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September 10, 2010

VIA OVERNIGHT DELIVERY

Roger McDonough
Environmental Analyst
New York State Department of
Environmental Conservation
Region 8
Division of Environmental Permits
6274 East Avon-Lima Road
Avon, NY 14414-9519



Re: *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. McDonough:

This is in partial response to your letter of August 20, 2010 in connection with Finger Lakes' multi-phased LPG storage facility. This letter will address the only remaining issues raised in your letter that relate to the aboveground facilities that are to be located on Finger Lakes-owned property off of NYS Route 14A. In your letter, the only item that relates to the environmental review of this phase of the project is item 9, particularly with regard to noise and hours of operation.

In terms of noise levels, what we have done is measure actual sound levels during the railcar siding operation at Inergy's Savona LPG facility. These siding operations will be similar to what will occur at the proposed Finger Lakes rail car loading and unloading facility. Measurements were taken on September 3, 2010 (between the hours of approximately 12:20 and 1:20) using a radioshack digital noise meter (model number 33-2055). The weather was clear and slightly breezy. A total of seven (7) railcars were unloaded and loaded. Sound level measurements were taken from approximately 50 feet and the entire operation was videotaped. A copy of the video that was produced is enclosed. Based on the measurements taken at 50 feet, the following results ensued:

Railcars moving prior to coupling: 65 to 69 db

Railcar rolling to stop: 62 to 63 db

Railcar coupling: 70 db

Breaking of connection of coupled cars with associated uncoupling noise: 70 db

Noise level with cars traveling on track with cars starting to pull out: 66 to 68 db with 70 db max

At normal switching speed: 74 to 76 db with 81 db at peak (this involved a slight curve in the track, which will not exist at Finger Lakes)

In addition to the above, we have prepared a vicinity map (enclosed) showing the distances from the rail car siding location to nearby residences and businesses. The closest residence is 700 feet and the next closest is 1580 feet from the rail siding. As you know, the DEC's Program Policy on Assessing and Mitigating Noise Impacts (DEP-00-1) addresses certain attenuation considerations for noise. It is common knowledge, as referenced in the Program Policy, that "at distances greater than 50 feet from a sound source, every doubling of the distance produces a 6 dB reduction in the sound." See Program Policy, p. 8. Therefore, starting with even the peak level at normal switching (81 db), the level at the closest residence by virtue of just distance attenuation would be approximately 57 db. However, for the most part, the decibel level during the actual siding operation reached a maximum of 70 db. If just a doubling of distance reduction is applied here to the closest residence (which is across the street from a NYS Highway), the resultant decibel level would be approximately 46 db. This is below what you would expect for light auto traffic (the most common source of noise for this particular residence, other than perhaps the noise from the Town garage) and is considered quiet according to the chart in the DEC's Program Policy (p. 19). Of course, the noise levels at the next closest residential location (1580 feet) would be approximately 6 db less than the above numbers. According to the DEC's Program Policy, there are probably other attenuation factors that could apply, including those relating to intervening vegetation and topography, which would further reduce the sound levels from the railcar siding operation. Thus, the sound levels referenced above should be viewed as conservatively high.

Based on the above and consistent with DEC's own Program Policy, there will be no adverse noise impact whatsoever from the railcar siding operations at the site.

In terms of hours of operations, we have answered that question the best way we can. It is important to note at the outset that there are no local regulations regarding noise or with regard to hours of operation. Further, in both our June 18 and July 23 letters, we stated that "typical hours of operation will be 6 a.m. to 6 p.m., five days a week. There will be times when the facility will operate 24 hours per day, particularly during injection and withdrawal." The time frame when

more active facility operations will be occurring will depend on the time of the year and demand. Our description of operations below is based on what is common in the industry and what occurs at the Savona LPG Facility.

If there is a harsh winter, there will be a greater number of withdrawals. If there is greater demand for storage for an upcoming winter, there will be a greater demand for injections in the Spring. In terms of continuous operations, there will always be some product in storage. As explained above, when the facility is most active for injection of product (whether it is in the aboveground tanks or once permitted in the underground caverns) starts in the Spring (starting in late March but more active from mid-May to late September) and the facility is most active in the winter (late September to March) for off loading or withdrawal activities when propane is needed for heating purposes. The bottom line is that sound levels from railcar siding operations will be minimal and will not have an impact on nearby residences.

We are in the process of preparing a response to both the Department's NOIA for the underground storage permit and comments contained in the August 20 letter related to the brine pond. However, given that we have responded to all environmental inquiries related to Finger Lakes' proposed surface facilities at the rail siding location on NYS Route 14A, an environmental determination of significance can and should be made for the aboveground storage operations alone, which can be operated independently of the underground storage cavern and brine pond.

Finger Lakes is not asking for a determination with regard to the brine pond and the underground storage caverns; however, the environmental review for the surface facilities off of NYS Route 14A has been comprehensive and the Department can legally issue a Negative Declaration for this phase of the project. Bifurcating the environmental review in this case does not in any way prejudice the Department in terms of its environmental review and determination of significance with regard to the brine pond and the underground storage caverns and can in no way be interpreted to suggest that a thorough environmental review of any phase of this project has not been conducted. Doing so would allow the Project to move forward, would employ numerous construction personnel, would add an infusion of capital into the depressed upstate New York economy, and would be provide for much needed energy infrastructure.

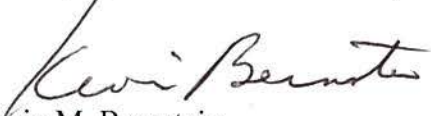
Finger Lakes would need to immediately commence construction of these aboveground facilities in order to meet the anticipated critical demand for propane and propane storage this upcoming winter season.

Roger McDonough
September 10, 2010
Page 4

Thank you.

Sincerely,

BOND, SCHOENECK & KING, PLLC



Kevin M. Bernstein

Enclosures

cc: *via Federal Express (w/enclosures)*

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Approval

It is a violation of the law for any person unless he is acting under the direction of a licensed professional architect/engineer to alter this drawing in any way. Alterations must have the seal affixed along with a description of the alteration, the signature and date.

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Drawn By:
J. Skinner

Date:
09/09

Checked By:

Date:

Residence Vicinity Map
 SWPPP
 Fingerlakes Storage LLC

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 SHEET 1 OF 1
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