

REPORT ON  
PROPOSED CONVEYANCE OF  
LANDS

TO

TENNESSEE GAS PIPELINE COMPANY

by

THE DEPARTMENT OF ENVIRONMENTAL  
PROTECTION

[*N.J.S.A.* 13:1D-52]

PREPARED BY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
GREEN ACRES PROGRAM  
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## STATUTORY REFERENCE

Under *L. 1993, c. 38*, codified at *N.J.S.A. 13:1D-51* through *N.J.S.A. 13:1D-58*, no lands acquired or developed by the State with Green Acres funds, or developed by the State in any other manner and administered by the New Jersey Department of Environmental Protection (“NJDEP”), may be conveyed unless the NJDEP first prepares a report on the proposed conveyance in accordance with *N.J.S.A. 13:1D-52a(1)*, transmits the report to the individuals listed at *N.J.S.A. 13:1D-52a(2)*, makes the report available to the public in accordance with *N.J.S.A. 13:1D-52a(3)* and conducts one or more public hearings as required by *N.J.S.A. 13:1D-52a(4)*. Public notice requirements for the hearings are specified at *N.J.S.A. 13:1D-53* and *-54*. A summary and/or transcript of the public hearing(s) will be provided to the NJDEP Commissioner, the State House Commission and the public under *N.J.S.A. 13:1D-55*. The methodology for valuing lands to be conveyed and the terms of such conveyances are governed by *N.J.S.A. 13:1D-56*.

Under *N.J.S.A. 13:1D-51*, the following definitions apply:

“Convey” is defined as “to sell, exchange, lease for a term of 25 years or more, grant, or agree to sell, exchange, lease for a term of 25 years or more, or grant, in an amount greater than one acre.”

“Land” or “lands” is defined as “real property, including improvements thereof or thereon, rights-of-way, water, riparian and other rights, easements, and privileges, and all other rights or interests of any kind or description in, relating to, or connected with real property.”

Once these procedural requirements have been met, the conveyance proposed in this report requires the approval of the NJDEP Commissioner and the State House Commission. *N.J.S.A. 13:1D-55; N.J.S.A. 13:8A-48; N.J.S.A. 13:8C-1 et seq.*

## RATIONALE FOR CONVEYANCE

### PROPOSED ACTION

In 1954, Tennessee Gas Transmission Company (now Tennessee Gas Pipeline Company, an indirect wholly-owned subsidiary of El Paso Corporation) (“Tennessee”) received authorization from the Federal Power Commission, the predecessor to the Federal Energy Regulatory Commission (the “FERC”), for the construction of a 24-inch underground natural gas transmission pipeline in northern New Jersey (now known as the 300 Line). Tennessee currently has an application pending with the FERC for authorization to construct, install, modify, replace and operate five separate 30-inch diameter underground loop pipeline facilities and upgrade several compressor stations on its existing 300 Line. The overall project is known as the Northeast Upgrade Project (“NEUP” or “the Project”). As currently proposed, portions of the NEUP will traverse High Point State Park in Montague Township (Sussex County), Long Pond Ironworks State Park in Ringwood Borough and West Milford Township (Passaic County), and

Ringwood State Park in Ringwood Borough (Passaic County) and Mahwah Township (Bergen County).

From 1954 through 2005, Tennessee was permitted to use a right-of-way (“ROW”) across State-owned lands for the portion of the 300 Line that crosses such lands under a 50-year easement granted to the company by the NJDEP’s predecessor agency. In 2007, the NJDEP Commissioner and the State House Commission approved a 20-year lease between the NJDEP and Tennessee for the continued use of the existing ROW for the 300 Line. In 2010, the NJDEP and the State House Commission approved Tennessee’s request to enter into a 24-year lease of approximately 19.523 acres of land within Hamburg Mountain Wildlife Management Area, Long Pond Ironworks State Park and Wawayanda State Park for the purpose of constructing, installing, operating and maintaining a 30-inch outside diameter underground loop pipeline facility (known as the “325 Loop Segment”) as part of Tennessee’s 300 Line Project. The 325 Loop Segment that is part of the 300 Line Project is currently under construction and is expected to be placed in-service by November 1, 2011.

In the event the NEUP is authorized by the FERC and approved and/or permitted by all other Federal, State and local agencies with jurisdiction over the Project, the NJDEP has received a request to lease to Tennessee for a period of 25 years the additional ROW that would be needed for the Project as it crosses NJDEP property. Due to the length of the lease, the proposal would qualify as a “conveyance” under *N.J.S.A. 13:1D-51 et seq.* The proposed compensation for the proposed conveyance is set forth in the Economic Assessment, below, and consists of an annual rental payment for use of both permanent ROW and temporary workspace (based on square footage and length of use). In addition, as mitigation for the construction-related and permanent impacts of the Project on NJDEP property, the NJDEP proposes to impose requirements for replacement land (for permanent ROW) and mitigation measures (for both permanent ROW and temporary workspace.) Additional detail on the Project, the proposed conveyances and the proposed compensation and mitigation follows.

## **Project Background**

On March 31, 2011, Tennessee filed with the FERC in Docket No. CP11-161-000 an application for a certificate of public convenience and necessity (“Certificate”), pursuant to Section 7(c) of the Natural Gas Act (“NGA”), to construct, install, modify, operate, and maintain certain pipeline and compressor facilities to be located in Pennsylvania and New Jersey. To demonstrate market support for the Project, Tennessee has executed binding precedent agreements with two shippers for 100 percent of the additional firm transportation capacity to be created by the Project. Tennessee is requesting that the FERC issue a final Certificate authorizing the Project by December 15, 2011 to allow Tennessee to complete and place the Project facilities in-service no later than November 1, 2013 (the requested in-service date for the facilities as set forth in the binding precedent agreements).

Tennessee is proposing to construct, install, modify, operate, and maintain the Project in northern Pennsylvania and northwestern New Jersey to increase pipeline capacity to provide additional firm natural gas transportation service into northeastern U.S. markets. The proposed Project will include construction of approximately 39.5 miles of 30-inch pipeline, consisting of five separate

pipeline loops totaling approximately 21.9 miles in Pennsylvania and approximately 17.6 miles in New Jersey. To the extent that it is practicable, feasible, and in compliance with existing law, Tennessee proposes to locate the pipeline loops within or adjacent to the ROW associated with the existing 300 Line. Additionally, as part of the Project, Tennessee proposes to construct modifications at three of its existing compressor station facilities in Pennsylvania and its existing compressor station in Wantage Township, Sussex County and its Mahwah meter station in Bergen County, New Jersey. Tennessee proposes to begin construction of the Project facilities in 2012 and to place the facilities in-service by November 2013.

In New Jersey, the Project consists of a 10.01-mile portion of new pipeline loop (known as Loop 323) located in Montague and Wantage Townships, Sussex County, New Jersey<sup>1</sup> and a 7.60-mile new pipeline loop (known as Loop 325) located in West Milford Township and Ringwood Borough, Passaic County and Mahwah Township, Bergen County, New Jersey. A general aerial based overview of the Project as it crosses New Jersey is included at Exhibit A. The amount of new ROW and temporary work space and additional temporary workspace (collectively referred to in this Report as “TWS”) that would be required for construction of pipeline facilities across NJDEP-owned parcels under the application filed with the FERC, as well as the amount of acreage associated with access roads on NJDEP-owned parcels that would need to be used during construction of the proposed pipeline facilities, is outlined in the tables attached as Exhibit B.

On April 29, 2011, the NJDEP filed for Intervenor status in the FERC proceeding. Intervenor status in the FERC process has certain appeal rights once the FERC renders its final decision on the application.

As discussed in more detail below, the NJDEP has requested that Tennessee make all reasonable efforts to avoid using State property for the Project, and to minimize the impact of the Project on public lands required for the Project’s expansion. Based on this review, the NJDEP anticipates that the final acreage figures for the Project as it crosses NJDEP property will be significantly lower than those listed in Exhibit B. However, until Tennessee notifies the FERC that it is supplementing its application to propose the use of a smaller amount of NJDEP property for new ROW and TWS, the numbers in Exhibit B represent the “worst case scenario” for the proposed conveyance.

Additional information about the NEUP may be found online in the following locations:

El Paso Corporation Information Page for the NEUP  
[www.northeastupgradeproject.com](http://www.northeastupgradeproject.com)

(Click on “FERC Documents/Find Out More” link to access the Certificate application, including the Resource Reports referenced in this report)

FERC eLibrary  
[www.elibrary.ferc.gov](http://www.elibrary.ferc.gov)

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<sup>1</sup> The proposed Loop 323 will also include approximately 6.33 miles in Pennsylvania. For purposes of this document, references to Loop 323 include the New Jersey-portion of the loop only.

(General site--search by Docket No. CP11-161-000)

NEUP Information Page on Green Acres Program web site  
[www.nj.gov/dep/greenacres/neup.html](http://www.nj.gov/dep/greenacres/neup.html)

### **Avoidance and Minimization Measures**

Subsequent to the issuance of the State-level approvals for Tennessee's 300 Line Project in 2010, the NJDEP has endeavored to work with Tennessee to set up a general framework for the review of the NEUP and to implement the "lessons learned" from the 300 Line Project. In addition to the ongoing review of how to value leases of State property (see Economic Assessment, below), the NJDEP has emphasized to Tennessee that the starting point for any consideration of new or expanded major utility crossings of State property, protected parklands and other environmentally sensitive areas is to require applicants to demonstrate that they have taken all feasible measures to avoid and/or reduce both permanent and temporary impacts on these areas.

As currently envisioned by Tennessee in its filing with the FERC, the Project will cause impacts, both temporary and permanent, to a significant amount of public land in New Jersey. Many of these public lands are within the Highlands Region (Loop 325 only) and contain critical natural resources recognized by the Federal Highlands Conservation Act and the New Jersey Highlands Water Protection and Planning Act.

Based on the information in the March 2011 FERC filing, the NJDEP has requested that Tennessee make all reasonable efforts to avoid State property for the Project, and, if avoidance is not feasible, to minimize the impacts of the Project on NJDEP's public open space lands. Tennessee is actively engaged in evaluating both avoidance and minimization opportunities for the Project, and expects to report its findings to the NJDEP concurrently with the submission of the Land Use permit applications at the end of July or early August 2011. The NJDEP will post any relevant public information about this review at [www.nj.gov/dep/greenacres/neup.html](http://www.nj.gov/dep/greenacres/neup.html) as soon as it is available.

In undertaking the avoidance and minimization review requested by the NJDEP, Tennessee has set a goal of reducing the permanent impacts of the Project on NJDEP lands by a minimum of 50 percent through a combination of the following measures:

- Use of modified construction techniques and special equipment to enable a 10-foot shift of workspace into the existing ROW for the 300 Line to reduce temporary impacts on previously undisturbed lands;
- A 10-foot reduction in new permanent ROW (potentially resulting in a 10-acre reduction of new permanent ROW);
- Reduction of TWS in riparian zones from 100 feet to 75 feet, excluding road crossings and side slopes;
- Reduction of access road widths for the Project where feasible.

In addition, Tennessee, along with NJDEP, is considering the possibility of the following concepts to accomplish the goal of reducing the permanent impacts for the Project referenced above:

- “Give back” up to a 10-foot portion of existing permanent ROW on State Parks impacted by the Project, with the vacated ROW returned to the NJDEP. The 10-foot corridor to be returned to the NJDEP would be located on the edge of the existing ROW that is opposite from the proposed pipeline construction.
- Tennessee is analyzing whether additional segments of the Project can be constructed by means of horizontal directional drill (HDD) techniques. As proposed to the FERC, the Project presently contains one HDD segment (in addition to the HDD under the Delaware River) on NJDEP property (a 2,870 linear foot directional drill under the Monksville Reservoir in the Borough of Ringwood and Township of West Milford.) Tennessee is evaluating additional potential HDDs to further reduce impacts to sensitive environmental features.

A profile schematic of how the above measures would be implemented in the pipeline corridor and tables summarizing the potential reductions in permanent ROW, TWS and access roads are included as Exhibit C. These measures are still being reviewed by Tennessee from a constructability perspective and would be subject to review and permitting by the NJDEP’s Division of Land Use Regulation. However, if they are found to be feasible and permissible, it is Tennessee’s intention to supplement its FERC filing to reduce the amount of ROW and TWS for which it requested authorization in its March 2011 filing.

### **Proposed Conveyances**

If the Project is authorized by FERC and all other agencies with jurisdiction over the NEUP, and once it is satisfied that Tennessee has made all reasonable efforts to avoid or minimize impacts to public open space lands, the NJDEP anticipates entering into a 25-year lease with Tennessee for any remaining ROW and TWS that is still needed for the NEUP as it crosses NJDEP property. The Department will lease these areas to Tennessee rather than sell them. Currently, it is the Department's policy to allow for long-term leases for private utility projects rather than conveying permanent rights to State property for these purposes. However, subject to applicable statutory and regulatory requirements, the Department will allow the leases to be renewed at appropriate points in the future.

Although this report includes a discussion of Project impacts on NJDEP property associated with the use of TWS and access roads during the construction phase of the Project, these uses are not considered “conveyances” under *N.J.S.A. 13:1D-51 through -58*. Therefore, the only areas proposed to be conveyed to Tennessee (via a 25-year lease) are those that would remain as part of the new “permanent” ROW for the 300 Line after the Project is put in service. The use of TWS and access roads on NJDEP property during the construction phase of the Project will be governed by a Right of Entry Agreement that will contain mitigation and restoration conditions. Portions of the Right of Entry Agreement will terminate at the close of the construction phase of

the Project, and the remainder of the Right of Entry will terminate after Tennessee has complied with all required restoration in these areas.

As presently proposed, the Project will affect four State Parks: High Point State Park, Long Pond Ironworks State Park, Ramapo Mountain State Forest and Ringwood State Park.<sup>2</sup> The acreage figures discussed below are based on the March 2011 FERC filing and do not include: (1) a 10% contingency for unforeseen site conditions (see Exhibit B) or (2) any reductions in Project scope that may result from the completion of the avoidance and minimization review, particularly the possible 10 ft ‘giveback’ of existing ROW described above. As indicated in Exhibit B, if the Project proceeds as proposed to FERC, and a 10% contingency is added to the acreage figures provided to the FERC, the “worst case” conveyance of NJDEP property would be 30.21 acres and an additional 143.16 acres of land would be needed for the Project through the use of TWS and access roads on State property.

A park-by-park summary of the proposed conveyance of NJDEP property is as follows:

### **High Point State Park**

High Point State Park (“High Point”), a 15,827 acre area managed by the NJDEP’s Division of Parks and Forestry, provides outdoor opportunities to the public including camping, picnicking, cross-country skiing, hiking, fishing, a Homeowner Firewood Plan, interpretive educational programs, boating and hunting. The peak use period in the park is June through August, with occasional high weekend use during winter for ice fishing, snow shoeing, snowmobiling and cross-country skiing. High Point is named for the highest peak in the Kittatinny Range (1,803 feet above sea level). Dryden Kuser Natural Area, a 1,500-acre white cedar swamp, is located in the park 1,500 feet above sea level, making it the highest elevation swamp of its kind in the world. High Point Monument is a 220-foot structure from which observers have a view of the ridges of the Pocono Mountains toward the west, the Catskill Mountains to the north, and the Wallkill River Valley in the southeast.

The proposed Loop 323 will affect a total of approximately 45.36 acres of land owned by NJDEP in High Point, including approximately 11.84 acres of proposed permanent ROW and 33.52 acres of TWS (including access roads). The total length of the Project within High Point is approximately 19,244 linear feet (3.65 miles).

Within High Point, Tennessee is proposing to use existing Access Roads L4 AR33B and L4 AR 33A (as labeled on Exhibit A) during construction of the Project. Access Roads L4 AR33B and AR 33A will be widened to twelve (12) feet and graded for use during construction. Access Road L4 AR 33.01 will need light grading, but no other improvements are needed for use of this access road during construction.

Loop 323 will cross the Sawmill Loop Trail, the Appalachian Trail, and an unnamed trail within High Point. The nearest campground is the Sawmill Lake Camping Area, located approximately

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<sup>2</sup> The public notice attached as Exhibit G of this Report only lists three affected State parks. The fourth park, Ramapo Mountain State Forest, contains one access road but does not contain any areas to be leased (conveyed) for the Project.

1.3 miles northeast of the Project. The measures to be taken to address these recreational impacts are discussed below.

### **Long Pond Ironworks State Park**

A portion of Loop 325 crosses Long Pond Ironworks State Park (“Long Pond”) in West Milford Township and Ringwood Borough, Passaic County, New Jersey. This 2,843 acre State park, managed by the NJDEP’s Division of Parks and Forestry, provides outdoor recreational opportunities such as hiking, bird watching, biking, and hunting, as well as historic resources, to the public. The park is used for hiking and fishing from April to September, with peak use in July and August. The proposed pipeline loop does not cross the National Register of Historic Places-listed Long Pond Ironworks National Historic District.

The proposed Loop 325 will affect a total of approximately 48.33 acres of land within Long Pond, including approximately 4.79 acres of proposed permanent ROW and 43.54 acres of TWS (including access roads). The total length of the proposed Project within Long Pond is approximately 5,443 linear feet (1.03 miles).

Within Long Pond, Tennessee is proposing to use existing Access Roads L5 AR01, L5 AR02 and L5 AR 20 during construction of the Project. Access Roads L5 AR01 and L5 AR02 are currently being used for construction of Tennessee’s 300 Line Project and no improvements will be needed for the NEUP. Access Road L5 AR 20 will be graded and widened at the entrance and will be widened to 20 feet for the first 75 feet.

Tennessee also proposes to use an approximately 35-acre portion of the former “Jungle Habitat” property in West Milford (Block 6002, Lot 33 ) as part of the TWS for the Project. The area to be used consists of the paved entrance and parking lot for a former park/attraction that exhibited exotic animals. The animal park closed in 1976 and the property was acquired in 1998 by the State of New Jersey. The entrance and parking areas have existing but deteriorating pavement and all Project use for pipe storage and contractor’s staging area will be within those paved areas. The parking area is divided into three distinct areas, with the lower area closest to the entrance to be used for contractor’s staging area and the second area up from the entrance to be used for pipe storage. The third area furthest from the entrance is not expected to be used by the Project and will still be available for other public uses (such as periodic parking for local events).

Loop 325 crosses under a portion of the Monksville Reservoir (MP 0.17-0.47), a 500-acre reservoir and recreational lake located in Long Pond Ironworks State Park. The reservoir is used for hiking, boating, and fishing between April and September, with peak use in July and August. Tennessee proposes to cross the Monksville Reservoir by Horizontal Directional Drill (“HDD”), in order to minimize the impacts of the Project on the reservoir and its users. Tennessee plans to conduct most of the drilling operations during the winter months while the access road is not normally used by hikers. Construction of this segment of the Project, while visible from the reservoir, will not interrupt normal use of the reservoir for fishing or boating.

## **Ramapo Mountain State Forest**

Ramapo Mountain State Forest is a 4,268-acre forested area used for hiking, mountain biking, bird watching and wildlife observation. The forest borders the Ramapo Mountain Reservation, which is part of the Bergen County Park System, and contains many ponds, streams and marshes that provide habitat for birds and other wildlife species. Within the forest, L4 AR80 is an existing access road to TGP's Mahwah Meter Station which parallels Bear Swamp Creek up to Bear Swamp Lake. This existing access road is 10 feet wide and paved with asphalt for most of its length. This access road (covering approximately 4.06 acres) will be used essentially "as is" with minor improvement to add paving where currently missing. Minor tree limb trimming will be required. In some tight radius turns, the road may be temporarily widened to 12-15 feet where this can be accomplished without cutting down any vegetation over 2" in diameter. Tennessee's proposed pipeline does not cross any NJDEP-owned lands within this park.

## **Ringwood State Park**

Loop 325 crosses through Ringwood State Park ("Ringwood") located in Ringwood Borough, Passaic County and Mahwah Township, Bergen County, New Jersey. The NJDEP's Division of Parks and Forestry manages this 4,044-acre State park. Ringwood State Park offers a visitor's center, botanical garden, hiking, horseback riding, picnicking, swimming, hunting, a skeet range, and two historical manors. The park is used for hiking and fishing primarily between April and September, with peak use in July and August.

The proposed Loop 325 will affect a total of approximately 59.86 acres of land within Ringwood, including approximately 10.83 acres of proposed permanent ROW and 49.03 acres of TWS (including access roads). The total length of the Project within Ringwood is approximately 19,096 linear feet (3.62 miles).

Within Ringwood, Tennessee is proposing to use existing Access Roads L5 AR50, L5 AR60, L5 AR65, L5 AR70, L5 AR71 and L5 AR80 during construction of the Project. An additional (5) five parcels in Ringwood will be affected by temporary easements for use of construction access roads only. A culvert and rock entrance will be installed on Access Road L5 AR50 where it leaves the pavement and the road will need tree trimming. No widening of Access Road L5 AR50 is proposed. Access Roads L5 AR60 and L5 AR65 are both 8-12 feet wide and will need grading to remove ruts and boulders but no widening is proposed. Access Roads L5 AR60 and L5 AR65 will be used for light duty trucks only. Access Road L5 AR70 is 8-12 feet wide and will need rock to fill in holes and tree trimming along the road. Two passing lanes (20' width) will be constructed and a portion of the road (pipeline end) will be widened to 20 feet. Access Road L5 AR71 is 8-12 feet wide and will need to be widened to 20 feet for its entire length from the point where it leaves Access Road L5 AR70 to the pipeline.

Loop 325 will cross the Cooper Union Trail within Ringwood. The Cooper Union Trail is a north-south recreational hiking trail that provides the only access to the views of Governor Mountain in Ringwood. The measures to be taken to address the recreational impacts of the trail crossing are discussed below.

## **Proposed Conveyances Involving State-Held Conservation Restrictions**

In addition to the NJDEP properties described in Exhibit B, several properties owned by the Passaic River Coalition (Block 311, Lots 1.01 and 1.03 in the Borough of Ringwood) will be crossed by the NEUP. Since these parcels were acquired with Green Acres nonprofit acquisition funds, the NJDEP now holds a conservation restriction on the properties in accordance with the “New Jersey Conservation Restriction and Historic Preservation Restriction Act,” *N.J.S.A. 13:8B-1, et seq.* See *N.J.A.C. 7:36-20.1(g)*. NJDEP may also hold a wetlands conservation easement on Block 153, Lot 9 in Wantage Township (a privately-owned parcel).

In addition to the proposed 25-year lease of lands owned in fee by the State as outlined in this report and Exhibit B, Tennessee is seeking the permanent release of a portion of these conservation restrictions in accordance with the Act. See *N.J.S.A. 13:8B-5*. The new ROW will then be conveyed to Tennessee by the Passaic River Coalition (“PRC”), and by the private property owner. The acreage of the NJDEP-held conservation easements to be released/conveyed by the NJDEP is also listed in Exhibit B. Compensation for the partial release of the conservation restriction across the PRC properties will be satisfied by and in accordance with the compensation requirements set forth in the Green Acres regulations at *N.J.A.C. 7:36-26*. If the NJDEP determines that a conservation restriction exists across the private parcel in Wantage Township, then the acreage will be included by Tennessee in its calculations of the acreage of any replacement land to be purchased as part of the compensation for the proposed conveyances of NJDEP property. (See Economic Assessment, below.)

## **ADVANTAGES AND DISADVANTAGES**

### **Advantages and Disadvantages to the NJDEP**

As discussed above, under the “worst case” scenario outlined by Tennessee in its March 2011 FERC filing (and adding a 10% contingency for unforeseen site conditions), the Project will potentially impact approximately 30.21 acres of State land as new “permanent” ROW and an additional 143.16 acres of land<sup>3</sup> through the use of TWS and access roads on State property. As evidenced by the construction currently underway on NJDEP property as part of the 300 Line Project approved in 2010, the Project will have a significant adverse impact on the Project area in the short term and will result in a permanent alteration of any new ROW within the three State parks.

While none of the construction impacts associated with the Project can be considered particularly advantageous to the NJDEP from the perspective of the State of New Jersey as a property owner, the NJDEP does recognize (1) the need to transport additional natural gas supplies to customers both within and outside New Jersey and the overall environmental and economic benefits to the region of additional, predictable, and stable supplies of domestic natural gas, (2) the authority

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<sup>3</sup> Note: The above acreage figures have been updated since the issuance of the public hearing notice that is attached to this Report as Exhibit G to include the use of the former Jungle Habitat property (Block 6002, Lot 33 in West Milford, Passaic County) as TWS.

conferred on Tennessee by a Certificate, once issued by FERC and (3) the constraints imposed by the Natural Gas Act on property owners within proposed pipeline corridors. In general, avoidance of State property by developing new pipeline corridors rather than expansion of the existing ROW within State property would result in the construction of longer loops, involve more overall disturbance within the Highlands region and cause significantly more impacts to residential areas and areas of environmental concern. In order to minimize environmental impacts on State and private property and in recognition that it is generally environmentally advantageous to remain within existing ROWs, it is the Department's position to oppose linear corridor projects that do not remain in an existing ROW if such a ROW exists.

In considering the proposed conveyance of any NJDEP property, including for the proposed Project, the NJDEP's objectives are always the protection of the public health and the wise and protective stewardship for future generations of the resources under our care (such as those discussed in this report.) Additionally, when it may be appropriate to lease any of those resources, the Department seeks to minimize the use of and impact to public lands in New Jersey, to obtain fair compensation for any properties to be conveyed and to require sufficient mitigation measures to offset any loss of function and value of environmental systems impacted by development. The Department thus seeks to minimize the short- and long-term impacts of the Project on NJDEP property. A more detailed analysis of the anticipated environmental and recreational impacts of the Project is set forth below.

### **Advantages and Disadvantages to Tennessee**

The northeastern U.S. region served by Tennessee is continuing to experience growth in natural gas demand from its customers creating a need for increased delivery capacity to this region. In response to this need, the proposed Project will provide approximately 636,000 dekatherms per day ("Dth/d") of new incremental primary firm transportation to Tennessee's northeast market area. Tennessee has signed binding precedent agreements with two shippers, Chesapeake Energy Marketing, Inc. and Statoil Natural Gas LLC, for all of the additional firm transportation capacity resulting from the Project's proposed facilities, which demonstrates that the additional firm transportation capacity will be immediately utilized. Currently, there is approximately 7 billion cubic feet per day ("Bcf/d") (equivalent to 7,175,000 Dth/d) of pipeline capacity on four interstate pipelines, including Tennessee, to transport natural gas through Pennsylvania into New Jersey. However, all four pipelines, including Tennessee, are fully subscribed in this region during the peak heating season. Therefore, unless Tennessee proceeds with the construction of the Project, it will be unable to satisfy the shippers' expressed need, as reflected in the executed precedent agreements, for additional capacity of 636,000 Dth/d on Tennessee's system.

Natural gas volumes produced from current operations in the Marcellus Shale region are projected to increase to as high as 5 Bcf/d (equivalent to 5,125,000 Dth/d) by 2014. Within the last two years, volumes delivered to Tennessee's system alone from the Marcellus Shale region have increased from 25,000 Dth/d to 1 Bcf/d (equivalent to 1,025,000 Dth/d). Increased regional demand in the northeastern U.S., along with the inherent geological conditions in New England, New Jersey, and the eastern portions of New York and Pennsylvania which prevent underground storage of natural gas volumes in those areas, will further exacerbate the already constrained pipeline capacity situation in the northeastern U.S. Even when underground storage in

northwestern Pennsylvania and New York is used to meet peak day requirements for the northeast region, pipeline capacity must still be used to reach market areas.

Construction of the Project is expected to help alleviate this situation by increasing pipeline capacity to the high-demand markets in the northeastern U.S., and will also assist with the FERC's goal of providing more natural gas to markets by providing access to natural gas supplies in the Marcellus Shale supply area. The Project's delivery point is located on Tennessee's mainline system at Mahwah, New Jersey, which is an interconnection with another interstate pipeline in New Jersey also serving the northeastern U.S. markets.

The use of traditional fossil fuels to supply the energy needs of the northeastern U.S. is not the best practicable alternative to the use of cleaner-burning natural gas. As discussed in Resource Report 10 of the Environmental Report included with the FERC Certificate application, energy alternatives, including solar and wind, are not considered to be a feasible alternative energy source to natural gas in most locations due to technological and reliability considerations. (See <http://elibrary.FERC.gov>). In addition, although energy conservation is a valuable measure as part of an overall energy plan, energy conservation alone is not a solution to the current energy demand of consumers to be served by this Project. Therefore, Tennessee asserts that utilization of natural gas as the primary fuel for the customers to be served by the Project offers the best alternative in terms of supply availability with the lowest environmental impact among available alternative energy sources, particularly with regard to air quality impacts.

## **ENVIRONMENTAL ASSESSMENT**

### **Assessment of Environmental Impact and Impact on Plants, Endangered and Non-Game Species**

As noted above, Tennessee submitted a Certificate application for the Project to the FERC in March 2011 (Docket No. CP11-161-000). The Certificate application included a required Environmental Report for the Project. The Environmental Report documents the anticipated impacts of the Project on all aspects of the environment, including wetlands, noise, air pollution, cultural resources, wildlife, and plants from impacts to both public land and private property. Copies of the Environmental Report documents may be found on the FERC's website (<http://elibrary.FERC.gov>).

The Certificate application, including the Environmental Report, will be reviewed by the FERC pursuant to the Natural Gas Act, the National Environmental Policy Act, and the Energy Policy Act of 2005. The FERC will then issue an Environmental Assessment or draft and final Environmental Impact Statement for comment on the Project. As part of the environmental review of the Project, FERC Staff will visit the proposed Project areas to determine the range of environmental issues requiring analysis and holding scoping meetings as appropriate. Any certificate order subsequently issued by the FERC will include requirements to assure minimization of environmental impacts, including on affected NJDEP properties.

Where the Project crosses the Delaware River from Pennsylvania into Montague, New Jersey, the existing ROW crosses the Delaware Water Gap Recreation Area (“DWGNRA”), a unit of the National Park Service (“NPS”), Tennessee has failed to obtain Federal approval to remain in the existing ROW as the project crosses the Delaware Water Gap National Recreation Area. Therefore, TGP has submitted to FERC alternative routes to return to the existing corridor in New Jersey. DEP is reviewing these routes to minimize environmental impacts.

In general, the parcels proposed to be leased to Tennessee as expanded new ROW or used by Tennessee for TWS or access roads (collectively, the “properties to be conveyed or used”) are open space lands containing Tennessee’s existing maintained ROW, forested uplands, palustrine and forested wetlands, and waters of the State. Other minor land use types crossed by the Project include roadways, an existing (non-Tennessee) utility ROW in Long Pond Ironworks State Park (Block 310 Lot 1 in the Borough of Ringwood), a sand and gravel pit in Long Pond (Block 4601 Lot 8 in the Township of West Milford ), and a skeet trap/shooting range in Ringwood State Park (Block 1000 Lot 2 in the Borough of Ringwood). Upland forest community types affected by the Project include chestnut oak/black birch, maple/mixed hardwoods, mixed oak/hickory, beech/maple, mixed oak/hardwood and hemlock/mixed hardwoods. Palustrine forest community types affected by the Project include the red maple/hemlock/yellow birch community type.

Based on the Environmental Report, federal and state rare, threatened and endangered species have been identified as located on or adjacent to the Project site on NJDEP properties. Tennessee has been in correspondence with the USFWS New Jersey Field Office and the New Jersey Natural Heritage and Endangered Species Program (“NHESP”) regarding the potential presence/absence of rare/threatened/endangered species and field surveys conducted to date. Species of concern identified in agency correspondence include the bald eagle (*Haliaeetus leucocephalus*), the federal and state-listed endangered Indiana bat (*Myotis sodalis*), the federal and state-listed endangered dwarf wedgemussel (*Alasmidonta heterodon*) and state-listed freshwater mussel species, the federally-listed endangered small-whorled pagonia (*Isotria medeoloides*) and state-listed botanical species, the federal-listed threatened and state-listed endangered bog turtle (*Glyptemys muhlenbergii*), the state-listed threatened wood turtle (*Glyptemys insculpta*), the state-listed endangered timber rattlesnake (*Crotalus h. horridus*), and the state-listed endangered blue-spotted salamander (*Ambystoma laterale*) and other sensitive vernal pool species.

Tennessee does not anticipate any impacts to bald eagle nests on State-owned properties in the vicinity of the Project as no such nests have been identified to date on these tracts. Tennessee completed additional field surveys for the presence of bald eagle nest sites in the spring of 2011, concurrent with field surveys for state-listed raptors and barred owl habitat assessments. Any new eagle nest locations will be mapped and evaluated with respect to the National Bald Eagle Management Guidelines and Tennessee will correspond directly with the USFWS regarding nest location and regulatory compliance.

Tennessee performed presence/absence mist net surveys to identify if any Indiana bats were present in the Project area. On behalf of Tennessee, Environmental Solutions, Incorporated prepared a Mist Net and Portal Survey Report in March 2011 for Loop 323 and Loop 325 in Sussex, Passaic and Bergen Counties, New Jersey. The report results include capture of 170 bats

representing six species. No Indiana bats were captured during the surveys. As a result, Tennessee does not anticipate any Project-related impacts to the Indiana bat.

The Freshwater Mussel Survey of Big Flat Brook located on State-owned property in Montague Township (Block 24, Lot 2 and Block 23, Lot 1) concluded that the brook does not exhibit habitat characteristic of dwarf wedgemussel. Headwaters of Big Flat Brook in the vicinity of the proposed pipeline crossing contain no evidence of mussel populations. Therefore, installation of a pipeline across the stream using an open-cut crossing method is not expected to affect the federally endangered dwarf wedgemussel or any other species of resident mussel.

Botanical surveys to date have not identified any small whorled pagonia plants, or any other targeted threatened or endangered plant species in the Project area. Therefore, the Project is not expected to have a significant adverse impact on threatened or endangered plants on the areas proposed to be conveyed to or used by Tennessee.

Timber rattlesnakes observed in August 2010 were a considerable distance from the study corridor. Given that local rattlesnake populations' breeding and gestation are cyclical, although the survey found no gravid rattlesnakes or copperheads within the Project study corridor during the 2010 breeding season, the survey results do not preclude the possibility that gravid females may be discovered during the time of construction. As such, Tennessee and their venomous snake monitors will work closely with the NJ Endangered and Nongame Species Program to address such discoveries.

Tennessee continues to conduct rare/threatened/endangered species surveys in Summer 2011 including Phase II bog turtle surveys, wood turtle surveys, freshwater mussel surveys of Ringwood Creek (Block 601 Lot 8 in the Borough of Ringwood), woodland raptor surveys and timber rattlesnake den surveys. Final reports are anticipated to be completed by July 2011 and will be submitted to the NJDEP for review and comment. The NJDEP will take these additional surveys into account when finalizing the permits for the Project and any appropriate mitigation measures to be applied to the construction or operation of the Project.

### **Mitigation of Environmental Impacts**

As part of the lease of ROW on State land to Tennessee for construction of the 300 Line Project approved in July 2010, Tennessee agreed to a list of mitigation projects negotiated with the NJDEP to address a variety of construction-related impacts associated with that project. Tennessee also provided mitigation related to NJDEP permitting and approvals obtained from the Highlands Council. A summary list of the agreed-upon mitigation projects is attached as Exhibit D. The list includes specific requirements for restoration and maintenance of the ROW for the 300 Line Project as well as stewardship activities, such as inventories and plans, for the surrounding State land. Not all of these commitments had to be accomplished prior to the start of the construction for the 300 Line Project but were a condition of the approval of the lease by the NJDEP Commissioner and the State House Commission and the issuance of other approvals and permits for the 300 Line Project. The mitigation projects are a one-time compensation measure intended to address the construction-related impacts of the project. Future mitigation

for construction- related impacts would not be required upon a renewal of the lease unless there is a future expansion of the pipeline.

If the NJDEP does execute a lease with Tennessee for new ROW for the NEUP, it is the NJDEP's intention to require that Tennessee agree to substantially the same construction-related mitigation measures for the NEUP as were implemented or required for the 300 Line Project, depending on the specific impacts caused by the Project. As indicated in Exhibit E, the NEUP will also undergo review by a variety of State and federal regulatory programs, all of which may impose resource-specific mitigation requirements as part of the issuance of any approvals or permits required for the Project. In particular, the Project will be reviewed by the NJDEP's Division of Land Use Regulation (which will review permit applications under the freshwater wetlands and flood hazard area review programs) and the Division of Parks and Forestry (which will work with Tennessee to develop a reforestation plan for compliance with the No Net Loss Reforestation Act, *N.J.S.A. 13:1L-14.1 et seq.*)

In addition, as explained in further detail under the Economic Assessment in this report, a portion of the replacement land to be required as compensation for the proposed conveyances is intended to mitigate for the permanent impact of creating an expanded pipeline ROW on NJDEP property.

### **Assessment of Recreational Impact**

The proposed Project will temporarily impact recreational activities on NJDEP properties as a result of construction noise and disturbance in the vicinity of identified hiking trails, including the Appalachian Trail ("AT") in High Point. Noise and construction activity may also temporarily disturb recreational activities on Monksville Reservoir in Long Pond Ironworks State Park. However, long-term recreational impacts are not anticipated since the permanent operation of the Project will only involve infrequent, routine maintenance activities. Additionally, the new expanded permanent ROW required for operation and maintenance of the Project has been predominantly located adjacent to Tennessee's existing 300 Line ROW, minimizing the amount of additional clearing to be maintained in the long term.

Regarding the AT crossing, recreation impacts will be mitigated by keeping required workspace to a minimum and employing specialized construction techniques. First, Tennessee has minimized the construction footprint to no more than the final permanent easement width (25 feet added to the existing 50 feet) for a distance of 150 feet on either side of the trail. Second, Tennessee will fabricate the pipe for this segment separately on another part of the Project workspace to the west of the crossing and use a "drag section" technique to install the pipe. This technique will minimize the length of time the ditch will be required to be open so the interruption to users of the trail will be minimized. However, Tennessee may need to utilize space at the trail crossing to anchor equipment working downslope. Finally, all TWS associated with the Project will be replanted with native tree species, minimizing the long-term impact of vegetation clearing in the vicinity of the trail.

Tennessee also will minimize disruption of the hiker experience on the AT by keeping the trail crossing of the ROW open as much as practical while still ensuring safety and providing an

alternate crossing during the few times when the AT crossing will be unavailable due to active construction. To this end, Tennessee is preparing a crossing plan that will soon be submitted for review to the AT's management partners, including the U.S. Department of the Interior National Park Service Appalachian Trail Park Office, the United States Fish and Wildlife Service, the NJDEP; New Jersey State Department of Transportation, the Appalachian Trail Conservancy, and the New York/New Jersey Trail Conference. The purpose of the crossing plan is to minimize adverse effects to the AT and the environment, maintain the AT experience for hikers to the maximum degree, maintain the safety of hikers during construction, and facilitate coordination with stakeholders throughout the regulatory process.

During discrete construction periods, to ensure hiker safety, Tennessee will provide an access route around the active construction area on the AT. An alternate trail, the Iris Trail, may also be used by hikers for the very short duration that the AT crossing will be impacted by construction. Appropriate trail markers notifying hikers of construction activity and temporary re-routes will be provided by Tennessee.

Regarding all other trails to be crossed by the Project, Tennessee will implement safety measures similar to those at the AT crossing to ensure hiker safety and accessibility. However, Tennessee will use standard construction methodology (open trench installation) at all non-AT trail crossings. Tennessee is evaluating whether other measures are available to minimize impacts during construction at significant trail crossings, including whether it is feasible or practical to provide an alternate access route around the active construction areas on the non-AT trail crossings. The area surrounding the trails will also be restored with native vegetation post-construction to minimize the long term impact of clearing vegetation. Tennessee and the NJDEP are currently finalizing a list of other trails affected by the Project; the list will be posted at [www.nj.gov/dep/greenacres/neup.html](http://www.nj.gov/dep/greenacres/neup.html) as soon as it is available.

To mitigate impacts to recreation on Monksville Reservoir, Tennessee proposes to cross the reservoir using horizontal directional drill technology and will likewise restore the drill pad sites needed to accomplish the horizontal directional drill with native vegetation.

Regarding High Point and Ringwood, Tennessee may use access roads in the parks in the winter months for tree clearing only. Primary construction is anticipated to occur between April and October, 2013, so there will be no impact upon winter recreational uses, such as for ice fishing, snow shoeing, snowmobiling and cross-country skiing. During construction, Tennessee will implement measures needed to minimize or eliminate interruption to the recreational uses of the parks by the public.

In High Point, Loop 323 will cross the Sawmill Loop Trail, the AT, and an unnamed trail. The nearest campground is the Sawmill Lake Camping Area, located approximately 1.3 miles northeast of the Project. Tennessee will consult with the NJDEP during the permitting and leasing process regarding construction and mitigation in High Point.

## ECONOMIC ASSESSMENT

### Compensation for the Proposed Conveyances

Pursuant to *N.J.S.A. 13:1D-56a*, the valuation of NJDEP lands proposed for conveyance is governed by the following:

For the purpose of determining the amount of consideration to be paid or transferred to the State in exchange for conveying lands acquired or developed by the State with Green Acres funds, or acquired or developed by the State in any other manner and administered by the department, the value of such lands shall be based upon their intended use upon conveyance or upon their highest and best use, whichever shall provide to the State the greatest value in return.

Tennessee's compensation proposal for the requested conveyances of NJDEP property contains three components: (1) cash compensation, (2) replacement land and (3) possible "give back" of existing ROW.

#### *Cash Compensation*

The cash payment component of Tennessee's compensation proposal is intended to compensate the NJDEP for the use/rental value of the new ROW and the TWS.

The annual payment for the new ROW and the TWS will be calculated on the basis of the following formula:

[Acreage] X [(43560 square feet/acre)] X [\$0.15 per square foot]= annual rental (Year 1 of the lease)

After Year 1 of the lease, the \$0.15 per square foot value will be adjusted upward by 2.5% per year. The \$0.15 per square foot value in the formula was developed by the NJDEP as part of a larger analysis of the valuation of leases of NJDEP property and is intended to represent a "highest and best use" value for utility corridor lands in most areas of the State. The methodology by which the \$0.15 per square foot value was determined will be the subject of a separate report to be released by the NJDEP.

Based on the acreage figures in Exhibit B, an anticipated construction period of two years, a proposed lease term of 25 years and the 2.5% annual adjustment to the lease rate, the NJDEP estimates the rental payment for the new ROW and TWS could be as much as \$8.6 million over the life of the lease. Once the review of minimization and avoidance opportunities, permit applications, and other aspects of the Project that may affect the final acreage to be occupied by the Project is complete, the NJDEP will calculate a final proposed rental payment based on the final acreage figures.

### *Replacement Land*

In addition to the annual rental payment, the NJDEP is also requiring Tennessee to identify, purchase and convey a significant amount of replacement land to the State of New Jersey. Although the new ROW is to be leased to Tennessee for 25 years and not conveyed in fee, both the NJDEP and Tennessee recognize that the installation and maintenance of the new natural gas pipeline will cause a permanent alteration of certain features of the State parks to be crossed by the NEUP. Given the NJDEP's role as the steward of the public trust lands that comprise the State parks, the NJDEP is requiring Tennessee to compensate on a 4 to 1 basis (based on size) for any NJDEP land to be occupied by new ROW for the NEUP. Although the Green Acres diversion rules at *N.J.A.C. 7:36-26* do not apply to the portions of the NEUP that cross State land, Tennessee has agreed to apply the same compensation ratios to the State properties as are required for the portions of the Project that affect Green Acres-encumbered parkland owned by the County of Bergen, the Borough of Ringwood, and the Passaic River Coalition. *See N.J.A.C. 7:36-26.10*. The 4 to 1 replacement land requirement and ratio was also imposed by the NJDEP on the 300 Line Project.

Based on the acreage figures in Exhibit B, the NJDEP estimates that Tennessee will be required to purchase a total of 120.8 acres of replacement land as compensation for the NEUP lease. As it did with the 300 Line Project, the NJDEP will also require Tennessee to purchase replacement land for any areas of temporary work space that must be blasted in order to install the new pipeline.

### *"Give Back" of Existing ROW*

Finally, as discussed above, as part of its compensation, Tennessee may be willing to give back to the NJDEP 10 feet of its existing 50-foot wide permanent easement that it currently holds across the State-owned lands and, where feasible, expand the ROW for the Project by only 15 feet (instead of 25 feet) across State lands. In its effort to minimize impacts to State lands, Tennessee is also looking to reduce the amount of TWS needed during the construction of the Project. The acreage charts attached hereto as Exhibit B do not reflect the "give back" of a portion of Tennessee's existing 50-foot wide easement across State lands or the reduction of workspace.

Although much of the existing ROW on NJDEP property is leased by Tennessee under the 2007 lease renewal and not held by Tennessee through permanent easement rights, the NJDEP believes that there is a public benefit (and economic value to the State) associated with the narrowing of the ROW corridor. If Tennessee elects to "give back" the 10-foot corridor, the NJDEP will give Tennessee credit for the giveback toward the total replacement land required for the Project, on an acre for acre basis. (For example, if Tennessee "gives back" 10 acres of existing ROW, the NJDEP will deduct this amount from the total replacement land required for the Project.)

## *Summary*

Based on the above, the NJDEP believes that the compensation for the proposed conveyances meets the standard set forth in *N.J.S.A. 13:1D-56*. In the event Tennessee files with the FERC to modify the acreage figures in Exhibit B to implement the minimization and avoidance measures discussed in this report, the proposed cash compensation and replacement land will be reduced accordingly. The final compensation figures will be calculated based on the final FERC acreage numbers with the addition of a 10% contingency for unforeseen site conditions.

The compensation discussed in this section is for the lease of the State-owned lands only. Tennessee will be required to comply with any additional applicable New Jersey rules requiring compensation and mitigation for any impacts to sensitive environmental areas, features, or threatened or endangered species or rare plants. Additionally, Tennessee will be required to compensate for the value of any timber resources impacted as well as comply with provisions of the No Net Loss Statute to replace lost forestry resources. This compensation is also independent of any other compensation required pursuant to law or regulation by any other federal, local or regional authority such as the Highlands Commission.

The compensation to be received by the NJDEP for the Project will be apportioned by the NJDEP between two existing accounts: the dedicated Skylands Revolving Fund and the General Parks Management Fund. The amount to be deposited in the Skylands fund will be based on the percentage of the Project to be located in Ringwood State Park, with the remainder to be deposited into the General Parks Management Fund. The deposit of the lease funds into these accounts is a component of the NJDEP's parks sustainability initiative.

## **Economic Benefits of the Project in New Jersey**

The construction and operation of the NEUP is expected to have a minor but positive impact on the local and regional economy in New Jersey. The Project will provide short-term construction jobs and result in the purchase of such goods and services including food and lodging, construction materials, hardware, fuel, and convenience retail services. The Project will also provide real property and sales tax revenues to local taxing jurisdictions.

Tennessee estimates that the construction spread for the Project in New Jersey will consist of approximately 400 personnel at its peak, and that approximately half of the workers will be local hires. For example, local union shop rules require that equipment operators working on the Project must be comprised of 70% personnel from the local union shop if qualified operators are available. Tennessee estimates that construction will take approximately 21 to 25 weeks to complete, depending upon site-specific conditions for each loop. Modifications to the two existing compressor and meter station facilities in New Jersey will generally require approximately 20 to 40 construction workers, and each compressor station will take approximately six to eight months to complete depending upon the nature of the modifications. In addition, Tennessee has and will continue to work with local environmental consultants and other professionals in connection with the Project.

As the State complies with the Clean Air Act, 42 U.S.C.A. §7401, *et seq.*, existing coal- and oil-fueled plants will likely convert to natural gas, increasing demand for natural gas. The Project will assist in satisfying these demands. In addition, natural gas produces 1/3 less carbon emissions when burned relative to crude oil and nearly half of the carbon compared with coal, and therefore reduces climate change impacts relative to petroleum or coal based sources. See 2004 International Energy Outlook, EIA, US Department of Energy.

The Ad Valorem tax dollars that Tennessee will pay to Montague, Wantage, West Milford and Mahwah Townships and Ringwood Borough will increase as a result of the additional pipeline facilities being located in Sussex, Bergen and Passaic Counties. An estimated breakdown of the increased ad valorem taxes is attached as Exhibit F.

### **PUBLIC HEARINGS**

In accordance with *N.J.S.A. 13:1D-52a(4)*, public hearings have been scheduled on the proposed conveyances as follows:

**Two public hearings** will be held near the Project site, as follows:

Wednesday, August 17, 2011 at 7:00 PM  
Montague Municipal Building  
277 Clove Road  
Montague, New Jersey 07827

and

Thursday, August 18, 2011 at 7:00 PM  
Ringwood Municipal Building  
60 Margaret King Avenue  
Ringwood, New Jersey 07456

**An additional public hearing** will be held on Wednesday, September 7, 2011 at 4:00 PM at:

New Jersey Department of Environmental Protection  
401 East State Street  
1<sup>st</sup> floor public hearing room  
Trenton, New Jersey 08625

A copy of the public hearing notice for the proposed conveyances is attached to this report as Exhibit G.

## **EXHIBITS**

Exhibit A	Aerial Map of Proposed Conveyances (3 sheets)
Exhibit B	Acreage Tables
Exhibit C	Profile View of Avoidance and Minimization Measures and Reduction Opportunity Tables
Exhibit D	Summary of Mitigation Measures for 300 Line Project
Exhibit E	Listing of Permits and Approvals
Exhibit F	Ad Valorem Tax Estimates
Exhibit G	Public Hearing Notice

## **CONTACT INFORMATION**

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**DISTRIBUTION LIST**

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Bettina Bieri, Mayor, Township of West Milford  
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Antoinette Battaglia, Township Clerk, Township of West Milford  
Kevin Boyle, Township Administrator, Township of West Milford

Bill DeBoer, Mayor, Wantage Township  
Ronald Bassani, Committeeman, Wantage Township  
Jim Doherty, Township Administrator, Wantage Township

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John H. Eskilson, County Administrator, County of Sussex

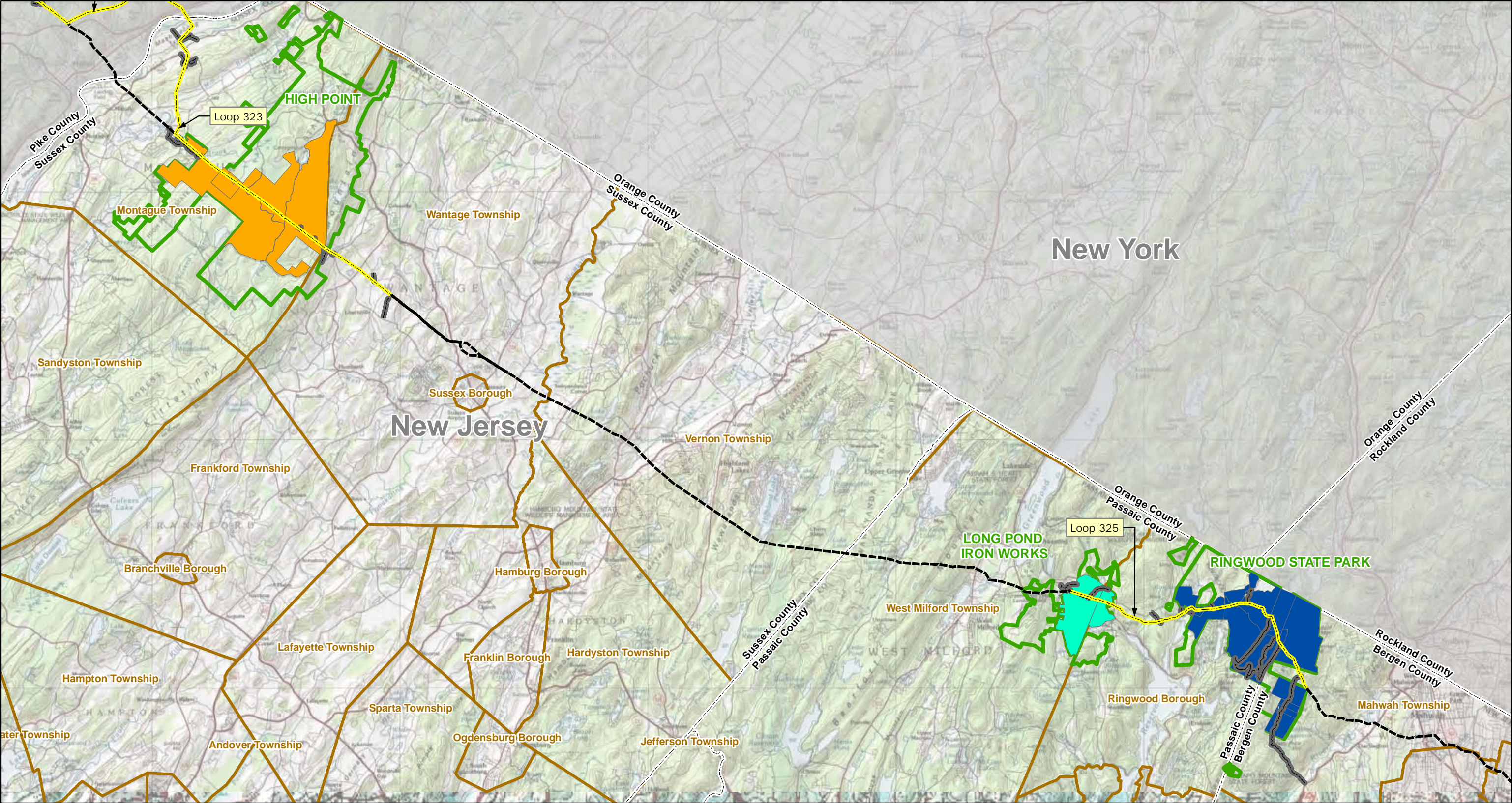
Terry Duffy, Director, Board of Chosen Freeholders, County of Passaic  
Anthony J. DeNova, III, County Administrator, County of Passaic  
Kristen M. Corrado, County Clerk, County of Passaic

Kathleen A. Donovan, County Executor, Bergen County  
John Driscoll, Jr., Chairman, Board of Chosen Freeholders, Bergen County  
Elizabeth Randall, Clerk, Bergen County

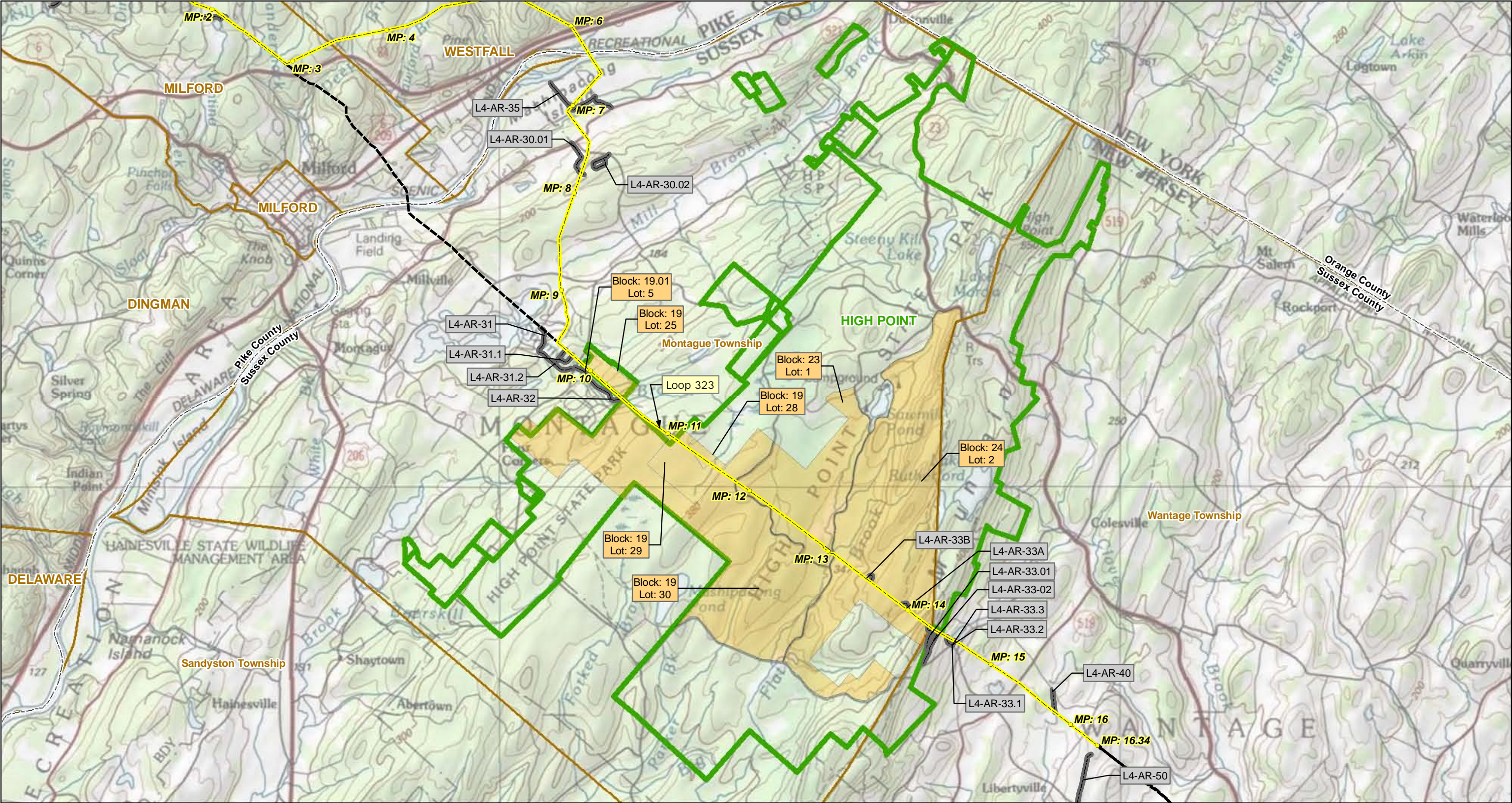
Hon. Paul A. Sarlo, Chair, Senate Budget and Appropriations Committee  
Hon. Jim Whelan, Chair, Senate State Government Committee  
Hon. Bob Smith, Chair, Senate Environment Committee

Hon. Nelson T. Albano, Chair, Assembly Agriculture and Natural Resources Committee  
Hon. John F. McKeon, Chair, Assembly Environment and Solid Waste Committee  
Hon. Nellie Pou, Chair, Assembly Appropriations Committee  
Hon. Linda Stender, Chair, Assembly State Government Committee

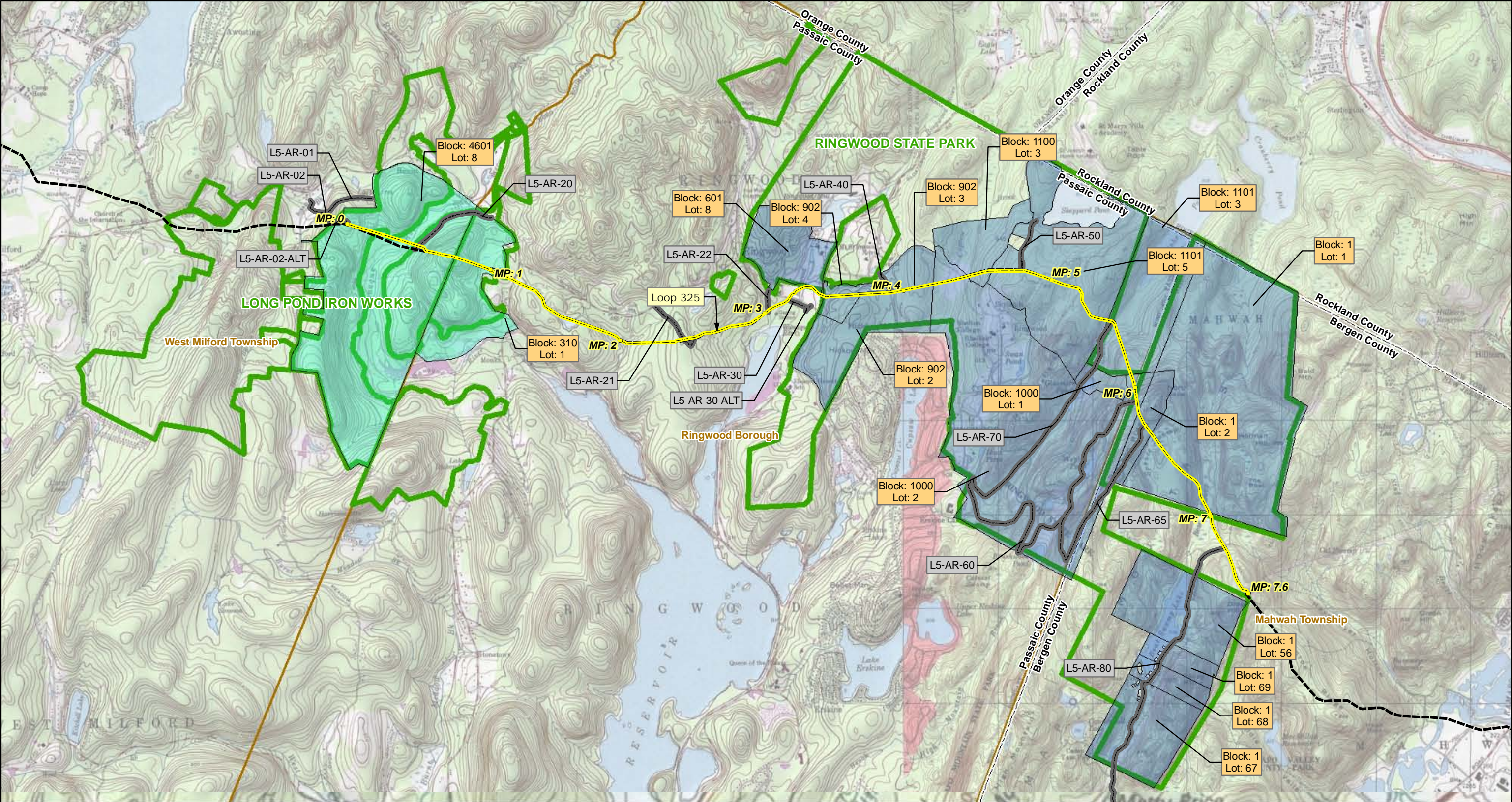
Robert J. Shaughnessy, Secretary, State House Commission



<b>Map Location</b> 	<b>Map Index</b> 	<b>Legend</b> <div><div><div> NEUP Centerlines</div><div> Existing 300 Line 24-inch Diameter Natural Gas Pipeline</div></div><div><div> Town Boundary</div><div> County Boundary</div><div> Access Road</div></div><div><div> NJDEP Protected Open Space</div><div><b>Impacted State Owned Lands</b></div><div><div> High Point State Park</div><div> Long Pond Iron Works State Park</div><div> Ringwood State Park</div></div></div></div> <div><div></div><div><div><div>0</div><div>4,000</div><div>8,000</div><div>16,000</div><div>24,000</div></div><div>Feet</div></div><div><div>1:150,000</div><div>1 inch = 12,500 feet</div></div></div> <div><div><div><div><b>Northeast Upgrade Project</b></div><div><b>Loop 323 and Loop 325</b></div><div><b>State Owned Lands Mapping</b></div></div></div><div><div><div> Tennessee Gas Pipeline an El Paso company</div><div></div></div><div><div>Figure 1</div><div>Date: April 2011</div><div>Project #: 60150375-300</div></div></div></div>
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<b>Map Location</b> 	<b>Map Index</b> 	<b>Legend</b> <ul style="list-style-type: none"><li>NEUP Centerlines</li><li>Existing 300 Line 24-inch Diameter Natural Gas Pipeline</li><li>Town Boundary</li><li>County Boundary</li><li>Access Road</li><li>NJDEP Protected Open Space</li><li>Impacted State Owned Lands</li><li>High Point State Park</li></ul> <p>Data Source: USGS, NJDEP Map Projection: NAD 1983 UTM Zone 18N Foot US</p>	<b>Northeast Upgrade Project</b> <b>Loop 323</b> State Owned Lands High Point State Park	
<b>Figure 2</b>				
<b>Date: April 2011</b>				
<b>Project #: 60150375-900</b>				



<b>Map Location</b> 	<b>Map Index</b> 	<b>Legend</b> <div><div><div> NEUP Centerlines</div><div> Existing 300 Line 24-inch Diameter Natural Gas Pipeline</div></div><div><div> Town Boundary</div><div> County Boundary</div><div> Access Road</div></div><div><div> NJDEP Protected Open Space</div><div><b>Impacted State Owned Lands</b></div><div><div> Long Pond Iron Works State Park</div><div> Ringwood State Park</div></div></div></div> <div><div>Data Source: USGS, NJDEP</div><div>Map Projection: NAD 1983 UTM Zone 18N Foot US</div></div> <div><div></div><div>0 1,000 2,000 4,000 6,000 8,000 Feet</div><div>1:39,395</div><div>1 inch = 3,283 feet</div></div> <div><div></div><div>N W E S</div></div>	<b>Northeast Upgrade Project</b>  <b>Loop 325</b>  State Owned Lands Long Pond Iron Works Ringwood State Park	<div> Tennessee Gas Pipeline an El Paso company</div> <div></div>	<div>Figure 3</div> <div>Date: April 2011</div> <div>Project #: 60150375-900</div>
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**REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY  
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT B**

**ACREAGE TABLES**

<b>TABLE 1-1 ACREAGES OF LAND AFFECTED WITHIN EACH TRACT OF STATE-OWNED PARCELS NORTHEAST UPGRADE PROJECT LOOP 323 HIGH POINT STATE PARK</b>						
<b>Block/Lot</b>	<b>Total Length of Proposed ROW (feet)</b>	<b>Proposed Permanent ROW (acres)</b>	<b>Temporary Workspace (acres)</b>	<b>Additional Temporary Workspace (acres)</b>	<b>Total Impacts</b>	<b>Contingency (Total Impacts + 10%)</b>
19/25	0	0	0.19	0	0.19	0.21
19.01/5	157.87	0.09	0.15	0	0.24	0.26
19/30	2,777.80	1.64	5.04	0.37	7.05	7.76
19/29	2,140.51	1.27	3.36	0.34	4.97	5.47
19/28	1,174.27	1.18	1.09	0.17	2.44	2.68
23/1	6,481.20	3.99	9.53	1.13	14.65	16.12
24/2	6,512.35	3.67	10.67	0.65	14.99	16.49
<b>Total</b>	<b>19,244</b>	<b>11.84</b>	<b>30.02</b>	<b>2.68</b>	<b>44.54</b>	<b>48.99</b>
<b>Total Construction Impacts (acres) HPSP</b>					<b>44.54</b>	<b>48.99</b>
<b>Total Permanent Conveyance (acres) HPSP</b>					<b>11.84</b>	<b>13.02</b>
<b>Total Temporary Easement (acres) HPSP</b>					<b>32.70</b>	<b>35.97</b>

Note: The totals shown in this table may not equal the sum of addends due to rounding.

<b>TABLE 1-2 ACREAGES OF LAND AFFECTED WITHIN EACH TRACT OF STATE-OWNED PARCELS NORTHEAST UPGRADE PROJECT LOOP 325 LONG POND IRONWORKS STATE PARK</b>						
<b>Block/Lot</b>	<b>Total Length of Proposed ROW (feet)</b>	<b>Proposed Permanent ROW (acres)</b>	<b>Temporary Workspace (acres)</b>	<b>Additional Temporary Workspace (acres)</b>	<b>Total Impacts</b>	<b>Contingency (Total Impacts + 10%)</b>
4601/8	3,966.33	3.95	2.12	1.90	7.97	8.77
310/1	1,476.81	0.83	2.32	0.07	3.23	3.55
<b>Total</b>	<b>5,443.14</b>	<b>4.79</b>	<b>4.44</b>	<b>1.97</b>	<b>11.20</b>	<b>12.32</b>
<b>Total Construction Impacts (acres) LPI</b>					<b>11.20</b>	<b>12.32</b>
<b>Total Permanent Conveyance (acres) LPI</b>					<b>4.79</b>	<b>5.27</b>
<b>Total Temporary Easement (acres) LPI</b>					<b>6.41</b>	<b>7.05</b>

Note: The totals shown in this table may not equal the sum of addends due to rounding.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY  
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT B**

**ACREAGE TABLES**

<b>TABLE 1-3 ACREAGES OF LAND AFFECTED WITHIN EACH TRACT OF STATE-OWNED PARCELS NORTHEAST UPGRADE PROJECT LOOP 325 RINGWOOD STATE PARK</b>						
<b>Block/Lot</b>	<b>Total Length of Proposed ROW (feet)</b>	<b>Proposed Permanent ROW (acres)</b>	<b>Temporary Workspace (acres)</b>	<b>Additional Temporary Workspace (acres)</b>	<b>Total Impacts</b>	<b>Contingency (Total Impacts + 10%)</b>
601/8	535.39	0.28	0.44	0	0.72	0.79
902/4	0	0	0	0.02	0.02	0.02
902/2	2,571.36	1.49	3.99	0.21	5.68	6.25
902/3	1,285.68	0.74	2.18	0.38	3.30	3.63
1000/2	2,575.58	1.43	4.28	0.26	5.97	6.57
1100/3	816.28	0.44	1.31	0.07	1.81	1.99
1101/5	4,811.66	2.73	7.38	0.63	10.74	11.81
1101/3	2,115.69	1.24	3.52	0.11	4.88	5.37
1/2	913.44	0.53	1.53	0.17	2.23	2.45
1/1	3,471.07	1.95	5.36	0.44	7.76	8.54
<b>Total</b>	<b>19,096.15</b>	<b>10.83</b>	<b>29.98</b>	<b>2.30</b>	<b>43.10</b>	<b>47.41</b>
<b>Total Construction Impacts (acres) RSP</b>					<b>43.10</b>	<b>47.41</b>
<b>Total Permanent Conveyance (acres) RSP</b>					<b>10.83</b>	<b>11.91</b>
<b>Total Temporary Easement (acres) RSP</b>					<b>32.28</b>	<b>35.51</b>

Note: The totals shown in this table may not equal the sum of addends due to rounding.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY  
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT B**

**ACREAGE TABLES**

<b>TABLE 1-4 ACREAGES OF LAND AFFECTED WITHIN EACH TRACT OF STATE-CONSERVATION EASEMENT PARCELS NORTHEAST UPGRADE PROJECT LOOPS 323 AND 325</b>						
<b>Block/Lot</b>	<b>Total Length of Proposed ROW (feet)</b>	<b>Proposed Permanent ROW (acres)</b>	<b>Temporary Workspace (acres)</b>	<b>Additional Temporary Workspace (acres)</b>	<b>Total Impacts</b>	<b>Contingency (Total Impacts + 10%)</b>
<b>Wantage Township, Sussex County NJ</b>						
153/9	1765.34	2.02	1.99	0.36	4.37	4.81
<b>Ringwood Borough, Passaic County, NJ</b>						
311/1.01	2243.20	1.29	3.69	0.20	5.18	5.70
311/1.03	1765.66	1.01	2.74	0.23	3.98	4.38
<b>Totals</b>	<b>5774.2</b>	<b>4.32</b>	<b>8.42</b>	<b>0.79</b>	<b>13.53</b>	<b>14.88</b>
<b>Total Construction Impacts (acres)</b>					<b>13.53</b>	<b>14.88</b>
<b>Total Permanent Conveyance (acres)</b>					<b>4.32</b>	<b>4.75</b>
<b>Total Temporary Easement (acres)</b>					<b>9.21</b>	<b>10.13</b>

Notes: The totals shown in this table may not equal the sum of addends due to rounding.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY  
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT B**

**ACREAGE TABLES**

<b>TABLE 1-5 ACCESS ROADS ASSOCIATED WITH THE NORTHEAST UPGRADE PROJECT STATE-OWNED TRACTS</b>						
<b>Access Road ID</b>	<b>Block/Lot</b>	<b>Approx. Milepost</b>	<b>Road Type</b>	<b>Length (feet)</b>	<b>Affected Area (acres)<sup>c</sup></b>	<b>Contingency (Affected Area + 10% in acres)</b>
<b>LOOP 323 HIGH POINT STATE PARK</b>						
L4 AR 33B	24/2	13.59	Path	624	0.34	0.37
L4 AR 33A	24/2	13.99	Two-track	572	0.32	0.35
L4 AR 33.01	24/2	14.36	Path	292	0.16	0.18
<b>Subtotal Loop 323 High Point State Park</b>				<b>1488</b>	<b>0.82</b>	<b>0.90</b>
<b>LOOP 325 LONG POND IRONWORKS STATE PARK</b>						
L5 AR 02	4601/8	0.01	Two-track	687	0.38	0.42
L5 AR 20	4601/8 310/1	0.49	Paved / Gravel	3,208	1.77	1.95
<b>Loop 325 Long Pond Ironworks State Park Subtotal</b>				<b>3895</b>	<b>2.15</b>	<b>2.37</b>
<b>LOOP 325 RINGWOOD STATE PARK</b>						
L5 AR 50	1101/5	4.78	Paved / Dirt	2,153	1.19	1.31
L5 AR 70	1000/1 1101/3 1000/2	5.53	Gravel	8,540	4.71	5.18
L5 AR 60	1000/2	6.09	Rock	13,068	7.20	7.92
L5 AR 65	1000/2 1/2	6.25	Rock	6,618	3.65	4.02
<b>Loop 325 Ringwood State Park Subtotal</b>				<b>30,379</b>	<b>16.75</b>	<b>18.43</b>
<b>State-owned Access Roads Total</b>				<b>35,762</b>	<b>19.72</b>	<b>21.70</b>

Notes: The totals shown in this table may not equal the sum of addends due to rounding.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY  
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT B**

**ACREAGE TABLES**

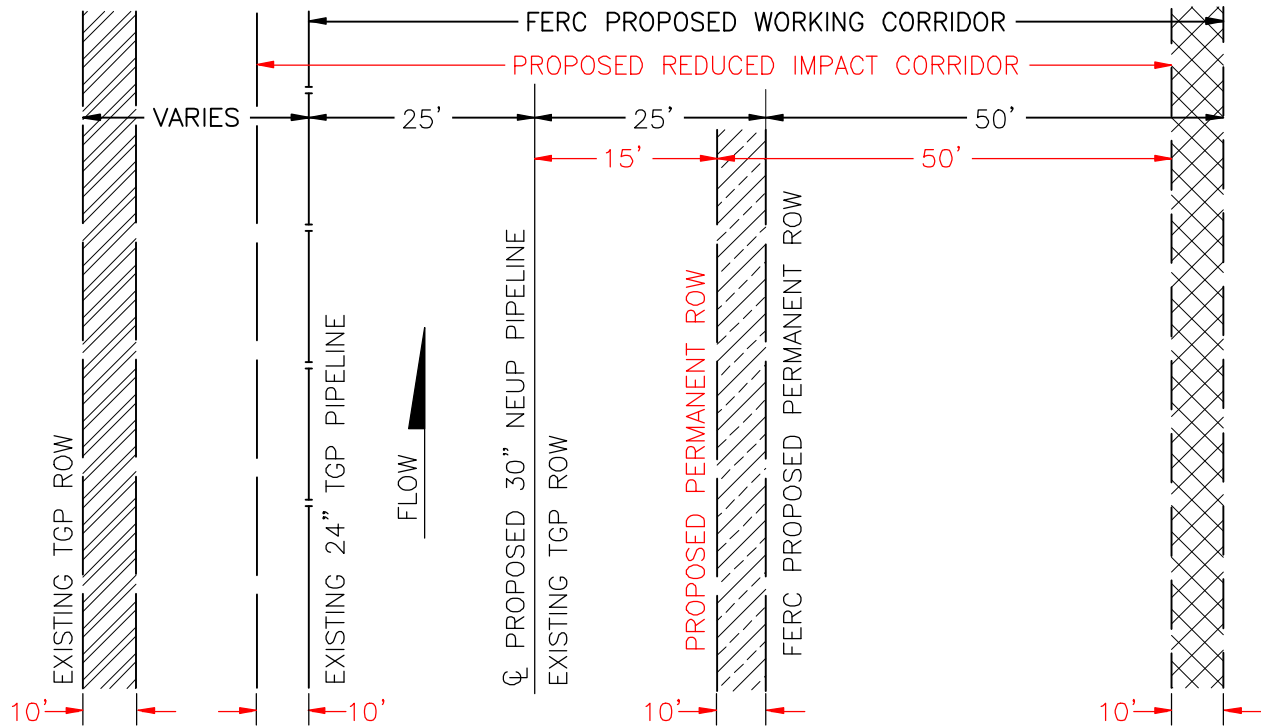
<b>TABLE 1-6 ACCESS ROADS ASSOCIATED WITH THE NORTHEAST UPGRADE PROJECT</b>						
<b>Access Road ID</b>	<b>Block/Lot</b>	<b>Approx. Milepost</b>	<b>Road Type</b>	<b>Length (feet)</b>	<b>Affected Area (acres)<sup>c</sup></b>	<b>Contingency (Affected Area + 10% in acres)</b>
<b>LOOP 325 Ramapo Mountain State Forest</b>						
L5 AR 80	1/56 1/67 1/68 1/69	7.24	Paved	7,355	4.06	4.47
<b>Loop 325 Ramapo Mountain State Forest Total</b>				<b>7,355</b>	<b>4.06</b>	<b>4.47</b>


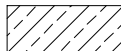

Notes: The totals shown in this table may not equal the sum of addends due to rounding.

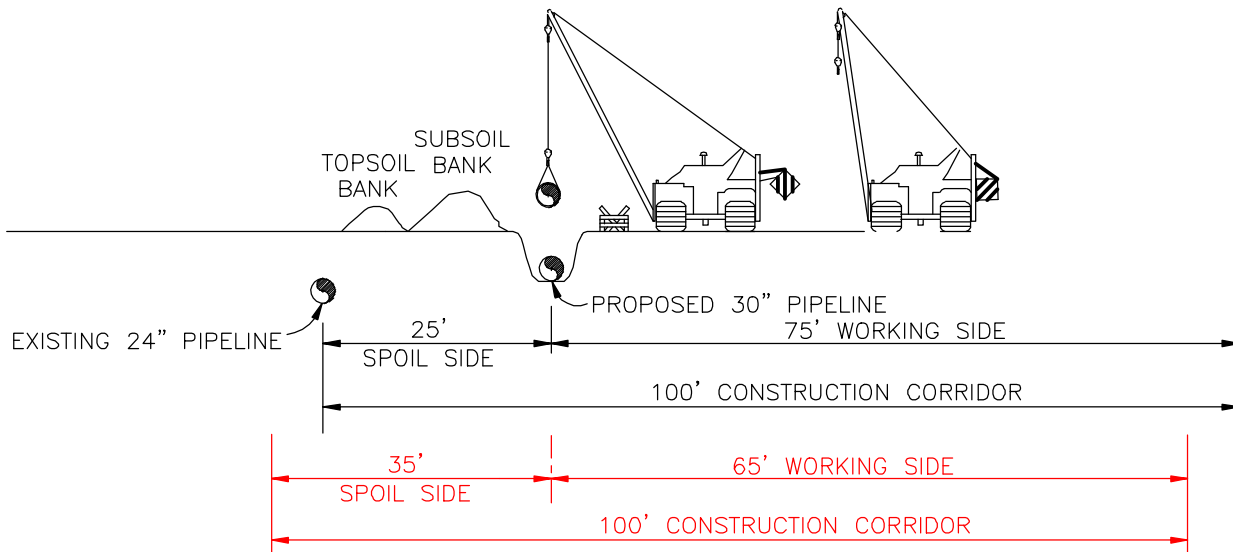
<b>TABLE 1-7 PIPEYARDS ASSOCIATED WITH THE NORTHEAST UPGRADE PROJECT STATE-OWNED TRACTS – LONG POND IRONWORKS STATE PARK NORTHEAST UPGRADE PROJECT –JUNGLE HABITAT PIPEYARD</b>						
<b>Block/Lot</b>	<b>Total Length of Proposed ROW (feet)</b>	<b>Proposed Permanent ROW (acres)</b>	<b>Temporary Workspace (acres)</b>	<b>Additional Temporary Workspace (acres)</b>	<b>Total Impacts</b>	<b>Contingency (Total Impacts + 10%)</b>
<b>West Milford Township, Passaic County NJ</b>						
6002/33	NA	0	34.98	NA	34.98	38.48

Notes: The totals shown in this table may not equal the sum of addends due to rounding.

EXHIBIT C



-  10' REDUCTION IN TEMPORARY IMPACTS FROM FERC PROPOSED CONSTRUCTION PLAN.
-  10' REDUCTION IN PERMANENT RIGHT OF WAY.
-  10' GIVE BACK OF EXISTING PERMANENT RIGHT OF WAY.



NOTE:

LETTERS IN BLACK ARE FOR FERC PROPOSED CONSTRUCTION PLAN.

LETTERS IN **RED** ARE FOR PROPOSED REDUCED IMPACT CONSTRUCTION PLAN (REDUCED IMPACTS TO STATE LANDS).

ROW = RIGHT OF WAY.

**PRELIMINARY NOT  
FOR CONSTRUCTION**

No.	Date	By	Description
REVISIONS			
Division:	NORTHERN		
Op. Area:	COUDERSPORT/AGAWAM		
St.:	PENN. - N. JERSEY		
Co./Par.:	MULTIPLE		

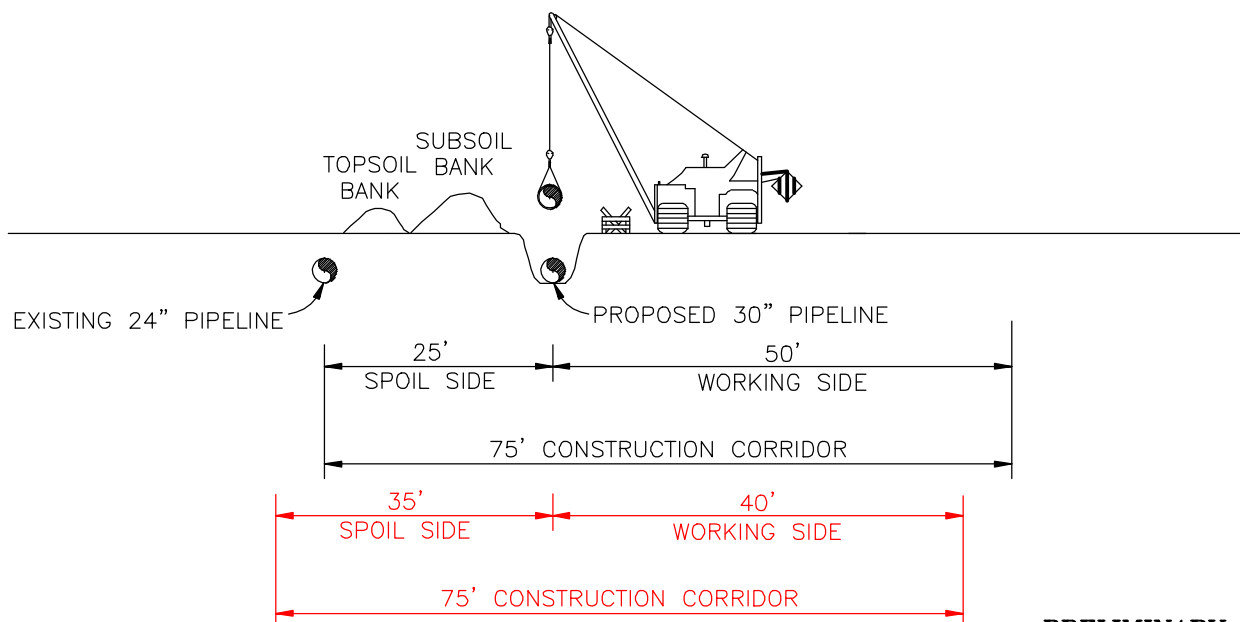
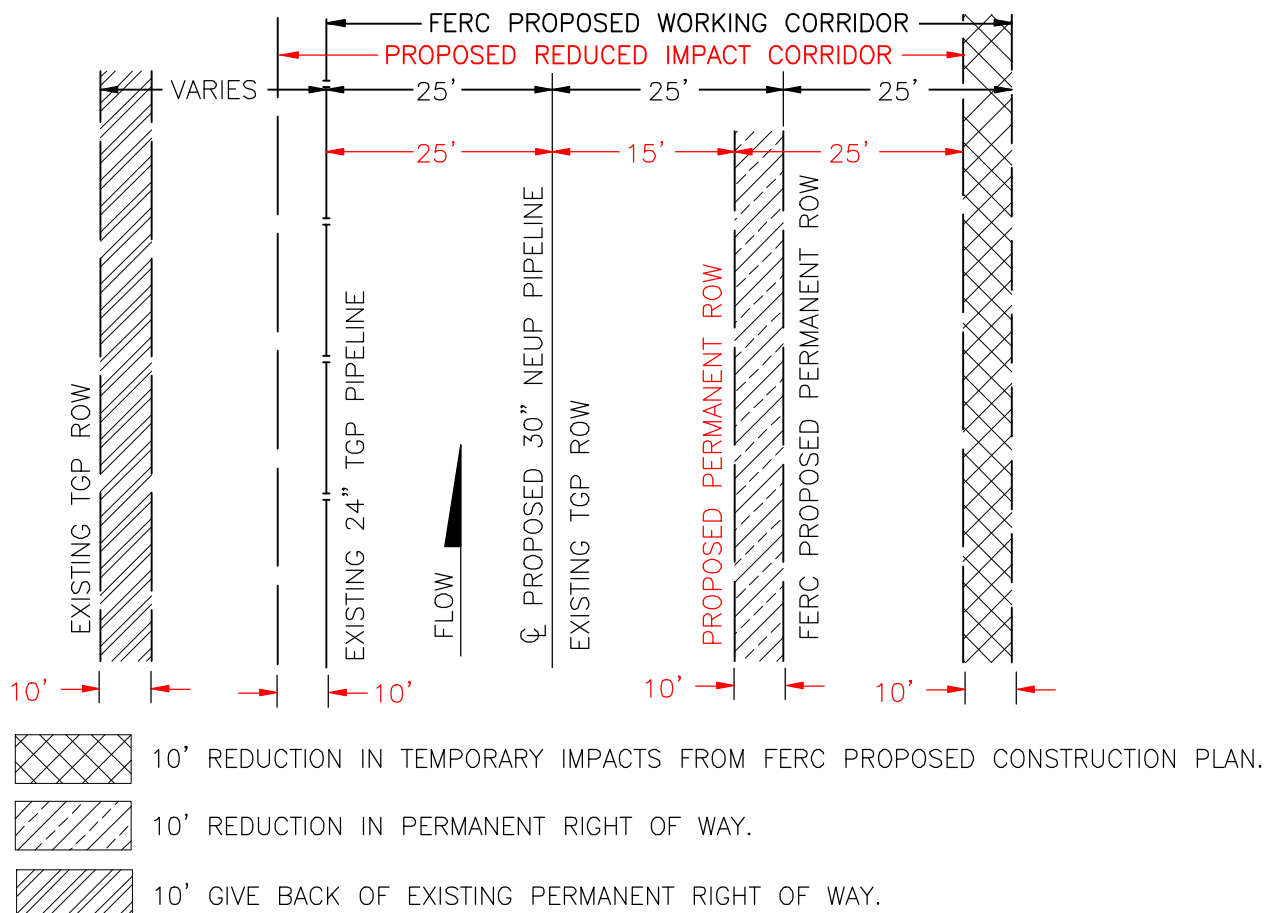
NORTHEAST UPGRADE  
TYPICAL 30" PIPELINE ROW  
CO-LOCATED WITH  
TGP PIPELINE

**ep** | Tennessee  
Gas Pipeline  
an El Paso company

R1A-NJLands

REV.  
A

EXHIBIT C



NOTE:

LETTERS IN BLACK ARE FOR FERC PROPOSED CONSTRUCTION PLAN.

LETTERS IN RED ARE FOR PROPOSED REDUCED IMPACT CONSTRUCTION PLAN (REDUCED IMPACTS TO STATE LANDS).

ROW = RIGHT OF WAY.

**PRELIMINARY NOT  
FOR CONSTRUCTION**

No.	Date	By	Description
REVISIONS			
Division: NORTHERN		Op. Area: COUDERSPORT/AGAWAM	
St.: PENN. - N. JERSEY		Co./Par.: MULTIPLE	

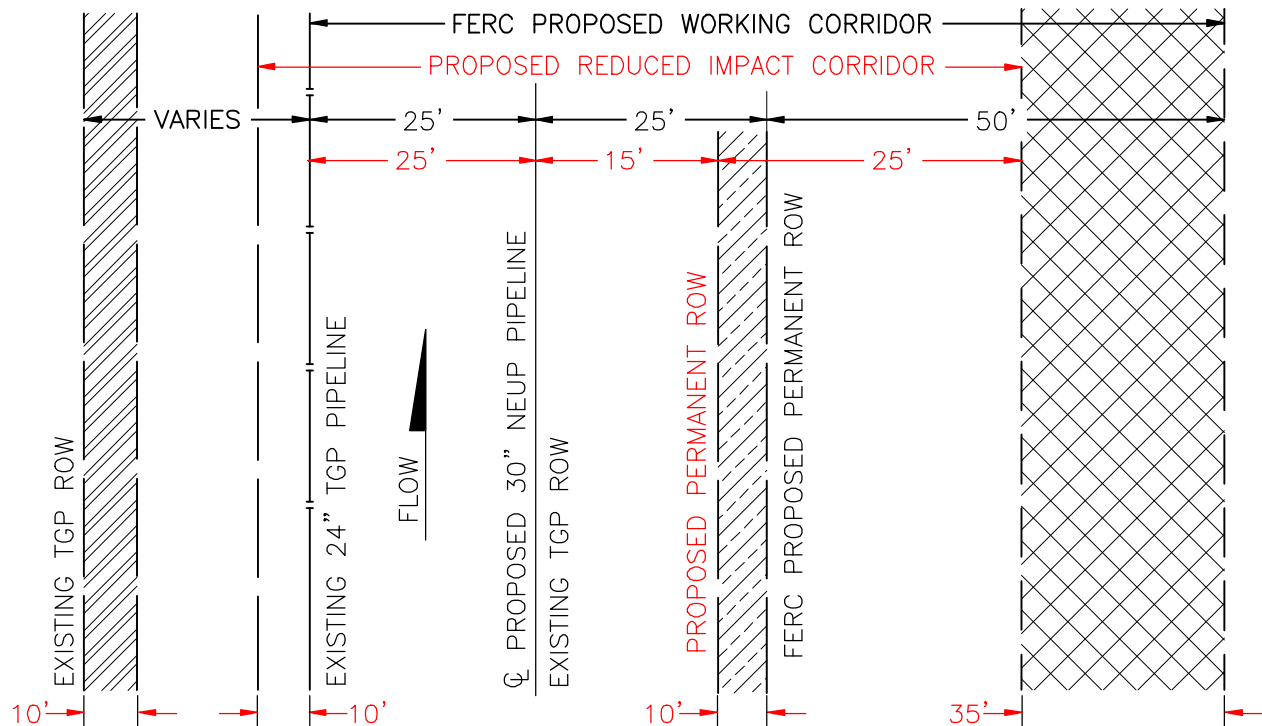
NORTHEAST UPGRADE  
TYPICAL 30" PIPELINE ROW  
CO-LOCATED WITH  
TGP PIPELINE IN WETLANDS

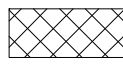
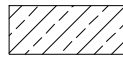

**ep** Tennessee  
Gas Pipeline  
an El Paso company

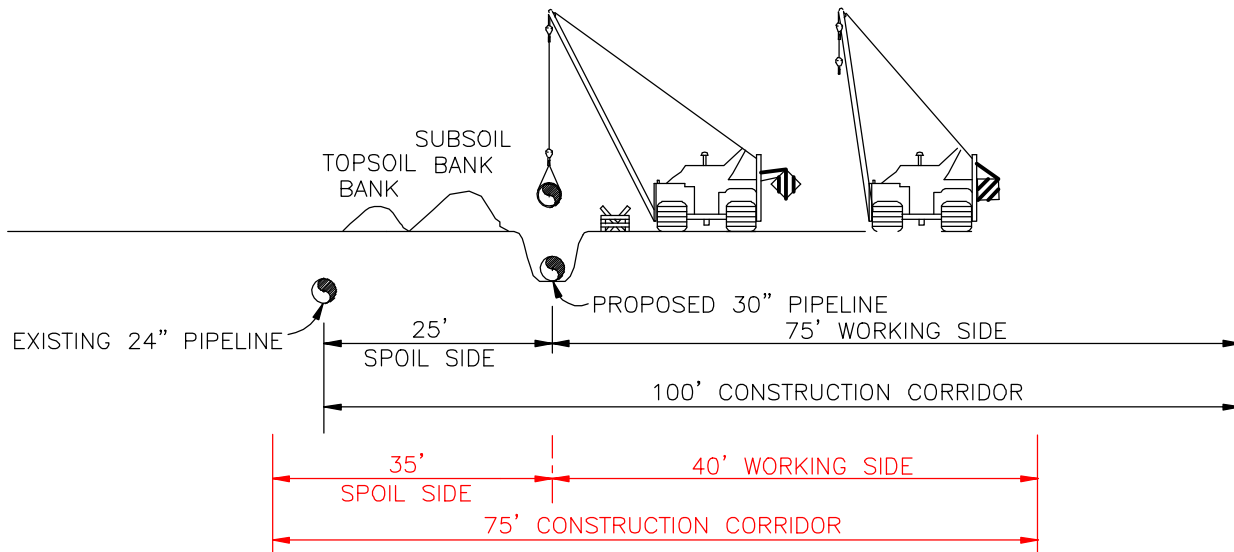
R2A-NJLands

REV.  
0

EXHIBIT C



-  35' REDUCTION IN TEMPORARY IMPACTS FROM FERC PROPOSED CONSTRUCTION PLAN.
-  10' REDUCTION IN PERMANENT RIGHT OF WAY.
-  10' GIVE BACK OF EXISTING PERMANENT RIGHT OF WAY.



NOTE:

LETTERS IN BLACK ARE FOR FERC PROPOSED CONSTRUCTION PLAN.

LETTERS IN **RED** ARE FOR PROPOSED REDUCED IMPACT CONSTRUCTION PLAN (REDUCED IMPACTS TO STATE LANDS).

ROW = RIGHT OF WAY.

**PRELIMINARY NOT  
FOR CONSTRUCTION**

No.	Date	By	Description
REVISIONS			
Division:	NORTHERN		
Op. Area:	COUDERSPORT/AGAWAM		
St.:	PENN. - N. JERSEY		
Co./Par.:	MULTIPLE		

NORTHEAST UPGRADE  
TYPICAL 30" PIPELINE ROW  
CO-LOCATED WITH  
TGP PIPELINE IN  
RIPARIAN ZONES



R3A-NJLands

REV.  
A

EXHIBIT C

# Summary of Potential Permanent Impacts Reduction on NJ State Lands

NJ State Parks (associated with New NE Upgrade Loops)<sup>1/</sup>

	Current	Opportunity Set		
<b>Permanent Impacts</b>	As Filed w/ FERC	Reduce 10ft of New ROW / Work Space	Giveback 10 ft Existing ROW	Revised Permanent Impacts
Upland Forest	18.1	-8.1	-4.2	5.9
Forested wetlands	1.6	0.0	-0.9	0.7
Other wetlands	0.2	0.0	-0.8	-0.7
Other	3.5	-0.5	-4.1	-1.0
<b>TOTAL (Acres)</b>	<b>23.5</b>	<b>-8.6</b>	<b>-10.0</b>	<b>5.0</b>

Change % from Current

-36%

-79%

1/ Proposed "Opportunity Set" subject to further site specific NJ LURP/T&E input and constructability review.

EXHIBIT C

## Summary of Potential Temporary Impacts Reduction on NJ State Lands

Reduction of temporary workspace by 10ft.  
(in areas not previously disturbed):

Construction Impacts	Total Temporary Workspace (as filed w/ FERC)	TWS (not previously disturbed)	Revised Temporary Impacts
Upland Forest	63.56	60.01	-9.76
Forested wetlands	6.71	6.17	-1.19
Other wetlands	6.74	2.07	-0.25
Other	20.89	4.69	-0.23
<b>TOTAL (Acres)</b>	<b>97.90</b>	<b>72.94</b>	<b>-11.43</b>

EXHIBIT C

## Other Opportunities to Further Reduce Impacts on NJ State Lands

Access Roads (11 total roads):

<b>Construction Impacts</b>	<b>As filed w/ FERC</b>	<b>Reduced Width <sup>1/ 2/</sup></b>	<b>Revised Impacts</b>
Upland Forest	10.97	2.84	-8.13
Forested wetlands	0.46	0.03	-0.43
Other wetlands	0.16	0.02	-0.14
Other	9.99	7.88	-2.11
<b>TOTAL (Acres)</b>	<b>21.58</b>	<b>10.78</b>	<b>-10.80</b>

<sup>1/</sup> Reduced from a standard 24-foot wide access road to a nominal 15-foot wide access road.

<sup>2/</sup> Subject to further constructability reviews (turnouts, culverts, passing lanes, etc.).

REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY  
BY NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)  
EXHIBIT D  
SUMMARY OF MITIGATION MEASURES FOR 300 LINE PROJECT

300 LINE PROJECT MITIGATION COMMITMENTS			
June 29, 2010 (June 17, 2011 rev.)			
	<u>Characteristic</u>	<u>Approximate Acreage Requiring Mitigation</u> (where applicable)	<u>Mitigation/Compensation/Activity</u>
NJDEP - LURP Mitigation	Permanent Wetland incl.:	5.86	1:1 onsite (scrub-shrub, emergent, and open water)
	Forested Wetlands	3.63	1:1 onsite, 1:1 offsite
	Temporary Wetland	21.37	1:1 onsite
	Upland Riparian	9.28 <sup>A</sup>	1:1 onsite, 1:1 offsite
	Endangered/Threatened Species Habitat	N/A	None
Green Acres and State Parks & Forestry	Lump-Sum Appraisal - Lease Agmt and Right of Entry Agmt	69.29	Paid \$180,000.00 for lease and \$53,000.00 for Right-of-Entry Agreement
	Permanent acreage impacted	28.96	4:1 mitigation; 2 years (or 3 years if time extended 1 year), unless mutually agreed otherwise, from effective date of lease agmt and right of entry agmt to procure ~116 acres @ ≤ \$7500/acre; Tennessee cashes out after agreed time period at \$7500/acre for any acreage not obtained
	Acreage impacted as a result of blasting in temporary workspace	TBD	4:1 mitigation; \$7500/acre through fee purchase or conservation easement
	Timber Appraisal	TBD	
	No Net Loss/Reforestation Plan	43.99	1:1 (temporary onsite), 1:1 (permanent offsite) Paid \$800,000.00
	Rattlesnake Gestational Habitat avoidance	N/A	≤ 4:1 Mitigation Paid \$280,000.00
	Hamburg Mountain	N/A	Provide ≤ \$25,000 funding to create a woodlands management plan (including Eastern Hemlock restoration)
	Invasive Species Monitoring		Monitoring through 2015 per the Highlands Comprehensive Mitigation Plan <sup>B</sup>
	Bearfort Mountain Natural Area <sup>C</sup> incl.:	13.54	
	Ecological Inventory	N/A	Inventory 1363 acres
	Invasive Species Monitoring and Control	N/A	Monitor and control 100 ft buffer of workspace; 4 applications through 2015 <sup>B</sup>
	Right of Way Vegetation Monitoring	N/A	Monitor pre- and post-disturbance until 80% success
	Natural Area Council/BMNA Landowner Request to Scatter Logs	N/A	Seek variance from FERC to scatter logs within temporary workspace following construction
	Professional Management Plan Development, Boundary Analysis, and proposed Boundary Revision	N/A	Agree to fund (for BMNA) following completion of ecological inventory
Highlands Region	Forested Acreage	31.00	Funding procurement of 68.23 acres (\$471,000) for conveyance to USFWS <sup>D</sup>
	Special Environmental Zone	8.81	Funding procurement of 18.1 acres (\$181,000) for conveyance to Twtnshp of West Milford under conservation restriction + \$7500 for lacking acreage (\$36,750)
	Prime Groundwater Recharge Area	59.47 <sup>E</sup>	\$97,500 payment due to lack of avialable land for purchase
	Comprehensive Mitigation Plan Requirements		\$564,000 of mitigation measures agreed upon <sup>F</sup>

<sup>A</sup>1.98 acres impacted for HDDs planned for July 2010 construction

<sup>B</sup>After 2015, invasive management will follow regular maintenance schedule, which includes mowing only

<sup>C</sup>Area crossed is ~4,990 ft with ~13.50 acres of impact

<sup>D</sup>Includes raptor habitat for *informal* habitat mitigation to NJDEP

<sup>E</sup>125% mitigation required (100% restoration onsite, 25% offsite compensation)

<sup>F</sup>Additional mitigation beyond FERC's and/or other agencies' mitigation requirements; includes upland reforestation not on state lands (\$5000/acre) and decompaction for new/temporary access roads

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO  
TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT E**

**PERMITS, LICENSES, APPROVALS AND CERTIFICATES REQUIRED FOR  
CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE NEUP IN NJ**

<b>Federal</b>		
<b>Permit/Approval</b>	<b>Administering Agency</b>	<b>Status</b>
Certificate of Public Convenience and Necessity	Federal Energy Regulatory Commission David Hanobic (202-502-8312)	Submitted March 2011
CWA Section 404 Individual or Nationwide Permits	Army Corps of Engineers Philadelphia District Wayne Poppich (570-842-1044)	Applications to be submitted Summer 2011
Consultation	USFWS New Jersey Field Office Wendy Walsh (609-646-9310)	Field surveys are ongoing. Initial reports for Indiana bat and dwarf wedge mussel were submitted March 2011. Final reports for all species will be submitted by July-August, 2011.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO  
TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT E**

**PERMITS, LICENSES, APPROVALS AND CERTIFICATES REQUIRED FOR  
CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE NEUP IN NJ**

<b>New Jersey—State</b>		
<b>Permit/Approval</b>	<b>Administering Agency</b>	<b>Status</b>
Highlands Applicability and Water Quality Management Plan Consistency Determination (Highlands Applicability Determination)	NJDEP Division of Watershed Management Program (with consideration of recommendation from New Jersey Highlands Council)	Submitted July 2011
Letter of Interpretation	NJDEP Land Use Regulation Program Patrick Ryan (609-292-9542)	Loop 323 Application submitted May 16, 2011 and Loop 325 to be submitted July-August 2011
CWA 401 Water Quality Certification	NJDEP Land Use Regulation Program Patrick Ryan (609-292-9542)	Application subsequent to Highlands Applicability Determination (November 2011)
(Single Application Package ) Loop 323 Freshwater Wetlands and Flood Hazard Area Permits Transition Area Waivers and Associated General Permits	NJDEP Land Use Regulation Program Patrick Ryan (609-292-9542)	Application will be finalized after approval of LOI and Finalization of Summer 2011 Species surveys (estimated Sept. 2011)
(Single Application Package ) Loop 325 Freshwater Wetlands and Flood Hazard Area Permits Transition Area Waivers and Associated General Permits	NJDEP Land Use Regulation Program Patrick Ryan (609-292-9542)	Application subsequent to Highlands Applicability Determination (estimated Nov. 2011)

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO  
TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT E**

**PERMITS, LICENSES, APPROVALS AND CERTIFICATES REQUIRED FOR  
CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE NEUP IN NJ**

<b>New Jersey—State (continued)</b>		
<b>Permit/Approval</b>	<b>Administering Agency</b>	<b>Status</b>
SPDES General Construction Stormwater Permit (processed by counties)	NJDEP Land Use Regulation Program (Approved through County Soil Conservation Service)	Submitted to County Conservation Services with Soil Erosion Sediment Control Plans Sussex County Loop 323: August 2011 Passaic and Bergen Counties Loop 325: August 2011
Short Term Water Use Permit By Rule	NJDEP Bureau of Water Allocation Andy McDonald (609-292-2957)	Notification at least 30 Days prior to start of construction.
Temporary Dewatering and Water Allocation (Construction Dewatering General Permit)	NJDEP The Bureau of Water Allocation, operating as an arm of the Division of Water Supply authorized under the Standards for Soil Erosion and Sediment Control in New Jersey and the Soil Erosion and Sediment Control Act N.J.S.A. 4-24-39 et seq Andy McDonald (609-292-2957)	Submitted to County Conservation Services with Soil Erosion Sediment Control Plans Sussex County Loop 323: August 2011 Passaic and Bergen Counties Loop 325: August 2011
Hydrostatic Test Water Discharge GP (NJG0132993)/Clean Water Assurance Form	NJDEP Division of Water Quality TBD	Notification per form requirements, at least 14 days prior to start of testing.

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO  
TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT E**

**PERMITS, LICENSES, APPROVALS AND CERTIFICATES REQUIRED FOR  
CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE NEUP IN NJ**

<b>New Jersey—State (continued)</b>		
<b>Permit/Approval</b>	<b>Administering Agency</b>	<b>Status</b>
Major Disposal or Diversions of Parkland	NJDEP Green Acres Program Kevin Koslosky (609-292-6579)	In Progress
Partial Release of Conservation Restrictions	NJDEP Green Acres Program Kevin Koslosky (609-292-6579)	This Application
No Net Loss Reforestation Act Reforestation Plan	NJDEP Division of Parks and Forestry Donna Mahon (609-292-3541)	Applications submitted
Clearance	NJ Natural Heritage Program (609-984-1339)	Field surveys are ongoing Through Mid-Summer 2011). Reports will be submitted in August 2011.
Clearance	NJ State Historic Preservation Office Vincent Maresca (609-633-2395)	Final report to be submitted in fourth quarter 2011
Determination of Non-Applicability	Watershed Property Review Board John Flynn (609-984-0500)	Documentation supporting non-applicability status to be provided by July 15, 2011

**REPORT ON PROPOSED CONVEYANCE OF LANDS TO  
TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY  
DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)**

**EXHIBIT E**

**PERMITS, LICENSES, APPROVALS AND CERTIFICATES REQUIRED FOR  
CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE NEUP IN NJ**

New Jersey--Local and County		
NJDES GP – Stormwater Discharge (NJG0088323)	County Soil Conservation Districts  Bergen County Conservation District (201-261-4407)  Sussex County Conservation District (201-856-2105) and  Essex-Hudson-Passaic Conservation District (973-364-0786)	August 2011

REPORT ON PROPOSED CONVEYANCE OF LANDS TO TENNESSEE GAS PIPELINE COMPANY BY NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION (JULY 2011)  
EXHIBIT F  
AD VALOREM TAX ESTIMATES

Northeast Upgrade Project  
State of New Jersey  
Ad valorem Tax Estimates

										(state average)				
Loop ID	Segment	Township	County	Size	Length	Cost / Mile	Sum Cost	R-O-W Cost	Total	Cost Multiplier Eastern District	Local Multilpier	Total Cost Taxable (FMV)	Local Tax Rate	Estimated Taxes
4	323	Montague	Sussex	30"	7.93	2,130,000	16,890,900	2,479,500	19,370,400	1.0	1.21	23,438,184	37.865	887,475.31
		Wantage	"		2.07	2,130,000	4,409,100	647,200	5,056,300	1.0	1.21	6,118,123	20.950	128,172.91
5	325	West Milford	Passaic	30"	0.74	2,130,000	1,576,200	553,400	2,129,600	1.0	1.21	2,576,816	62.750	161,695.24
		Ringwood	"		5.25	2,130,000	11,182,500	3,926,400	15,108,900	1.0	1.21	18,281,769	27.322	499,501.14
		Mahwah	Bergen		1.62	2,130,000	3,450,600	1,211,600	4,662,200	1.0	1.21	5,641,262	21.905	123,573.83
Total									46,327,400			56,056,154		1,800,418.44
Meter Upgrade		Mahwah	Bergen				3,600,000		3,600,000	1.0	1.21	4,356,000	21.905	95,419.72
Compressor 325		Wantage	Sussex				3,454,580		3,454,580	1.0	1.21	4,180,042	20.539	85,853.59
									7,054,580			8,536,042		181,273.31
Grand Total Northeast Project in NJ									53,381,980			64,592,196		1,981,691.75

Meter and compressor upgrades are taxable *if* the township assessor picks up the additions during a re-assessment.  
We are not required to file property tax returns to the taxing authorities. Will include as a precautionary measure.

Cost References on pipe:

Marshall & Swift  
Miscellaneous Industrial Costs  
Section 62 Page 6

Pipeline Costs:	Cost Range (per mile)	
30"	Low	940,000
	Average	1,415,000
	Good	2,130,000

Multipliers References:

Marshall & Swift  
Region and Local Multilpiers  
Section 9 Page 9

R-O-W Cost			
Segment	Cost	Miles	Cost / Mile
Loop 4	4,293,000	13.73	312,672.98
Loop 5	5,691,469	7.61	747,893.43

Estimated Tax Rates			
	2009 Tax Rates	2010 Estimates	2011 Estimate
Montague	35.66	37.122	37.865
Wantage	19.73	20.539	20.950
West Milford	58.59	61.520	62.750
Ringwood	25.29	26.787	27.322
Mahwah	20.63	21.476	21.905

Tax rates are based on the 1st half 2010 taxes paid in NJ  
and estimated 2nd half of 2010 due Aug and Nov. These  
rates are also used on the 2010 mid year review of the  
budget.

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EXHIBIT G

**PUBLIC HEARING NOTICE**

**New Jersey Department of Environmental Protection**

**Green Acres Program**

**Notice of Public Hearings on Proposed Conveyance (Lease) of State-owned Lands in High Point State Park (Montague Township, Sussex County), Long Pond Ironworks State Park (West Milford Township and Ringwood Borough, Passaic County) and Ringwood State Park (Ringwood Borough, Passaic County and Mahwah Township, Bergen County)**

**Take Notice** that in accordance with N.J.S.A. 13:1D-51 through 58, the State of New Jersey, Department of Environmental Protection ("NJDEP" or "Department"), Green Acres Program, will hold three **public hearings** to seek comments on a proposed 25-year conveyance (lease) to Tennessee Gas Pipeline Company ("Tennessee") of certain State-owned lands, described more specifically below, in High Point State Park (Montague Township, Sussex County), Long Pond Ironworks State Park (West Milford Township and Ringwood Borough, Passaic County), and Ringwood State Park (Ringwood Borough, Passaic County and Mahwah Township, Bergen County). The proposed conveyances are needed for purposes of constructing, installing and operating pipeline loops (parallel to Tennessee's existing pipelines) that will provide approximately 636,000 dekatherms per day (Dth/day) of new incremental natural gas delivery capacity to serve Tennessee's northeast market area. The project is known as the Northeast Upgrade Project (the "Project").

Tennessee is seeking Federal Energy Regulatory Commission (FERC) approval and State permits and approvals from New Jersey (and Pennsylvania) to construct the Project from north central Pennsylvania to Mahwah, New Jersey to deliver additional supplies of natural gas to the Northeast and New England regions. This will complement expansion of the 300 Line in New Jersey of 16 miles in Sussex and Passaic Counties that was authorized by FERC in May 2010, approved and permitted by the Department in November 2010, and currently under construction. The proposed 323 and 325 loops are 10 mile and 7.6 mile loops, respectively, of 30-inch diameter pipeline on either end of the 300 Line. In addition, Tennessee is proposing to make modifications to Compressor Station 325 in the Township of Wantage, Sussex County and the Mahwah meter station in Bergen County, New Jersey.

In Highpoint State Park (Loop 323), the Project will affect seven (7) parcels of State-owned lands; in Long Pond Ironworks State Park (Loop 325), the Project will affect two (2) parcels of State-owned lands; and in Ringwood State Park (Loop 325), the Project will affect fifteen (15) parcels of State-owned lands. In total, the Project as submitted to FERC for a Certificate of Public Convenience and Necessity is estimated to impact 113.37 acres of public lands in New Jersey, which includes 30.20 acres of new permanent ROW and 83.17 acres of new temporary, or construction workspace. These figures also include an additional 10% added by the Department for any unforeseen construction contingencies. Further, the Project will impact land in the Borough of Ringwood acquired by the Passaic River Coalition with Green Acres nonprofit acquisition funds in which the Department holds a conservation easement interest as

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well as privately held land in the Township of Wantage in which the Department holds a wetlands conservation easement interest.

Notwithstanding the above noted impacts, the Department has continued to direct Tennessee to submit a plan that significantly reduces the impacts to and use of State-owned lands in New Jersey and Tennessee is currently identifying opportunities to reduce both permanent and temporary impacts caused by the Project. As part of the reduction plan, Tennessee is proposing to relinquish up to 10 feet of its existing ROW associated with and on the non-construction side of the existing 300 Line.

If an acceptable alternative plan is submitted by Tennessee, the above scope of impacts to and use of State-owned lands will be reduced.

The specific blocks and lots of the State-owned lands to be crossed or affected by the Project are as follows:

High Point State Park (all located in Montague, Sussex County, NJ):

Block 19, Lot 25  
Block 19.01, Lot 5  
Block 19, Lot 30  
Block 19, Lot 29  
Block 19, Lot 28  
Block 23, Lot 1  
Block 24, Lot 2

Long Pond Iron Works State Park:

Block 4601, Lot 8 (West Milford, Passaic County, NJ)  
Block 310, Lot 1 (Ringwood, Passaic County, NJ)

Ringwood State Park:

Block 601, Lot 8 (Ringwood, Passaic County, NJ)  
Block 902, Lot 2 (Ringwood, Passaic County, NJ)  
Block 902, Lot 3 (Ringwood, Passaic County, NJ)  
Block 1000, Lot 1 (Ringwood, Passaic County, NJ)  
Block 1000, Lot 2 (Ringwood, Passaic County, NJ)  
Block 1100, Lot 3 (Ringwood, Passaic County, NJ)  
Block 1101, Lot 5 (Ringwood, Passaic County, NJ)  
Block 1101, Lot 3 (Ringwood, Passaic County, NJ)  
Block 1, Lot 2 (Mahwah, Bergen County, NJ)  
Block 1, Lot 1 (Mahwah, Bergen County, NJ)  
Block 1, Lot 67 (Mahwah, Bergen County, NJ)  
Block 1, Lot 68 (Mahwah, Bergen County, NJ)  
Block 1, Lot 69 (Mahwah, Bergen County, NJ)  
Block 1, Lot 56 (Mahwah, Bergen County, NJ)

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The specific blocks and lots of the lands in which NJDEP holds a conservation easement (privately owned) to be crossed or affected by the Project are as follows:

Block 311, Lots 1.01 and 1.03 (Ringwood, Passaic County, NJ) (Passaic River Coalition)  
Block 152, Lot 9 (Wantage, Sussex County, NJ) (privately owned).

The Department is requiring compensation for the conveyance of the above-described State lands as follows:

- 1) For the lease and occupancy of up to 30.21 acres of State-owned land for a term of 25 years and the lease and temporary occupancy of an additional up to 83.17 acres of State-owned land for 2 years during construction, monetary payment to the State shall be at a rate of \$0.15 per square foot per year, escalated by 2.5% for each year after the first year of the lease for a total rent of approximately \$7.84 million over the 25-year term of the lease based on the current level of impacts as submitted to FERC. As the total acres impacted are anticipated to be reduced per the Department requested modifications of the original FERC submittal, the final lease amount will likely change but will still be determined using the square foot rate described above.
- 2) For the permanent ecological and environmental impacts to the approximately 30.21 acres of State owned lands, additional compensation shall be in the form of replacement land provided to the State at a ratio of 4:1.
- 3) In addition, Tennessee will be required to comply with New Jersey rules requiring avoidance, minimization, and mitigation for any impacts to sensitive environmental areas, features, or threatened or endangered animals or rare plants. Additionally, Tennessee will be required to compensate for the value of any timber resources impacted as well as comply with provisions of the No Net Loss Reforestation Act.

To be clear and avoid any doubt, the compensation to the Department above is independent of any other compensation required pursuant to law or regulation by any other federal, local or regional authority such as the Highlands Commission.

State House Commission approval is required for this proposal. If approved, the Department will enter into a 25-year lease with Tennessee in early 2012 so that construction on the Project may commence in 2012 in order to meet an anticipated in-service date of November 2013.

The **first public hearings** on the proposed conveyance will be held on:

Wednesday, August 17, 2011 at 7:00 PM at the Montague Municipal Building, 277 Clove Road, Montague, New Jersey 07827

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Thursday, August 18, 2011 at 7:00 PM at the Ringwood Municipal Building, 60 Margaret King Avenue, Ringwood, New Jersey 07456

The hearing record for the first public hearings will close on September 1, 2011. Interested persons may obtain information about these hearings and/or the Project from Kevin E. Koslosky in the Green Acres Program at the address below and may submit written comments to Mr. Koslosky until the close of business on September 1, 2011.

The **second public hearing** on the proposed conveyance will be held on:

Wednesday, September 7, 2011 at 4:00 PM at the Department of Environmental Protection, 401 (or 501) East State Street, Trenton, New Jersey 08625

The hearing record for the second public hearing will close on September 21, 2011. Interested persons may obtain information about the hearing and/or the Project from Kevin E. Koslosky in the Green Acres Program at the address below and may submit written comments to Mr. Koslosky until the close of business on September 21, 2011.

Persons wishing to make oral presentations at any of the public hearings are asked to bring a written copy of their comments to the hearing for use by the Department. For further information on the proposed Project or the above public hearings, please contact:

Kevin E. Koslosky  
Bureau of Legal Services and Stewardship  
Green Acres Program  
Department of Environmental Protection  
P.O. Box 412  
Trenton, New Jersey 08625-0412  
609-984-0631  
[kevin.koslosky@dep.state.nj.us](mailto:kevin.koslosky@dep.state.nj.us)

Information on the Project (Docket No. CP11-161-000) is also available at [www.ferc.gov](http://www.ferc.gov).

DATE: 6/23/2011

  
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Bob Martin, Commissioner  
Department of Environmental Protection