the Committee decline RSA 162-H jurisdiction and issue an Order that the Squamscott Replacement Project does not require a Certificate of Site and Facility pursuant to RSA 162-H:5. Applicant also respectfully requests that the Committee issue such an Order in a timely manner to allow for commencement of construction in early 2015. In support of this Motion, the Applicant states as follows:

A. Background of Applicant and Facility

GSGT is a New Hampshire corporation having its principal place of business in Portsmouth, New Hampshire. GSGT is owned by Unitil Service Corporation, which purchased GSGT in 2008. GSGT owns and operates interstate natural gas transmission pipelines and is a "natural gas company" under the Natural Gas Act, subject to all regulations and orders issued by the Federal Energy Regulatory Commission ("FERC"). GSGT is also classified as a "public

utility" under New Hampshire law and owns and operates energy transmission pipelines that fall within the definition of "energy facility" under RSA 162-H:2, VII.

GSGT owns and operates a bidirectional 86 mile long high pressure (492 psig MAOP) interstate natural gas transmission pipeline that transports natural gas between Haverhill, MA and Portland, ME. In 1965, the Federal Power Commission (FPC), predecessor to FERC, issued a certificate of public convenience and necessity to GSGT authorizing construction and transport of natural gas through the pipeline in interstate commerce. *See* 34 F.P.C. 1295, 1965 WL 3741 (F.P.C.), November 15, 1965.

In 1955, GSGT constructed the initial 15.6 mile section of 6-inch diameter pipeline between Essex Station in Haverhill, MA and Newfields Road in Exeter, NH. In 1956, GSGT extended the pipeline from Newfields Road, Exeter, NH to Pease Airforce Base, Newington, NH with 8-inch diameter pipe. In 1968, GSGT upgraded a number of its original facilities between Haverhill, MA and Portsmouth, NH with 10-inch diameter pipe. Thus, although most of the 18.4 miles of pipeline between Haverhill, MA and Portsmouth, NH consists of 10-inch diameter pipe, the section that is the subject of this motion consists of the original 1956 vintage 8-inch pipe that had previously been in service as an oil pipeline.

While the 1956 vintage pipeline was recoated by GSGT before being used for interstate transmission of natural gas, over the years, the coating has seriously deteriorated and has become disbonded from the pipe. This has resulted in it becoming increasingly more difficult to maintain effective cathodic protection on this section of pipeline. This motion relates to replacement of the 0.9 mile section of 8-inch diameter disbonded pipe located between Newfields Road, Exeter, NH and Route 101, Stratham, NH, as depicted in Exhibit A.

B. Description of Squamscott Replacement Project

1. Pipeline Upgrade

In conjunction with the GSGT Integrity Management Program, which is required under federal pipeline safety rules, GSGT has determined that the 0.9 mile section of 1956 vintage pipe in and adjacent to the Squamscott River must be completely replaced in order to maintain compliance with pipeline safety obligations. Upgrading this section of the pipeline from 8-inch to 10-inch diameter, to conform to the 10-inch pipeline on either side of the segment, would allow for continuous internal pipeline inspection of 24 miles of 10-inch pipeline using state-of-the-art technology. The upgrade to 10-inch diameter pipe is not intended to increase transmission capacity and any such increase would be incidental. In fact, GSGT has confirmed with FERC that the replacement is not related to increase in capacity, which would only be incidental, and is based upon sound engineering principles related to replacing the disbonded pipe and allowing for internal inspection through a single operation.

GSGT is authorized to upgrade the pipeline under existing federally-issued certificates. In particular, GSGT has FERC authorization for the Squamscott Replacement Project by way of a "blanket certificate" of public convenience and necessity, under which GSGT is authorized by operation of law and FERC's previous issuance of a blanket certificate to conduct certain routine activities, such as the proposed disbonded pipeline replacement. *See* 21 FERC P 62238, 1982 WL 39567 (F.E.R.C.) (Docket No. CP82-515-000, November 16, 1982); 18 C.F.R. § 157.208 (2012). Even so, under the blanket authorization and applicable rules, GSGT must adhere to certain conditions, including reporting and complying with applicable laws, such as environmental, fisheries and historic resources laws. *See* 18 C.F.R. §157.206(b)(2012). FERC, with GSGT, NHPUC and MEPUC assent, has approved a mechanism for recovery of a portion

of the costs associated with the project. The total capital and engineering costs for this project are estimated to be $1.5 million.

2. Pipeline Realignment

GSGT is authorized to realign pipeline under the FERC blanket certificate, as long as certain criteria like cost thresholds are met. Here, realignment is a necessary component of replacement because upgrading the pipeline within the limits of existing easement corridors is not feasible from an environmental or practical perspective. As shown in Exhibit A, GSGT plans to co-locate much of the replacement pipeline with the existing, SEC-certificated Maritimes & Northeast Pipeline, LLC (M&N) and Portland Natural Gas Transmission System (PNGTS) 30-inch pipeline by way of negotiated easements and co-location agreements. GSGT also intends to adjust the existing pipeline crossing of the Squamscott River by way of Horizontal Directional Drill (HDD) to parallel the existing M&N/PNGTS pipeline.

a. *Town of Exeter Waste Water Treatment Plant (WWTP)*: As shown on Exhibit A, the existing GSGT pipeline intersects the WWTP site and is located within the limits of the WWTP lagoon berms. Installing new pipe within the existing easement would create an impediment to future Town WWTP expansion and would risk significant environmental impacts to the berms. Also, the height of the lagoon berms on the WWTP property presents a significant engineering challenge to achieving replacement within the same location. GSGT and the Town have discussed the proposed realignment and have reached an understanding and tentative agreement on the proposed realignment around, rather than through, the WWTP site.

b. *Squamscott River Crossing*: The existing pipeline crosses the river between the WWTP lagoon berms and private land owned by Lionel Labonte. GSGT could

not feasibly excavate the lagoon berms to replace the existing pipe, nor could it employ HDD technology in the same location due to the height and location of the berms. The realignment to parallel the existing 30-inch pipeline provides a favorable crossing point across the Squamscott River away from the WWTP berms. The HDD would bore under the bed of the Squamscott River, within the area shown on Figure 2 of Exhibit B. This method of river crossing represents best management practice for pipeline water crossings and minimizes environmental impacts to the river, river banks and shoreland areas.

c. *Labonte Parcel, Stratham*: The existing easement that GSGT holds on the Stratham side of the river within the Labonte parcel requires GSGT to relocate the pipeline from the existing location to the west and north perimeters of the parcel in the event the parcel is developed. GSGT would avoid the potential need for future relocation of the pipeline in the event of parcel development if it were to parallel the existing 30-inch M&N/PNGTS pipeline. Mr. Labonte has provided GSGT with preliminary indications that he is amenable to the proposed realignment.

d. *Co-Location with M&N/PNGTS Pipeline:* The existing 30-inch pipeline that was certificated by this Committee in July 1997 (*see* Docket No. SEC 96-01 and 96-03) travels around the perimeter of the Town's WWTP site. As shown on Exhibit A, the existing GSGT pipeline crosses the WWTP site. GSGT has determined, in consultation with the Town, that realignment to co-locate with the existing 30-inch pipeline rather than merely replacing the disbonded pipeline in place would avoid wetlands and other impacts in the vicinity of the lagoons, avoid interfering

with WWTP expansion and minimize constraints on future development by the affected landowners. GSGT has reached preliminary agreement with the joint owners of the M&N/PNTGS pipeline on co-location and realignment.

In summary, GSGT has initiated discussion with the pipeline owners, the Town of Exeter and Lionel Labonte, all of which have agreed in principle to the proposed replacement and realignment. Final agreements and amended easements, as necessary, will be forthcoming. For the Town of Exeter, the M&N/PNTGS pipeline represents an existing corridor that restricts future development on Town property. Realigning the GSGT replacement pipeline to parallel the M&N/PNGTS pipeline within an existing pipeline corridor would not only minimize the impact on future expansion opportunities within the WWTP, it would also avoid environmentally sensitive areas adjacent to the river. With regard to the Lionel Labonte parcel, existing easements already restrict future development potential, but realigning the GSGT pipeline would allow the property owner more flexibility and would avoid the need for future relocation of the GSGT pipeline under existing easement agreements.

C. <u>Description of Replacement Authorization Process</u>

GSGT has advanced to a proposed design and location for both the co-location adjacent to the Town WWTP site, the Lionel Labonte parcel, and the HDD under the Squamscott River, as depicted in Exhibit A.

GSGT has begun working with the Town, the Attorney General's Office, the Governor's Office of Energy and Planning (OEP), Council on Resources and Development (CORD) and affected private parties to obtain necessary property rights for both the HDD and the land-based pipeline route. On January 21, 2014, GSGT filed a request for surplus lands review with OEP

and CORD under the RSA 4:40 process for the state easement necessary to allow the HDD to cross under the Squamscott River. *See* Exhibit B. The request will be reviewed by CORD and other state, regional and local agencies and commissions, followed by Long Range Planning and Utilization Committee review and Governor & Executive Council approval.

GSGT will submit applications for appropriate permits and approvals from federal, state and local authorities before commencement of construction, including those listed in section D below. Because the HDD would be constructed under the bed of the Squamscott River, there would be no disturbance to navigation or to public use of the river and no above-ground structures. Nonetheless, GSGT plans to obtain any required navigational approvals from the U.S. Army Corps of Engineers and plans to notify appropriate authorities before construction commences.

Thus, there would be thorough review of all aspects of the project from federal, state and local perspectives outside of the RSA 162-H process if this Committee were to decline jurisdiction.

D. Regulatory Permits and Compliance

GSGT believes that this Committee's review of the project would be duplicative of previous and ongoing regulatory review processes conducted by other federal, state and local agencies. GSGT has confirmed that FERC authorization to construct the Replacement Project under section 7 of the Natural Gas Act and the previously issued blanket certificate is in place. While GSGT believes that it would be appropriate for the Committee to defer to FERC jurisdiction with regard to construction of the Replacement Project, and GSGT reserves the right to assert federal preemption in any future proceedings, GSGT describes below the range of

regulatory reviews being undertaken to allow the Committee to assess whether Committee jurisdiction exists under "sizeable addition" review authority.

GSGT has reviewed the applicability of environmental, land use, state utility and other permitting requirements associated with the Squamscott Replacement Project and has initiated discussions with appropriate authorities. To the extent that rights, permits and approvals are needed, GSGT has concluded that they can be obtained by the time construction must commence in early 2015. This assessment is based, in part, upon discussions with federal, state and local agencies with jurisdiction over lands and interests affected by the Squamscott Replacement Project.

The Squamscott Replacement Project is being designed and developed to comport with all federal, state and local standards and best management practices. GSGT has every intention of remaining in full compliance throughout all phases of the project. A brief summary of key regulatory reviews is as follows:

1. New Hampshire Public Utilities Commission: GSGT has confirmed that the Squamscott Replacement Project will require a water crossing license from the NHPUC under RSA 371:17. As part of the NHPUC review process, a public hearing would be conducted (unless waived), the Attorney General would be notified, and the NHPUC would have to determine that the license may be exercised without substantially affecting public rights in state waters and lands. As part of the NHPUC licensing review, GSGT anticipates that compliance with all federal and state gas pipeline safety standards would be assessed. GSGT plans to submit a licensing petition in the near future.

2. Long Range Capital Planning and Utilization Committee: Because lands beneath tidal rivers are owned by the state, GSGT has confirmed with the Attorney General's Office that

the process established under RSA 4:40 for granting property interests in state lands must be followed. RSA 4:40 requires, after recommendation by the sponsoring agency, review by the Long Range Capital Planning and Utilization Committee, with advice from CORD, and approval of the easement by the Governor & Executive Council. On January 21, 2014, GSGT initiated the process for obtaining a state easement within submerged lands under the Squamscott River. See Exhibit B.

3. U.S. Environmental Protection Agency (EPA): GSGT anticipates that the Project will trigger federal review under the National Pollutant Discharge Elimination System (NPDES) program because the proposed area of disturbance would total roughly 1.4 acres, which exceeds the one acre threshold for NPDES construction general permitting relating to storm water discharges. In addition to preparing a Stormwater Pollution Prevention Plan, GSGT will submit the necessary notifications to EPA Region I for coverage under the construction general permit. GSGT intends to implement Best Management Practices for storm water management regardless of the need for storm water permits.

4. U.S. Army Corps of Engineers: GSGT has confirmed that federal approval of any unavoidable dredge and fill activities within jurisdictional wetlands and any potential navigational impacts would occur by way of coverage under the U.S. Army Corps of Engineers' Programmatic General Permit (PGP). Section 401 water quality certification and compliance with Coastal Zone Management/federal consistency review, Section 106 Historic Preservation, Endangered Species Act, fisheries/wildlife impacts and other criteria referenced in the PGP would also occur through the Corps review process or in conjunction with the state wetlands permit described below.

5. New Hampshire Department of Environmental Services: GSGT has confirmed that both wetlands and alteration of terrain permits would be required for the Squamscott Replacement Project, as excavation would occur on Town of Exeter property and the Lionel Labonte property in Stratham, some of which would occur within wetlands. GSGT has initiated pre-application discussions with the Department and plans to submit the applications in the near future. GSGT will submit a Shoreland Permit by Notification, as appropriate, and coordinate with the Department on other programs that may be implicated.

6. Local Ordinances and Regulations: GSGT will comply with all applicable land use ordinances before commencing construction. GSGT has commenced discussions with local officials. GSGT has initiated discussions with the Exeter and Stratham Conservation Commissions.

7. Historic Preservation: GSGT is required to comply with the National Historic Preservation Act, as well as environmental, fisheries and other laws, as part of its obligations under FERC's blanket certificate. *See* 18 C.F.R. § 157.206(b). GSGT has already requested review by the New Hampshire Division of Historic Resources for the HDD.

8. New Hampshire Department of Transportation: GSGT has initiated discussions with NHDOT to obtain all necessary construction and encroachment permits.

E. This Committee's Authority for Jurisdictional Declaratory Ruling

GSGT seeks a declaratory ruling that the Committee does not have jurisdiction over the Squamscott Replacement Project because it does not constitute a "sizeable change or addition" to an existing facility that would require a certificate of site and facility under RSA 162-H:5, I ("No person shall commence to construct any energy facility within the state unless it has obtained a certificate pursuant to this chapter [and] such certificates are required for sizeable changes or

additions to existing facilities"). The Administrative Procedures Act and the Committee's rules allow for such a ruling. See RSA 541-A:1, V ("declaratory ruling" means an agency ruling as to the specific applicability of any statutory provision or of any rule or order of the agency; RSA 541-A:16, I(d) (requiring each agency to to "[a]dopt rules relating to the filing of petitions for declaratory rulings and their prompt disposition"); and N.H. Admin. R. Site 203.01 (allowing for submission of motions for declaratory ruling). The Committee must rule on the motion within 90 days of submittal. *See* N.H. Admin. R. Site 203.02(b).

Because the transmission pipeline is an existing "energy facility," as that term is defined in RSA 162-H:2, VII (term includes "energy transmission pipelines that are not considered part of a local distribution network"), a certificate would only be required for a "sizeable change or addition." RSA 162-H:5, I. The fact that a certificate has never been issued for the existing facility because it predates the statute should not change the Committee's inquiry on whether the project is a "sizeable change or addition." Assuming that the Committee is not already preempted by existing FERC approvals, which GSGT reserves the right to raise, GSGT asserts that the Squamscott Replacement Project is not a sizeable change or addition to the existing energy facility that warrants Committee review.

F. <u>Basis for Determination that the Project is Not a Sizeable Addition</u>

The Committee has previously determined that a similar GSGT pipeline replacement/relocation project did not constitute a "sizeable change or addition" that required review and certification under RSA 162-H. In particular, on July 5, 2012, the Committee determined that the replacement and relocation of a 1500 foot segment of interstate pipeline crossing the Little Bay Bridge in Newington and Dover, New Hampshire, did not constitute a sizeable change or addition to an existing energy facility. *See Order Granting Motion for*

Declaratory Ruling, Site Evaluation Committee Docket No. 2012-02 (July 5, 2012) (hereinafter "Order"). There, the Committee found that replacement and realignment of a 1500 foot above-ground segment of interstate pipeline with a 2500 foot buried segment constituted, relatively speaking, a minor realignment of the 86-mile long interstate pipeline. Some of the factors cited by the Committee included the relatively short section of pipeline involved, the lack of increase in pipeline capacity, lack of cumulative impact on the surrounding environment, similarity in location, and the legitimate safety, maintenance and security considerations that would be addressed. *See id.* The Committee also noted that, although the existing facility pre-dated the siting statute and did not operate under a certificate, the project was of the nature that could be delegated to a specific agency under the RSA 162-H:4, III-a authority for delegation of minor re-alignments because it was not a sizeable change or addition. *See* Order at 5.

The factors upon which the Committee relied in the Order for granting GSGT's request for declaratory ruling on the Little Bay Bridge project apply equally here. As owner and operator of the pipeline, GSGT has an obligation to ensure its integrity and to replace any problematic segments. Because the pipeline coating has disbonded and maintaining cathodic protection has become more difficult, there is a need to replace this relatively short segment. The 0.9 mile segment to be replaced is very short in relation to the roughly 86 mile length of the existing interstate pipeline. The realignment will involve a minor relocation within the same properties that accommodate the existing pipeline, including the Squamscott River.

The project is not designed to increase capacity of the pipeline. According to FERC, the project qualifies as routine replacement and realignment with incidental impact upon transmission capacity. GSGT replacement of vintage 8-inch pipe in the 0.9 mile segment with 10-inch pipe will allow for continuous internal inspection of this segment with the existing 10-

inch pipeline to which it will connect. In addition, had the existing segment been a certificated facility, it is the type of minor realignment that could have been delegated to specific agencies under RSA 162-H:4, III. *See* Order at 5.

With regard to whether the project will unduly interfere with the orderly development of the region or have an unreasonable adverse effect on aesthetics, historic sites, air and water quality, the natural environment or public health and safety, *see* RSA 162-H::IV(a), the project will not change how the existing land is being used and will not involve water or air emissions. The pipeline is located entirely underground, with no aesthetic, navigational or safety impacts. The construction-related impacts will be temporary. Realigning the pipeline to the perimeter of the WWTP site and under the Squamscott River would protect water quality and minimize developmental, environmental and aesthetic impacts. In addition, the project is consistent with state energy policy, RSA 162-H:16, IV(d), as it would ensure continued and uninterrupted operation of an interstate gas transmission pipeline that has been in place for more than 50 years, while at the same time allowing for safety and inspection-related upgrades that advance public health and safety.

Any archeological, wetlands, or fisheries concerns raised by excavation and drilling activities will be addressed through local, state and federal review and permitting processes. Safety issues will be addressed through FERC and the NHPUC water crossing licensing process, which incorporates review of both federal and state pipeline safety standards. Land use, property, utility, environmental, safety and public use issues will be addressed by various agencies with jurisdiction over those issues.

The proposed realignment will not have a major or unreasonable cumulative impact on the surrounding environment. The HDD technique minimizes impacts to the environment,

marine life and habitat. All facilities in and around the river will be located underground and, once completed, will be imperceptible to the public. While there may be some temporary impact stemming from pipeline installation and removal of existing aboveground mainline valves located on both sides of the river, along with installation of a new buried mainline valve (with minimal aboveground piping) on the Lionel Labonte parcel, the impacts are outweighed by the public safety, security and maintenance benefits that will flow from the replacement and realignment. *See* Order at 5.

GSGT has identified a route that will minimize disruption to Town and private property interests. The pipeline will be routed adjacent to the existing M&N easement which already contains a 30-inch diameter pipeline. Realigning the proposed pipeline away from Town lagoon berms and current river crossing avoids potentially significant environmental impacts, including berm erosion and river pollution.

Because other federal, state and local agencies, including the Department of Environmental Services and the NHPUC, will review and issue permits and licenses for various aspects of the project to ensure protection of the public interest, consistent with the Committee's previous order, Committee review of the project under RSA 162-H would be duplicative. *See Order.*

The Committee's earlier orders also support a determination that the subject project does not constitute a sizeable change or addition. *See, e.g., Order Denying Motion for Declaratory Ruling Re Motion of Campaign for Ratepayer Rights, et al.*, NHSEC Docket No. 2009-01 (August 10, 2009) (hereinafter "PSNH Order"), at 14. The factors considered by the Committee in the PSNH Order provide useful historical guidance for the Committee to assess whether the Squamscott Replacement Project would fall within the purview of the certificating statute.

For example, in its determination that a turbine replacement in PSNH's Merrimack Station did not constitute a sizeable addition, the Committee noted that "the new turbine simply replaces the pre-existing turbine and is of similar size and located almost precisely in the same place as the pre-existing turbine. The increased output capacity of the plant from the new turbine is marginal." Order at 15. Also, in assessing whether the PSNH Scrubber Project was a sizeable addition, the Committee noted that it "is not sizeable when considered in proportion to the existing heavy industrial facility," Order at 12, "will not increase electrical production at Merrimack Station," Order at 10, and "the facilities associated with the Scrubber Project will be positioned as close as possible to the existing generation plant." The scope and size of the 0.9 mile Squamscott Replacement Project is insignificant when considered in proportion to existing interstate pipeline facility, which spans 86 miles and the entire length of the New Hampshire coast. GSGT plans to simply replace and rearrange one segment that crosses Town of Exeter property, Squamscott River, and Lionel Labonte property in the same area as the existing segment. GSGT would substitute a 10-inch steel pipeline for purposes of inspection, while supplying the same volume of product through the interstate pipeline. Any increase in capacity would be incidental, as acknowledged by FERC. There would be a marginal increase in the length of the pipeline segment only as a result of the realignment and HDD river crossing.

In addition, the estimated capital cost of approximately $1.5 million for the Squamscott Replacement Project is relatively insignificant and, under FERC rules, is considered routine and covered by a blanket certificate. This is in contrast to the estimated $450 million capital cost that was to be incurred for the Scrubber Project, which was not deemed to be a sizeable addition.

In light of the purposes of RSA 162-H and the factors in RSA 162-H:16 that inform the Committee, the Squamscott Replacement Project is not a sizeable change or addition to the exiting pipeline.

The Committee should declare that the Squamscott Replacement Project does not constitute a sizeable change or addition to the existing gas transmission pipeline and should decline to assert jurisdiction over the project.

In the event that the Committee denies this Motion because it deems the Replacement Project to be a sizeable change or addition, then the Committee should review this filing as if it were a request for exemption under RSA 162-H:4, IV and proceed to grant an exemption under the criteria established in that subsection.

G. <u>Requests for Relief</u>

WHEREFORE, GSGT respectfully requests that the New Hampshire Site Evaluation Committee:

A. Grant this Motion by declaring that the Squamscott Replacement Project is not a "sizeable change or addition" within the meaning of RSA 162-H, I and does not require a certificate of siting and facility under RSA 162-H; or, in the alternative,

B. If the Squamscott Replacement Project is deemed to be a "sizeable change or addition," treat this Motion as a request for exemption under RSA 162-H:4, IV and grant such exemption; and

C. Grant such other relief deemed just and reasonable.

Respectfully submitted,

Granite State Gas Transmission Co., Inc.

By Its Attorneys,

Dated: 2/4/14

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Enclosures (Exhibits A and B)

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EXHIBIT

A

Existing and Proposed Gas Pipeline

Unitil
Granite State Gas Transmission
Squamscott Replacement Project

Exeter and Stratham,
New Hampshire

Location of Site

FIGURE 3

Existing Pipeline
Proposed Pipeline
Town Boundary

0 575
Feet

N

amec

AMEC Environment & Infrastructure, Inc.
271 Mill Road
Chelmsford, MA 01824
(978) 692-9090

EXHIBIT

B

Council on Resources and Development
REQUEST FOR SURPLUS LAND REVIEW ACTION

Name of Requesting Agency:	Office of Energy & Planning
Agency Contact Person:	Susan Slack (for Meredith Hatfield, Director)
Address:	NHOEP, 107 Pleasant Street; Concord, NH 03301
Phone Number:	(603)-271-2705
E-Mail:	Susan.slack@nh.gov
Applicant Contact Person:	Maureen D. Smith, Orr & Reno, P.A. (For Granite State Gas Transmission Company, Inc.)
Address:	45 South Main Street; Concord, NH 03301
Phone Number:	(603)-223-9166
E-Mail:	msmith@orr-reno.com
Location of Property:	Submerged land under Squamscott River (between Exeter and Stratham, New Hampshire). See attachment 1, Figures 1-4.
Acreage:	Approximately 50 feet by 400 feet of submerged lands.
Requested Action:	Grant state easement under Squamscott River bed for subsurface natural gas pipeline
Term of Lease or Easement:	In perpetuity

Please complete ALL questions below, submit one digital copy, one hardcopy original, and three photocopies of the complete application to the Office of Energy and Planning, Johnson Hall, 3rd Floor, 107 Pleasant Street, Concord, NH 03301, susan.slack@nh.gov.

1. **What is the current use of this property?**

   The existing 8" diameter pipe was laid in 1956 at the bottom of the Squamscott River and the coating has become disbonded, requiring replacement. See Attachment 1 for additional information.

2. **What is the proposed use of this property if surplussed?** Please note if proposed use is intended to create a public benefit.

   The proposed use is replacement of a portion of the existing natural gas pipeline to replace and upgrade disbonded pipeline installed in 1956 and 1966. The replacement pipeline would be installed via horizontal directional drill (HDD) underneath and across the Squamscott River with 400 foot width across river.

3. **Does the proposed use of this property entail new development?** ☐ Yes X No
   a. If yes, is it consistent with adjacent and existing development? ☐ Yes ☐ No
   b. Please describe how the proposed new development differs from or is similar to its surroundings. Also indicate how it may initiate a future change in the property or surroundings use.

   There is no impact to surroundings because pipeline is buried. Temporary impacts at bore sites during construction would be limited. No future changes in property or surroundings are anticipated.

4. **Are there any structures located on this property?** ☐ Yes X No

a. If yes, please describe the structures including how many and what kind?

5. **Are there historical architectural or archaeological resources identified on this site?**

☐ Yes X No

a. If yes, describe the resource(s)?

Bore inlet and outlet are the only surface areas affected.

b. If no, contact the NH Division of Historical Resources prior to application submission.

6. **Is there any existing development or structures on adjacent sites?** ☐ Yes X No

a. If yes, describe the use and number of structures of adjacent sites.
If no, where is the nearest development? (Describe distance, use, and number)

The proposed 50′ GSGT easement parallels the existing M&N pipeline easement and a co-location agreement is being negotiated.

7. **Does the site represent the entire state property in this location?** ☐ Yes X No

a. If no, please describe its relationship to the entire state holding (percentage of total acreage, percentage of overall rail length, etc).

All submerged lands beneath river are owned by State; easement area will be roughly fifty (50) feet by four hundred (400) feet wide and will span submerged lands under river between the mean high water marks.

8. **Is access to this property available?** X Yes ☐ No

a. If yes, how is the site accessed? (from rail, water, across applicant's property, etc)

Across Town of Exeter Wastewater Treatment Plant site and privately owned property in Stratham.

b. If yes, is there a potential for public access interruption? ☐ Yes X No

9. **Are there water resources related to this property such as:**
Lakes/Ponds - ☐ Yes X No **OR** **Rivers -** X Yes ☐ No?

a. If yes to either, please indicate the size or extent of such resources.

Squamscott River would overlay the easement area, which extends beneath the river and between mean high water mark on each shore. Easement area is submerged land in public trust and is defined in the easement document. The replacement pipeline would lie within a 50-foot wide easement and would span below the bed of the Squamscott River in submerged lands for approximately 400 feet between mean high water marks.

b. If there are water resources, please describe current public or private access from the site to the water body? x☐ Public x☐ Private No Access Available

Description: Access in Exeter controlled by Town waste water treatment plant. Access in Stratham controlled by private owner.

c. How would the proposal affect the access opportunities described in b?

Only temporary limitation on owner access within drill areas during construction of HDD.

10. **Please identify any other significant resources or sensitive environmental conditions known to be located on or adjacent to this property.**

	Yes (property)	Yes (adjacent property)	No
a. Steep slopes	☐	X	☐

b.	Wetlands (Prime and NWI)	☐		X		☐
c.	Threatened or endangered species	☐		☐		X
d.	Wildlife Action Plan Critical Habitats	☐		☐		X
e.	Increased impervious surface	☐		☐		X
f.	Potential stormwater flow changes	☐		☐		X
g.	Agricultural soils of prime, statewide, or local importance	☐		☐		X
h.	Potential river channel change	☐		☐		X
i.	Other special designations	☐		☐		X

Please provide a description for any "yes" responses to question #10.

Wetlands permit application will address wetlands/shoreland impacts.

11. Attach photographs and maps of the property. Maps should highlight the requested property location and help to adequately place the property within the town.

a. Municipal tax map copy showing all abutters
b. General location map with scale, north arrow, nearby roads, and water bodies/features*
c. Aerial Photograph*
d. Any site plans for new or proposed development prepared at the time of application
e. Maps depicting rail lines, wetlands, conservation lands, rare species and exemplary natural communities, or topographic features are welcome but not required

* Maps can be created with GIS, Google, Mapquest, GRANIT data mapper, or any other readily available mapping service.

Please paste any maps and photographs submitted as part of this application here.

See Attachment 1, Figures 1, 2, 3 and 4 attached hereto.

ATTACHMENT 1

GRANITE STATE GAS TRANSMISSION CO., INC.

SQUAMSCOTT PIPELINE REPLACEMENT PROJECT DESCRIPTION

Granite State Gas Transmission Co., Inc. (GSGT) owns and operates a bidirectional 86-mile long high pressure interstate natural gas transmission pipeline that transports natural gas between Haverhill, MA and Portland, ME. The proposed State Easement relates to one of the original, federally-authorized sections of the interstate pipeline located in Exeter and Stratham, New Hampshire, which was constructed during the 1950's and 1960's by a predecessor to GSGT. The relevant section is a crossing of the Squamscott River between the Town of Exeter Waste Water Treatment Plant (WWTP) and private land in Stratham. The State Easement relates only to the submerged lands between the mean high water marks on either side of the Squamscott River, in which a Horizontal Directional Drill (HDD) through submerged lands would construct the pipeline under the bed of the river. Although GSGT has federal authorization for the project by way of a "blanket certificate" of public convenience and necessity, the state owns submerged tidal lands, including submerged lands beneath the Squamscott River. Therefore, GSGT is following the RSA 4:40 surplus lands review process to allow for the HDD.

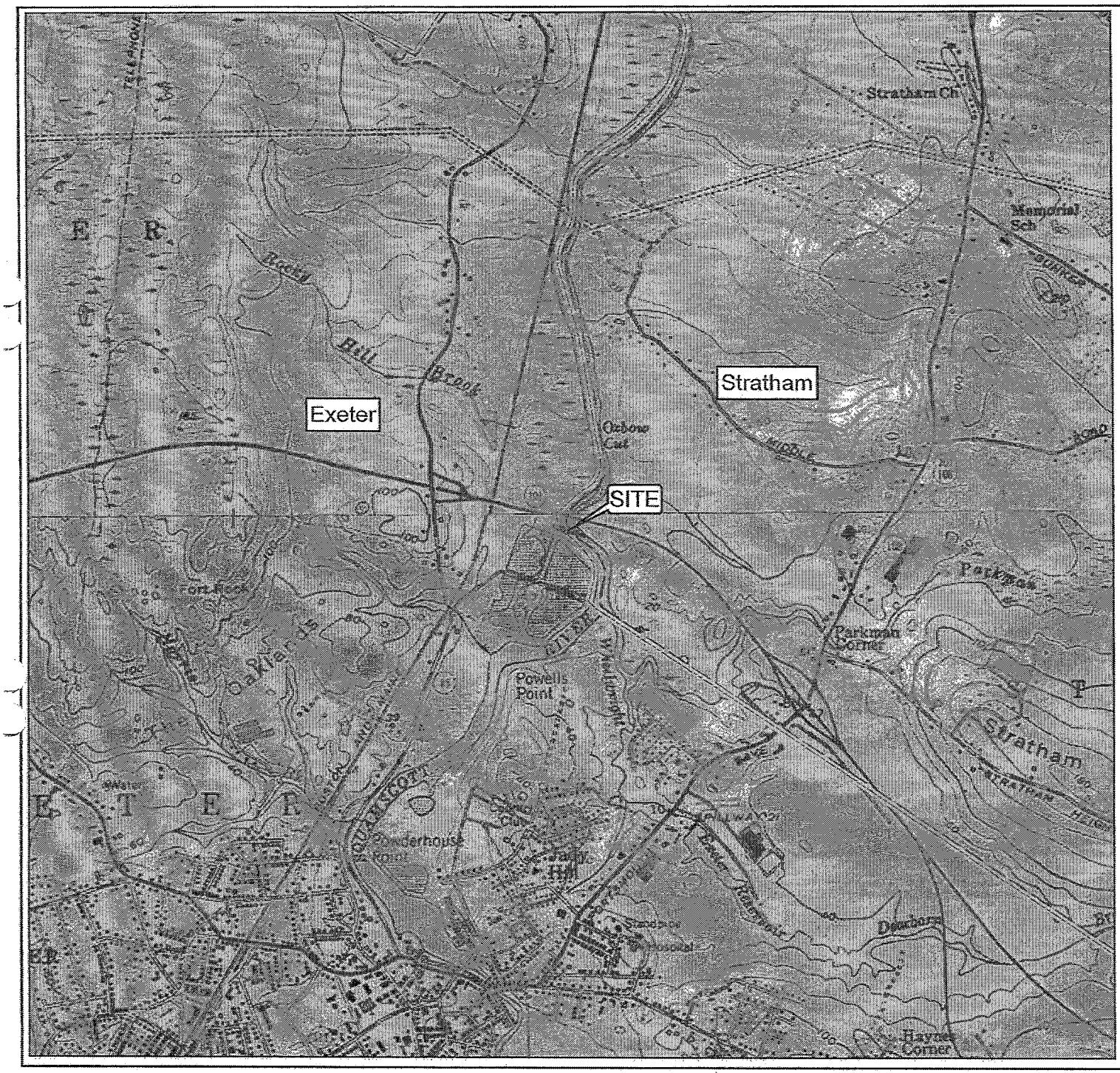
The need for the HDD arises from deterioration of coating on the existing pipeline. The original pipeline segment to be replaced with the HDD consists of 1950's vintage, coated 8-inch steel with cathodic protection. Over time, the coating has disbonded from the metal, making cathodic protection more difficult. In addition, because the surrounding pipeline consists of 10-inch diameter pipeline, internal inspections are more difficult to conduct. GSGT has determined that replacing the segment of pipe with new, 10-inch diameter pipe to be necessary. Use of state-

of-the-art HDD technology is less intrusive to the environment, allows for complete burial of the pipeline and preserves pipeline integrity for long periods of time.

The project would consist of borings on either side of the river for entrance and exit of the HDD. The boring activities are subject to a number of federal, state and local approvals, including wetlands and alteration of terrain permits from the Department of Environmental Services. GSGT will also seek rulings from the Site Evaluation Committee and the Public Utilities Commission for the location of the HDD. The regulatory reviews that will occur for the land-based portions of the project will address issues of concern to local and regional entities, including the potential impacts on natural communities and historic resources. Because the HDD would be constructed below the bed of the Squamscott River and the state easement relates only to the submerged lands, any impacts to the river would be *de minimus*. There would be no disturbance to navigation or to public use of the river as a result of the state easement.

GSGT is also working in parallel with the landowners -- the Town of Exeter and a Stratham resident – on location agreements for the pipeline replacement.

1095172_1



USGS Topographic Map

Unitil
Granite State Gas Transmission
Squamscott Replacement Project

Stratham, New Hampshire

Location of Site

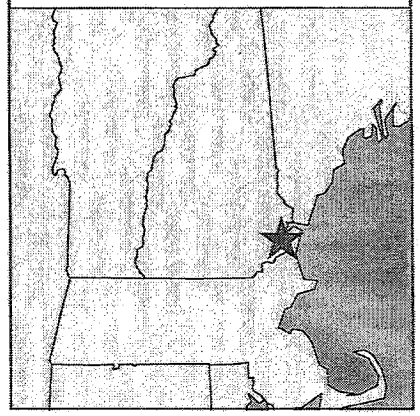


FIGURE 1

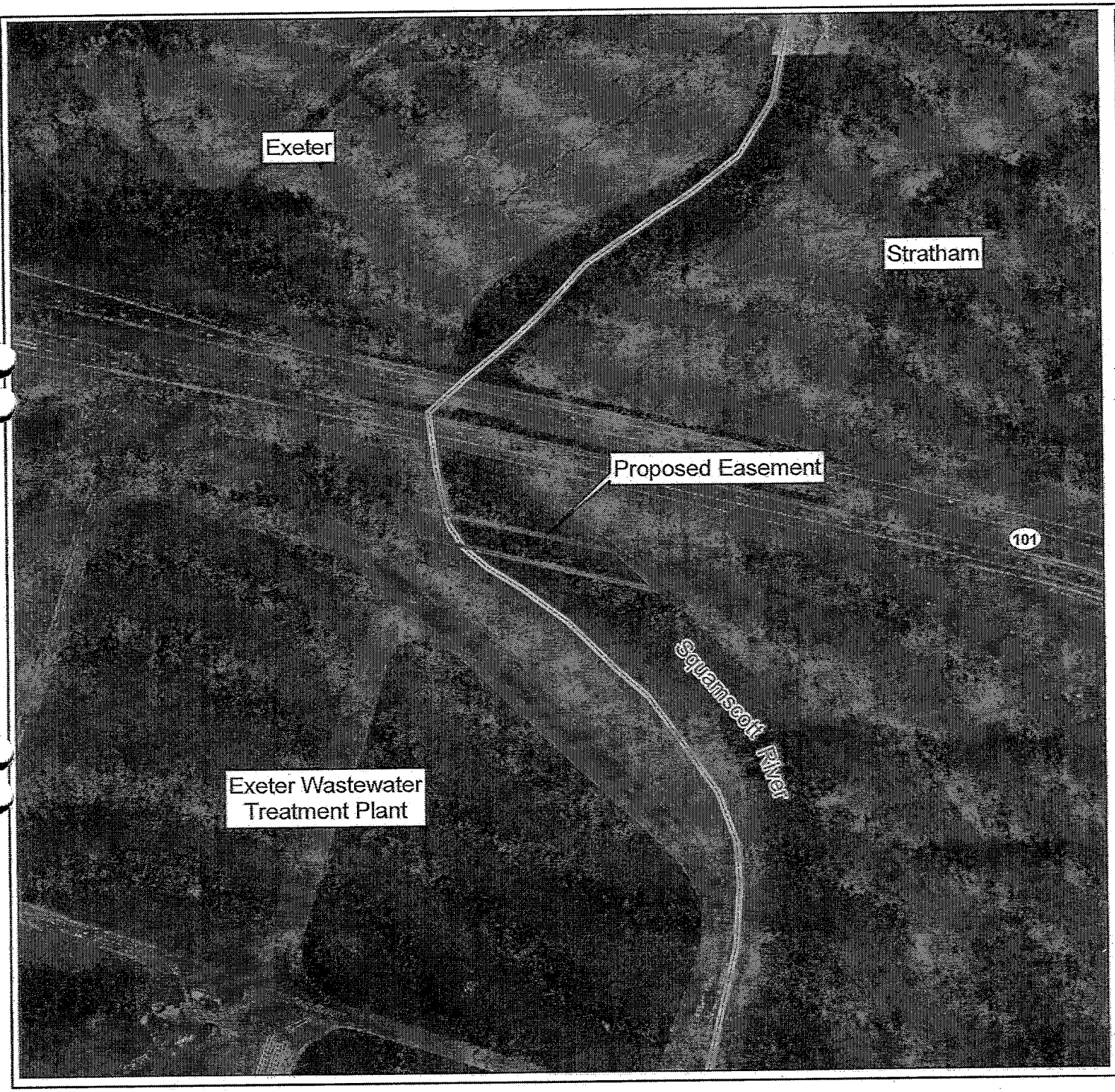
Project Location

Town Boundary

0 2,000
Feet

N

amec
AMEC Environment & Infrastructure, Inc.
2 Robbins Road
Westford, MA 01886
(978) 692-9090



Site Aerial Map

Unitil
Granite State Gas Transmission
Squamscott Replacement Project

Stratham, New Hampshire

Location of Site

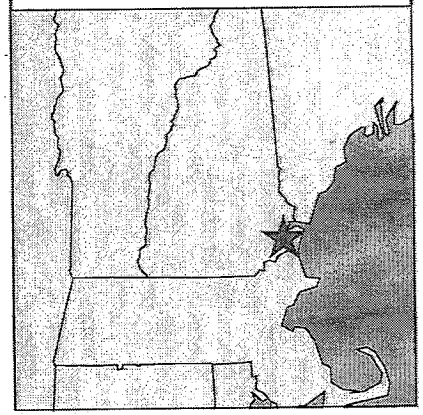


FIGURE 2

Proposed Easement

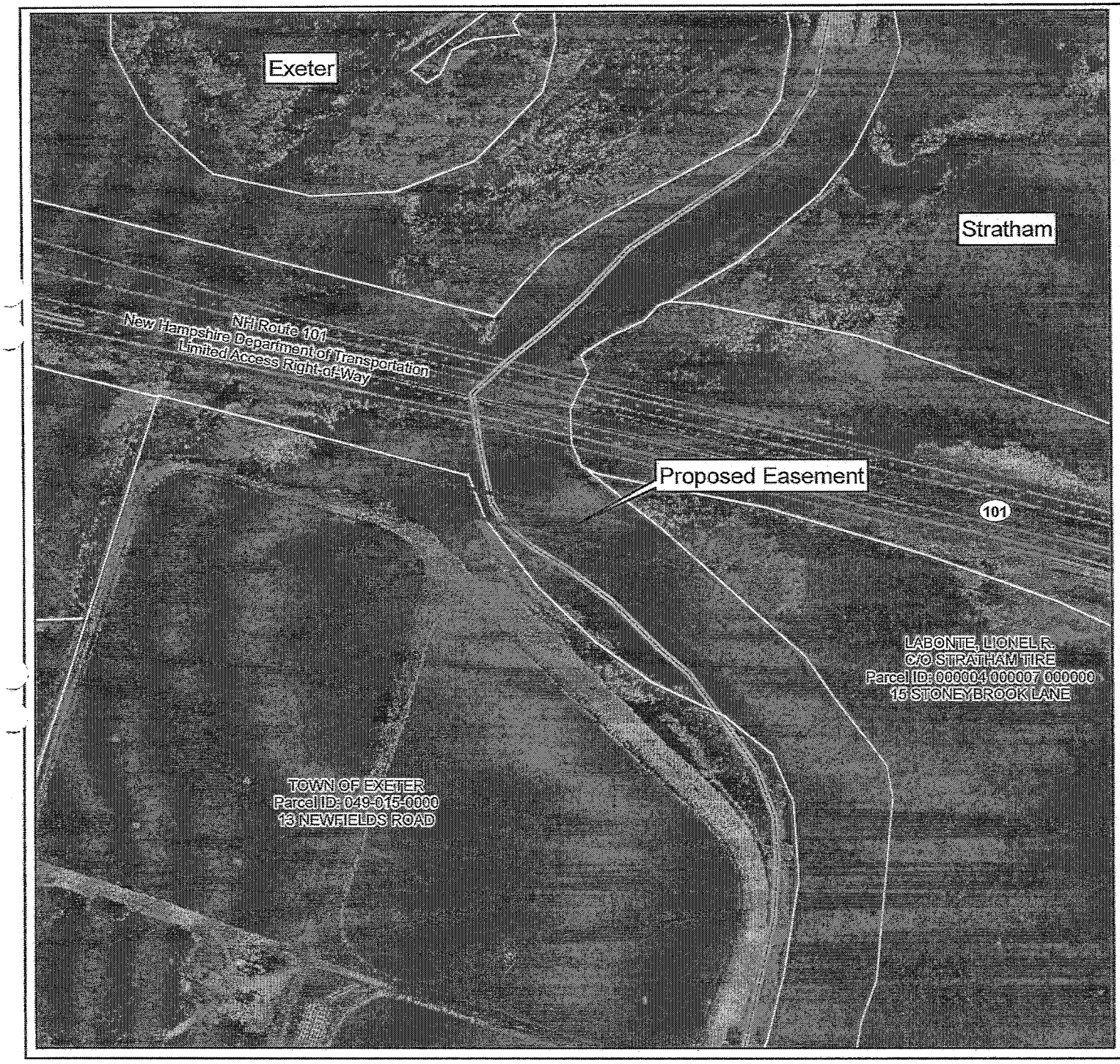
Town Boundary

0 250
Feet

N

amec

AMEC Environment & Infrastructure, Inc.
2 Robbins Road
Westford, MA 01886
(978) 692-9090



Municipal Tax Parcel Map

Unitil
Granite State Gas Transmission
Squamscott Replacement Project

Stratham, New Hampshire

Location of Site

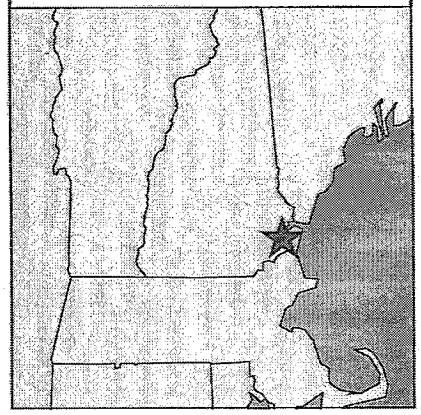


FIGURE 3

Proposed Easement

Town Boundary

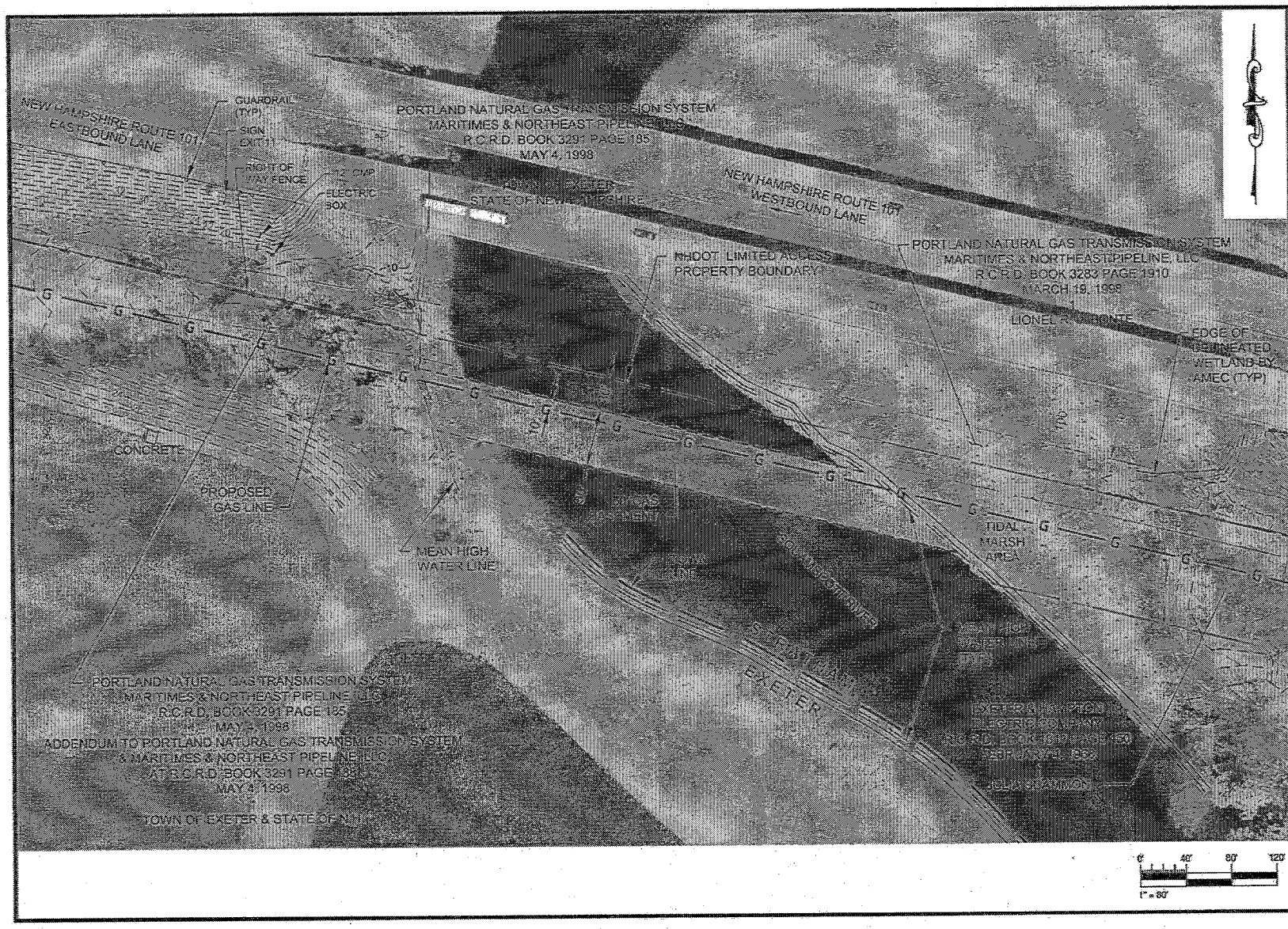
*Parcel Data by Town of Stratham and Exeter.

0 250
Feet

N

amec

AMEC Environment & Infrastructure, Inc.
2 Robbins Road
Westford, MA 01886
(978) 692-9090



amec
ENVIRONMENT & INFRASTRUCTURE, INC.
271 MILL ROAD
CHELMSFORD, MASSACHUSETTS 01824
TELEPHONE: (978) 692-9090
FAX: (978) 692-6633
WEB: WWW.AMEC.COM

CLIENT:
UNITIL SERVICE CORPORATION
325 WEST ROAD
PORTSMOUTH, NH

Unitil
Granite State Gas Transmission

PROJECT:
SQUAMSCOTT REPLACEMENT PROJECT

REV	DATE	DESCRIPTION

ISSUE / REVISION:

DESIGNED BY: DED	DRAWN BY: DED
CHECKED BY: SH	DATE: JANUARY 2014
SCALE: AS SHOWN	ISSUE / REVISION: 0

PROJECT NUMBER: 7773130108

TITLE:
PROPOSED RIVER CROSSING EASEMENT

FIGURE NUMBER:
4

G:\Users\donn.dempsey\Documents\Unitil Phase 4 – 7773130108\7.0 CAD\7.1 Design – Permitting\Figures\2014-01-10\7773130108 – Figure 4–River Easement.dwg – Jan. 17, 2014 2:24pm – donn.dempsey

EXHIBIT 2

Return to:
Maureen D. Smith, Esq.
Orr & Reno, PA
45 Main Street
POB 3550
Concord, NH 03302-3550

EASEMENT AGREEMENT

State of New Hampshire, with a mailing address of Office of Energy and Planning, 107 Pleasant Street, Concord, New Hampshire 03301 ("State"), pursuant to RSA 4:40, for consideration paid, grants to Granite State Gas Transmission, Inc., 6 Liberty Lane West, Hampton, New Hampshire 03842 ("GSGT"), with quitclaim covenants, the easements described in this Easement Agreement ("Easements") for the purposes of preparing, drilling, laying, constructing, maintaining, operating, altering, improving, repairing, replacing and removing, and conforming with any federal, state or local requirements pertaining to natural gas pipelines and all related equipment, improvements, structures and appurtenances thereto, under and across a portion of the Squamscott River in the Town of Exeter in Strafford County and the Town of Stratham in Rockingham County, State of New Hampshire, in connection with the project known as the Granite State Gas Transmission Squamscott Replacement Project, as it may be altered from time to time ("Project").

The following is a general description of the Easements granted under this Agreement:

a. Natural Gas Pipeline Easement. A 50-foot wide exclusive easement for a natural gas pipeline in the approximate area shown on the plan attached to this Agreement as Exhibit A ("Pipeline Easement Area").

b. Access Easement. Non-exclusive access rights to the Pipeline Easement Area in, through, under and on the Squamscott River, its shoreline and riverbed ("Access Easement"). The Access Easement is as shown on the plan attached to this Agreement as Exhibit B, which is generally 180' feet wide and extends from the surface of the river to all areas below the riverbed necessary to access the Project, in order to access the Pipeline Easement Area for the purpose of installing, repairing, replacing and maintaining the Project.

c. Temporary Construction Easement. A temporary construction easement in, through and on the Squamscott River (from the mean high water mark on each shore of the river) and in, through and under the bed of the Squamscott River, as shown on the plan attached to this Agreement as Exhibit B, which is generally 180' feet wide and extends from the surface of the river to all areas below the riverbed necessary to construct the Project, in order to access the Pipeline Easement Area for the purposes of drilling, preparing, constructing, laying and otherwise building or replacing the natural gas pipeline ("Temporary Construction Easement").

The Temporary Construction Easement shall expire upon completion of the laying, construction and testing of the pipeline or upon receipt, completion or closure of all necessary permits, approvals and notifications of compliance from the appropriate jurisdictional regulatory agencies with respect to the natural gas pipeline as laid or replaced.

The parties agree as follows with regard to the Easements:

1. Purpose. The purpose of the Easements is to complete, repair, replace and maintain the Project, which means generally to construct a natural gas pipeline in the exclusive Pipeline Easement Area under the Squamscott River by boring underneath the river and connecting to replacement pipeline on either side of the Squamscott River, which currently exists on land owned by the Town of Exeter on the Exeter side of the river and on privately owned land on the Stratham side of the river. The Access Easement includes non-exclusive access rights in, through and under the Squamscott River for access to the Pipeline Easement Area to construct, monitor, repair, maintain and replace the natural gas pipeline. The Temporary Construction Easement shall extend on either side of the Pipeline Easement Area in the riverbed to allow for a temporary workspace contiguous to the natural gas pipeline when such is necessary for the purposes of preparing, drilling, laying, replacing and constructing the natural gas pipeline. The Temporary Construction Easement shall expire upon the later of (i) completion of the drilling, laying, constructing, replacing and testing the natural gas pipeline or (ii) upon receipt, completion or closure of all necessary permits, approvals and notifications of compliance from the appropriate jurisdictional regulatory agencies with respect to the natural gas pipeline as laid.

2. Granite State Gas Transmission Squamscott River Replacement Project. GSGT has submitted to the State a set of plans titled "Granite State Gas Transmission Squamscott River Replacement Project, dated _____, 2014, which are incorporated into this Agreement for installation and replacement of the natural gas pipeline and associated improvements under the Squamscott River and the State has reviewed these plans ("Permitting Plans").

   GSGT shall submit any proposed alterations to the Permitting Plans in writing to the State for review by the State.

   Within 6 months of the completion of the Project, GSGT shall prepare an as-built plan in a manner sufficient for recording in the Registry of Deeds that shows the location of the Pipeline Easement Area and the Access Easement and shall record such plan in the Strafford and Rockingham County Registry of Deeds, as well as deliver a copy of such plan to the State.

3. Reservation of Rights by State. The State reserves the right to fully use and enjoy the Squamscott River, subject to the rights and privileges herein granted to GSGT, provided, however that GSGT shall have the right hereafter to keep clear all obstructions that may injure, endanger or interfere with the Pipeline Easement and the exercise of its rights granted in this Agreement. GSGT agrees that after construction of the natural gas pipeline is complete, no excavation, change of grade or water impoundment will be made

on and no structures or other obstructions will be placed or erected over, under or across the Pipeline Easement Area without prior written consent of the State.

4. Easements Subject to the Public Trust. Given that the Easements are over, under, on and through the Squamscott River and submerged land owned by the State, which are held in the public trust, all rights granted under this easement are subject to the public trust.

5. GSGT's Rights. GSGT shall have all privileges convenient for the full use of the rights granted in this Agreement, together with ingress and egress by any reasonable method, to the Pipeline Easement Area.

6. No Interference. The State agrees that no excavation, change of grade or water impoundment will be made on and no structures or other obstructions will be placed or erected over, under or across the Pipeline Easement Area without prior written consent of GSGT, which consent shall not be unreasonably withheld.

7. GSGT's Obligations. GSGT agrees to the following obligations regarding the Easements:

   a. GSGT, by the acceptance hereof, agrees to pay for damages to landscaping, fences, existing improvements and all other personal property which may arise from preparing, drilling, laying, constructing, maintaining, operating, altering, improving, repairing, changing the size of, replacing or removing said pipelines and shall restore all landscaping, and fill, grade and restore the surface area of the Pipeline Easement Area.

   b. GSGT agrees that all construction, use, maintenance, repair and reconstruction within the Pipeline Easement Area shall be performed at a time and under conditions reasonably acceptable to the State.

   c. GSGT agrees that it is liable for the cost of all construction, use, maintenance, repair and reconstruction within the area of each of the Easements. Such liability shall include but not be limited to the cost of all on-site inspectors or other representatives of the State.

   d. GSGT agrees to pay for and obtain before construction, maintenance, repair or reconstruction may begin within the area of each of the Easements any and all other permissions, permits and licenses required by Federal, State, County or local governments, their agencies or boards, or any public subdivision thereof.

   e. GSGT shall defend, indemnify and hold harmless the State, its officers, agents and employees, from and against all losses suffered by the State, its officers, agents and employees, and any and all claims, liabilities or penalties asserted against the State, its officers, agents and employees, by or on behalf of any person on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of GSGT or from the use, maintenance, installation, removal or existence of this facility (the facility meaning the natural gas pipeline and any associated work or appurtenances made thereon), and

notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of sovereign immunity of the State, which immunity is hereby reserved to the State.

f. GSGT further agrees that its contractor shall obtain and keep in force during construction, maintenance, repair and reconstruction within the Pipeline Easement Area and to pay the premiums on the following policy or policies of insurance covering the easement, designating the State of New Hampshire as an additional insured:

Contractors' Public and Property Damage Liability: $1,000,000.00 each occurrence/$2,000,000.00 in the aggregate

Contractors' Protective Public and Property Damage Liability: $1,000,000.00 each occurrence/$2,000,000.00 in the aggregate

g. After satisfactory construction, maintenance, repair or reconstruction of the natural gas pipeline, GSGT further agrees to pay for and obtain and keep in force for the life of the Easements, the following policy or policies of insurance covering the Easements, designating the State of New Hampshire as an additional insured:

Bodily Injury and Property Damage Liability: $1,000,000.00 each occurrence/$2,000,000.00 in the aggregate

h. GSGT and its contractor (under section f above) shall provide to the State a certificate of insurance demonstrating that the required coverage has been obtained and containing the following wording. "The State of New Hampshire is named as additional insured with respect to liability arising from the use and/or occupation of State-owned premises under this Agreement between the State and the Named Insured." GSGT retains the right to self insure its coverages and in such event, GSGT may provide self-funded coverage and certificates or other evidence of such self-insurance in lieu of insurance certificates issued by insurance companies, which shall include the language detailed above, designating the State of New Hampshire as an additional insured.

8. Default. GSGT shall be considered in default of its obligations if GSGT fails to perform any covenant of this Agreement. Upon the occurrence of default, the State shall give GSGT written notice specifying the Event of Default and a reasonable time frame when GSGT must remedy the Event of Default. In the absence of any specification of time, thirty (30) days from the date of notice shall be the time frame. If the Event of Default is not timely remedied, GSGT agrees to reimburse the State any costs that are incurred to remedy GSGT's acts or omissions that have resulted in the Event of Default, including reasonable attorneys' fees.

9. Run with the Land. The covenants and restrictions set forth here will run with and bind the land upon which the Easement are located in perpetuity from the date hereof and will

inure to the benefit of and be enforceable by the parties and their respective legal representatives, heirs, successors and assigns.

10. Assignment. The Easements are being conveyed to GSGT for the exclusive use and occupation of the Project and may only be sold, leased or assigned to a successor in interest for this specific purpose. The Easements may be divided among two or more owners, assignees and/or tenants as to any obligations or rights created hereunder, so that each owner, assignee and/or tenant shall have the full rights, obligations and privileges set out in this Agreement, to be owned and enjoyed either in common or severally, but only for the specific purpose of use and occupation of the Project.

    Notice of such assignment, sale and/or lease by GSGT shall be provided to the State no less than 90 days prior to the date of assignment, sale or lease.

11. Contact. The Office of Energy and Planning shall be the State's contact for this Easement and all notices required under this Agreement shall be sent to the following:

    Director
    NH Office of Energy and Planning
    Governor Hugh J. Gallen Office Park
    Johnson Hall, 3rd Floor
    107 Pleasant Street
    Concord, NH 03301

12. Integration. It is agreed that this Agreement as written above covers all of the agreements between the parties and that no other representations have been made modifying, adding to or changing the terms of the same.

[THE REMAINDER OF THE PAGE IS LEFT BLANK INTENTIONALLY.

SIGNATURE PAGE FOLLOWS]

TO HAVE AND TO HOLD said premises to GSGT, its successors and assigns forever the use and purposes herein before described.

IN WITNESS WHEREOF, THE STATE OF NEW HAMPSHIRE _____ has executed this easement for a natural gas pipeline by its duly authorized agent on this _____ day of _____, 2014.

STATE OF NEW HAMPSHIRE

By: _____
Maggie Hassan
Governor, State of New Hampshire

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

This instrument was acknowledged before me on _____, 2014 by _____ as _____ on behalf of the State of New Hampshire.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

The foregoing Easement, having been reviewed by this Office, is approved as to form, substance and execution on _____, 2014.

OFFICE OF THE ATTORNEY GENERAL

By: _____

Approved by New Hampshire Council on Resources and Development on _____, 2014.

Approved by Long Range Capital Planning and Utilization Committee on _____, 2014.

Approved by Governor and Executive Council on _____, 2014, Item # _____.

ACCEPTED:

GRANITE STATE GAS TRANSMISSION, INC.

_____

By: _____

Its _____, duly authorized

STATE OF NEW HAMPSHIRE
COUNTY OF _____

This instrument was acknowledged before me on _____, 2014 by _____ as _____ of Granite State Gas Transmission, Inc.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____

Notary Public

1015469_1

EXHIBIT A

PLAN SHOWING THE LOCATION OF THE PIPELINE EASEMENT AREA

EXHIBIT B

PLAN SHOWING THE LOCATION OF THE ACCESS EASEMENT

AND THE TEMPORARY CONSTRUCTION EASEMENT