

August 24, 2015



RESPONSE TO CONCERNS REGARDING THE PROPOSED NATURAL GAS COMPRESSOR STATION

By Ronald Kraemer, Vice President, National Fuel Gas Supply Corporation and President, Empire Pipeline, Inc.

National Fuel Gas Supply Corporation and Empire Pipeline Inc., (collectively known as “National Fuel”), would like to respond to recent comments and communicate accurate information regarding the Company’s application to construct a new compressor station in the Town of Pendleton. This particular project is part of a proposed \$451 million pipeline project, referred to as the “Northern Access 2016 Project,” that will increase National Fuel’s capability to transport Pennsylvania-produced natural gas, providing reliable, competitively priced supplies of clean-burning energy to the North American pipeline system. These regionally produced economical supplies account for virtually all of the natural gas consumed in Western New York. National Fuel has been wrongly accused of showing disregard for the community in the planning of this project, and I ask for an opportunity to provide detailed information, both now and in the future.

The interstate natural gas transportation industry is highly regulated both federally and otherwise, with extensive and stringent operating and construction requirements and severe penalties for non-compliance. The authorization that National Fuel has requested from the Federal Energy Regulatory Commission (FERC), if issued, will contain detailed conditions and requirements that we will have to satisfy in order to construct and safely operate this and all facilities related to the Northern Access 2016 Project. In addition to FERC, there are numerous other federal and state regulatory agencies that hold us accountable to rigorous standards.

National Fuel has designed and currently operates compressor units at 38 sites across New York and Pennsylvania. With more than a century’s worth of experience in building and operating natural gas facilities, we are committed to safely constructing and operating pipeline systems with minimal environmental and community impacts. The Company’s engineers have extensive experience in pipeline facility engineering and bring the latest state-of-the-art knowledge and techniques to every project. National Fuel’s compressor stations and transmission pipelines consistently receive “clean” audits by federal and state environmental and safety regulators. As compressor station designs have evolved in recent years due to significant technological advances, it is important to note that viewing compressor station videos on YouTube is not an accurate depiction of National Fuel’s facilities. I can state, without any hesitation, that our compressor stations, including the proposed station, in no way resemble any of the compressor stations described in recent editorials.

It has been asserted that National Fuel would not use best practices to control the air quality impacts or noise levels of the proposed compressor station. In fact, National Fuel will utilize the best available technology as defined and mandated by the federal Clean Air Act, EPA regulations and New York State’s implementation plan for air quality regulations put in place to protect the health and safety of the surrounding community. The emissions control technology proposed for the facility is time-proven in the field and will assure reliable and continuous compliance with New York state’s stringent air quality standards.

Noise abatement is a high priority because we recognize its potential impact on the quality of life of our neighbors and wildlife. The station’s design and sound absorbing technology will treat and significantly reduce noise impacts. Our noise study, prepared for and filed with FERC, concluded that the sound level attributable to the proposed station will achieve sound levels well below the FERC criterion of 55 dBA Ldn at the nearest residences. In fact, noise levels predicted by this study are 10-15 dBA below federal requirements, and would have negligible impact on background levels. Post-construction sound level measurement will ensure that noise mitigation measures are meeting specified regulatory requirements and that all equipment is performing to the rigorous specifications required to meet those predicted levels. National Fuel’s latest compressor station design includes fully enclosing each compressor unit within a highly sound insulated building. These buildings isolate mechanical noise and offer the highest degree of operational safety. National Fuel also works with noise reduction experts that identify and “dampen” each possible source of noise from the compressor station operation. All venting of natural gas (i.e. “blow-downs”) at this facility will be silenced, to the same standards as

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station operation, whether the occurrence is part of normal compressor unit operation, or is necessary for immediate shut-down of the station. Neither of these venting operations would last for more than 10 minutes. Additionally, contrary to the on-going rhetoric, there will be no perceptible increase in vibration whatsoever at near-by residences because of the compressor station operation. The turbine-power compressors are highly-engineered, precisely-balanced machinery, self-monitored to shut down if any vibrations are detected.

National Fuel has been evaluating several potential sites for the proposed compressor station across Niagara County. The initial site that was proposed in the March 2015 FERC filing, and discussed at a FERC scoping session in May 2015, was located in an agricultural use area, within a residential zone. In an effort to be responsive to issues raised by community stakeholders, National Fuel representatives have been researching and reviewing potential industrially-zoned properties in Wheatfield and Pendleton which provide; limited wetland and floodplain impacts, low archeological or historic resources potential, reduced potential for noise sensitive area impacts, and improved site access during construction and operation all while meeting the business needs of this \$451 million infrastructure project. Other sites or system alternatives outside of Wheatfield or Pendleton were considered, but were eliminated as viable options because the related construction would result in significantly more affected private landowner properties or greater environmental impacts. As part of its thorough environmental review, FERC will make the final determination as to the suitability of the selected site and will prescribe necessary mitigation measures, if any.

We will take additional steps to address other community concerns. Specifically, a restrictive deed covenant will be part of any site purchase agreement, and it will limit development to only that acreage required for the facility (approximately 5 to 8 acres), limiting future commercial or industrial development. Additionally, National Fuel has retained a licensed architect to help design the facilities housing the natural gas infrastructure to be consistent with the surrounding area, incorporating unique agricultural design elements well beyond the Company's previous standard design practices. A rendering of this design will be publicly available shortly, and we are confident it will dispel many myths regarding station appearance.

Contrary to the widespread community speculation, the proposed station is neither behemoth nor heavy industry in nature. National Fuel operates 4 stations of this size and all our stations operate in harmony with the surrounding communities. New, upscale housing developments have been constructed adjacent to some, with no apparent impact on valuation or quality of life. The facility would be part of critical energy infrastructure necessary for the transportation of natural gas through our system, and bears no resemblance to heavy industry. There is no processing of natural gas or any other product on the site. The only emission from the site is the products of combustion of natural gas – the same result as the burning of natural gas in the furnaces of homes in the surrounding area – and is highly regulated and monitored by federal and state agencies.

Once a compressor site has been confirmed, land owners within a one-half mile radius of the location will be offered compressor station tours of local facilities operated by National Fuel. Many community leaders have already attended a similar tour. A public meeting to provide a detailed presentation with a question and answer session will also be hosted this fall.

We at National Fuel encourage Niagara County residents and surrounding communities to review the project website – www.natfuel.com/supply/NorthernAccess2016 – for information specific to this initiative.