

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Atlantic Coast Pipeline, LLC
Dominion Transmission, Inc.**

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**Docket Nos. CP15-554-000
CP15-555-000**

Dominion Transmission, Inc. (DTI) and Atlantic Coast Pipeline, LLC have made a substantial revision in the proposed route for the Atlantic Coast Pipeline (ACP). As such, the Commission has allowed for an opportunity to comment on this change. As a party to this proceeding, Friends of the Central Shenandoah respectfully submit the following responses regarding the proposed change in route.

Unsuitability of the Suggested Alternate Route

When confronted with the U.S. Forest Service's denial of the preferred route, ACP developers returned to a route that they had previously rejected as unsuitable. The terrain and abundance of karst topography in the proposed new route makes this an especially unsuitable location for building a large natural gas pipeline. Karst contains complex interconnected underground water supplies that are very likely to be disturbed by the blasting and sedimentation associated with pipeline construction. The 500 foot extent that Dominion is proposing to monitor is far too limited to properly evaluate the adverse effects from pipeline construction.

Flash flooding in the mountain streams crossed by the pipeline could very easily scour areas adjacent to the normal streambed, where the pipeline is closer to the surface, and undercut the pipeline. Emergency services will be severely strained in the remote areas of pipeline construction and Dominion is not paying any attention to this issue.

Dominion has not properly addressed methods for erosion control. They cannot use the excavated rock as fill and must bring in foreign soils to do the job. How will they keep these soils in place with nothing to adhere to but the rock in the trench? Without following strict specifications with careful monitoring, this new route could be vulnerable to massive mudslides that could contaminate streams throughout the region.

Dominion is aware of the unsuitability of this terrain and that it is beyond their experience. This is why they rejected it initially. In the 10 – K submitted to the Securities and Exchange Commission for fiscal year 2014¹, Dominion admitted that, “The large diameter of the pipeline and difficult terrain of certain portions of the proposed pipeline route aggravate the typical construction risks with which DTI is familiar. In-service delays could lead to cost overruns and potential customer termination rights.”

¹ UNITED STATES SECURITIES AND EXCHANGE COMMISSION, Form 10-K, Dominion Resources, for the fiscal year ended December 31, 2014, page 26, <http://www.sec.gov/Archives/edgar/data/103682/000119312515067777/d856078d10k.htm>

The economy in Bath County is founded on tourism. This requires clear mountain streams, unblemished mountain views and the continued experience of beauty and well-being that the area has offered for generations. As has been documented for other counties in the pipeline corridor, real estate values, value of the viewshed and economic activity will be substantially diminished due to the presence of the pipeline.

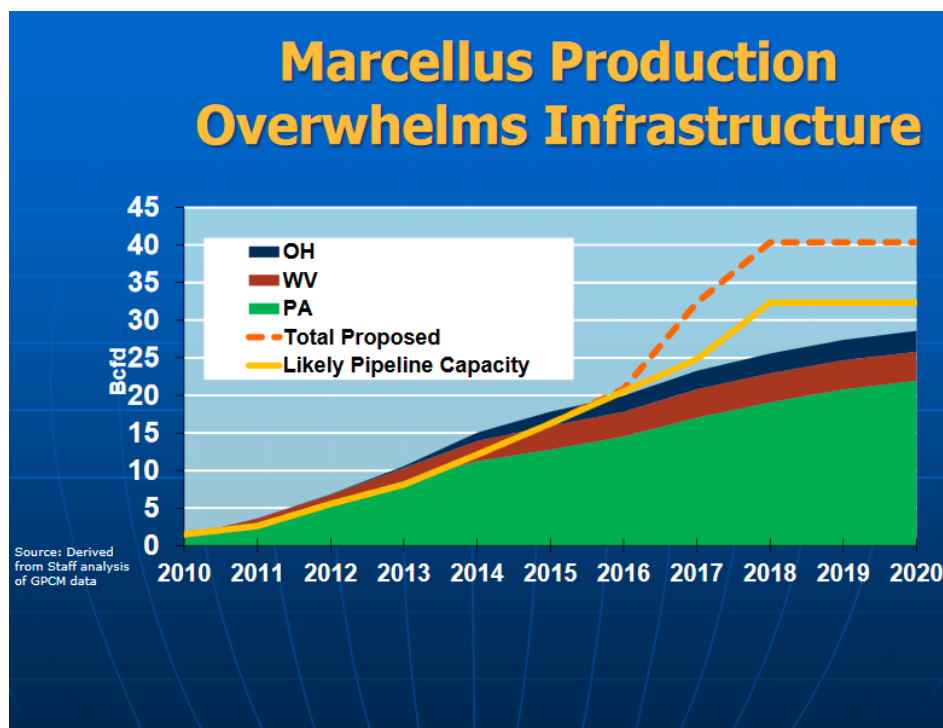
If Dominion desired to find a market for natural gas coming from their gathering pipelines and storage facilities through the Dominion South Hub, they would be better served to build a pipeline to the Midwest and avoid the fragile and ecologically valuable terrain of the Alleghenies, Shenandoah Valley and the Blue Ridge. The utilities in Virginia and North Carolina are well served by existing pipelines. If the primary motive is to make a profit, the developers should do it in a way that serves the public interest.

The Marcellus is “Overpiped”

According to guidelines FERC developed for their review of pipeline proposals, the Commission has stated that they should select projects that do not overbuild new capacity; cause existing low-cost resources to be underutilized; cause unnecessary disruption to landowners and sensitive environmental, recreational, and historic areas; or cause, without a clear public benefit, the taking by eminent domain from landowners who would otherwise not voluntarily grant the right for a pipeline to exist on their property.

None of these requirements that FERC has established for itself are fulfilled by the ACP.

Far too many pipelines have been proposed to take away capacity from the Marcellus production zone and transport it to the natural gas transmission system. FERC’s staff is aware of this. In a presentation to Commissioners on March 19, 2015², staff identified a more than 40% overbuild in the capacity of proposed takeaway pipelines compared to the output of the Marcellus. This is indicated by the dashed line in the chart shown below. The title speaks to the insufficient infrastructure in 2014. In 2017, the title of the slide would be “Pipeline Capacity Overwhelms Marcellus Output”.



² 2014 State of the Markets, Item No. A-3, March 19, 2015, presented by the Office of Enforcement’s Division of Energy Market Oversight to the Commissioners, Slide 8, <http://www.ferc.gov/CalendarFiles/20150319162231-A-3.pdf>

Dominion is aware of this too. In January 2016, several industry insiders commented on this fact at the Seventh Annual Marcellus-Utica Midstream Conference & Exhibition (MUM)³. At the conference, Dominion Transmission Senior Vice President Don Raikes told his audience that from 2015 to 2018, 21 billion cubic feet per day (Bcf/d) of new pipeline capacity was planned to take gas away from this production zone.

Elie G. Atme, Vice President, Marketing and Midstream Operations, for independent producer Range Resources, told the MUM attendees, “We believe the Appalachian Basin’s takeaway capacity will be largely overbuilt by the 2016-2017 timeframe”, noting that production growth in Northeast Pennsylvania, the most productive region in the Marcellus, had stopped, and growth in Southwest Pennsylvania, where both Marcellus and Utica drilling is underway, “is slowing”. This information is not coming from pipeline organizations that question the need for more development, but from industry insiders.

This seems to be the nature of the business. Every developer thinks that their proposal has merit. In his second quarter 2015 earnings report to industry analysts⁴, Chairman and Chief Executive Officer, Kelcy L. Warren, of Energy Transfer Partners, a pipeline developer, responded to an analyst’s question by saying, “The pipeline business will overbuild until the end of time. I mean that's what competitive people do. We've done it. Others have done it around us.”

FERC has a comprehensive view of the industry and is the only organization with the authority to select the proposals that serve the greater public good. Taking a single project view, assessing “need” primarily by the list of real, coerced, or contrived customers that a developer might identify, does not yield results that are in the best interests of the industry or the public. The Commission experienced this in the 1990’s and 2000’s with over 40 applications for LNG import facilities, nearly a dozen of which were built for a need that never materialized. Resources were wasted. Land and lives were disrupted unnecessarily. The legislative edict to “develop natural gas resources” does not prohibit FERC from thoroughly analyzing which projects deserve to be certified. Overbuilding harms the necessary projects as well as those that were not worthy.

FERC has the Power

The Supreme Court decision regarding the Permian Basin Area determined that factors “... indicate persuasively that the Natural Gas Act should be understood to permit area regulation. The Act was intended to create, through the exercise of the national power over interstate commerce, "an agency for regulating the wholesale distribution to public service companies of natural gas moving interstate", the agency was expected to "balanc[e] . . . the investor and the consumer interests.".”⁵

³ Marcellus-Utica Could Soon be “Overpiped”, February 1, 2016, Kallanish Energy, <http://www.kallanishenergy.com/2016/02/01/marcellus-utica-could-soon-be-overpiped/>

⁴ Second quarter 2015 earnings call to industry analysts, Kelcy L. Warren - Chairman & Chief Executive Officer Energy Transfer Partners, <http://seekingalpha.com/article/3409276-energy-transfer-partners-lp-etp-kelcy-l-warren-on-q2-2015-results-earnings-call-transcript?page=10>

⁵ Permian Basin Area Rate Cases, U.S. Supreme Court, 390 U.S. 747, 1968, Page 390 U.S. 776, <https://supreme.justia.com/cases/federal/us/390/747/case.html#774>

Absent the Commission exercising its full authority to review all of the activities in a particular area and choosing which projects, if any, are appropriate to develop to serve the public good, consumers' interests are abandoned and developers build what favors the investors.

This applies to assessing how many pipelines are needed to carry the output of the Marcellus. And how many, if any, new pipelines are needed to serve a particular market area. With little long term growth in traditional uses of natural gas, the need for additional gas supply to Virginia and North Carolina is to fuel new gas-fired power plants. Competing proposals for this area say they will serve different customers, but Dominion and Duke are the primary utility operators in these two states and their needs can be satisfied using existing pipelines. A comprehensive, programmatic approach should be used to evaluate all of the competing proposals for a particular area and avoid wasting public monies and time repeatedly examining the same issue.

Existing administrative law contains the precedent of the Ashbacker Doctrine, which requires the mandatory consolidation of licensing hearings when at least two parties apply for approval to serve the same need. In this case, the need is currently adequately served, yet several applicants: Atlantic Coast Pipeline, the Mountain Valley Pipeline, and potentially the Appalachian Connector are all attempting to overbuild capacity and underutilize low-cost existing resources for private gain rather than serving the public interest.

Customers that are Affiliates do not Indicate Market Need

Continuing the practice of relying on signed customer contracts as the primary indication of market need severely distorts an unbiased evaluation of whether a project is necessary. With the ACP, customers are not independent or negotiating at arm's length. FERC Order 497 notes that:

*"The Commission agrees with commenters who state that the potential for abuse of the pipeline-affiliate relationship exists whether the gas being transported is owned, brokered, or sold by a pipeline's affiliate. The Commission is concerned with a transaction conducted on a pipeline that benefits the pipeline or the corporate group of which it is a part. In such a transaction, there is an economic incentive for the pipeline to favor the transaction. Any affiliate of a pipeline can conduct a transaction which benefits the pipeline or the corporate group of which it is a part."*⁶

In the Supreme Court ruling on the Copperweld Case⁷, the Court ruled that a subsidiary and its parent are "in reality, one unit". According to the Court:

"[a] parent and its wholly owned subsidiary have a complete unity of interest. Their objectives are common, not disparate; their general corporate actions are guided or determined not by two separate corporate consciousnesses, but one. They are not unlike a multiple team of horses drawing a vehicle under the control of a single driver. With or without a formal "agreement," the subsidiary acts for the benefit of the parent, its sole shareholder. If a parent and a wholly owned subsidiary do "agree" to a course of action, there is no sudden joining of economic resources that had previously served different interests. . ."

⁶ FERC Order 497, June 1, 1988

⁷ Copperweld Corp. v. Independence Tube Corp., 467 U.S. 752, 104 S.Ct. 2731 (1984). p4,
http://www.felj.org/sites/default/files/elj/Energy%20Journals/Vol14_No2_1993_Expanding%20FERC_Jurisdiction.pdf

For the ACP, the lead developer and owner with the largest share is Dominion Transmission, Inc. (DTI), a subsidiary of Dominion Resources. The customer for the gas, another Dominion subsidiary, Virginia Power Services, will sell the gas to yet another subsidiary of Dominion Resources, Dominion Virginia Power (DVP). A similar relationship exists between the other major owner, Duke Energy, as the pipeline owner selling gas to its electric utility subsidiaries and to its newly acquired subsidiary, Piedmont Natural Gas, another owner of the ACP. The Supreme Court tells us to regard these affiliated companies as “one unit”. This is not an indication of a free market choosing the best option for transporting the gas. If free to choose, what might an unfettered subsidiary select? In the case of Dominion Virginia Power, they have established a 20-year Long-term Service Agreement with Transco to build a pipeline, completed in September 2015, using the low-cost, underutilized capacity of the Transco corridor to serve two new power plants in Southside Virginia. Dominion has no plans for a plant that might require an additional supply of natural gas until 2022. Yet, the parent company directs the subsidiary to abandon, or place in a secondary position, a new, perfectly functional pipeline, in order to have a customer to support construction of a new pipeline that better serves their investors’ interest.

Existing Utility Customers Subsidize the ACP

Dominion Resources is forcing the customers of its subsidiary, Dominion Virginia Power, to subsidize the ACP without their consent. This occurs by passing through the higher gas transport fees for moving gas via the ACP compared to the existing pipeline using the automatic fuel adjustment feature on DVP customer bills.

It is possible that we have not captured all of the nuances of FERC ratemaking. But given that FERC rates are typically based on incremental costs, the cost of moving gas to the Brunswick and Greenville plants is likely to be less on a \$490 million 98 mile pipeline, than it would be on a 340 mile pipeline costing perhaps \$3.5 billion to reach the same plants.

Rates for the Transco Spur

To serve the Virginia Southside power plants, Transco proposes to charge an incremental reservation charge under its existing Rate Schedule FT⁸. Transco calculated a daily recourse reservation rate of \$0.60423 per dekatherm⁹ by dividing the incremental cost of service of \$59,546,892 by an annual transportation quantity of 98,550,000 dekatherms (270,000 dekatherms multiplied by 365 days). Transco used a pre-tax return of 15.34 percent, which Transco states is the pre-tax return underlying the design of its settlement rates in Docket No. RP01-245-000.¹⁰ Transco states that its operation and maintenance expenses are based on engineering estimates for operation and maintenance expenses of similar facilities.

Dominion Virginia Power elected to pay negotiated rates for all of the Virginia Southside Expansion Project capacity which hides the details of the transaction from the public’s eyes.

Rates for the ACP

From what has been published in the application for the ACP, it appears that the reservation rate will be \$1.7249 per dekatherm, using a first year cost of service of \$946,320,533. Dominion estimates a pretax rate of

⁸ FEDERAL ENERGY REGULATORY COMMISSION, 145 FERC ¶ 61,152, Docket No. CP13-30-000

⁹ Transco’s currently effective daily reservation charge for transportation service between Zones 5 and 6 is \$0.39039.

¹⁰ *Transcontinental Gas Pipe Line Corp.*, 100 FERC ¶ 61,085 (2002).

return of 15.00%. Net income before taxes for the ACP will be \$223,049,148 the first year, plus an additional annual tax advantage of \$125,615,111 for depreciation.

Low-Cost Underutilized Pipelines

Building the ACP, or any other new pipeline in the region, is not required to provide adequate supplies of natural gas to Virginia and North Carolina. In the Department of Energy's (DOE) assessment of the need for additional natural gas infrastructure to provide for increased demand from the Electric Power Sector,¹¹ they concluded that increased demand for natural gas in their scenarios, "does not lead to larger increases in pipeline capacity because . . . available existing pipeline capacity is projected to be used before expanding existing pipelines or building new capacity. Given the cost of building new pipelines, finding alternative routes that utilize available existing pipeline capacity is often less costly than expanding pipeline capacity." According to the DOE's analysis, 46% of the nation's pipeline capacity is not currently being used.

This is supported by information reported by the DOE's Quadrennial Energy Review Analysis.¹² The DOE notes that, "In cases where new production must travel via interstate pipelines to reach demand centers, the most inexpensive way to transport it is by using available existing infrastructure." This is aided by re-orienting the existing natural gas transmission pipeline network that "will require reversing flows on pipelines to flow Marcellus and Utica gas to the southeastern Atlantic region . . ."

The study says that, "The existing natural gas pipeline network possesses latent capacity, reducing the need to build new pipelines. This is the case even in high natural gas demand projections that indicate only moderate incremental new pipeline infrastructure would be needed." The government's projections show that, "only about 5 percent of additional capacity will be needed to serve the Southeast, especially to create more deliverability to Georgia." The DOE goes on to say, "the pipeline network in the Southeast is already designed to handle large natural gas flows to distant parts of the country and needs little expansion to handle new flows within a more constricted region."

Dominion was part of this re-orientation. A portion of the tariff for the new Transco spur to the Southside Virginia power plants includes costs to reverse flow for some of the pipelines in the main Transco corridor to move gas from north to south. Several new takeaway pipelines are bringing gas from the Marcellus to the Transco corridor. As gas supplies from the Marcellus are routed directly to demand centers in the Northeast and Mid-Atlantic, pipelines that formerly brought gas from the Texas/Gulf Coast production area become available to move gas from north to south.

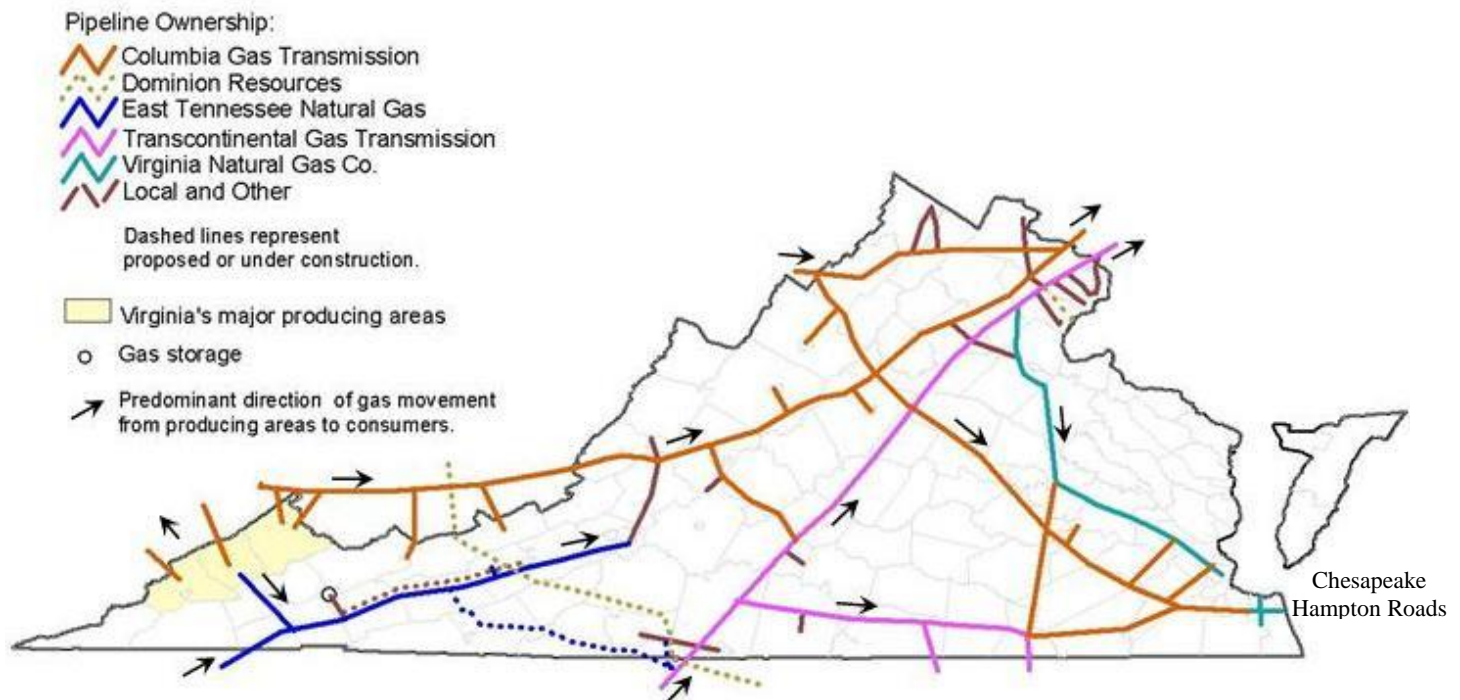
This allows gas supplies for North Carolina to be taken directly from the Transco corridor. This shortens the pipeline needed to serve North Carolina customers, which reduces the cost and the disruption compared to construction of the ACP. This would be the only new construction required to meet the needs of the customers identified for the ACP. It would also be an intrastate pipeline with a lower rate of return than provided by FERC. This would appease the North Carolina Utilities Commission (NCUC) that has intervened in the ACP proceeding to protect the interests of North Carolina ratepayers.

¹¹ Natural Gas Infrastructure Implications of Increased Demand from the Electric Power Sector, U.S. Department of Energy, February 2015, http://energy.gov/sites/prod/files/2015/02/f19/DOE%20Report%20Natural%20Gas%20Infrastructure%20V_02-02.pdf

¹² Quadrennial Energy Review Analysis: Department of Energy, Office of Energy Policy and Systems Analysis. "Natural Gas Infrastructure Implications of Increased Demand from the Electric Sector." February 2015. Appendix B: Natural Gas, http://energy.gov/sites/prod/files/2015/06/f22/Appendix%20B-%20Natural%20Gas_1.pdf

The DOE states that, “In cases where utilization of the existing pipeline network is high, the next most cost-effective solution is to add capacity, via compression, to existing lines. While this is a form of infrastructure investment, it is more economical, faster, and simpler for market participants in comparison to building a new pipeline.”¹³ This is what is being proposed for the Columbia Gas WB XPress project that will expand capacity in West Virginia and Virginia by 1.3 billion cubic feet per day of natural gas, nearly equal to the amount proposed by the ACP. Less than 3 miles of new pipeline and 26 miles of replacement pipeline are required, along with more compressor capacity, to provide the added supply.

The Columbia Gas pipeline network, which crisscrosses Virginia, connects to the Virginia Natural Gas (AGL) pipeline that currently serves the Chesapeake/Hampton Roads area, as shown below:



Developers of the ACP intend to build a 77-mile, 20-inch pipeline constructed on new right-of-way to connect to the ACP just over the border in North Carolina to serve this same need. Compared to the ACP, using existing pipelines, or slight modifications to them, will supply the required natural gas to the region more quickly, at lower costs, and without a large disruption of public and private land. If additional gas-fired power plants are needed in Virginia, the existing network of Columbia Gas and Transco pipelines throughout Virginia would provide the most flexibility in siting future power plants compared to the single location for the ACP.

Clearly, the proposal to build the ACP serves only the interests of the investors not the consumers of the natural gas, nor the landowners and communities affected by the pipeline.

Hazard of Building Long-term Infrastructure to Meet a Short-term Need

Energy executives and policymakers have promoted natural gas as the new centerpiece of our national energy policy. Developers have rushed to gain approvals for new gas-fired power plants, natural gas pipelines, and LNG export facilities to capitalize on the frenzy based on the false notion of 100 years of cheap natural gas. Most of these projects are intended to be in service 40 – 60 years or more. Building them will foreclose or drastically reduce what might be better options; because once our regulatory apparatus approves these projects the developers will expect a continued rate of return.

¹³ Ibid.

Few remember that as recently as the 1990's, natural gas was prohibited for use in new power plants, because it was in short supply. Geophysicists and gas industry technologists from the University of Texas¹⁴ and other independent experts¹⁵ have identified that they believe production of affordable natural gas (\$4 mcf) from the Marcellus will peak about 2018-2020. Shale drillers have had to keep producing in order to pay their debts and the surplus of supply has driven down the price.¹⁶ Production is slowly coming closer to demand as producers go bankrupt and rig counts decline. The lack of adequate takeaway capacity has stranded gas in certain zones such as the Dominion South Hub where it has sold at a deep discount in order to find a market. By 2017, much of the debt will have come due and many of the marginal producers will likely be gone. A surplus of takeaway pipelines is also expected by this date, so Marcellus prices will come more in line with the national price at Henry Hub. However, technological advances, continued easy money policies, or a worldwide economic decline that reduces demand could keep prices low.

Australia is the only country that has already traveled this path and its experience might be a cautionary tale for the U.S. When Australia began to use its plentiful natural gas for new uses such as burning it in power plants and exporting LNG, domestic prices tripled, with prices still rising. An article in the Oil & Gas Journal notes, "Australian manufacturers are closing their doors and power companies and industries are taking action to switch from natural gas to coal." As the cost of home heating and cooling has soared, "Domestic consumers are suffering because Australian public policymakers failed to take care of the people who have entrusted them to represent their interests. This has turned Australia's natural gas from a strategic asset to a liability for domestic consumers."

The Australian government expected that supply would keep pace with the non-traditional demands such as exports. The same assumption underpins U.S. policymakers push for more gas-fired power plants and LNG exports. The U.S. Department of Energy's own studies predict that increased demand for natural gas for LNG exports would "reduce wages and disposable income, increase energy prices, (and) curb investment in the U.S. economy (less investment in manufacturing)." The energy companies would be the ones to benefit from such a plan, "while the vast majority of the people in the country will lose economically".

Informed sources such as the U.S. Energy Information Administration see natural gas as a short-term response to meeting the requirements of the Clean Power Plan. In the EIA's Analysis of the Impacts of the Clean Power Plan¹⁷ they say that using natural gas-fired generation to replace coal units is the predominant strategy as CPP implementation begins, with renewables playing a larger role by the mid-2020's; and energy efficiency and renewables becoming the dominant compliance strategies as time goes on. Dominion is using the CPP as justification for the ACP, but the Department of Energy's and the Energy Information Administration's studies do not support that claim.

¹⁴ <http://www.nature.com/news/natural-gas-the-fracking-fallacy-1.16430>

¹⁵ Marcellus Production Outlook, [David Hughes](http://www.postcarbon.org/marcellus-production-outlook/) April 28, 2015
<http://www.postcarbon.org/marcellus-production-outlook/>
<http://www.postcarbon.org/publications/drillingdeeper/>

¹⁶ 83 Percent of US Shale Drillers Spend the Majority of Their Cash Paying Off Debts, Steven Lacy, Greentech Media, September 21, 2015, <http://www.greentechmedia.com/articles/read/more-than-80-of-us-drillers-spending-the-majority-of-their-cash-paying-off>

¹⁷ Analysis of the Impacts of the Clean Power Plan, U.S. Energy Information Administration, May 22, 2015
<http://www.eia.gov/analysis/requests/powerplants/cleanplan/?src=home-b1>

Overbuilding natural gas pipelines and gas-fired power plants lock-out the lower cost and zero emission alternatives such as energy efficiency and renewable generation. Once these natural gas projects are approved, utilities rigorously defend their revenue streams and oppose the use of alternatives that better serve the public's economic and environmental interests.

Some forward looking states are resisting overbuilding pipelines and are pursuing other less expensive methods of meeting their residents' energy needs. Massachusetts has committed to making energy efficiency its "first fuel" asking utilities to invest \$2.2 billion in order to save customers \$6 billion in energy costs. Their plan calls for 30% of Massachusetts' energy to be provided by energy efficiency by 2020.¹⁸ Fully utilizing the existing pipeline network, before considering building new pipelines is a far more sensible and cost-effective way of dealing with an uncertain energy future. This leaves room for the appropriate use of energy efficiency and renewables without overburdening ratepayers or putting investors at risk.

Others have suggested and the Commission has recognized that FERC can assist with making better use of existing pipeline capacity by implementing more effective dispatch procedures. Much of the supply shortage experienced during the Polar Vortex in 2014 was more a result of inefficient use of existing pipeline capacity than it was a case of too little capacity. In response, the Commission said that "additional intraday nomination [scheduling] opportunities could promote more efficient use of existing pipeline infrastructure and provide additional operational flexibility to all pipeline shippers, including gas-fired generators" and directed the gas and electric industries to develop further mechanisms for faster more flexible scheduling, including by automating the process.

We recommend that the Commission continue this responsive approach and encourage the maximum use of low-cost existing pipelines, before certifying more costly and far more disruptive new pipeline projects such as the ACP.

Unnecessary disruption to landowners and sensitive environmental, recreational, and historic areas

The Commission has received numerous descriptions of the damage and disruption that will be caused by the construction and operation of the Atlantic Coast Pipeline. You have heard from many about the impacts on sensitive karst areas and associated groundwater sources, intrusion on public conservation lands, the decline in land values, community economies and tax bases in the zone of pipeline construction, and the long-term alteration of the special character of one of Virginia's historic regions.

We have just described how, in accord with numerous Department of Energy studies; existing pipelines can provide a greater supply of natural gas to Virginia and North Carolina than is proposed for the ACP. Using the Transco corridor and the WB XPress expansion project, customers identified for the ACP could receive their desired volume of natural gas more rapidly, at a lower cost, without any appreciable disruption of land in West Virginia and Virginia; and less disruption than what the ACP proposes in North Carolina.

Using existing pipelines responds directly to the guidelines the Commission has developed for evaluating new projects. The ACP creates outcomes that are opposite to what the guidelines suggest.

¹⁸ "The 21st Century Electric Utility: Positioning for a Low-Carbon Future, July 2010, Ceres, Inc., <http://www.ceres.org/resources/reports/the-21st-century-electric-utility-positioning-for-a-low-carbon-future-1>

If the utility subsidiaries were free from the iron will of their parent companies, they would choose to use existing pipelines, as some already have done, because it better serves their customers' interests and gives the utilities more future flexibility.

Could the Commission explain to landowners why their property values have declined, why their historic community has declining tax revenues, and less tourists, why they might lose their job, why their well no longer runs clear or now provides less water, why the ecology of their favorite camping area has been disrupted, or why the land their family has stewarded for several generations has an ugly scar across it and can no longer be used in the same fashion? These and many other questions shall be asked. If you certify the ACP, your only answer is "we felt the interests of the investors were more important than the interests of the people".

Eminent Domain

The questions above strike directly at the heart of the principle of eminent domain. FERC is an extension of the Executive branch given its powers by the Constitution. The Constitution prohibits the taking of property without "just compensation". In this same Constitution it was boldly proclaimed that people were born with certain natural rights, by virtue of being human; and that governments were created to secure these rights. In fact, government owes its existence to and derives its just powers exclusively from the community that created it.

Our founding documents declare that it is the role of government to secure and protect the rights of the people. We understand that the policy of eminent domain exists to overcome the unwillingness of a few that obstructs the benefit of many. However, it is essential that the project clearly serves the benefit of many. The Virginia Constitution was recently amended to set the bar higher for granting eminent domain, so that projects purely for commercial gain could not qualify for its use. With FERC wielding federal authority that overrules the will of the state, we ask that you continue to honor the will of the people of Virginia and rigorously examine the benefits and impacts of the Atlantic Coast Pipeline compared to the use of existing pipelines. As issuers of the certificate of public convenience and necessity that grants the right to use eminent domain, can you truly say that the ACP offers so many advantages over existing pipelines that it justifies the disturbance associated with 550 miles of new construction and higher costs to consumers? Is there sufficient reason to justify taking property from someone unwilling to give it?

Conclusion

We urge the Commission to utilize the full authority granted by the Supreme Court to its predecessor, the Federal Power Commission, to permit area regulation. FERC would then evaluate all current pipelines and existing proposals for new takeaway pipelines in the Marcellus and establish regulatory guidance determining when enough is enough. The same concept would apply to assessing the several pipeline proposals that serve the same need for additional natural gas to fuel gas-fired power plants in the Southeast.

The Atlantic Coast Pipeline, the Mountain Valley Pipeline and potentially the Appalachian Connector are all vying to supply natural gas to the Virginia and Carolina markets. Despite claims to the contrary, they are all attempting to serve the same demand. Traditional uses for natural gas are not growing. The economy can improve but energy use is not growing with it. The only increase in natural gas demand in this region is coming from new natural gas-fired power plants. The DOE notes that this will be a temporary phenomenon over the next 5-10 years. Utilities continually overestimate the growth in demand for electricity. The EIA reports that electricity use in the U.S. declined by 1.1% this past year. Electricity use has declined 5 out of the last 8 years,

even though GDP has increased in each of those years. There is no long term need for additional supplies to this area beyond what can be provided by existing pipelines.

We request that FERC pursue a complete evaluation of the Atlantic Coast Pipeline, Mountain Valley Pipeline and perhaps the Appalachian Connector project, including evidentiary hearings that would allow for an in-depth evaluation of the impacts and include a thorough assessment of alternatives, including the use of existing pipelines, to determine the outcome that would best serve the ratepayers, the landowners, and the needs of all Virginians.

WHEREFORE, Friends of the Central Shenandoah request that the Commission accept this answer and consider it when evaluating the comments filed in these proceedings.

Respectfully submitted,

/s/ Thomas Hadwin
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Dated: April 12, 2016

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Waynesboro, VA, this 12th day of April, 2016.

/s/ Thomas Hadwin
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