



The PennEast Pipeline Project

Holland Township, New Jersey
October 1, 2014



About the PennEast Pipeline Project

- Five companies comprise PennEast Pipeline Company, LLC:



About the PennEast Pipeline Project

- Approximately 100-mile, 30-inch natural gas pipeline from PA to NJ
 - Underground pipeline, aboveground valves, interconnections and related facilities
 - No compressor stations planned for New Jersey
 - Maximum Allowable Operating Pressure (MAOP) is 1,480 pounds per square inch
- Nearly \$1 billion investment
 - Approximately eight miles in Holland Township
 - About \$6.9 million in property taxes in five years
- Deliver up to 1 Bcf of gas per day – enough to heat more than 4.7 million homes

Need for New Infrastructure

- Locally produced, abundant supply of affordable natural gas to serve New Jersey and Pennsylvania
 - Infrastructure has not kept pace with increased demand for natural gas for home heating, industrial uses and electricity generation
 - Proposed pipeline fully subscribed
 - Significant majority of pipeline capacity will be used by local distribution companies (LDCs) and power generators, not exported overseas
 - New Jersey companies are adding approximately 20,000 natural gas customers every year
- New Jersey Energy Master Plan supports the use of natural gas
- State's economy benefits from infrastructure investments
- U.S. manufacturers are leveraging affordable natural gas to regain global competitiveness and reduce operating costs

New Jersey homes and businesses increasingly are turning to natural gas for their energy needs.

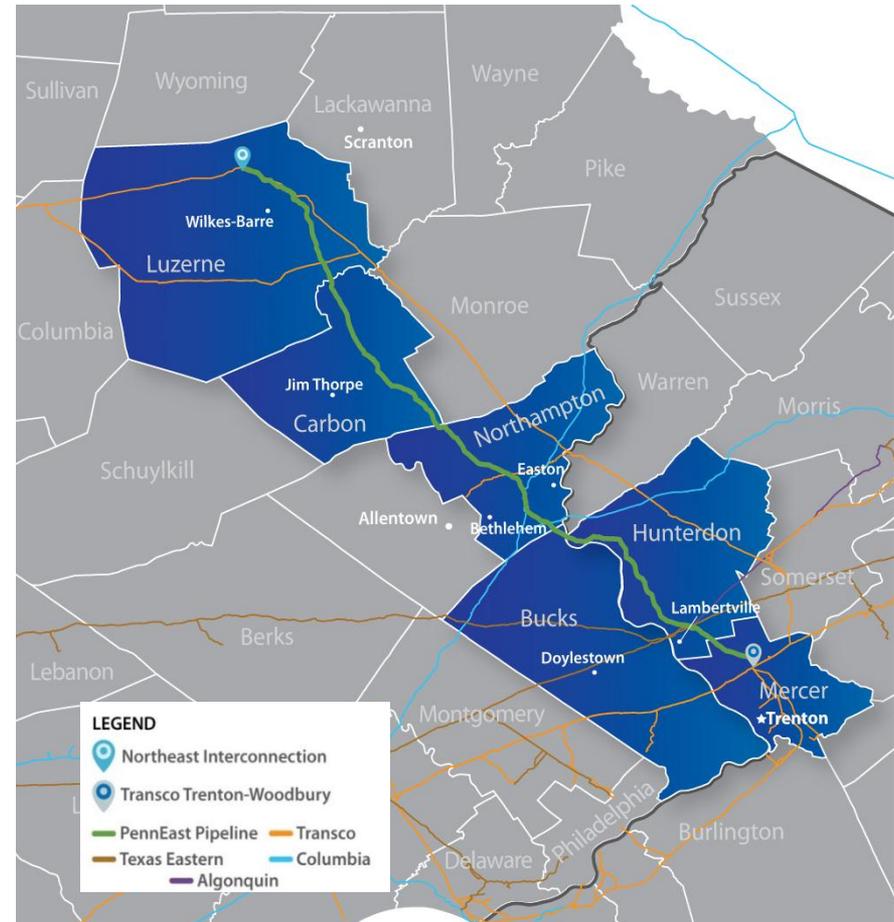
Benefits to New Jersey

- Increased opportunity to convert to clean, efficient and affordable natural gas
- Decreased price volatility
- Reduced electric rates
- Energy independence and security
- Reduced air emissions (oil/coal to natural gas conversion)
- Approximately 2,000 jobs throughout construction



Proposed Route

- From Luzerne County in northeastern Pennsylvania to the Transco Trenton-Woodbury interconnection in New Jersey
- Four delivery points in New Jersey
- Co-locate within existing infrastructure when possible and avoid densely populated areas
- Study corridor is 400 feet
- Permanent ROW is 50 feet



Factors Evaluated Before and During Routing

- **More than 50 parameters will be identified and evaluated, including:**
 - Number, type and classification of streams
 - Number, acreage and type of wetlands
 - Number and type of drinking water wells and supplies
 - Number, location and scope of species of concern, as well as threatened and endangered species and supporting habitats and landscape areas
 - Number, acreage and type of farmland and open space preservation easements
 - Critical environmental, historical and cultural sites
 - National Heritage Priority Sites
 - Known contaminated areas

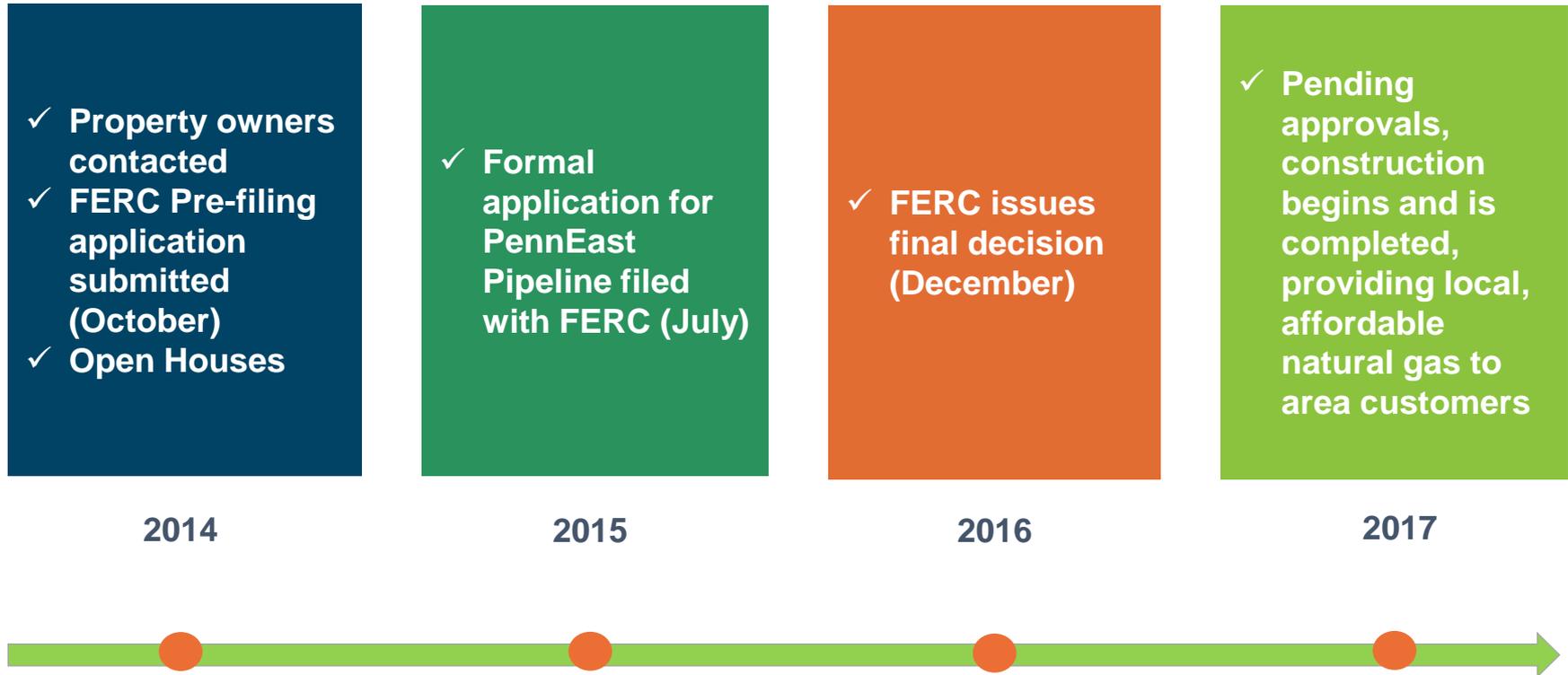
Factors Evaluated Before and During Routing

- Nearest airports
- Delaware and Raritan Canal Commission Review Zones
- Churches, cemeteries, schools, hospitals
- State lands – parks, forests, gamelands
- Trail systems
- Flood hazard areas
- Agricultural Security Areas
- Number and condition of nearby railroads, roads and bridge crossings
- Number and type of other nearby pipeline crossings
- Transmission line crossings
- Bedrock geological formations
- Slopes

Federal Energy Regulatory Commission (FERC)

- **Interstate natural gas pipelines are approved and regulated by FERC**
 - **Pre-filing Process** – voluntary phase of process gives landowners, officials and others time to review a project before a Certificate Application is filed
 - **Open Houses** – Hosted by PennEast to provide opportunity for landowners and others to talk one-on-one with project experts, ask questions and voice support or concern
 - **Public Scoping Meetings** – Hosted by FERC to provide additional opportunity for input
 - **Certificate Application Filing** – The formal project application with FERC
 - Permit applications for other federal, state and local agencies
 - **Environmental Impact Statement (EIS)** – FERC will engage a third-party contractor for this in-depth environmental analysis
 - **FERC Resource:** “An Interstate Natural Gas Facility on My Land? What Do I Need to Know?”

Project Timeline



First Steps

- **Process** – Early stages of a multi-step, comprehensive, three-year process
- **Routes** – PennEast first evaluates several different pipeline routes
- **Surveys** – Conducted to determine which route will have the least impact on the environment and local communities and will be best suited for construction
- **Land Agents** – Will talk with landowners about accessing and surveying property if it is along the proposed pipeline route
- **Right-of-Way (ROW) Agreements** – If a property is selected for the final route, PennEast will ask the landowner to enter into a ROW agreement, which grants permission for PennEast to construct the pipeline on a specified portion of the property

Construction and Restoration

- Construction will begin only after obtaining FERC approval
- Site preparation typically cannot take place during critical migratory and breeding seasons and also can be affected by weather and material availability
- Field crews will stay within the agreed-upon ROW
- Construction expected to last approximately seven months
- Land can be used as it was prior to construction, including farming activities, with the exception of building permanent structures or planting trees atop the ROW
 - Work with landowners on site restoration plans
 - ROW will be re-graded, seeded and temporary erosion control devices installed
 - Topsoil is removed, preserved and restored to the original grade

Pipeline Safety

- PennEast Pipeline will meet or exceed state and federal safety standards:
 - Pipeline will be built at a minimum “Class 2” pipeline wall thickness standard, which exceeds the regulatory requirement
 - Pipe will be manufactured in the United States
- Pipelines are the safest mode of transportation for natural gas, according to the U.S. Department of Transportation
- Third-party damage remains the primary cause of serious incidents involving natural gas pipelines, according to the American Gas Association
 - Common Ground Alliance (CGA) seeks to improve safety and reduce damages to underground infrastructure
 - Since 2004, roughly a 40 percent reduction in excavation damages primarily as a result of significant efforts by pipeline companies to work with regulators, excavators and members of the public

Pipeline Safety

- **There are many required measures for safe pipeline operations, and PennEast’s commitment to safety will be demonstrated from the start of the Project throughout operation of the Pipeline:**
 - Adopting design features and operating practices that meet or exceed stringent regulatory and industry standards
 - Use of thicker pipe than required
 - The latest technology in corrosion control, including a fusion-bonded epoxy that provides increased durability
 - Placement of shutoff valves a minimum of every 10 miles
 - Use of X-ray during construction to ensure joints are welded properly
 - Conducting an integrity test of the entire line prior to placing it into service
 - Monitoring gas pressures along the pipeline 24/7 in “real-time”
 - Conducting annual leak surveys and walking surveys of the entire line

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