



The Board of Chosen Freeholders County of Hunterdon

State of New Jersey

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John E. Lanza, Freeholder
Robert G. Walton, Freeholder

February 25, 2015

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Penn East Pipeline

Gentlemen:

The subject of the Penn East natural gas pipeline has sparked comment and controversy since the unveiling of the project's concept last year. This Freeholder Board withheld judgment to afford the pipeline's proponents and critics a fair hearing and consider additional issues affecting Hunterdon County as a whole. In light of the facts before us, we are compelled to oppose Penn East's application.

Our objections are based upon (1) the disregard of potential alternate paths using existing easements that may result in the abuse of eminent domain to destroy conservation easements and pre-empt County open space policy; (2) the insufficiency of proposed compensation to affected landowners; (3) the threat of construction-generated water contamination in specific neighborhoods serviced by private wells; and (4) the absence of a lasting public benefit outweighing the burdens upon homeowners in the project's path.

Among the properties lying in the proposed pipeline's path are 23 farms constituting 2,007 acres of County-preserved open space. If approved, the Penn East pipeline would necessarily extinguish the County's conservation easements on those farms and trump a County open space policy mandated by three successive voter referenda. This issue alone warrants our opposition.

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Moreover, Penn East has raised the specter of eminent domain—presumably to thwart the County's defense of its interests in the preserved open space. This threat arises despite the existence of alternate routes within established public utility rights-of-way, including similar pipeline easements. It is our understanding that Penn East has not contacted some utility companies to negotiate co-location of its pipeline within their easements. A judicial taking of property for use by a for-profit corporation should always be a last resort. We will never support a proposal that threatens the condemnation of land where less draconian measures of property acquisition have not first been exhausted.

Penn East also proposes inadequate—and therefore unjust—compensation to Hunterdon taxpayers in the project's path. The utility conglomerate merely proposes to pay owners the one-time loss of value attributed to the new encumbrance on property. Pipelines earn continuous profits potentially to include additional revenue from other public utilities. The benefits Penn East would reap from any targeted property are analogous to those received by wireless providers from cell towers. Wireless companies place cell towers on another's property with an agreement to provide the owner with a stream of income, much like a lease. When the company leases those towers to other wireless providers, the land owner receives additional income due to the third party's, commercial use of the owner's land. Property owners in the pipeline's path should be treated no differently. Thus, if Penn East is going to earn continuous profits from the exploitation of the land of another, it should make that owner a partner.

Construction disturbance near a local drinking water supply raises contamination concerns. The proposed project slices through 53 acres of Tier 1 well protection areas—neighborhoods with residents overwhelmingly dependent on the consumption of well water. Prior local experience with drinking water contamination caused by poorly supervised construction near an existing transfer station proves that a potential threat to the well protection area is a well-founded misgiving. In fact, we would prefer that any pipeline be routed around this area entirely.

The usual benefit of a pipeline passing near a neighborhood is access to the natural gas running through it. In the public hearings, however, Penn East could not guarantee that this pipeline would connect a single additional residence to natural gas in any time frame beneficial to current homeowners. In fact, our County is poorly served by natural gas due to the nature of its dispersed rural population. As a result, our homeowners are unlikely to reap much of any corresponding reduction in the cost of natural gas because so few County residents have access to it.

The only concrete benefit of this project to Hunterdon County is a purported stream of tax revenue that Penn East has conceded will depreciate over time. There has been no definitive evidence offered that this revenue will adequately offset the potential hazard or inconvenience the proposed project imposes on our residents. When weighed against the actual and potential burdens to Hunterdon County homeowners and farmers in the project's proposed path, we see no compelling reason to accept Penn East's representations that the pipeline is a net benefit to the people we represent.

To be clear, this Board has not swallowed whole every argument brandished by critics of Penn East's application. We do not oppose the principle of constructing underground pipelines to transport natural gas. This method of delivering energy to consumers has proven far less dangerous than alternate means of transport: ship, truck and rail. Natural gas itself is known to be a much cleaner burning fuel than this region's other major sources of electricity, such as oil and coal. Secondly, several natural gas pipelines already cross Hunterdon County and have existed for decades. We do not subscribe to the notion that the mere presence of an additional pipeline within our County's borders is a sufficient basis to oppose this project.

As proposed, however, the Penn East project unnecessarily threatens property rights at the Constitutional sword point of eminent domain, and offers no prospect of just compensation for the land it targets for lease or condemnation. The pipeline's construction endangers an identifiable drinking water supply and fails to deliver the only lasting benefit that such a project can offer affected neighborhoods: connection to natural gas. Thus, the Hunterdon County Board of Chosen Freeholders shall resolve to oppose the proposed configuration of the Penn East pipeline.

Respectfully,



John W. King, Director
Suzanne Lagay, Deputy Director
J. Matthew Holt, Member
John E. Lanza, Member

Note: Robert G. Walton is recused from this matter due to his position with JCP&L.