



March 11, 2016

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

Re: PennEast Pipeline Company, LLC, Docket No. CP15-558-000
Response to Comments

Dear Ms. Bose:

PennEast Pipeline Company, LLC (PennEast) hereby responds to certain comments filed in the referenced Federal Energy Regulatory Commission (FERC or Commission) docket regarding the PennEast Pipeline Project (Project).

1. Response to allegations of trespassing.

Certain comments submitted in the docket contain statements that PennEast personnel have trespassed on private property. PennEast takes these types of allegations very seriously and investigates them fully. PennEast has a zero tolerance policy for trespass and has established procedures to review survey plans, including review of all survey permissions and denials. If any PennEast employee or contractor fails to follow established procedures regarding survey permissions and denials, they will be relieved of their duties and will not be allowed to return to work on this Project.

In the case of architectural surveys, if there are buildings less than 50 years of age on a property, physical access is neither requested nor necessary to complete the survey. Instead, PennEast obtains the necessary survey information through desktop data and publicly available information (e.g., Google Earth and tax parcel data). PennEast does not physically enter those properties. After reviewing the desktop data and publicly available information, PennEast marks or color-codes the surveys for these properties as “complete” for its internal records and on FERC-filed maps.

PennEast will continue to conduct Project activities with integrity and professionalism.

2. Response to comments on aerial surveys.

PennEast has not conducted – and will not conduct – aerial surveys to obtain cultural, wetland, or threatened and endangered species information. PennEast intends to conduct these studies using either desktop data or ground-truth studies, pursuant to federal and/or state requirements. Pennsylvania and New Jersey state laws regarding the requirements for conducting these types of studies are uniform throughout the Project area and PennEast intends to comply fully with those requirements. Desktop data may be used in

lieu of field survey data where governing regulations permit and ground-truth data cannot be obtained.

By way of clarification, PennEast previously conducted seven (7) manned aircraft overview flights of the proposed Project route for observational purposes, but not to collect cultural, wetland, or species data. PennEast conducted these flights between May 2014 and July 2015. However, PennEast is not currently conducting, and has not conducted since July 2015, any such manned aircraft overview flights. PennEast provided the necessary documentation about its activities to requesting federal and state authorities to address complaints filed following the flights.¹ These observational overview flights allowed PennEast to study topography with light detection and ranging (LiDAR) technology and collect geographic data. Such observational overview flights do not provide insight as to what is actually on or under the ground, which is why PennEast will conduct ground-truth studies or utilize desktop data to study cultural, wetland, and threatened and endangered species information.

PennEast is aware that some potential Project contractors have been conducting independent aerial surveys and manned overflights of the area. For instance, on December 7, 2015, a contractor intending to bid on Project construction work conducted a helicopter overflight. PennEast neither sanctioned nor paid for this potential contractor's helicopter overflight.

The Allentown Flight Standards District Office (FSDO) has received several reports from citizens regarding what they purport to be "survey flights" conducted by PennEast. In a few instances, citizens provided photographs of sufficient quality for the FSDO to identify the registration number of the aircraft. In those instances, the FSDO has found the aircraft in question to be associated with flying schools known to the Federal Aviation Administration (FAA). The Allentown FSDO, in partnership with another FSDO and Principal Inspector, contacted those schools and asked them to periodically move flights to different areas, or to "fly neighborly."² Even though it is legal to conduct flights in the airspace above this area, it is good pilot practice to be considerate of persons and property (including livestock) on the surface by periodically relocating flight areas. The Allentown FSDO has accompanied its requests with a proposed Project route map for a reference of areas to try to avoid, so as not to be misidentified as PennEast-sponsored aircraft.

PennEast is also aware of some organized groups that are opposed to the Project that have been conducting aerial surveys and manned overflights of the Project route.

1. Aerial overview flights may be conducted without Field Survey District Office approval provided they are conducted in accordance with federal regulations (14 CFR Part 91).

2. The New Jersey area in question is bounded by the towns of Stockton, Ringoes, Sergeantsville and Rosemont.

3. Response to comments on the use of drones.

PennEast is not using drones or unmanned aircraft systems (UAS) for any purpose. PennEast has neither filed for a license nor received a waiver of FAA regulations to operate a UAS.³

4. Response to comments on landowner negotiations.

PennEast believes that honest and fair negotiation with landowners is always the best way to reach an agreement. As part of its initial offer process, PennEast provides standardized right-of-way offers and agreements and uses a market study on the area involved to determine monetary consideration to serve as a starting point for negotiations. PennEast fully intends and expects to negotiate the terms of those initial offers and agreements with individual landowners in order to reach a suitable agreement between the parties. All of the terms in the initial offers and agreements, including valuation, pricing, and compensation, can and will be negotiated to reach mutually agreeable terms with each landowner. PennEast encourages all affected landowners to consult an experienced real estate attorney to address specific questions and concerns about the offers and agreements they have received.

Recent comments have raised some confusion about the difference between what landowners are actually paid and the compensation included in the draft right-of-way documents that have been filed as public records. The documents on file as public records do not include the terms and conditions (i.e. offered or agreed-upon compensation) that PennEast negotiates with each individual landowner. That is to say, the \$10.00 consideration for the memorandum of easement filed with the courthouse is not what the landowner is being offered or paid for the actual right-of-way or easement – it merely reflects that some consideration was paid.

Landowners will not lose their homes because of this Project, and PennEast generally is not seeking to buy property, though it may seek to do so in special circumstances. PennEast is committed to building relationships and working with landowners to negotiate a fair agreement that will enable PennEast to build a portion of the pipeline on a section of their property.

Many landowners have expressed concerns about the potential effects of the Project on their property. The INGAA Foundation, Inc. (INGAA) recently published a new study conducted by Integra Realty Resources (IRR) about the impacts of pipelines to property value and insurability.⁴ IRR studied areas where there has been concern about the impact

3. The FAA's approval is required to utilize a UAS for business purposes. Applicants can receive approval through one of the following processes: application for a Special Airworthiness Certificate (Experimental or Restricted Category) or petition for an exemption with a civil Certificate of Waiver or Authorization. See 14 CFR §§ 21.25, 21.25(a)(1)-(2), 21.17, and 21.185; 14 CFR Part 91; FAA Modernization and Reform Act of 2012. Section 333. *Special Rules for Certain Unmanned Aircraft Systems*.

4. Pipeline Impact to Property Value and Property Insurability study. Prepared by Integra Realty Resources for the INGAA Foundation. 2016. <<http://www.ingaa.org/File.aspx?id=25622>> (hereinafter, "2016 Impact Study"). In

of pipeline projects on property values. Some of the major conclusions of the study were as follows:

1. There is no measurable impact on the sales price of properties located along or in proximity to a natural gas pipeline versus properties which are not located along or in proximity to the same pipeline.
2. Neither the size nor the age of a natural gas pipeline affects a property's sale price.
3. There is no impact on demand for properties located along natural gas pipeline easements nor is development in areas with natural gas pipelines hindered.
4. Natural gas pipelines do not affect the property value of any particular type of residence any more or less than another type of residence.
5. The sales frequency, which is the interval of time between purchases and sales, of homes "on" a pipeline is consistent with those "off" a pipeline indicating that the presence of a pipeline does not inhibit sales.
6. Based on observations of study areas, the existence of a pipeline does not inhibit development, rather development still occurs in areas traversed by natural gas pipelines.
7. Due to the lack of systematic impact by any of the case studies, and the overall minor difference in sale price, it is very likely that the conclusions developed in this study would be transferrable to other markets across the country.⁵

IRR found no evidence of a statistically significant difference in the prices for homes located along or near a pipeline, when compared with the sales prices for homes located away from the pipeline, particularly after adjusting for major factors on sale price.⁶

5. Response to comments regarding municipal notification letters associated with permit applications.

PennEast recently sent notification letters to affected municipalities, in accordance with Pennsylvania Department of Environmental Protection's (PADEP) policy for Consideration of Local Comprehensive Plans and Zoning Ordinances, as part of its application process for coverage under the Erosion and Sediment Control General Permit

2001, INGAA examined the effect of natural gas transmission pipelines on property values in TX, OR, and CT. *See* Natural Gas Pipeline Impact Study. Conducted by Allen, Williford & Seale of Houston, Texas, for the INGAA Foundation. 2001. <<http://www.ingaa.org/File.aspx?id=5597>>.

5. 2016 Impact Study at iv, 99-100.

6. *Id.* at 23, 47, 65, 95.

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(ESCGP-2) and the Chapter 105 Water Obstruction and Encroachment Permit. These letters and the General Information Form included in those permit applications seem to have caused confusion with regard to land use approval requirements.

PennEast is committed to working with municipalities throughout the process to address their concerns regarding land use. If the FERC issues a Certificate of Public Convenience and Necessity for the Project, that approval will satisfy the Land Use Information requirement in the ESCGP-2 and Chapter 105 permit applications. Additionally, as indicated in its municipal notification letters, PennEast encourages municipalities to provide comments not only to PennEast directly, but also to federal and state agencies charged with the review of permit applications throughout the process.

6. Response to Comments Regarding Additional Information

Some commenters have referenced instances where PennEast has indicated in a response to a data request that PennEast will supplement the response once certain information is available. In accordance with the Commission's directive in the letter accompanying each data request, PennEast has provided a projected filing date indicating when it expects to file this additional information. PennEast is working diligently to provide all such information to the Commission. PennEast expects to file this information with the Commission by the dates previously projected for filing.

If you have any questions regarding this filing, please contact the undersigned at (610) 406-4322.

Sincerely,

/s/ Anthony C. Cox

Anthony C. Cox
PennEast Pipeline Company, LLC,
By its Project Manager
UGI Energy Services, LLC

cc: Medha Kochhar (FERC)
All Parties of Record