



Delaware River Basin Commission

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Steven J. Tambini, P.E.

Executive Director

November 14, 2014

ORIGINAL

Via US Certified Mail, Return Receipt

7012 3050 0001 7948 9866

Alisa E. Harris, Government and Community Affairs
PennEast Pipeline Company, LLC
One Meridian Boulevard, Suite 2C01
Wyomissing, PA 19610

SUBJECT: PennEast Natural Gas Transmission Pipeline Project
FERC Docket No. PF15-1-000 ✓
Luzerne, Carbon Northampton and Pike Counties, PA and
Hunterdon and Mercer Counties, NJ

FILED
SECRETARY OF THE
FEDERAL ENERGY
REGULATORY COMMISSION
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Dear Ms. Harris:

The Delaware River Basin Commission staff have examined recent submissions by the PennEast Pipeline Company, LLC ("PennEast") to the Federal Energy Regulatory Commission (FERC) and the New Jersey Department of Environmental Protection (NJDEP), including the "Request for Approval of Pre-Filing Review" ("FERC pre-filing request") dated October 7, 2014, and the Permit Readiness Checklist submitted to NJDEP on October 23, 2014. We have also reviewed route updates submitted by PennEast representatives to DRBC staff since our September 3, 2014 information meeting.

These materials indicate that the PennEast Natural Gas Transmission Pipeline Project ("Project") involves the following components:

- (a) Mainline Route. The mainline route includes construction of approximately 108 miles of 36-inch diameter mainline pipeline that originates near Dallas, Luzerne County, PA, and terminates near Pennington, Mercer County, NJ. Approximately 29 percent of the pipeline is co-located with other utilities. Major water crossings include the Susquehanna, Lehigh, and Delaware Rivers and Beltzville Lake. The system is rated for a maximum allowable operating pressure ("MAOP") of 1,480 pounds per square inch gauge.
- (b) Compressor Station. A Compressor Station is proposed to be located near Blakeslee in Kidder Township, Carbon County, PA. The compressor station will include 3 Taurus 70 units rated at 10,915 horsepower each under international standard (ISO) conditions for a total of 26,733 available horsepower.
- (c) Additional mainline valves and appurtenant facilities.

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Based on the submissions identified above, DRBC staff have determined that the Project is subject to review under Section 3.8 of the Delaware River Basin Compact and implementing regulations. Specifically:

1. The Commission's Rules of Practice and Procedure (RPP) provide that natural gas transmission lines are subject to Section 3.8 review and approval by the Commission when they pass in, on, under or across an existing or proposed reservoir or recreation project area as designated in the Comprehensive Plan. *See* RPP § 2.3.5.A 12.

The currently proposed route of the Project crosses the following reservoirs and recreation areas as designated in the Comprehensive Plan: Beltzville Reservoir (Towamensing Twp., PA), Francis E. Walter Reservoir (Bear Creek Twp. and Kidder Twp., PA), Hickory Run State Park (Kidder Twp., PA), Beltzville State Park (Towamensing Twp., PA), Delaware Canal State Park (Riegelsville Borough, PA), the Lower Delaware River Wild & Scenic Area (Holland Twp., NJ) and potentially, Washington Crossing State Park (West Amwell Twp., NJ). *See* Comprehensive Plan (July 2001), Sections II and III *at*: http://www.state.nj.us/drbc/library/documents/comprehensive_plan.pdf

2. At the September 3, 2014 meeting among PennEast representatives and DRBC staff, the former indicated that hydrostatic testing of the pipeline would be conducted to verify integrity and to ensure the ability of the pipeline to withstand the designed maximum operating pressure. PennEast representatives also indicated that the water would be sourced from either surface water bodies or municipal suppliers along the pipeline route.

PennEast's recent submissions confirm that hydrostatic testing will be performed but do not indicate the sources of the water. Please be advised that:

- a. The RPP provide that Section 3.8 review and approval are required for daily average gross water withdrawals – whether from surface water or groundwater – of more than 100,000 gpd during any 30 consecutive day period. *See* RPP §§ 2.3.5 A 2. and 3.
- b. If hydrostatic test water is drawn from sources that have a current DRBC docket (or dockets) and if no increase in an approved DRBC allocation is needed, then the use of basin water for hydrostatic testing does not require separate DRBC approval. No approval is required for a daily average gross withdrawal that does not exceed 100,000 gallons over any 30 consecutive-day period.
- c. If 100,000 gpd or more of water is to be imported – i.e. drawn from a source (or sources) outside the Delaware River Basin for use within the Basin – or exported – i.e., drawn from a source (or sources) within the Basin for use outside it, then DRBC review and approval are required in accordance with the Water Code (WC) and the RPP. *See* WC § 2.30 and RPP §§ 2.3.4 A.16. and 17.

3. The RPP provides that facilities for the direct discharge of industrial wastewater to surface or ground waters of the basin are subject to Section 3.8 review and approval; however facilities

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designed for the direct discharge to surface or ground waters of industrial waste having design capacities of less than 10,000 gpd in the drainage area of Special Protection Waters or less than 50,000 gpd elsewhere in the basin do not require review. *See* RPP § 2.3.5 A.5. Because pipeline hydrostatic testing water is generally discharged at rates exceeding the Commission's exemption thresholds, the Project is expected to be subject to DRBC review and approval on this basis.

We recognize that the Project alignment and other decisions are still undergoing revision and may change. As details are finalized, DRBC staff may identify other aspects of the Project that trigger Commission review and approval. Regardless of the number or nature of review triggers, the Commission will issue a single decision instrument (a "docket"), containing any conditions the Commission deems necessary to ensure that the Project does not impair or conflict with the Comprehensive Plan (CP), consisting of the rules, projects and polices the Commission has adopted "for the optimum planning, development, conservation, utilization, management and control of the water resources of the basin to meet present and future needs." *See* Compact, § 13.1.

I ask that within 90 calendar days of receipt of this letter you complete and submit to the attention of Project Review Section Supervisor David Kovach DRBC application forms for the PennEast Pipeline as listed below. All forms can be downloaded from DRBC's website at <http://www.state.nj.us/drbc/programs/project/application/index.html>.

- Applicant's Statement — Project Review Fee Form
- Discharge Application
- Withdrawal Application

Be advised that DRBC review and approval are required prior to the commencement of any water withdrawal, discharge or earth disturbance activities.

David Kovach will contact you to arrange a pre-application meeting with Commission staff. In the interim, you are welcome to contact me at extension 221 or David at extension 264 with any questions you may have about DRBC's review.

Sincerely,



William J. Muszynski, P.E.

Water Resources Management Branch Manager

c: Bernie Holcomb, URS
Kimberly D. Bose, Secretary, FERC
Medha Kochhar, Project Manager, FERC
DRBC Commissioners

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