

**New York State Department of Environmental Conservation
Environmental Permits, Region 8**

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Alexander B. Grannis
Commissioner

July 14, 2010

Kevin M. Bernstein, Esq
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One Lincoln Center
Syracuse, New York 13202

Regarding: SEQR Review

Inergy Midstream LLC / Finger Lakes LPG Storage LLC
DEC Facility ID 8-4432-00085
Liquefied Petroleum Gas Storage Facility
Town of Reading, Schuyler County

Dear Mr. Bernstein:

This letter is in reference to your June 18, 2010 submittal, and e-mail messages of June 17 and June 23, 2010 regarding the proposed liquefied petroleum gas (LPG) storage facility referenced above. Please note that as well as the items listed above, the May 14, 2010 response to the January 11, 2010 Notice of Incomplete Application for the ECL Article 23 Underground Storage Permit remains under review by our staff.

Regarding the June 18, 2010 responses to the May 26, 2010 letter from this office, please note that items 1b and 2 are not completely addressed by an increase in freeboard from 2 to 3 feet. While the extra foot of freeboard would allow temporary storage of excess brine volume due to a large precipitation event, without a means to dispose of the excess precipitation volume, subsequent precipitation would still eventually eliminate 3 feet of freeboard.

If, as indicated in your e-mail of June 17, 2010, the excess brine from the pond were to be removed to be used by US Salt as an alternate source of salt production brine, with no net increase in US Salt production and discharges, the piping involved could be treated as a minor modification of the US Salt SPDES permit.

In combination with the extra foot of freeboard as a buffer, a pipe to US Salt to remove excess brine volume due to precipitation in a reasonable length of time could prevent eventual overtopping. Our Staff would need to review proposed details, including but possibly not limited to: the design of the pipeline and pumping system; the brine level to trigger pumping from the pond, and the brine destination and handling at the US Salt facility.

Additionally, more specific details are needed regarding items 3b, 3c, and 3d of the May 26, 2010 letter. Any new pipeline routes, anticipated noise levels from rail car movement operations, and the specific hours and days of facility operation should be provided.

To address an additional concern raised by a member of the Schuyler County IDA, which the Department considers valid, operation and maintenance measures, including but not limited to analytical monitoring at the daylight points of the underdrain system, should be specified as part of the inspection, operation, and maintenance plan for the brine pond. Additionally, the complete O&M plan must detail how operations will be conducted if a liner repair is necessary and the brine level in the pond must be lowered to access the location.

The above noted items must be addressed to continue processing Finger Lakes' proposal. Our staff is seeking to schedule a meeting with you and Inergy representatives to further discuss these items and to answer any

questions you may have on our informational requirements. At this point July 29 at 9 AM appears to be the best for our staff.

If you have any questions in regard to this letter or our past correspondence, feel free to contact me at this office.

Sincerely,



Roger McDonough
Environmental Analyst
Division of Environmental Permits

cc: W. Moler - Inergy Midstream LLC
M. Armstrong - Finger Lakes LPG Storage LLC
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