February 3, 2015

3546 Stuarts Draft Highway
Waynesboro, VA 22980

Ms. Kimberly Bose
Secretary, Federal Energy Regulatory Commission (FERC)
888 First Street, NE
Washington, DC 20426

Reference: Docket #PF15-6

Subject: The Real Economic Impacts of the Atlantic Coast Pipeline (ACP) for Virginia, consumers will not see any cost savings, there will be a $1.9 million annual loss potential to property tax revenues, and an annual $250 million of principle and interest Dominion must recover for building the pipeline in Virginia

Dear Ms. Bose,
As you are aware there is an ICF study that was commissioned on behalf of Dominion Resources to provide the Federal Energy Regulatory Commission (FERC) with justification of why the Atlantic Coast Pipeline is viable and necessary. It is similar to the CHMURA study in that only the positive attributes of the ACP are identified and many of the projections and assumptions are flawed and disagree with more authoritative data and research. A key point is shown on page 1 of the study which basically indicates the underlying assumptions may not materialize, which translates to this is only propaganda. The statement is shown below.

Disclaimer about the study on Page 1.
Some of the underlying assumptions, including those detailed explicitly or implicitly in this report, may not materialize because of unanticipated events and circumstances.
ICF's opinions could, and would, vary materially, should any of the above assumptions prove to be inaccurate.

Page 6, Demand and Supply Outlook
The study states: Over the next 20 years, Virginia and North Carolina electric power generation will increasingly rely on natural gas as the primary fuel source, as the states move away from coal and nuclear energy. During this period, ICF projects that 9,900 MW of coal and nuclear-based capacity – nearly 18 percent of the regional fleet – will be retired, while 20,200 MW of natural gas-fired combined cycle capacity will be constructed.

This assumption is contrary to the actions by Dominion to keep 4 of their nuclear reactors operational. See below.
Nuclear generation accounts for almost a third of Virginia's total generation.

In March 2003, North Anna received approval for a 20-year license extension. Unit 1's license will now expire in April 2038. Unit 2's license will expire in August 2040. In addition, Surry received approval for a 20-year license extension. Unit 1's license will now expire May 2032. Unit 2's license will expire in January 2033.
Source: http://www.eia.gov/nuclear/state/2008/virginia/va.html

In addition both PJM forecasts and Dominion's Integrated Resource Plan (IRP), shown below, indicate minimal growth over the period.
PJM 2014 Load Forecast Report (Pages 14 and 15)
Summer Peak Load Growth Rate 2014 – 2024, 1.8% per year (Dominion)
Winter Peak Load Growth Rate 2014 – 2024, 1.7% per year (Dominion)
Dominion Power IRP - The Company's wholesale and retail customer energy sales are estimated to grow at annual rates of approximately 1.1% and 1.3%, respectively, over the Planning Period (2015 – 2029).

Page 11,
ICF estimates that ACP will lower annual average wholesale electricity prices by $0.94/MWh, a 1.4 percent reduction for the analysis period. This reduction translates into an annual savings of $236 million a year for Virginia consumers.

This assumption is highly unlikely due to the cost volatility associated with Natural Gas and contradicts the EIA Annual Energy Outlook 2014 with Projections to 2040.
The ICF study also states: Power sector demand for natural gas is expected to grow at a rapid rate of 6.3 percent annually between 2014 and 2035, nearly quadrupling from the current level of 1 Bcf/d to 3.7 Bcf/d.

What does this mean in terms of the actual cost to consumers?

Price increases in both natural gas and electricity.

Currently with the number of planned power plant conversions from coal to natural gas it would be pretentious to assume the consumer will see any real cost savings as a result of the conversions due to construction costs, distribution costs and the big unknown actual fuel costs.
(http://www.eia.gov/electricity/sales_revenue_price/xls/table5_a.xls)

In fact EIA's "Annual Energy Outlook 2014 with projections to 2040" page IF-37
http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf
concludes "Accelerated retirements of coal-fired and nuclear electricity generation capacity would cause natural gas and renewables to gain an increased share in the nation's electricity generation mix. Natural gas is most often the lowest-cost option for replacement capacity, while renewable generation grows, spurred by the increased economic competitiveness of solar and wind technologies toward the end of the projection period. The rising use of natural gas

in the electric power sector results in price increases for both natural gas and electricity in all sectors relative to the Reference case (Table IF6-1)."

Additionally, EIA's latest report http://www.eia.gov/electricity/monthly/update/end_use.cfm#tabs_sales-3 on natural gas prices from November 2014 as compared to same month in 2013 shows a 12.8% price increase from the same period a year ago.

Tax Implications

The ACP is being touted by Dominion as a boon for the local and state tax base however the whole picture is not being presented as shown below for properties in the state of Virginia.

Every 1000 feet of pipeline right of way represents approximately 2 acres. The figures below are based on this 2 acre example.

Annual Average current property tax for 2 acres of land	$200
There will be a decrease in the value of the property with the pipeline and the new tax is about half of the original as the assessment is now less so the average annual property tax is less	-$100
Business tax assessment on the pipeline is estimated to be $13/ft or $13,000 for 1000 feet of pipeline for a tax base increase of	$250
Therefore the actual total increase in tax revenue for 2 acres or 1000 feet of pipeline after property reassessment is	$150

There will be approximately 300 miles of pipeline in Virginia which would equate to approximately 3,168 acres for a total net increase in tax revenue to the localities in the state of approximately $237,600.

However the property where the pipeline will be routed represents land that can no longer be developed so there would be a loss to potential tax revenue of those 3,168 acres. Divide this by 2 acre future home sites each with a tax assessed value of $250,000/2 acre site and an approximate tax assessment of $1200 per site is an annual loss potential of tax revenue of $1,900,800.

Pipeline Cost Recovery

Dominion will have to recover the cost of building the $5 Billion pipeline and this will mean those costs associated with building the pipeline in Virginia, approximately $3 Billion, will be placed on the customers. This translates to approximately $250 Million annually in interest and principle that must be passed along to the customers. There will not be more disposable income available for consumers but much less.

Ancillary Effects

Dominion is touting the prospect of jobs both short and long term as a result of the pipeline. There is no doubt there will be an increase in jobs but most of those will be filled by people outside of Virginia that work for the contractors that build pipelines. What suffers in the long term is the prospect of losing property to the pipeline that cannot be developed. That is 1,584 home sites with the potential of creating local construction jobs for people that live in the communities of the proposed pipeline route. Not to mention the materials and equipment that would be purchased locally for housing construction. The advantage of local slow growth construction is the jobs tend to last for many years versus a one time spike associated with a major construction project. This was also what the United States Department of State found when analyzing the Keystone Pipeline.

Pollution – The EPA is playing catch up to the current fracking boom but the increased methane from these operations will contribute to overall greenhouse emissions, not to mention the effects on ground water. Considerations of how the ACP contributes to these effects needs to be determined as the pipeline will serve to support these continued fracking operations.

Need for a pipeline?
The report titled "Natural Gas Infrastructure Implications of Increased Demand from the Electric Power Sector" by the United States Department of Energy dated February 2015 states "Two primary factors mitigate the need for additional interstate natural gas pipeline infrastructure and related capital expenditures in these scenarios. First, the growth in both natural gas demand from electricity generation and natural gas production is broadly distributed rather than geographically concentrated, reducing potential interstate pipeline capacity constraints as well as the need for new interstate pipelines. Second, increasing utilization of capacity that is not fully utilized in existing interstate natural gas pipelines, re-routing natural gas flows, and expanding existing pipeline capacity are potentially lower-cost alternatives to building new infrastructure and can accommodate a significant increase in natural gas flows."

Summary
As shown above the economic impacts of the ACP are significant and it is not at all what Dominion is advertising. A review of the Dominion IRP clearly shows that Dominion is not moving forward with a consistent fuel source diversity mix as they claim they are trying to achieve and there are no resources identified for development of hydro power which is one of the lowest costs of electric power generation. There certainly are multitudes of reasons why the ACP should not be built in Virginia but Dominion is not considering alternative fuel sources which would alleviate the need for a natural gas pipeline. Alternatives that Dominion should be considering besides an overall conversion to natural gas are integrated gasification combined cycle (IGCC) generating plants and hydro electric generating plants. IGCC plants that utilize coal as a fuel will reduce carbon dioxide emissions by at least 65 percent - with resulting carbon dioxide emissions equivalent to a similarly sized natural gas combined cycle power plant. The United States Department of Energy has funded numerous projects to validate

that IGCC generating plants are viable and this technology is now available and within the time frame the proposed pipeline is to be built these plants will be even more efficient and cost effective. Additionally coal is cheaper and a much more abundant fuel resource in Virginia than alternatives such as natural gas and represents a significant cost savings and less price volatility than natural gas. Virginia also has a vast potential for hydro electric generation of electricity but again Dominion is not investigating how these renewable resources can be integrated into their overall power generating mix.

I would urge you to realize the ACP as proposed represents a complete lack of concern for the safety and property for many of the communities and citizens of Virginia and that more viable alternatives to solve the electrical power generation needs for Virginia are readily available at less cost and less disruption to the communities and citizens of Virginia.

Sincerely,

James L. Kindig