



City of Lambertville
Special Session
Tuesday, May 2, 2017, 7 p.m.
Phillip L. Pittore Justice Center
25 South Union Street, Lambertville
MINUTES

STATEMENT OF COMPLIANCE WITH THE OPEN PUBLIC MEETINGS ACT.

Mayor DelVecchio called the meeting to order at 7:10 p.m. and read the following statement of compliance into the minutes: Notice was provided on April 27, 2017 to the Times, Democrat, the agenda was posted on the Bulletin Board at City Hall, on the City's website at www.lambertvillenj.org, emailed to department heads, City Attorney, City Engineer and to various people on the list serve.

ROLL CALL.

Mrs. Ege called the roll as follows:

Present: Councilman Sanders, Councilwoman Warner, Council President Stegman, Mayor DelVecchio.

Absent: Councilwoman Asaro.

PLEDGE OF ALLEGIANCE.

Mayor DelVecchio led the public in the Pledge of Allegiance.

MOMENT OF SILENCE.

The City Clerk led the public in a moment of silence in honor of those serving in the United States Armed Forces.

PART 1 SPECIAL SESSION OF CITY COUNCIL+

Introduction – Mayor DelVecchio

Mayor DelVecchio introduced Filomena Hengst, the Chair of the Lambertville Citizens Against the PennEast Pipeline Committee and asked that she introduce the committee members. Filomena proceeded to read the list of the members into the record: Gina Fischetti, Lauren Rosenthal McManus, Jeff Tittel, Sue Begent, Kelly Kappler, and Kim Nage. Councilman Sanders is also a member of the Committee.

Main presentation by Rate Counsel/Q&A– Stefanie Brand

Mayor DelVecchio introduced Stefanie Brand, Director of the Division of Rate Counsel, and informed the members of the public that our community is very lucky to have Ms. Brand represent the interest of consumers of key regulated industries (e.g., electric, gas). He noted that we have a voice and someone who does it for us and she is a Lambertville resident.

Stefanie Brand gave the following presentation to the members of the public. She thanked the Mayor, Council and members of the public for attending this meeting. Ms. Brand commented that she has 15 lawyers on staff and 20 professionals they contract

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work out with to provide a comments to the petitions filed with the Board of Public Utilities. They make sure the petitions are safe and reliable, just and the rates are reasonable. They deal with the economics of regulated industries, not environmental issues.

She explained the process using “gas” as an example. The company is expected to plan for a “peak day.” This is the highest usage in a 24-hour period of time, usually the coldest day in winter. She noted that you cannot store electric but you can store gas. Hedge is when you buy gas when it is at its cheapest rate so they don’t buy on the spot market.

The polar vortex was a historic day. The temperatures plunged, gas prices sky rocketed and we almost lost the grid. It wasn’t because of a shortage but because of a failure to plan. Wells froze and we didn’t have gas. People paid spot prices for gas during this time.

If the gas companies buy more than they need, they can sell it back into the market and this is called “capacity release.”

Each year the companies petition the BPU by June 1st for the October 1st rates. The BGSS (Basic Gas Supply Service) and BGS (electric) show what they spent, bought, and hedged. This is to show they had adequate gas at reasonable rates. It all gets balanced out. BGSS is passed through on the bill to the consumer.

The Board of Public Utilities (BPU) has a new consumer handbook available on their website. She encouraged the members of the public present to view it and said it would be helpful if they decided to shop for third party purchase.

When PennEast filed its petition with FERC, the BGSS reflected a substantial increase. As of October 2016, they had 51 major affiliations and 23 of them were from Ohio, Pennsylvania, New Jersey and New York. They are projecting it will cost 1.13 billion dollars and this will be paid for by the rate payers/consumers. The question for the BPU was “is this needed.” Their petition was filed in 2015 and would go forward until 2020.

It is significant to note that New Jersey and Pennsylvania, without PennEast Pipeline, had 100% capacity. PSE&G reported percentages of 90 – 120% capacity; South Jersey Energy reported 105-108% capacity; Elizabethtown Gas reported 141-210% capacity of what they needed. PSE&G released 145 deciper of capacity, selling back into the market.

Based on these numbers, do we need this? They reviewed the application, president agreements and subscribers. Ninety (90%) were not binding. Two-thirds (2/3) of those

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signing on for capacity were affiliations of the owners of PennEast Pipeline. PSE&G is selling its portion to Spector Energy.

The BPU filed their comments with FERC stating that you can't go by the application reflecting they have 90% of their capacity sold because they are nonbinding and sold to affiliations. The BPU urged FERC to take no action. The return sought is too much. They obtain funding in two ways. The first is by shareholders and this is called equity. The second is through the bank and this is called debt. They are projecting a 14% return on the equity and 6% long term debt rate. The national average for gas is 9.5%. In New Jersey the average is 9.75% and it was settled at 9.6%. FERC numbers are falling close to 10/11%.

PennEast commissioned a study and the study came up with the following benefits: it increases reliability, supplies security flex, and reduces prices.

The BPU's response stated that the price differential will be disappearing in the next three years and we will be paying for the PennEast Pipeline for the next thirty (30) years. We have a supply diversity and security problem.

Their argument that it would have helped during the polar vortex is not valid because the problems experienced then had many causes; old plants, wells froze, and no firm contracts were in place.

What they didn't say in the study: no rebuttal to the rate; already have enough capacity; load growth is flat; if competition subscribed to PennEast Pipeline, this will leave open capacity at other companies; and it failed to support the request.

FERC will review the draft Environmental Impact Study as part of the NRS during the certification process. FERC has not had a quorum and they do not do things in open forum. We are early in the process and there is a lot more to come. The Army Corp of Engineers', NJDEP, and the New Jersey Board of Public Utilities all need to weigh in.

Questions from the public included:

Is this just for domestic use or is it for export. Ms. Brand responded that they wouldn't profit from export. There could come a time when they would but not now.

Is there coordination between States? Ms. Brand responded that she is working with the Rate Payer Advocate from the Commonwealth of Pennsylvania.

How can they get away with this? Is FERC protecting us? Ms. Brand responded that FERC has a long history of protecting businesses. She encouraged the group to continue doing what they are doing. She feels that you have better success with local groups

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putting the pressure on and bringing to light the issues with water supply, BGSS (Basic Gas Supply Service) and endangered species.

FERC has the power. Ms. Brand commented that they don't have hearings, there is no process and they supply no evidence.

Can FERC be sued: Ms. Brand commented that it is hard to sue but yes, they can be sued but you need to prove intentional misconduct.

Members of the public thanked Stefanie Brand for her information and said she was a "rock star." They asked if she could confirm that PSE&G was pulling out. Ms. Brand said that she heard it was too messy and they don't want to pay.

How much will the bills go up? Ms. Brand said it was almost impossible to say. It first has to be built. Then you need to determine rate/capacity, the load served, and all other things that get divided by the rate design. It's a complicated process because there is a commercial rate and a residential rate.

Mr. Hencheck asked if they provided false testimony if they could serve jail time. Ms. Brand said technically yes, but they don't take testimony. It is all in a written document.

Will they be fracking on the Delaware River? Ms. Brand said they do directional drilling under the Delaware River which is happening now.

Mayor DelVecchio commented that the BPU's Rate Counsel gave the best argument to date against the Pipeline. Everyone applauded.

Ms. Brand directed everyone to the website for additional information:
www.rpa.state.nj.us.

Suez update and Q&A (20 min) – David Fournier

David Fournier and John Dillon were present from Suez. Set forth below are comments from Mr. Fournier and dialogue with members of the audience.

Mr. Fournier said that Suez was at ground zero for the PennEast Pipeline. He said he has worked for Suez for 30 years and he took over the Lambertville Operations in January of 2016. He moved to Lambertville in October.

When he was asked to participate on the committee he felt obliged to do it. In October/November, Suez filed comments with FERC citing they were within 100 feet of the dam; concern for environmental impact (easement, tree removal); water quality

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issues and impact drilling at the reservoir and canal; impact to customers (serving over 3,000 in Lambertville).

Since October, Suez has had discussions with PennEast and they are still working to address the issues raised and trying to get answers. To date nothing has happened.

Discussion ensued. Kelly Kappler of the Committee commented that the response is formal on the FERC docket and the committee is going to work with Suez to see that the concerns raised were addressed.

Mr. Fournier commented that nothing has been signed as of this date. The process is similar to what the property owners have been going through with easements. If it goes through, Suez needs to grant the easements. We want to make sure if this goes through the cost of mitigation it doesn't get passed onto the rate payers.

Will the public be notified before Suez signs an agreement? John Dillon of Suez commented that he can't answer that question. He said they would come to the City and explain the agreement.

Have they adequately studied the integrity of the dam? David Fournier responded that the engineers at Suez are looking into that.

Have they completed core borings? There is information available at the Bureau of Mining Safety that could be helpful. The amount of velocity movement creates a lot of issues and you should look into it. He cited the Rock Creek Woods development in Lambertville.

A comment was made that the PennEast Pipeline will lie every chance they get, how do you trust someone? They are a limited liability corporation. If they obtain rights through eminent domain, they could fail to complete the project and then we are stuck with the mess. How do we protect ourselves? Mr. Fournier stated that Suez is reviewing that now.

Has Suez requested that PennEast Pipeline move the line? Mr. Fournier stated that they did not. If they requested it they feel it would only become someone else's issue.

What can we do now? Mr. Fournier responded to continue doing what you are doing now.

Can we petition Suez to request the line be moved? Mr. Fournier said it was a tough question. Discussion ensued. The members present felt that the residents of Lambertville drink the water provided by Suez and they (Suez) should protect the water supply.

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Mayor DelVecchio informed the members of the public present that Suez has been working with the City's committee and we are much more informed because of its involvement.

Suez was asked to follow up with FERC on their comments.

Ms. Kappler stated that the committee was invited to Suez in Lambertville and given a tour of the facilities. She feels Suez is making a good faith effort and asked that Suez given the Committee and City an update on the status of PennEast's responses to the concerns raised by Suez in its FERC submission. Mr. Fournier stated that Suez would do that. Council President Stegman asked for a time frame. Mr. Fournier stated it would take two weeks.

The members of the public asked if the City would be informed before they signed the contract with PennEast Pipeline. Mr. Dillon stated that Suez does not negotiate in public. It's not what they do. They have a geological study, dam safety, and he is uncomfortable asking for this. He appreciates the angst and anxiety raised by the petition.

Who is liable? What is the process? Mr. Fournier stated that the application will require permits and includes one for the discharge to get rid of contaminated water caused by the drilling.

Miss Marino asked if there is a leak at the dam, will it put the kids attending the elementary school in danger. Megan Warner of the Lambertville CAP responded that there is already an issue with flooding at the school.

Mr. Fournier thanked the Mayor and Council for the opportunity to present at the meeting.

CORRESPONDENCE.

None.

ANNOUNCEMENTS.

NEW HOPE LAMBERTVILLE PRIDE: The Annual Pride Parade will take place on Saturday, May 20th. The request for road closures is as follows:

Road Closure Alert for Saturday May 20th: New Hope Celebrates is working with the Lambertville and New Hope authorities to minimize traffic delays for all residents. Please note the approximate times for road closures listed below.

Lambertville:

York Street (8am to noon) – no parking

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Delevan Street (10am to noon) – no parking
North Union from Delevan to Bridge (11am to noon)
Bridge Street from Union to the bridge (11:30 to noon)

Additional restrictions and disruptions may also occur on side streets as recommended by the appropriate enforcement agencies.

MEMORIAL DAY PARADE: The Annual Memorial Day Parade will be held on Monday, May 29 with step off at 9 am.


PUBLIC PARTICIPATION/PETITIONS OF CITIZENS AND PUBLIC DISCUSSION.

None.

ADJOURNMENT.

The meeting adjourned at 8:10 p.m. with a motion made by Council President Stegman and seconded by Councilwoman Warner. An affirmative roll call vote was taken by all members present. MOTION CARRIED.

Respectfully submitted,



Cynthia L. Ege, CMR, RMC, City Clerk



The May 2, 2017 Special Session on PennEast Pipeline was approved at the regularly scheduled session held on May 16, 2017.