



Upper Delaware Council

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January 8, 2004

RICHARD A. MUDDIMAN, PRESIDENT
PEGASUS POWER SYSTEMS, INC.
120 ADELAIDE STREET WEST, SUITE 2500
TORONTO, ONTARIO, CANADA M5H 1T1

RE: Proposed Niagara Reinforcement Project - 500 kV High Voltage Direct Current (HVDC) Transmission Project Traversing the Upper Delaware Scenic and Recreational River Corridor

Dear Mr. Muddiman:

The Upper Delaware Council (UDC) acknowledges receipt of your letter to us, dated October 1, 2003, and the 5-page "Strategic Overview" titled "Pegasus Announces Major Network Reinforcement for New York and PJM," which was released on October 6, 2003, regarding the above-mentioned project. We also received a revised 7-page "Strategic Overview," dated October 14, 2003, which includes a 2-page question and answer section.

In your October 1, 2003 letter, you state:

"PEGASUS POWER SYSTEMS is actively investigating the possibility of constructing a new high-voltage direct current system using right-of-way that traverse the Upper Delaware River Valley. At this point, our investigations are preliminary; however it would seem this route is ideal as a utility corridor connecting the electrical infrastructure in upstate New York, Ontario and Quebec, with "load centers" in northeastern New Jersey and New York City."

You also offered the following pledges:

- 1. We believe this project is not viable using overhead transmission lines and towers for the portion crossing the Upper Delaware Scenic and Recreational River Corridor. Accordingly, we do not plan to design, promote or propose electrical circuit(s) that will be hung off towers. Rather, we propose to bury the cables underground, for the entire 73.4 mile portion.*
- 2. We will consult with the Upper Delaware Council, the National Park Service and other interested parties in advance of making formal applications to construct the system. We believe we can satisfy environmental and other concerns relating to this project.*
- 3. We will share information on a timely basis with all interested parties, including the results of technical and environmental impact studies, which will be made public. Within this context, we are extremely well informed about high-voltage direct-current transmission systems and in a position to answer most, if not all, questions that you might have.*

Working together to conserve the Upper Delaware Scenic and Recreational River

*Town of Hancock • Town of Fremont • Town of Delaware • Town of Cohecton • Town of Tusten • Town of Highland • Town of Lumberland
Town of Deerpark • Lackawaxen Township • Shohola Township • Westfall Township • State of New York • Commonwealth of Pennsylvania
Delaware River Basin Commission • In partnership with the National Park Service*

As you know, the Upper Delaware Council is the oversight body responsible for the coordinated implementation of the River Management Plan for the Upper Delaware Scenic and Recreational River, a component of the National Wild and Scenic Rivers System. Our voting members are the two states (NY and PA) and eleven local governments (NY Towns and PA Townships) which border on the Upper Delaware River. The Delaware River Basin Commission (DRBC) is a non-voting member of the Council. We operate under a direct contractual relationship with the National Park Service (NPS) for the oversight, coordination, and implementation of many elements of the River Management Plan.

We understand that the NPS has previously provided you with a copy of the Upper Delaware Scenic and Recreational River Management Plan (RMP).

Even though you have indicated that plans will not be submitted to the states until approximately September 2004, we would like to take this opportunity to formally respond to your October 1, 2003 letter and reiterate what the River Management Plan states regarding "major electric lines," and what you have been advised of in conversations with NPS Superintendent David Forney and UDC Executive Director Bill Douglass.

According to the RMP, page 134, "*Major Electric Lines*" are an incompatible use anywhere in the river corridor. They are defined in the RMP, page 129, as "*Any new electric power lines, cables, or conduits used for transmission of power between two points which has a design capacity of 125 kilovolts or greater and extending a distance of one mile or more in length, or of between 100 kilovolts and 125 kilovolts, extending a distance of ten miles or more in length. This definition does not include telephone and electric distribution lines.*" Note that there is no distinction made between above-ground or below-ground lines.

Based on the information you have provided to us, a proposed 500 kV power line, either above-ground or below-ground, in the railroad right-of-way, would be an incompatible use under the RMP. Such a proposal according to the RMP would constitute a "*clear and direct threat*" to the river corridor.

The RMP, page 126, defines "*clear and direct threat*" as "*An instance where a new land use is proposed which is either: (1) identified on the list of new land uses which are incompatible within the Upper Delaware river corridor; or (2) identified as a land use which would, if developed in such a way, be counter to one or more of the principles and objectives set out in the River Management Plan and the Land and Water Use Guidelines.*"

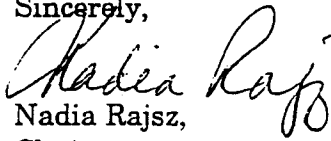
Principle E, Objective 2 of the RMP, page 123, states, "*Power plants, stream channelization and other projects listed as incompatible uses in the Schedule of Uses will not be permitted within the river corridor.*" Again, note that "Major Electric Lines" are listed as an incompatible use on page 134 of the RMP.

Section 1271 of the Wild and Scenic Rivers Act, under which the Upper Delaware Scenic and Recreational River was designated in 1978, states:

"It is hereby declared to be the policy of the United States that certain selected rivers of the Nation which, with their immediate environments, possess outstandingly remarkable scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values, shall be preserved in free-flowing condition, and that they and their immediate environments shall be protected for the benefit and enjoyment of present and future generations. The Congress declares that the established national policy of dam and other construction at appropriate sections of the rivers of the United States needs to be complemented by a policy that would preserve other selected rivers or sections thereof in their free-flowing condition to protect the water quality of such rivers and to fulfill other vital national conservation purposes."

Be advised that we are obligated to uphold the Wild and Scenic Rivers Act and the Upper Delaware Scenic and Recreational River Management Plan.

Sincerely,



Nadia Rajsz,
Chairperson

cc: UDC Member Towns and Townships
Hon. Charles Schumer, US Senator NY
Hon. Hillary Clinton, US Senator NY
Hon. Arlen Specter, US Senator PA
Hon. Rick Santorum, US Senator PA
Hon. Sue W. Kelly, US Congresswoman NY 19th District
Hon. Maurice D. Hinchey, Jr., US Congressman NY 22nd District
Hon. Donald Sherwood, US Congressman PA 10th District
Hon. James T. Walsh, US Congressman NY 25th District
Delaware River Basin Congressional Task Force members
Hon. George E. Pataki, Governor, New York
Hon. Edward G. Rendell, Governor, Pennsylvania
Hon. Michael R. Bloomberg, Mayor, New York City
Hon. John Bonacic, NY State Senator 42nd District
Hon. Charles D. Lemmond, Jr., PA State Senator 20th District
Hon. Aileen Gunther, NY State Assemblywoman 98th District
Hon. Clifford Crouch, NY State Assemblyman 107th District
Hon. Jerry Birmelin, PA State Representative 139th District
Hon. Sandra J. Major, PA State Representative 111th District
Jane M. Kenny, Regional Administrator, US EPA - Region 2
Donald S. Welsh, Regional Administrator, US EPA - Region 3
Carol Collier, Executive Director, DRBC
Erin M. Crotty, NYS Commissioner of Environmental Conservation
Joseph H. Boardman, NYS Commissioner of Transportation
Marc Moran, Regional Director, NYS DEC - Region 3
Steve Schassler, Regional Director, NYS DEC - Region 4
William Rudge, NYS DEC and UDC Rep.
Wayne Elliot, Fisheries Manager, NYS DEC
Marian Hrubovcak, PA DCNR and UDC Rep.
David Lamereaux, PA DEP and UDC Alt.
Gary Lopriore, Mayor, City of Port Jervis, NY
Richard V. Gassmann, Mayor, Matamoras Borough, PA
Mayor William Ward, Village of Hancock, NY
NYS Public Service Commission
James Gallagher, Dir., Office of Electricity and Environment, NYS PSC
New York Power Authority
PA Public Utility Commission
American Rivers, National Office
American Rivers, Mid-Atlantic Field Office
American Rivers, Northeast Field Office
Maya K. van Rossum, Delaware Riverkeeper
Alex Matthiessen, Riverkeeper & Executive Director, Riverkeeper, Inc.
Robert F. Kennedy, Jr., Chief Prosecuting Attorney, Riverkeeper, Inc.
David R. Goode, Chairman, Norfolk Southern Railroad
C.W. Moorman, President, Thoroughbred Technology & Telecommunications
David Forney, Superintendent, National Park Service - UDSRR
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