



**THE COMMONWEALTH OF MASSACHUSETTS**  
EXECUTIVE OFFICE OF ENVIRONMENTAL AFFAIRS  
OFFICE OF COASTAL ZONE MANAGEMENT  
251 Causeway Street, Suite 800, Boston, MA 02114-2136  
(617) 626-1200 FAX: (617) 626-1240

July 6, 2007

Leon Bowdoin  
Vice President of Operations  
Mill River Pipeline  
One New Street  
Fall River, MA 02720

Dear Mr. Bowdoin:

The Massachusetts Office of Coastal Zone Management's (CZM) Federal Consistency review of the Mill River Pipeline project began on January 8, 2007, and the six month review period ends on July 8, 2007. The proposed project is to construct two 24-inch diameter natural gas pipelines for the purpose of interconnecting the proposed Weaver's Cove liquefied natural gas import terminal and vaporization facility in Fall River with the interstate natural gas pipeline system owned by Algonquin Gas Transmission, LLC.

On April 6, 2007, CZM notified Mill River Pipeline of the status of our review, indicating our Federal Consistency Certification decision is contingent on prior receipt of all necessary final state licenses and permits. We noted at that time that the project had outstanding licenses and permits from the Massachusetts Department of Environmental Protection ("MassDEP") and requested that copies of the final state licenses and permits be submitted by the proponent to our office no later than June 8, 2007.

CZM received your letter of June 6, 2007 requesting a stay in the review of your Federal Consistency Certification. Federal regulations require an applicant and CZM to mutually agree upon the issuance of a stay, including the specific date that the stay will terminate. The Coastal Zone Management Act Federal Consistency Regulations at 15 CFR 930.60(b) allow for a stay in the 6 month review period, if mutually agreed upon by both the applicant and the state agency. The rules also hold that the stay shall only be for defined period, and the agreement must state the specific date on which the stay will end. We responded on June 8, 2007, agreeing to the stay and proposed a stay period of nine months, with the stay commencing on June 8 and terminating on March 8, 2008. CZM's review would be completed by April 8, 2008. After close-of-business on July 2, 2007, and with three business days before the deadline for a decision, CZM received your letter indicating that Mill River Pipeline does not agree to stay the review. CZM notes that the July 2, 2007 letter is inconsistent with Mill River Pipeline earlier letter requesting the stay. CZM regrets that Mill River Pipeline did not inform us of its change in position until so late in the process.

Pursuant to 310 CMR 21.07(3)(g), CZM may object to a Federal Consistency Certification if applicable state licenses, permits, or certifications have not been received at the

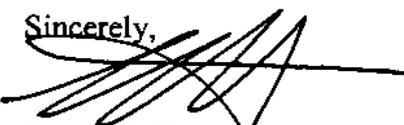


close of its review time table. The applicable outstanding licenses and permits include, but are not limited to, MassDEP's §401 Water Quality Certification for construction of the pipelines associated with the project and Chapter 91 Waterways license for the western lateral located within filled or flowed tidelands.

The Massachusetts Coastal Management Plan and Federal Consistency Procedures at 301 CMR 21.00, which were approved by the National Oceanic and Atmospheric Administration, establish CZM as a networked coastal management program. As a networked coastal program, CZM works closely with other state agencies and project proponents during the permitting of projects proposed in the coastal zone to assure that the enforceable policies contained in its Coastal Management Plan are met. CZM's enforceable policies are based on state authorities, including, but not limited to, 314 CMR 9.00 (§401 Water Quality Certification) and 310 CMR 9.00 (Chapter 91 Waterways Regulations). The content of MassDEP permits and licenses, including the final project configuration and operation and any related conditions, provide detailed information as to how the activity requiring a federal license or permit will be consistent with CZM enforceable program policies.

Thus, receipt by CZM of the applicable state licenses and permits are necessary to CZM's federal consistency review. CZM has not received these applicable licenses and permits. CZM therefore objects to your Federal Consistency Certification pursuant to 301 CMR 21.07 and 15 CFR 930.63.

Pursuant to 15 CFR part 930, subpart H, and within 30 days from receipt of this letter, you may request that the Secretary of Commerce override this objection. In order to grant an override request, the Secretary of Commerce must find that the activity is consistent with the objectives or purposes of the Coastal Zone Management Act, or is necessary in the interest of national security. A copy of your request and supporting information must be sent to CZM and the federal permitting or licensing agency. The Secretary of Commerce may collect fees from you for administering and processing your request.

Sincerely,  
  
Bruce K. Carlisle  
Acting Director

BKC/dsj, rlb

Cc: Ken Kimmel, General Counsel  
MA Executive Office of Energy and Environmental Affairs  
David Kennedy, Director  
Office of Ocean and Coastal Resource Management, National Ocean Service  
Joseph T. Kelliher, Chairman  
US Federal Energy Regulatory Commission  
Karen Kirk Adams, Chief  
Regulatory Branch, US Army Corps of Engineers

Ted Lento, Project Manager  
US Army Corp of Engineers  
Rich Lehan, Acting Deputy Associate Commissioner for Operations  
MA Department of Environmental Protection  
Elizabeth Kouloheras, Section Chief  
Southeast Regional Office, MA DEP  
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USCG Sector Southeastern New England  
Michael Howard  
Epsilon Associates, Inc.  
Theodore Barten  
Epsilon Associates, Inc.