

# The Recorder

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## Investors worry about proposed pipeline project

March 21, 2019

**BY JOHN BRUCE • STAFF WRITER**

MONTEREY — Federal court actions obstructing investor-owned utility Dominion Energy and the proposed Atlantic Coast Pipeline have set off tremors in the investment community.

West Virginia lawmakers chimed in to approve a bill to “categorically condemn these counterproductive and economically damaging assaults.”

The U.S. Fourth Circuit denied a full-court rehearing and ruled the U.S. Forest Service cannot allow the ACP to cross the Appalachian Trail without an act of Congress.

Dominion faces other legal challenges to restarting construction because approvals from the U.S. Fish and Wildlife Service were thrown out.

Dominion responded to the rulings by announcing it would appeal to the U.S. Supreme Court by late May. While Dominion management has promised a legal or legislative remedy, the lack of either could compound investor worries, further extend delays, drive up costs more, or scrap the ACP entirely.

Chances for an appeal are slim. The high court receives approximately 7,000-8,000 petitions for a writ of certiorari, or order from an appellate court to a lower court to send case records for review, each term. The term runs from the first Monday in October to late June or early July. The court grants and hears oral arguments only for about 80 petitions, or roughly 1 percent of those received, per term. In the unlikely event the court grants Dominion a hearing, there is no assurance of a decision before the court breaks for the summer.

And a legislative remedy is questionable because Democrats hold the U.S. House majority.

Investment analysts took notice.

In a research note issued on Friday, March 8, Zacks Investment Research downgraded Dominion from a “hold” rating to a “sell” rating. “Any delay in the ongoing capital projects may impact Dominion Energy’s profitability,” Zacks said in the report.

Bank of America earlier lowered Dominion from a “neutral” rating to an “underperform” rating and reduced the company’s stock target price.

The total project cost estimate has risen to \$7.25-\$7.75 billion from an estimated \$6 to \$6.5 billion last fall. Management expects construction to resume in the third quarter of this year, partial service for the project to begin in late 2020, and full service sometime in early 2021 — a delay of more than two years.

The West Virginia House of Delegates passed a bill “recognizing the importance” of the ACP, partly based on U.S. Chamber of Commerce data and condemning actions of the court of appeals and others in the interest of water quality as attacks, assaults and delay tactics.

The senate took no action on the bill before adjournment.

“Studies indicate construction and operation of the Atlantic Coast Pipeline alone will generate massive economic benefits for West Virginia, including almost \$478 million in additional economic activity during the construction period and more than \$15 million in additional economic activity each year after the facility begins operating,” the bill stated.

“The ACP and others will create thousands of new job opportunities for the working men and women of West Virginia and significant new tax revenues for many West Virginia counties. The ACP and others will help promote our nation’s energy independence, helping make the burgeoning natural gas production in West Virginia and adjacent states more available to millions of consumers and reducing the need for energy imports.

“The ACP’s environmental impact has been repeatedly and thoroughly analyzed by state and federal agencies, including the West Virginia Department of Environmental Protection, the Federal Energy Regulatory Commission, and the U.S. Forest Service, among others, with all of the agencies finding that the project can be built and operated in a manner that protects the natural resources of West Virginia and the other states in its path,” the measure continued.

“Despite the enormous energy and economic benefits, as well as the positive findings from a broad range of environmental regulatory agencies, some groups have launched an all-out assault on the ACP project, with the ultimate aim of forcing its cancellation. These attacks are not based on the facts regarding the ACP but are part of what the U.S. Chamber of Commerce describes as a nationwide ‘keep it in the ground’ strategy by some groups to end all uses of fossil fuels in power generation. These unwarranted attacks have resulted in regulatory and legal proceedings that have repeatedly delayed both the Atlantic Coast Pipeline and the related Supply Header Project.

“In response to court orders stemming from these attacks, the Atlantic Coast Pipeline and Supply Header Project have been forced to lay off or delay hiring thousands of skilled construction

workers in West Virginia and also in Pennsylvania, Ohio, Virginia and North Carolina, posing significant hardships for working families and depriving them of paychecks and steady work. The (chamber) estimates that these delays, through August 2018, have already resulted in the loss of \$2.3 billion in the U.S. Gross Domestic Product as well as \$500 million in lost tax revenue for U.S. states and localities. The chamber's study also found that the delays have already deprived U.S. consumers of \$377 million in energy cost savings," it said.

"The general president of the Laborers' International Union of North America recently said obstructions to the Atlantic Coast Pipeline and other vital energy infrastructure 'from activist groups is costing our members jobs and the entire country opportunities.' LIUNA emphasized that the economic damage caused by this opposition to new energy projects is 'being shouldered by the hard working men and women who build our nation's energy infrastructure.'

"These assaults and delaying tactics are also a direct threat to West Virginia's energy production industry, which directly employs more than 22,000 men and women and pays more than \$6 billion in wages annually. Although the current employment and payroll figures are impressive, further growth will be severely hampered unless new infrastructure such as the Atlantic Coast Pipeline and other pipelines are built to transport West Virginia's energy production to market," the proposal stated.

"The attacks on the Atlantic Coast Pipeline and other interstate natural gas projects have great potential to harm the environment, since other forms of electric generation powered by fossil fuels, such as natural gas, are needed to back up the expansion of the intermittent generation from renewable resources such as solar and wind energy. We, the members of the House of Delegates of the 84th Legislature of the State of West Virginia, categorically condemn these counterproductive and economically damaging assaults on the Atlantic Coast Pipeline and other urgently needed energy infrastructure projects ... We find that the assaults on these projects have great potential to damage the environment by hindering the deployment of electric generation powered by solar power, wind and other renewable resources, all of which must be backed up with fossil fuel powered generation, such as natural gas," it said.

"We strongly urge the groups spearheading these assaults to stop their attacks and delaying actions and in the process help pave the way for a cleaner and stronger energy future for West Virginia and for the entire nation," the resolution stated.