



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF REGIONAL COUNSEL
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December 21, 2010

Mr. José M. Rosado
Deputy District Engineer for the Antilles
U.S. Army Corps of Engineers
Antilles Office
400 Fernandez Juncos Ave,
San Juan, PR 00901-3299

RE: Public Notice Number SAJ-2010-02881 (IP-EWG)

Dear Mr. Rosado:

We are in receipt of the above Public Notice (PN) describing the Puerto Rico Electric Power Authority's (PREPA) request to obtain Department of the Army authorization for construction of a natural gas pipeline project that will pass through the municipalities of Peñuelas, Adjuntas, Utuado, Arecibo, Barceloneta, Manatí, Vega Alta, Vega Baja, Dorado, Toa Baja, Cataño, Bayamón, and Guaynabo, Puerto Rico. The pipeline, known as Vía Verde, would be approximately 92 miles long and 24 inches in diameter with a right-of-way 150 feet wide. The total project area is approximately 1,672 acres and the pipeline would traverse 235 rivers and wetlands, resulting in an estimated impact to 369 acres of jurisdictional waters of the United States. The applicant's stated purpose for this project is to deliver an alternate fuel source to three existing electric power generating facilities located in Peñuelas, Arecibo, and Toa Baja.

After evaluating the information contained in the November 19, 2010 PN, the Environmental Protection Agency (EPA) believes that the applicant has not adequately demonstrated the need for the proposed pipeline in accordance with the Clean Water Act Section 404(b)(1) Guidelines requirements. The applicant must better document the need for a natural gas pipeline by presenting a more thorough alternatives analysis. Such analysis should evaluate other fuel sources other than natural gas since the stated purpose does not specify fuel type, the construction of an alternative terminal near one of the north coast power plants and the installation of a shorter length pipeline between Arecibo and Toa Baja.

EPA also has concerns regarding the use of directional drilling, particularly in karst terrain areas. In the past and on other projects in the Caribbean, directional drilling has resulted in major impacts when the drilling mud leaked into the surrounding environment. Due to the nature of karst terrain, we are concerned that any spill of drilling mud may contaminate groundwater or reach other aquatic resources which were not evaluated as part of this review.

If PREPA complies with the needs requirement of the Clean Water Act Section 404 (b)(1) guidelines, the risks of directional drilling must be thoroughly analyzed. In conjunction with such analysis, PREPA must establish appropriate mechanisms to monitor

the drilling operations so that any escape of drilling mud is detected immediately as well as identify steps to be taken to minimize potential impacts of an escape.

Furthermore, PREPA has not proposed adequate compensation to offset any impacts to jurisdictional areas which would result from the proposed project. While PREPA has proposed the use of horizontal directional drilling and vertical wall trenching, among other measures, to avoid and minimize impacts to wetlands, additional analysis to identify the nature and extent of both temporary and potentially permanent impacts at each jurisdictional area will be needed. We acknowledge that PREPA has offered to be vigilant of such impacts in order to immediately determine whether mitigation is required at any area along the project corridor; but, specific plans to address the need for mitigation must be identified in advance. EPA is also concerned about the criteria identified in the PN for determining whether mitigation sites will be successful. Finally with regard to mitigation, EPA believes that any compensatory mitigation required for permanent impacts should be at a minimum of a 1:1 ratio.

After carefully considering the challenges associated with this project, EPA recommends that an environmental impact statement (EIS) rather than an environmental assessment (EA) be prepared for this project. As highlighted in the PN, the project covers a large area and impacts many rivers and wetlands. Though the wetlands to be traversed are diverse in nature, all provide the important functions of flood water storage and filtration of contaminants that would otherwise reach other aquatic resources. These indirect impacts associated with the loss of wetlands also need to be evaluated. The PN states that the impacts of the project are expected to be temporary in nature; however, the impacts to threatened and endangered species could be extensive, as demonstrated by the fact that a formal versus informal Endangered Species Act (ESA) consultation is being undertaken for the project.

In summary, EPA believes that the Via Verde project could have substantial impacts to aquatic resources and that adequate compensatory mitigation has not been offered to offset such impacts. Furthermore, an EIS is needed to properly evaluate the project's impacts. Therefore, it is EPA's position that a permit for this project be held in abeyance until our concerns are addressed.

If you have any questions regarding this matter, please contact me at (787) 977-5801 or have your staff contact José Soto of the Multimedia Permits and Compliance Branch at (787) 977-5829.

Sincerely,



Carl-Axel P. Soderberg, P.E.

Director

Caribbean Environmental Protection Division

cc: USFWS - Boquerón, PR
DNER - San Juan, PR
PRPB - San Juan, PR
PREQB-San Juan, PR