



## TOWN OF GROTON

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## TENNESSEE GAS PIPELINE WORKING GROUP COMMITTEE

### Officers

*Chair* John Giger, G-D School Committee  
*Vice Chair* Peter Morrison, Cons. Comm.  
*Secretary* John Llodra, Citizen at Large

### Members

Peter Cunningham, Selectman  
John Petropoulos, Selectman  
Kevin Kelly, GELD Manager  
Dennis Eklof, Citizen at Large

### Advisors

Mark Haddad, Town Manager  
Steele McCurdy, Fire Chief  
Takashi Tada (Cons. Comm. Alternate)

Meeting Date: September 2, 2014  
Location: Town Hall, First Floor Meeting Room, 173 Main Street, Groton  
Members: Kevin Kelly, Dennis Eklof, John Llodra, John Giger, Peter Morrison,  
John Petropoulos  
Advising Members: Mark Haddad  
Others: Pierre Comtois (Nashoba Publishing), Rena Swezey (Town Assessor)  
Handouts: Agenda,  
Draft minutes August 4, 2014 and August 18, 2014  
Current TOG pipeline webpage text and proposed pipeline webpage text  
Dennis Eklof article "All Good Things Come to an End – And so will Cheap Shale Gas  
from Marcellus"  
Dennis Eklof essay "New England's Energy Future and the Kinder Morgan Energy Direct  
Project: The Study That Needs to be Done" revised August 2014

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Meeting called to order at 5:35 pm.

Mark Haddad introduced Town Assessor Rena Swezey and she addressed the group regarding tax implications of a new gas pipeline. Town collects taxation revenue from the entity that owns the pipeline. The tax is a personal property tax as distinguished from a real property tax (see generally FAQ question 25 <http://www.mass.gov/dor/local-officials/municipal-finance-law/frequently-asked-questions-personal-property.html>). Rena Swezey explained that she has been in touch with Walter S. Dusza, the Massachusetts Department of Revenue (DOR) advisor to Town of Groton. In Massachusetts, gas pipelines are taxed by linear foot. All valuations relied upon for assessing taxes are made by the DOR directly. Rena Swezey has knowledge of a Tennessee Gas owned pipeline that crosses part of the Town of Carlisle.

In Carlisle, the gas pipeline infrastructure has a \$2 million valuation which translates to about \$43,000 per year in taxes for the Town of Carlisle. Rena Swezey observed that the Carlisle pipeline is about 30 years old and is a smaller diameter pipeline. Due to the fact that a Groton pipeline would have both new equipment and a larger diameter pipe, it is reasonable to expect that a Groton pipeline would be valued at a higher price per linear foot. Dennis Eklof said that the cost per foot of the construction of the pipeline is \$3,000 and estimated that the passage through Groton may be two miles long.

John Petropoulos asked if an affected homeowner is taxed in a similar manner after a stretch of pipeline is installed on that owner's property. The answer is 'yes' as the fact of an easement for a utility running through a property is not consider a diminution of value. Also, back land in Groton is often taxed at lower value, \$8,000 per acre than the homeowners' front yards. If market value goes down for pipeline affected properties, then assessors can adjust property values down.

Due to the way that tax values are derived from market sales of prior years, the group noted that the impact from market rate sales is unlikely to hit until two years after a pipeline is built. There are seventeen properties in Groton where the pipeline is proposed to cross under Kinder Morgan's preferred route.

John Petropoulos said that in Hopkinton, Massachusetts he lived in a home that was located 600 feet from an existing gas pipeline. John Petropoulos asked a leading realtor in the Town of Hopkinton if there is a significant financial impact. The realtor said 'no' although proximity to a pipeline is sometimes used to dicker over price. When pipeline proximity is raised by a potential buyer in negotiations, the realtor estimated there might be a \$10,000 impact. He wondered if the impact (i.e. negative affect on the value) is apt to taper off over time as the town adjusts to the reality. However, John Petropoulos stated that he does not want to minimize the actual impact. Some committee members mentioned that anecdotally the possibility of a gas pipeline crossing Groton has already impacted the sales prices of homes near the projected path. Dennis Ekloff commented that he is sure that it would diminish the value but he is not sure how that slippage would be measured.

### Meeting minutes

*John Petropoulos moved to approve the August 4, 2014 minutes as drafted. Dennis Ekloff seconded and motion carried 5:0 (Kevin Kelly abstained, Peter Cunningham absent).*

*Kevin Kelly moved to approve the August 18, 2014 minutes as drafted. Peter Morrison seconded and motion carried 6:0 (Peter Cunningham absent).*

### Meeting time and frequency

John Giger offered the group various days and times to meet and asked about meeting frequency. The group could have 1<sup>st</sup> and 3<sup>rd</sup> Tuesdays at 7 pm. Or, the Pipeline Working Group could stick to Mondays, using a 5:30 pm to 7 pm time slot. After some discussion, the group agreed to every week frequency and for the meeting to be held on Mondays at 5:30 pm.

### Objectives

John Giger asked the committee to review its charge and identify objectives that would enable the group to form subcommittees. All agreed that assigning high priority objectives to subcommittees would probably be the most expeditious way for the committee to do its work. Committee members were keenly aware that the Board of Selectmen requested advice to help it formulate its own positions and strategies. In particular, the Committee has a lot of information to process in a short amount of time in order to satisfy its charge.

Dennis Ekloff commented that sooner or later the price is going to go up if the recoverable Marcellus Shale natural gas goes beyond a certain price point for extraction costs. Based on current pricing and published reserves, natural gas is \$3 now and not worth working if the price goes beyond \$8. Fracking may become more regulated which would increase the price. Dennis Ekloff wondered if the New England region can come up with short term solutions (4 years being short term), then if emerging technologies such as mass battery storage become feasible, then the New England region may not need much or all of the proposed pipeline capacity for the mid and long term future. John Llodra mentioned pump storage as a possible option. The region does not have natural features (salt caverns) that would allow for in-region natural gas storage.

Kevin Kelly stated that the need for the pipeline is demonstrated by the contracts in place for 500 million cubic feet of gas. John Llodra observed one element of the equation is that this is not a publicly traded company that is assuming the risk of there being enough demand to pay for their supply.

Everett is a liquefied natural gas (LNG) import facility that presently under-utilized. Could entering into long-term LNG contracts be a way to avoid the need for a gas pipeline? LNG is more expensive now, but might get the New England region past this short term need. The group speculated that a tariff structure might be used to guarantee sufficient LNG tanker deliveries to meet the region's heating season needs. At least two tankers would be needed, each making regular deliveries as weather permitted.

Peter Morrison stated his belief that the region needs more gas and the current pipeline is massive compared to what is presently required. Even a smaller pipeline would disrupt. The group agreed that one of its main objectives should be 'compelling a more comprehensive study of solutions.'

Several other objectives, tactics, strategies and meta-objectives were discussed but the group decided to focus on the following three objectives (evaluate, mitigate and educate for short) and assigned themselves to subcommittees:

1. Compel comprehensive studies of all viable alternatives to address energy needs without building a gas pipeline routed through Groton.

Committee members assigned

John Llodra  
Dennis Eklof  
John Giger

2. If Groton is forced to host a gas pipeline, identify opportunities to mitigate the adverse impacts of that decision for all affected Groton parties.

Committee members assigned

Kevin Kelly  
John Petropoulos  
Peter Morrison

3. Education to the public on pipeline issues.

Committee members assigned

Dennis Eklof  
Peter Cunningham  
John Giger

John Giger and Mark Haddad agreed that the working group was not yet ready to update the Board of Selectmen so Mark Haddad will push that agenda item off of the Selectmen's meeting for September 8<sup>th</sup>.

Fran Stanley asked to email committee assignments. Dennis Eklof will share reference to existing document that has already pulled together critical milestones and a timeline for following regulatory action. John Giger invited the subcommittees to have some conversations devoted to their targeted objectives.

*Kevin Kelly moved to adjourn the meeting at 6:59 pm. Dennis Eklof seconded and motion carried 6:0 (Peter Cunningham absent).*

Next meeting is September 8<sup>th</sup> at 5:30 pm.

Notes by Fran Stanley.