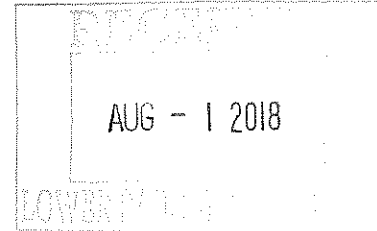




ADELPHIA GATEWAY

Jennifer D. Godoski,
Director, Policy and Government Affairs
New Jersey Resources
Adelphia Gateway, LLC
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719



July 31, 2018

Leslie Huhn
Township Manager
Lower Saucon Township
3700 Old Bethlehem Pike
Bethlehem, PA 18015
Via hard copy and electronic mail

RE: Adelphia Gateway Project Follow-Up Information

Dear Ms. Huhn:

I would like to thank you and Councilwoman Priscilla DeLeon for speaking via conference call with our Adelphia representatives on July 25, 2018. Per your request, below is additional information on the Adelphia Gateway Project and its potential impacts on Lower Saucon Township.

In October 2017, New Jersey Resources (NJR), through its subsidiary Adelphia Gateway, LLC, entered into a Purchase and Sale Agreement to acquire Interstate Energy Company LLC (IEC), which currently owns and operates an existing pipeline system in southeastern Pennsylvania. Ownership of IEC will transfer to Adelphia upon receipt and acceptance of Adelphia's Certificate of Public Convenience and Necessity from the Federal Energy Regulatory Commission (FERC).

The existing IEC pipeline system generally consists of the following pipeline facilities: 1) a 20-inch mainline, which runs from a gas receipt point on Lower Mud Run Road approximately 4.5 miles to Delhaven Road in Lower Mt Bethel Township; 2) an 18-inch southern mainline, which runs from a gas receipt point on Rich Hill Road in West Rockhill Township and continues approximately 50 miles to West Ridge Road in Lower Chichester Township; and, 3) an 18-inch northern mainline, which runs from a gas receipt point on Rich Hill Road in West Rockhill Township approximately 34 miles to Delhaven Road in Lower Mt Bethel Township. Lower Saucon Township is situated within the northern mainline segment of the IEC pipeline system.

Adelphia is acquiring IEC, as well as all of its associated pipeline infrastructure, and plans to convert the southern 50 miles of the existing pipeline in southeastern Pennsylvania from oil to natural gas. Once

ROUTING

- ☒ Council
- ☒ Manager
- ☐ Asst. Mgr.
- ☒ Zoning
- ☐ Finance
- ☐ Police
- ☐ P. Works
- ☐ P/C
- ☐ P & R
- ☐ EAC
- ☐ Engineer
- ☒ Solicitor
- ☐ Planner
- ☐ Landfill
- ☐ EMC
- ☒ Other *Web*

converted, the pipeline will be certificated to only transport natural gas. The northern 34 miles of the pipeline, which traverses through Lower Saucon Township, was converted in 1996 to transport natural gas, and continues to transport low-cost natural gas to power generation facilities serving the area today.

The 18-inch diameter steel pipeline, which has a minimum depth of 48 inches, has been operated and maintained by IEC in accordance with applicable federal pipeline safety regulations; and after its acquisition by Adelpia, it will continue to be operated and maintained by Adelpia in a similar manner as it has for the past 22 years. There will be no changes in product, flow direction or operations within Lower Saucon Township. Adelpia will continue to operate two existing valves within Lower Saucon Township – one located at the interconnect with Columbia Pipeline and one located between Riverside Drive and the Lehigh River. Since no new pipelines or interconnects are being constructed, and no change to above ground infrastructure is planned as a part of the Adelpia Gateway Project in Lower Saucon Township, there will be no tree clearing activities or ground disturbance by Adelpia in the township.

Currently, the pipeline is operated by IEC and is under the jurisdiction of Pennsylvania Public Utility Commission because it transports natural gas exclusively within the state of Pennsylvania and only connects to a direct-use customer. The Adelpia Gateway Project pipeline will be under the jurisdiction of FERC because it will transport gas from one interstate pipeline to another, serve direct-use customers and local distribution companies and cross state lines. Please note that given the limited construction proposed for the project overall, FERC is preparing an Environmental Assessment ("EA") that will discuss the environmental impacts of the Adelpia Gateway Project and FERC will use the EA in its decision-making process to determine whether the Adelpia Gateway Project is in the public convenience and necessity.

Adelpia is committed to maintaining the quality and integrity of the existing IEC pipeline. The project will follow regulations set by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, including, but not limited to: cathodic protection, pipeline inspections, class location studies and integrity management. Also, control room operators remotely monitor the pressure and flow of natural gas along the pipeline on a 24/7 basis.

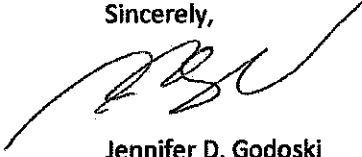
Additionally, Adelpia participates in the Pennsylvania One Call Program to promote effective communications between project owners, excavators, facility operators and homeowners in order to prevent damage to underground facilities. Adelpia will regularly communicate and coordinate with and participate in training for local emergency responders to prepare and coordinate efforts in case of an emergency.

For your information and background, I have included materials on the Adelpia Gateway Project that covers pipeline operations and frequently asked questions. Residents who are interested in learning more about the project can visit our website at www.adelphiagateway.com, contact the hotline at 800-483-3179 or email info@adelphiagateway.com.

Leslie Huhn, Township Manager
Lower Saucon Township
July 30, 2018
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Thank you again for your time. Please let me know if you need further information on the Adelphia Gateway Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Godoski', with a long, sweeping horizontal line extending to the left.

Jennifer D. Godoski

cc: Lower Saucon Township Council, *Via electronic mail*

Frequently Asked Questions

Q: What is the Adelphia Gateway Project?

A: Adelphia Gateway is a proposed energy infrastructure project to convert the remaining 50 miles of an existing 84-mile pipeline from oil to natural gas. It will operate under Federal Energy Regulatory Commission (FERC) jurisdiction.

The project will involve several steps:

- Installing compression systems on brownfield properties owned by the company
- Construction will include multiple laterals and interconnects, originating from the Marcus Hook area, with plans to connect to existing pipelines in the area

Q: Why is it needed?

A: The Adelphia Gateway project will repurpose existing infrastructure to provide a new, competitively priced source of natural gas supply to meet existing and growing demand in the Greater Philadelphia region, which is currently underserved.

Q: Where is the pipeline located?

A: Adelphia Gateway runs from Lower Mount Bethel Township, Pennsylvania, to Marcus Hook, Pennsylvania.

Q: How is the pipeline used today?

A: The pipeline was originally built in the 1970s to transport oil from Marcus Hook to the Martins Creek terminal in Northampton County. The oil was used to generate electricity at the Martins Creek Steam Electric Station.

Today, the northern 34 miles of pipeline transport natural gas for use at the Martins Creek and Lower Mount Bethel power plants.

Q: What is a pipeline right of way?

A: A pipeline right of way (ROW) is a plot of land under which a pipeline is buried. The right of way is usually clear of trees, buildings and structures that would inhibit the ability to surveil, maintain, operate, replace or access the pipeline, especially in the case of an emergency.

Q: What is the process for landowners?

A: Adelphia Gateway will work with landowners along the pipeline from the survey process through the completion of the project. Because the pipeline already exists, there will be minimal new construction needed to convert the pipeline to transport natural gas. In the event that an additional ROW or an amendment to an existing ROW is required, Adelphia Gateway will inform and work with landowners to reach agreements.

Q: Will Adelphia Gateway have to dig up property to make this switch to natural gas?

A: Minimal new construction in certain locations involving the existing pipeline on landowners' property will be needed to convert the pipeline to transport natural gas. Excavation will be necessary at a limited number of locations to add new valves and replace old ones. Affected landowners will be notified in advance via mail. Additional outreach will be done, depending on the work required and the type of easement required from the landowner. In the event that construction is required, the right of way is usually restored to its original state once construction is completed. In most cases, landowners may use the land as they did before construction, while the pipeline company provides continued maintenance, inspection and testing.

Q: How will landowners be notified?

A: Typically, landowners will be notified of needs via mail, and company contact information will be provided to answer any questions the landowner has.

Q: Can the company condemn property if a landowner refuses to extend additional rights to the utility?

A: Once the project receives FERC approval, Adelpia Gateway will be able to acquire additional ROW by condemnation, if required; however, that option would be considered only as a last resort. In the event that additional ROW is required, the first course of action will be to work with property owners to reach agreements, which the company is confident it will be able to do.

Q: Is it safe?

A: According to the U.S. Department of Transportation (U.S. DOT), pipelines are the safest, most environmentally friendly and efficient mode of transporting natural gas. There are pipelines in virtually every neighborhood in the U.S. In fact, a vast network of 2.5 million miles of distribution and transmission pipelines across the country safely and reliably provides natural gas service to more than 177 million Americans. The design, construction, operation, inspection and maintenance of all operating pipelines are subject to state and federal regulations and requirements.

Q: How will you ensure that it continues to operate safely?

A: Due in large part to the coated steel makeup, pipeline safety regulations and required inspections, pipelines are built to last. Measures such as polycoating, cathodic protection and smart tool in-line inspections (ILIs) ensure that pipelines maintain their integrity.

Before a pipeline is converted to natural gas, it is tested and inspected to ensure it meets all legal and regulatory requirements.

The U.S. DOT requires ILIs to be performed every seven years for all natural gas pipelines in service. In addition, Adelpia Gateway employees will conduct regular physical inspections of the pipeline route, as well as aerial patrols.

The U.S. DOT also requires inspections every three weeks, a minimum of 26 inspections per year. Adelpia Gateway will meet all regulatory requirements.

Q: Is an odorant added to the natural gas before it is transported in the Adelpia Gateway pipeline?

A: Yes, the pipeline transports natural gas that is odorized with mercaptan – a harmless chemical that smells of sulfur or rotten eggs.

Q: What is the environmental impact of this project?

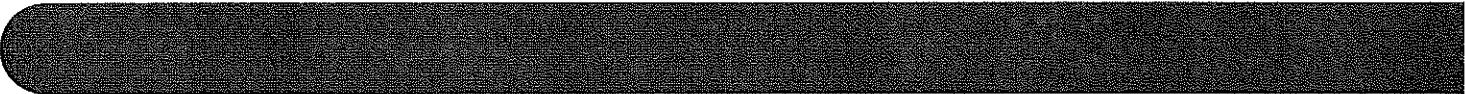
A: Because this project largely consists of the conversion of an existing pipeline within an existing ROW, the environmental impact will be minimal. A majority of the work proposed for the project will be in previously disturbed areas or in paved roadways. The company has completed environmental site assessments, including cultural, biological and wetland surveys. It does not anticipate any impact to wetlands or farmlands.

Q: What is the estimated timeline for approvals and construction work?

A: Upon state and federal approval, any needed construction is estimated to begin by late 2018 and the pipeline is expected to be in service in 2019.

Q: Who will benefit from the Adelpia Gateway project?

A: This project will support economic development in the Philadelphia metro area by providing access to much-needed, affordable natural gas. With this conversion, the pipeline will be used to ship natural gas to southeastern Pennsylvania for regional consumption.



Adelphia Gateway intends to have delivery interconnects with local distribution companies and other industrial end users, such as natural gas-powered electric generation facilities, in various locations along the pipeline route. Ensuring additional supply options is estimated to benefit consumers in the Greater Philadelphia region, through energy market savings and resulting economic benefits, by approximately \$677 million over the first 15 years that Adelphia Gateway is in service.

Q: Are there plans to ship natural gas from the pipeline offshore?

A: No, Adelphia Gateway has no plans to ship natural gas offshore. The natural gas transported in the pipeline will be used by customers in the Greater Philadelphia area and the surrounding region.

Q: Who has oversight of the pipeline?

A: Operation of the existing pipeline is regulated by the Pennsylvania Public Utility Commission. Once the conversion is complete, it will be regulated by FERC.

Q: What approvals are needed from FERC?

A: Adelphia Gateway has applied to FERC for a Certificate of Public Convenience and Necessity. During this time, the public has an opportunity to comment or request to be a part of the proceedings.

Q: Who is Adelphia Gateway LLC?

A: Adelphia Gateway LLC is owned by NJR Pipeline Company, a subsidiary of New Jersey Resources (NYSE: NJR). NJR is a Fortune 1000 company that provides safe and reliable natural gas and clean energy services, including transportation, distribution and asset management. NJR Pipeline is part of NJR's ongoing commitment to invest in and own midstream assets, including natural gas storage and transportation pipelines.



ADELPHIA GATEWAY

The Adelphia Gateway project will repurpose existing infrastructure to provide consumers in southeastern Pennsylvania with additional access to low-cost, Pennsylvania-produced natural gas.

Adelphia Gateway will be part of the more than 2.5 million miles of gathering, transmission and distribution pipelines in the United States that transport two-thirds of the energy Americans use each year. Pipeline infrastructure transports many products we use every day, including natural gas, which provides about 33 percent of all the energy used in the United States.

Project Overview

The Adelphia Gateway project will convert the remaining 50 miles of an existing 84-mile pipeline in southeastern Pennsylvania from oil to natural gas. The northern 34 miles of the pipeline — extending from western Bucks County to the Martins Creek terminal in Northampton County — were converted to deliver natural gas in 1996.

When commissioned, Adelphia Gateway will serve customers in the greater Philadelphia area with a much-needed new source of natural gas. The 18-inch pipeline covers portions of Delaware, Chester, Bucks, Montgomery and Northampton counties.

To meet industry and regulatory standards, Adelphia Gateway is designing system enhancements and new customer interconnects so that the greater Philadelphia market can access affordable Pennsylvania-produced natural gas. As part of the conversion, compression will be added to the system to help move the natural gas through the pipeline. New laterals and interconnects will be constructed to help transport the natural gas to end users.

Upon completion of the conversion and enhancements, the newly repurposed southern portion of the pipeline will be able to transport 250,000 dekatherms (Dth) per day, or almost 91 million Dth per year, of natural gas capacity into the greater Philadelphia area. That's enough to meet the needs of more than 250,000 mid-Atlantic households each year.

Safety and Maintenance

According to the U.S. Department of Transportation (U.S. DOT), pipelines are the safest and most efficient means of transporting natural gas. Adelphia Gateway will be regulated by the U.S. DOT and the Federal Energy Regulatory Commission (FERC).

The pipeline, previously owned by Interstate Energy Company LLC, was originally installed in the 1970s and transported oil from Marcus Hook to Martins Creek. The southern 50 miles of pipe that will be converted as part of the Adelphia Gateway project remained an oil-only pipeline.

The conversion of the southern section will follow guidelines set forth by the U.S. DOT Pipeline and Hazardous Materials Safety Administration, and will adhere to industry standards. The 18-inch pipeline, built from polycoated seamless steel, has been tested and will continue to be inspected to confirm its integrity.

Hydrostatic testing, which involves pressuring the line with water at 150 percent of the maximum allowable operating pressure (MAOP) for an eight (8) hour period to confirm the integrity of the pipeline, was completed in August 2017 on the southern section of the pipeline.

U.S. DOT in-line inspections (ILIs) will be conducted every seven years, as required by federal regulations for natural gas pipelines. In addition to the ILIs, employees will conduct physical inspections along the pipelines and schedule aerial patrols to monitor the right of way (ROW). Operations of Adelphia Gateway will continue to meet or exceed all regulatory requirements related to pipeline integrity.

Environmental Impact

FERC, the independent agency that regulates the interstate transmission of natural gas by pipeline, is responsible for overseeing environmental matters related to interstate natural gas projects.

The Adelphia Gateway project will have minimal impact on the environment because of its reliance on existing infrastructure, brownfield locations and ROWs. There are no anticipated impacts to wetlands or farmlands.

Site assessments began in June 2017 to complete environmental, cultural, biological and wetland surveys for all proposed work areas. These reports will be submitted to FERC for review and approval.

Economic Benefits

The increased functionality of the pipeline will introduce new, competitively priced natural gas supply to meet demand not currently being served.

New infrastructure to increase access to domestic energy is needed for southeastern Pennsylvania to become more energy competitive and reach its economic growth potential. Adelphia Gateway provides an opportunity to serve new demand, which will fuel economic growth and job creation as businesses and manufacturers expand their operations.

This pipeline is intended to have delivery interconnects that will benefit industrial end users, including utility companies.

Local distribution companies deliver natural gas to homes and businesses through underground main and utility service lines, which make up some of the more than 2.5 million miles of underground pipeline in the United States.

Natural gas-powered electric generation facilities at various locations along the pipeline will be able to access additional natural gas supply and benefit from a new, competitively priced energy source in the area.

Information and Inquiries

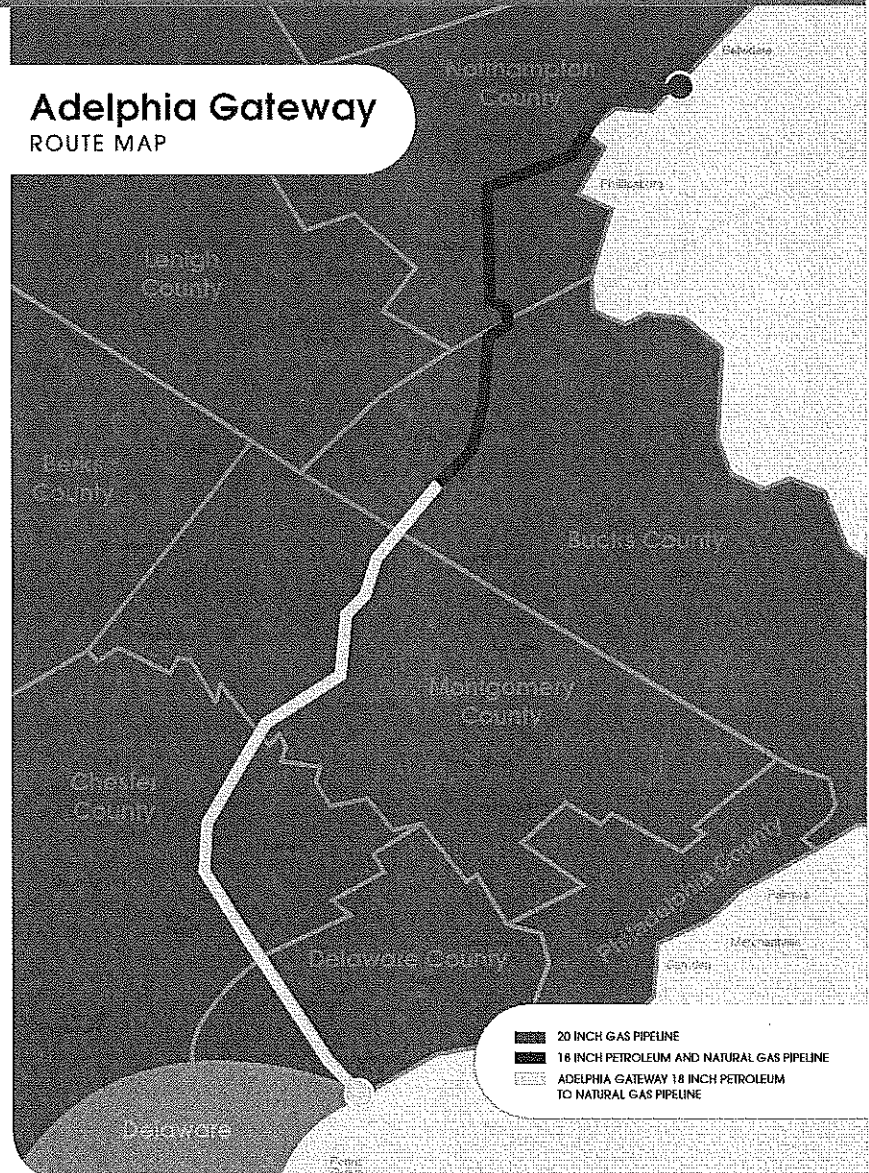
Adelphia Gateway Project

Adelphiagateway.com

Twitter @AdelphiaGateway

Phone: 800-483-3179

Adelphia Gateway ROUTE MAP



Safety

Natural gas pipelines have a strong safety record of transporting products that are essential to our daily lives and the energy demands of today's world. In fact, pipeline systems are the safest and most efficient means to move energy according to National Transportation Safety Board statistics. The Adelphia Gateway project will repurpose 50 miles of an existing pipeline from oil to natural gas, adhering to industry standards. The project will follow guidelines set by the U.S. Department of Transportation (U.S. DOT) Pipeline and Hazardous Materials Safety Administration and the Federal Energy Regulatory Commission.

The pipeline, previously owned by Interstate Energy Company LLC, was originally constructed in the 1970s and transported oil from Marcus Hook to Martins Creek. In 1996, the northern 34 miles of the pipeline were converted to transport natural gas. The Adelphia Gateway project will convert the southern 50-mile portion to a natural gas pipeline.

When transporting natural gas, this 18-inch pipeline will operate at a maximum allowable operating pressure (MAOP) of 1,083 pounds per square inch gauge. The pipeline has been tested and will continue to be inspected to confirm its integrity.

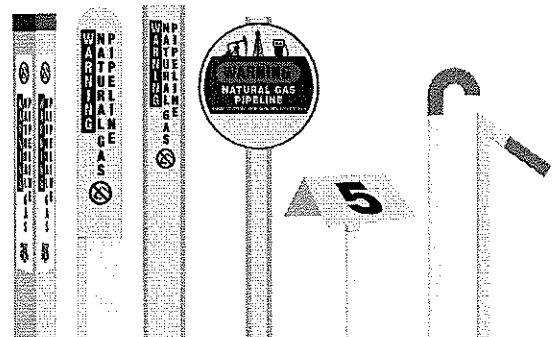
Preparing for Service

The pipeline has been hydrotested to confirm its integrity. This involves pressuring the line with water at 150 percent of the MAOP for an eight (8) hour period to confirm the integrity of the pipeline.

Pipeline Markers

Pipeline markers are important for the safety of the public and provide emergency responders with critical information. The markers display the product transported through the pipeline, the name of the pipeline operator and a telephone number, in the event of an emergency.

Pipeline markers placed along the route, and at key intersections, indicate approximately where pipelines are located, not necessarily the depth of the pipe. It is crucial to call 811 before you dig to prevent damage to underground structures. Adelphia Gateway will participate in the Pennsylvania One Call program to work with homeowners, project owners, excavators and utilities to ensure the pipeline is safe.



Maintaining Safety and Integrity

At Adelphia Gateway, the safety of our employees and the community is our top priority. We are committed to maintaining the quality and integrity of the pipeline.

Training and Coordination

To ensure safety, Adelphia Gateway will regularly communicate, plan and train local emergency responders to prepare and coordinate efforts in the case of an incident or leak. Adelphia Gateway employees and emergency responders will be trained to protect life, property and facilities in an emergency.

Information and Inquiries

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