

protected species there will be mitigation. To ensure that no protected species is disturbed, there will be a biologist in the project at all times during construction in the Karst zone. This biologist will carefully evaluate the area before the introduction of personnel or construction equipment in the same and will adopt measures to avoid and minimize impacts on the Karst physiography, such as the relocation of species, realignment of the pipeline and drilling through the mogotes, instead of making a cut across them.

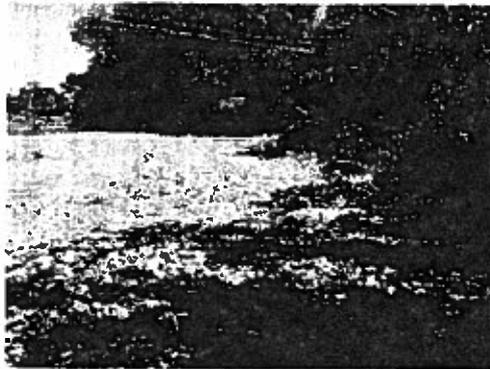
The construction process will be carried out so that only light, Bobcat-type equipment enter the Karst zone to minimize the possibilities of damage to the same. Erosion and sedimentation controls adequate to the area will be established to protect the surrounding areas and prevent the sediment from reaching underground water. This Plan will be filed at the moment of requesting the Consolidated General Permit and it will comply with what is set forth in Section 6.1.2. The operation centers or auxiliary construction spaces will be located outside of the Karst zone and the installation of the pipeline will be made using the pulling method to minimize the presence of heavy equipment in the zone. The backfill material will be adequate to permit the soil's hydraulic capacity, since the same material removed will be used to refill the trenches. In case additional material is required, the same will be selected in accordance with the geotechnical studies of the area. These studies will be completed before finalizing the design of the project. Vegetation will be planted in the area surrounding the 50-foot operation right-of-way. Said vegetation will consist of native grasses and trees and it will be made immediately after having covered the trenches in a 3:1 proportion.

During the operation phase, the project areas in the Karst zone will be inspected, as part of the pipeline patrolling program. Nevertheless, special attention will also be given to the soil conditions so that any erosion that can be observed or detected is corrected. In addition, through the observance of the previously mentioned control measures, no deterioration to the mogotes will be caused, so the hydraulic function of the Karst zone will not be affected.

Via Verde will traverse through geologically vulnerable areas with geologic limitations. According to the geologic information that has been evaluated for the project these geologic limitations do not represent major challenges or problems to the project. This is so because the same can be addressed during the design and construction stages.

To be able to address the geologic limitations, what is most important is to identify them, evaluate their location with regard to the project and know their characteristics. This is the essential information for planning the project, because it determines the subsequent studies that must be carried out before completing the design and during the construction. The geological limitations can be addressed in two ways at the design stage: either they are avoided by realigning the pipeline in those sections that could be impacted by some geologic condition or process, or engineering measures are provided to minimize or eliminate the geologic risk. Once these risks have been addressed during the design stage and the construction stage has commenced, they are observed

- A silt fence will be installed together with rectangular hay bales in the perimeter of the right-of-way to contain the entrainment of sediments.
- Tire washing stations will be constructed to avoid the transport of sediments to the public roadways.



Tire washing station

- Entries to Operation Centers will be stabilized.
- Hay bales will be used to protect storm drains, where applicable.
- An Inspection Program will be established to insure that the measures that are installed are functioning adequately. Deteriorated measures will be replaced or reconditioned. Inspections will be made weekly and after rain events.

With the implementation of all these measures and others, which are identified as necessary by the project's Environmental Coordinator at the moment of construction, it is estimated that the impact to bodies of water will be minimal.

6.5. Impact on the Karst Zone and other Geologically Vulnerable Zones

Although efforts were made to avoid crossing through the Karst zone, where you find sinkholes or caves in porous rock or soils eroded by water, a small part of the project will cross through some portions of said zone. The protected Karst zone in Puerto Rico is some 151 square miles according to the shapefile of this resource for the ArcGIS ArcMap 9.2 software program, of the Department of Natural Resources (August, 2010). Of these total of square miles, Via Verde will cross through some 0.08 square miles. This is equivalent to a construction area 100 feet wide, along a swathe 3.91 miles long in the Karst zone. In percentage terms, Via Verde will cross through 0.05% of the Karst zone protected in Puerto Rico.

The Karst zone is a habitat for unique plant and animal species, so all possible measures will be taken to avoid impact to protected species and in the case of non-



Longitudinal/transversal furrows and velocity dissipation devices

- Rip rap of large boulders will be installed to protect the soil from erosion in areas of greater runoffs.
- Sediment traps will be installed at runoff discharge points in the construction area. To construct the trap a catchment area will be prepared and rocks of different sizes will be placed in it to control the runoff discharge.



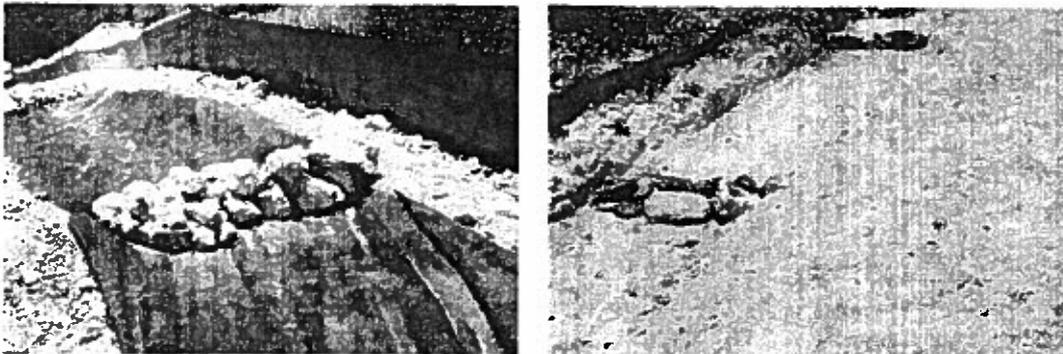
Sediment Trap

- Geotextile will be installed as a separator between the soil and the rip raps to maintain a solid base.
- The vegetable cover removed during the right-of-way clearing and leveling stage will be mechanically shredded and reused as wood chips for erosion control in slopes, as allowed by Law 70 of September 18, 1992, Puerto Rico Solid Wastes Reduction and Recycling Act, as amended. The machinery to be used for shredding is a Morbark wood grinder and it will be placed near the work areas in the construction right-of-way. The shredded material will be stored at the work site and it will be covered with tarpaulin and hay bales will be placed around the mound to prevent it from dispersing in case of rain or wind. It will be used in near the areas where it was shredded to implement erosion control, together with other measures.



Terraces and geotextile

- Velocity dissipation devices will be installed to help minimize the erosion. These structures are constructed with gravel, rocks, sandbags, treated lumber or hay bales.



Velocity dissipation devices

- Protective blankets made of straw, jute, wood or other plant fibers will be used. This control method is used in areas with a high potential for erosion, such as steep slopes and canals, to protect the soil from the impact of rain and erosive runoffs while facilitating the growth of vegetation.
- The soil mounds accumulated when clearing the right-of-way will be covered with geotextile and a silt fence and hay bales will be placed around them. This material will be stored adjacent to the trenches and, as soon as the pipeline is laid, it will be reused to fill the same. The remainder will be carried to an authorized landfill.
- Longitudinal and transversal furrows and velocity dissipation devices will be constructed to redirect the water and reduce its velocity in mountainous areas.

- An erosion and Sedimentation Control Plan (CES Plan) will be prepared and filed with the Environmental Quality Board for approval. This Plan will identify the drainage patterns and the areas where control measures such as hay bales and filtering mesh will be installed.
- A Notice of Intent will be filed before the Federal Environmental Protection Agency and a Stormwater Pollution Prevention Plan will be prepared. This Plan will be prepared using the EPA guide, Developing a Stormwater Pollution Prevention Plan: A Guide for Construction Operators and the accompanying template. This Plan includes the following sections: Site Evaluation and Planning, Best Management Practices for erosion and sediment control, (slope stabilization, sediment traps, rip-rap, geotextile mesh fabric, curbs and gutters, velocity dissipation devices); Best Management Practices for post-construction controls; Inspections; Registration and Record Keeping; Training and Final Stabilization.
- The AEE will file a written notice of commencement of activities with the JCA. This notification will be made no later than the fifth (5) working day following the commencement of any activity contemplated in the CES Plan.
- The AEE will file with the JCA progress reports of the implementation of the CES Plan and the development of its activities. The progress reports will be submitted to the Environmental Quality Board monthly, starting with the commencement of the implementation of the CES Plan. Said reports will be prepared and certified by an inspector in accordance with the Regulations for the Certification of Drawings and Documents before the Environmental Quality Board. The Environmental Quality Board may require the filing of reports in different periods than those specified, if they deem it necessary in their judgment.

The Erosion and Sedimentation Control Plan

- The construction right-of-way will be delimited to avoid impact to other areas.
- The bodies of water that could be affected by the construction will be identified to protect them.
- Drainage patterns to the body of water will be identified.
- Slope stabilization (terraces) to reduce the velocity of runoff water and minimize erosion. Geotextile fabric will be installed to prevent erosion by rain or wind.

due to the traffic of heavy machinery, which could reduce the soil's absorption capacity.

The removal of vegetation increases the potential for the introduction and establishment of invasive species and reduces the habitat available to fauna.

Next we discuss the general measures that will be taken to minimize the impacts of soil movement. The specific measures will be presented with the request of the General Consolidated Permit.

6.4.1. Fugitive dust emissions

The construction of Via Verde will cause the emission of fugitive dust in all the stages of the project: clearing and leveling of the right-of-way, excavation of trenches and restoration. There will also be emissions during the preparation and operation of the project's Operations Center and the additional work areas. In addition, there could be emissions due to the transport of surplus soil to the landfills.

The following measures will be established to minimize these impacts:

- We will request a construction permit for source of fugitive dust from the Environmental Quality Board.
- We will file a Notice of Intent before the Federal Environmental Protection Agency and we will prepare a Stormwater Pollution Prevention Plan (SWPPP). This SWPPP will be prepared using the EPA guide, Developing a Stormwater Pollution Prevention Plan: A guide for Construction Operators and the accompanying template. This Plan includes the following sections: Site Evaluation and Planning, Best Management Practices to control erosion and sediments, Best Management Practices to control refuse, Best Management Practices for post-construction controls, Inspections, Registration and Record Keeping, Training and Final Stabilization.
- Water sprinkler trucks will be used to sprinkle the construction areas. This includes the right-of-way, soil mounds and Operations Center. This way the soil is kept moist and the amount of fugitive dust dispersed is minimized.
- It will be required that haul trucks use covers to avoid the emission of fugitive dust during the transport of material over the roadways. The covers will be in good conditions and they will be appropriately secured to avoid their coming loose and being moved from their place by the wind.

The following measures will be taken to minimize the impact that soil erosion and sedimentation will have on bodies of water:

The construction area for the project is 100 feet wide. An area 200 feet wide was covered for the flora and fauna studies. Within these 200 feet, an throughout the 92 miles of the alignment, four mangrove areas were found, two in Peñuelas, one in Toa Baja and another one in Guaynabo. Mangrove areas are important to prevent coastline erosion (the protection depends on the tree density), as habitat, nesting sites, recycling nutrients and food for marine organisms. They also filter water and maintain the quality and clarity of the same. Neither the alignment, nor the construction area will impact on this resource because measures have been taken to avoid it. To those effects the alignment was varied in the four mangrove areas so it would not run over the same.

6.4. Impacts Caused by Soil Movement

The movement of soil for the construction of the project is approximately 1,181,966 cubic meters. The major impact of activities that involve deforestation and soil movement is soil erosion and the subsequent sedimentation in the bodies of water. The soil that reaches the bodies of water can degrade water quality by an increase in turbidity, entrainment of pollutants and reduction of the amount of dissolved oxygen, which can interfere with the respiration of aquatic organisms. To minimize this impact incidental to the impact caused by deforestation and removal of the vegetable cover, the AEE will establish an Erosion and Sedimentation Control Plan (CES Plan) and a Stormwater Pollution Prevention Plan (SWPPP), in compliance with the regulations the Environmental Quality Board (JCA) and the EPA have promulgated to those effects. (See Section 6.1.2). The CES Plan is an indispensable requirement for the General Consolidated Permit that will be obtained for the construction of Vía Verde, once we have the certification of compliance with Article 4.B.3. of the Environmental Public Policy Act, Law No. 416 of September 22, 2004 (Law 416).

The movement of soil also generates emissions of fugitive dust that reduce visibility in the atmosphere, transports pollutants and could exacerbate respiratory conditions in susceptible persons. To those effects the AEE will adopt adequate controls to control fugitive dust in compliance with the regulation the Environmental Quality Board (JCA) promulgated to those effects. (See Section 6.1.1). These controls are indispensable requirements for the General Consolidated Permit that will be obtained for the construction of Vía Verde, once we have the certification of compliance with Article 4.B.3. of the Environmental Public Policy Act, Law No. 416 of September 22, 2004 (Law 416).

Although the necessary measures for the control of fugitive dust will be established, there may be a cumulative impact, because it is impossible to eliminate the emissions completely. In certain areas of the project there may be constructions that coincide with the construction of Vía Verde and contribute to increase fugitive dust in the air.

In agricultural areas the movement of soil can cause adverse impacts on agriculture, if there is poor management of the nutrient-rich top soil. There is also soil compaction

will increase water turbidity, there will be temporary loss of vegetation, and impact to migratory and resident species.

The aquatic species will be impacted by the increase in water turbidity, which diminishes the amount of dissolved oxygen. Although the species can move to other areas of the wetland, it is presumed that there will be some mortality in the excavation area, an impact that is not considered significant. The migratory bird species will be temporarily impacted because the noise of the machinery and the activity of the workmen will keep them away from the area of the project, but they will be able to move to very broad neighboring areas (such as Caño Tiburones and forested land on 41% of the island) and use other areas for rest, food and mating.

On the other hand, the use of motor vehicles could impact the wetland if there are spills of oil or other liquids.

The following measures will be taken to minimize impacts on the wetland:

- Clearing the right-of-way will require the removal of the vegetable cover (including trees) throughout the length of the area at a width of 100 feet. This vegetation will be removed from the area to prevent accumulation and putrefaction. It will be disposed of as non-hazardous solid waste.
- The right-of-way will be demarcated to restrict the removal of vegetation and avoid impact to the wetland outside of this area.
- Erosion and sedimentation control measures will be placed to avoid or minimize entrainment of sediment to other areas of the wetland.
- Vehicles leaking of oil or other liquids that could pollute the wetland will not be permitted. If any spills were to occur during the construction, spill kits will be used to clean the material and the equipment will be removed from the work area.
- Special techniques for construction in wetlands will be used (see Project Description, Construction in Wetlands and Mangroves)

To mitigate the impacts where it is not possible to minimize,

- The AEE proposes to mitigate for the loss of vegetation on site after conducting the hydrostatic test.
- A Mitigation Plan will be prepared and the recommendations of the concerned agencies will be followed.

6.3.1. Forested Wetlands (Mangroves)

pipeline is installed, the topographic contours will be returned to conditions that existed before the construction to avoid affecting the hydrology and the natural nutrient movement cycles or patterns.

In the case of wetlands the impact is temporary, during the installation of the pipeline that transports natural gas. As proposed, the Project does not entail permanent impact in the wetlands, so it is not related to cumulative impacts that result from other actions.

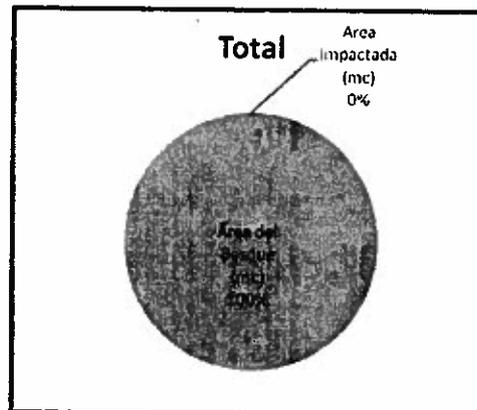
The pipeline's installation in the forested areas of Punta Salinas will be made mostly with HDD, which crosses under the trees' root zones. In the other forested areas, which are not in wetlands, where the installation of the pipeline will not be by HDD, the open trench method will be used. The mitigation plan for the Project's impacts will include the necessary measures to compensate for the loss of forest.

It is important to state that the impact on the wetlands will have a temporary effect only during the construction process, because immediately after the pipeline has been installed, the original conditions will be restored. No permanent impact is expected that will be detrimental to the wetlands. Because the nature of wetlands is complex, it is necessary to establish first the subject of the impact, which can be the vegetation, the hydrology, or the soil of the wetland, or the group of species developing in it. The following discussion is in regard to the possible impact to the hydrology of the wetlands due to the installation of the 24-inch diameter pipeline and the anchoring structures necessary to prevent flotation. Wetlands are nourished mainly from direct rainfall, from surface runoff and from the underlying underground water.

Direct rainfall, although it is easy to quantify with the help of a pluviometer, is generally the lesser contributor to the wetland in relation to the water runoff and the subterranean contribution. The amount of water feeding the wetland from the surface runoff and the underground water is a function of the rainfall and the catchment area. Most of the wetlands receive the surface runoff in the form of laminar surface water flow, emerging water courses, man-made ditches, ravines and rivers. The rainfall percolating underground maintains the hydraulic gradient of the underground water that determines the wetland. It is important to mention that wetlands lose water in quantities similar to the direct rainfall, as its area exposed to sunlight is on the one hand, and by plant transpiration on the other. In relation to direct rainfall, the project does not interfere with rain falling on the wetland, all the areas are exposed to rainfall without alteration of the natural condition. The surface runoff will not be impacted either by the installation of the pipeline. Almost all the project is underground, so there will not be any structures on the terrestrial surface that will have the potential to interfere with the surface runoff. Therefore, the inflow of water to the wetlands from surface runoff will not suffer alterations detrimental to the wetlands' hydrology. Although minimally, the flow of underground water feeding the wetlands could be affected by the installation of the pipeline. Appropriate mitigation measures are envisioned for this possibility.

The project's impact on the wetlands area will be reflected in soil disturbances, which

percentage is graphically imperceptible.



6.3 Impact on Wetlands and Mangroves

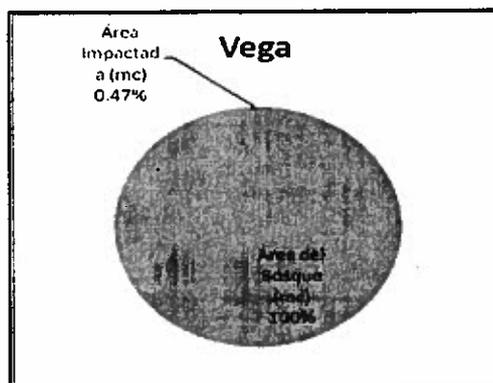
Of the 1,191.3 total acres (4,821,070 square meters) the project will occupy, 1,494,416.65 square meters or 369.3 acres of wetlands were identified and delimited over which the U.S. Army Corps of Engineers has jurisdiction. (See Section 3.5.4 of this document). This means that 33% of the alignment will cross over wetland areas. The greater portion of these wetlands is located in the north segment of the alignment, from Arecibo to Guaynabo.

The Project's route in Caño Tiburones will traverse areas of herbaceous wetland, which have been significantly impacted in the past. Herbaceous species predominate in this wetland, identified as invasive species undesired by the federal agencies (for example, *Typha domingensis*). The gas pipeline installation method in these areas will permit that, once the installation is completed, the vegetation that existed before the construction will be substituted by desired species.

The project crosses on the north and northwest side of San Pedro Marsh (Municipality of Toa Baja), where it is associated with the mouth of the Cocal River. In this section the gas pipeline will be installed beneath the root zone of the mangrove trees found in the north of it. The herbaceous areas of this marsh which could be affected by the pipeline construction, are (or have recently been) used for commercial lawn planting.

The project crosses outside the Natural Reserve of the Las Cucharillas Marsh. There will be no filling over the wetlands. The 50 feet wide operation right-of-way allows for the colonization and development of herbaceous and arbustive species, although not of trees, for which reason it is expected that the vegetation adjacent to the operation right-of-way will recolonize this strip after the Project's construction phase. As proposed, the Project will not include the removal of trees in the wetlands. On the occasions in which the route runs in arboreal wetland areas, the installation of the gas pipeline will be made under the root zone of the trees, using an HDD system. In this manner, once the gas

forest is 1.85 square miles (4,791,480 square meters). The portion that will be impacted is 0.46 square miles (1,191,390 square meters). Of these, only 0.0086 square miles (22,274 square meters) will be impacted. These 0.0086 square miles (22,274 square meters) correspond to a length of 0.43 miles (0.69 kilometers) of pipeline that lie in the forest, times the 100 feet width (30.5 meters) of the construction area. This constitutes only 0.47% of the forest that will be impacted temporarily. Of the 100 feet (30.5 meters) of the construction area, 50 feet (15.25 meters) will be reforested, and only 50 (15.25 meters) will be maintained as an operation right-of-way, for which reason the permanent impact is even less and it corresponds to 0.0043 square miles (11,137 square meters) or 0.235%. According to the study titled: *Incorporating Biodiversity Considerations Into Environmental Impact Analysis Under the National Environmental Policy Act*², minimizing fragmentation is an important factor in promoting biodiversity. Large areas are better in promoting biodiversity than small areas and connected portions are better than isolated portions. Vega Forest is fragmented into six small portions, of which one will be impacted by Via Verde. To mitigate that impact on one of these portions, the AEE proposes acquiring land contiguous to some of the portions to connect two isolated portions. This reduces the genetic isolation of the individual species, promotes the natural flow of species, energy, water and nutrients critical to the survival of the ecosystem and improves its ability to tolerate changes. The growth of trees native to this area will be promoted or it will be reforested with arboreal species that improve the ecosystem by providing better sources of food. These land will be dedicated to conservation. This whole process will be conducted in coordination with the DRNA.



- The total area of forests near the project is 12.36 square miles. The total area to be impacted by the project is 0.0086 square miles, or 0.07%. This

² Published by the Council on Environmental Quality, 1993.

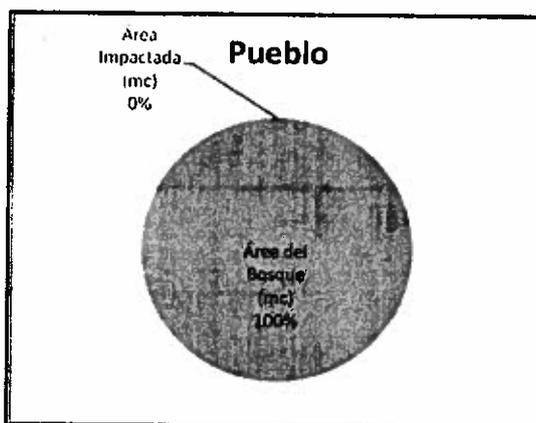
mitigation will be of two kinds: *in situ* and by acquisition of land, preferably contiguous and of equal or similar ecological value to the impacted site. In like manner, in terms of its type, the mitigation will be made in kind or with different species that bring about an improvement of the ecosystem, for example, using trees that provide more food for birds, which will be selected in coordination with the DRNA.

6.2.1. Forests

Puerto Rico has several forests, some of which are near the project. The original alignment selected crossed through three forests: Bosque del Pueblo, Bosque Río Abajo and Bosque Vega.

To avoid causing an impact on these forests, the design of the alignment was varied in such a manner that:

- Bosque del Pueblo was totally avoided by moving the original alignment further to the west and away from it. The total area of this forest is 1.61 square miles (4,169,880 square meters).



- Bosque Río Abajo will not be impacted because *Vía Verde* will use the existing and already impacted right-of-way of PR-10 in that zone. The total area of this forest is 8.90 square miles (25,050,900 square meters). This forest was fragmented by the construction of PR-10. *Vía Verde* uses 8.4 miles (13.52 kilometers) of this highway's right-of-way, it avoids further fragmentation of the forest, and does not add to the impacts such as mortality of organisms, the movement of species and the introduction of invasive species.
- Bosque Vega is the only forest that will receive a direct impact with this project. This reserve is fragmented in six portions. *Vía Verde* will impact one of them. However, the impact will be minimal. The total area of this

- (i.e.: CAPECO right-of-way in Guaynabo and Union Carbide in Peñuelas);
- Two point three percent (2.3%) of the route is on woody wetlands that will not be impacted because the HDD method will be used (that is, a curved subterranean perforation well below the root systems);
- Four percent (4%) of the alignment runs through land populated by bushes (mainly *leucaena*, sp) of early ecological succession; and
- Fifty-three percent (53%) of the proposed alignment will run through flat land, floodplains and agricultural lands free of arborescent vegetation.

This leaves us with a total of 20% of the proposed alignment (that is 20% of 92 miles = 18 miles) that is covered with arborescent vegetation. To obtain the amount in *cuerdas* (a unit of land area of approximately 3,930 square meters or 0.971 acres) of the area that will be impacted, we multiply 18 miles times 30 meters wide (temporary construction right-of-way) which makes a total of 221 *cuerdas*. If we take in consideration that of the 30 meters of construction right-of-way, 15 meters will be reforested, we can conclude that half of the impact on areas of arborescent vegetation will be temporary and that the permanent impact will be on some 110.5 *cuerdas*. Said impact will be compensated at a ratio of three to one through the acquisition of land, reforestation of public areas or any combination of measures the DRNA deems necessary.

Finally, we propose to reforest the construction right-of-way temporarily impacted with native species that provide habitat to the fauna species of the impacted region. The *Péndula* (*Cytharexylum fruticosulum*) and the *Úcar* (*Bucida buceras*) are examples of species that provide food to wildlife (birds) and that will be taken in consideration in the planting and reforestation plan that will be made even though the AEE is exempt from compliance with Planning Regulation No. 25 (Puerto Rico Tree Cutting, Pruning and Forestation Regulation) in its rights-of-way.

The measures that will be taken to minimize the loss of vegetation are discussed below:

- The construction area will be clearly defined to avoid damage in other zones.
- Inasmuch as possible, the land will be restored to its original state. Although the AEE will acquire a 150 foot wide right-of-way, it will only keep free of deep roots a width of 50 feet (operation right-of-way).
- The AEE, in coordination with the regulatory agencies, will try to avoid the loss of species of ecological value. However, if such loss is unavoidable, a mitigation plan will be designed for those cases in which it is not possible to replant in the operation right-of-way.
- Areas near the project's site will be reforested in a proportion of 3:1 per affected individual. This will be done in coordination with the concerned agencies and in strict compliance with the applicable regulations. In terms of its location, the

Carretera	MP Entrada	MP Salida
PR-693	77.07	77.09
PR-854	77.72	77.73
PR-165	78.39	78.41
PR-867	79.35	79.37
Boulevard de Levittown	83.10	83.11
PR-165	84.92	84.94
PR-22	87.34	87.38
PR-22	88.88	88.93
PR-24	90.18	90.22
PR-165	90.33	90.38

6.1.6. Future Projects

Proposed projects with consultations approved by the Planning Board were identified, according to that same agency's database. The original alignment impacted two of these projects (a commercial project in Vega Alta-Dorado and a residential project in Vega Baja). Said alignment was modified to avoid the same.

6.2. Impacts by Deforestation

One of the project's first impacts will be reflected in the vegetation due to the clearing and leveling of the right-of-way phase. A 100 feet wide construction area will be needed. In crossings of bodies of water and highways the right-of-way could be from 100 to 300 feet wide. It is estimated that 1,191.3 acres of land will be impacted, most of them (approximately 66%) temporarily. With the exception of protected species or habitat of interest for conservation, all the trees and vegetation in this area will be removed. This impact is not avoidable due to the project's construction specifications. Vegetation in wetland areas that is impacted with open trenches will be allowed to be restored in natural form or by mitigation in a proportion of 3:1, as required. In agricultural areas, planting of crops that don't have deep roots will be permitted. In the rest of the project reforestation will be allowed to take place in natural form or through mitigation plans coordinated with the Department of Natural and Environmental Resources (DRNA), except for the growth of trees with deep roots within the 50-foot operation right-of-way (25 feet on each side of the pipeline, whenever possible). The mitigation plans required by DRNA include reforestation in a 3:1 proportion of the trees removed.

To determine the impact of Via Verde on areas covered by arborescent vegetation, we took the following in consideration:

- Nearly 21% of the route will traverse through highway rights-of-way (i.e.: Highways PR-10 and PR-22) and places impacted by previous activities

Carretera	MP Entrada	MP Salida
Carretera Portugués	15.89	15.91
PR-143	16.41	15.91
Carretera Valdes	17.52	17.53
Camino sin Nombre	19.36	19.38
PR-524	20.76	20.78
Camino sin Nombre	22.72	22.74
Camino sin Nombre	22.99	23.01
Camino sin Nombre	23.49	23.51
PR-10	25.35	25.37
PR-111	25.84	25.86
PR-10	27.25	27.27
PR-123	29.80	29.82
PR-10	30.09	30.11
PR-621	30.59	30.61
Camino sin Nombre	34.69	34.71
Camino sin Nombre	35.86	35.88
PR-22	40.93	40.97
PR-2	42.18	42.22
Camino sin Nombre	47.05	47.07
PR-681	53.09	53.11
PR-616	54.96	54.98
PR-616	55.45	55.47
PR-22	55.65	56.62
PR-2	57.32	57.36
PR-149	59.26	59.28
PR-672	62.67	62.69
PR-137	64.76	64.77
Calle Mario López	66.11	66.13
Calle Rogue Cancel	66.21	66.23
PR-674	67.12	67.14
PR-22	68.24	68.28
PR-160	69.18	69.19
PR-676	71.02	71.04
PR-22	71.20	71.24
PR-690	71.69	71.70
PR-2	71.80	71.82
Elevados	74.21	74.23
PR-694/Rampas	74.68	74.72
PR-6659	75.92	75.94
PR- 22/Superacueducto	76.15	76.21
PR-694	76.77	76.78

from the alignment. Among the communities that were avoided are: Seboruco in Peñuelas, Jardines de Mónaco and Sector La Grúa in Manatí, Sector Bethel and El Indio in Vega Baja, Mameyal Playa Community in Toa Baja, Urbanización Villa Aurora and Puente Blanco Community in Cataño, Miraderos de Sabana Walk Ups and Sector Sabana in Guaynabo.

6.1.2. Areas of Ecological Value

The impact to Bosque del Pueblo Reserve and several parcels dedicated to perpetual conservation in Adjuntas was avoided due to their high ecological value.

6.1.3. Bodies of Water, Mangroves and Woody Wetlands

The impact to several canals, rivers and all the mangroves and woody wetlands was avoided through the use of the dry crossing technology known as Horizontal Direct Drilling (HDD). Among these bodies of water that will be crossed with HDD are: two canals, one forested wetland and the Tallaboa River in Peñuelas; three canals, one herbaceous palustrine wetland and Río Grande de Arecibo in Utuado; one flood control project, four canals, Río Grande de Arecibo and the Tanamá river in Arecibo; three canals and the Río Grande de Manatí in Manatí; Río Indio in Vega Alta; two wetlands (estuarine forested and palustrine forested), one flood control project, La Plata River and Cocal River in Toa Baja; two canals, two estuarine forested wetlands and the Cocal River in Dorado; one flood control project, two canals and the Bayamón River in Cataño.

6.1.4. Structures of Cultural Value

Direct impact to the La Candelaria Shrine in Toa Baja was avoided.

6.1.5. Infrastructure

The highways and roads in the following table will be crossed with the boring technique to avoid impact on the infrastructure and on traffic.

Carretera	MP Entrada	MP Salida
PR-127	3.09	3.11
Camino sin Nombre	3.34	3.36
PR-2	3.68	3.72
PR-385	3.92	3.94
PR-132	8.25	8.27
PR-520	9.53	9.55
PR-391	10.50	10.52
PR-391	11.11	11.13
PR-123	15.66	15.68

6. IMPACTS

The impacts of this project may be direct, indirect or cumulative. Next we evaluate these impacts on the different resources that could be affected by the project. The cumulative impact will only be analyzed for those sensitive or critical resources. The cumulative impact could result from the combination of different effects the project could have on the same ecosystem or from the combination of different projects in the same space and time frame.¹ Thus, the absence of other projects (past, concurrent or future) is not the only source of cumulative impacts that could result from the implementation of Via Verde.

The construction of Via Verde will have impacts on the environment. The project is a lineal excavation that covers 92 miles and affects some 1,191.3 acres of land, most of these temporarily.

During the studies phase we tried as much as possible to avoid areas of ecological value, and to avoid significant impacts. For this we consulted with the regulatory agencies to receive their recommendations before the proposed alignment was determined.

In cases where the impact is unavoidable, the impact will be analyzed and measures designed to minimize the negative effects that could develop will be established. The impacts, although they may have been minimized, will be mitigated, in accordance with the recommendations of the experts that participated in the project's study phase and in coordination with the regulatory agencies. In other cases, and due to the project's nature, the impact cannot be avoided or minimized. In those cases the magnitude of mitigation will be greater and will require a more sophisticated design.

Next we will discuss the project's impacts and the measures that will be implemented to avoid, minimize and mitigate the same.

6.1. Avoided Impacts

6.1.1. Communities

One of the criteria with more weight in the planning of the project was minimizing the number of residences in the vicinity of the alignment. During the planning phase we found that the alignment selected initially in the study of alternatives was close to certain communities. For that reason it was determined to establish a right of way in such a manner that communities would not be affected within a distance of 150 feet

1

Consideration of Cumulative Impacts in EPA Review of NEPA Documents, U.S. Environmental Protection Agency, Office of Federal Activities (2252A), EPA 315-R-99-002/May 1999.



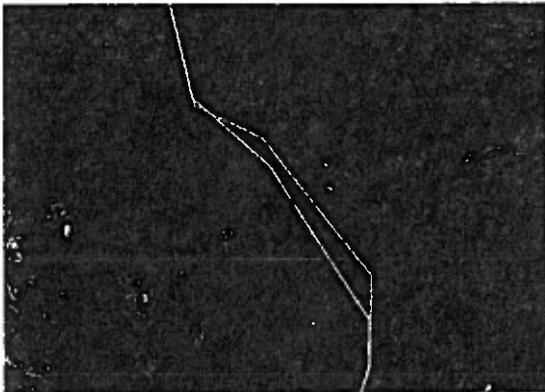
Municipality of Utuado



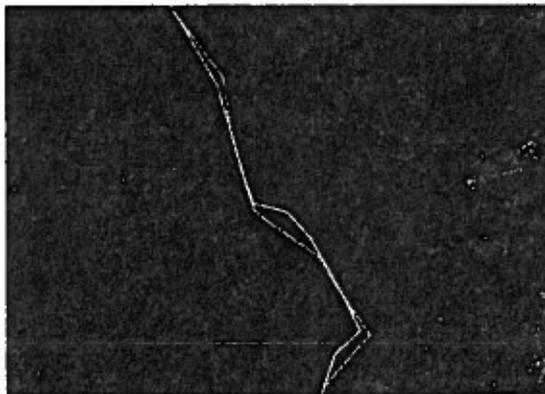
Municipality of Arecibo

4.5.3.6. Changes for construction reasons

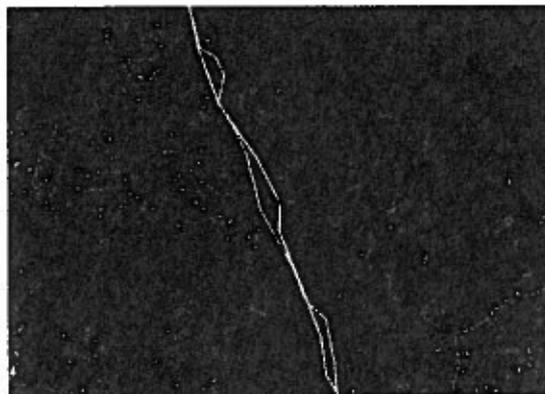
The following changes to the alignment respond to construction factors due to the steepness of the topography in the center of the island in the mountainous area or to difficulties in the use of the HDD technology.



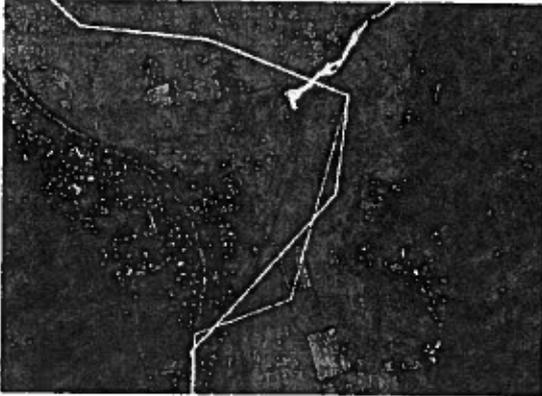
Municipality of Peñuelas



Municipality of Peñuelas



Municipality of Adjuntas



To facilitate the crossing of the Arecibo River at the height of the Municipality of Arecibo using the HDD technique so as to avoid impacting this body of water.

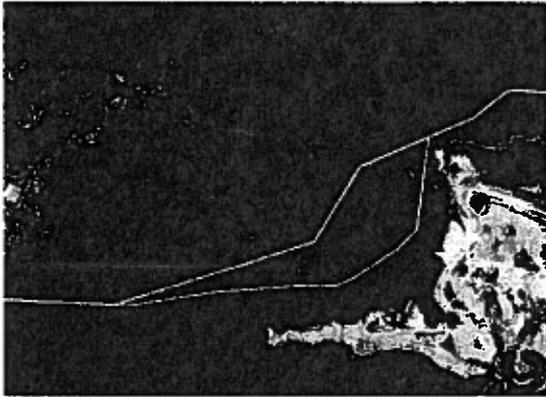
4.5.3.5. Changes to keep the alignment away from communities and future projects



In the vicinity of Urbanización Levittown in the Municipality of Toa Baja, the alignment will be at a depth of 60 feet and the HDD technique will be used to cross the area which will prevent the impact associated with open trench excavations.



To move away from a future development in the Municipality of Vega Baja that already has approved permits from the Planning Board.



To move away from the area of the industrial landfill located in the Municipality of Peñuelas.



To move away from the lagoon of lixiviates on the municipal landfill in the Municipality of Arecibo.



To facilitate the crossing of the Arecibo River at the height of the Municipality of Utuado using the HDD technique so as to avoid impacting this body of water.

4.5.3.4. Changes for environmental considerations



To address recommendations from the UPR, and to move away from the historical archaeological area of the shrine in the Municipality of Toa Baja.



With this change the number of times the alignment crosses the El Indio River in the Municipality of Vega Baja is reduced.



To avoid impacting mangrove areas in the Punta Salinas sector of the Municipality of Toa Baja.

4.5.2.4. Variations due to construction reasons

4.5.2.4.1. Variation at the EcoEléctrica Canal, Peñuelas



Initially, the alignment crossed the discharge canal at a 90° angle. To use the HDD method, it was decided to reduce this angle because 90° angles are not recommended for this method.

4.5.2.4.2. Variation at the Tallaboa River, Peñuelas



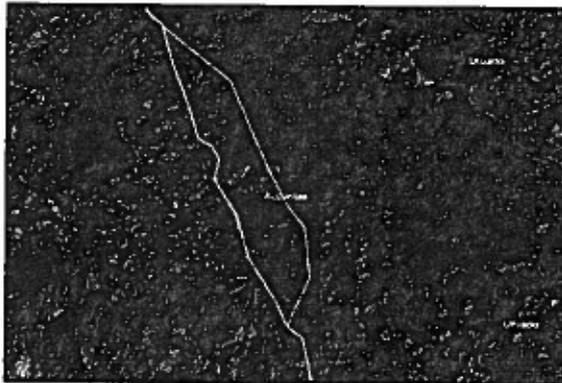
Initially, the alignment crossed the Tallaboa River in two sections at a 90° angle. To use the HDD method, it was decided to reduce this angle because 90° angles are not recommended for this method.

4.5.3. Changes to the Proposed Alignment

After collecting the comments of the diverse agencies and the general public to the DIA-P Draft, the changes to the proposed alignment were incorporated to address said comments and recommendations. These changes respond to various reasons, among which there are: environmental considerations, keeping it away from existing communities and future developments. Other changes respond to construction reasons.

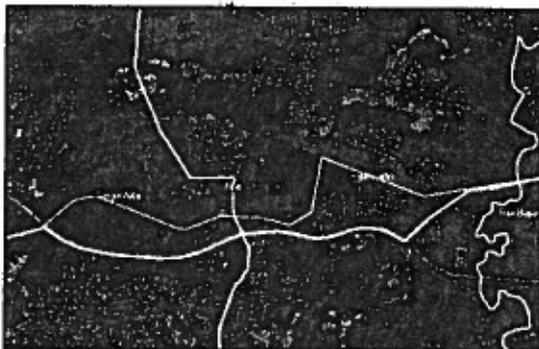
4.5.2.3. Variations to minimize environmental impacts

4.5.2.3.1. Variation in Bosque del Pueblo, Adjuntas



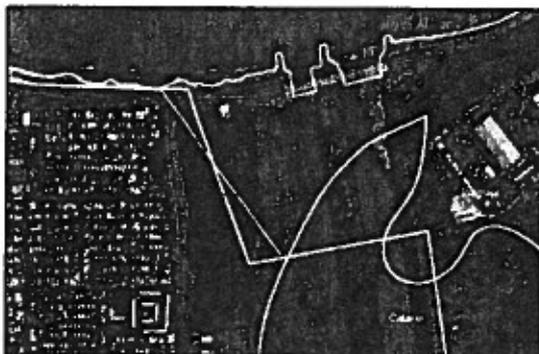
Initially, the alignment crossed a small area of Bosque del Pueblo in the Municipality of Adjuntas. To avoid this impact the alignment was located farther to the west.

4.5.2.3.2. Variation in PR-22 in the Municipalities of Vega Alta and Dorado



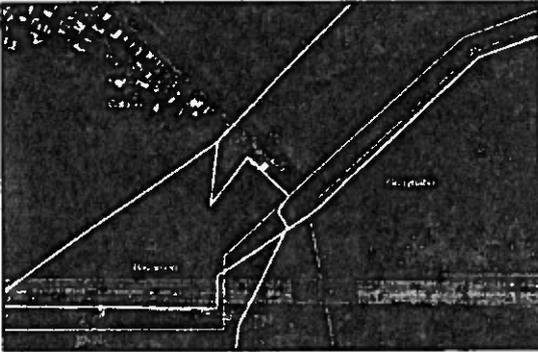
Initially, the alignment impacted the north portion of the La Vega forest in the Municipalities of Vega Alta and Dorado. By incorporating this variation the impact to this resource was diminished by 30%.

4.5.2.3.3. Variation at La Candelaria Shrine, Toa Baja



Initially, the alignment impacted the structure of historic value directly. By incorporating this variation we were able to move the alignment out of this area and thus avoid the impact.

4.5.2.1.11. Variation at Puente Blanco Community, Cataño-Guaynabo



Initially, the alignment affected the Puente Blanco community. Several residences in this sector would be within 150 feet of this alignment. By incorporating this variation we were able to keep these residences more than 150 feet away.

4.5.2.1.12. Variation at Miraderos de Sabana Walk-ups and the Sabana Ward, Guaynabo



Initially, the alignment affected the Sabana Sector and the Miraderos de Sabana Walk-ups. These would be within 150 feet of this alignment. By incorporating this variation we were able to keep the Walk-ups more than 200 feet away and the Sabana Sector residences more than 250 feet away.

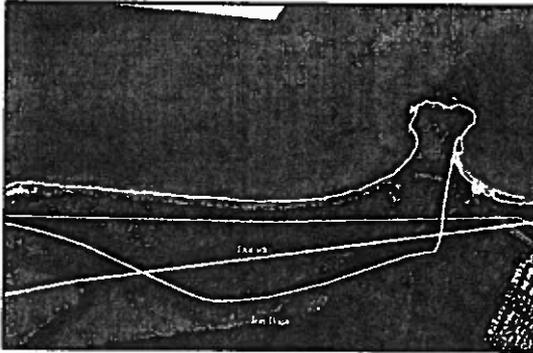
4.5.2.2. Variations to minimize the project's economic impacts

4.5.2.2.1. Variation at PR-22, in the Municipalities of Vega Alta and Dorado



Initially, the alignment impacted 5 miles of private lands in the municipalities of Vega Alta and Dorado, which would represent a high cost in the acquisition of the right of way for this alignment. By incorporating this variation, we were able to use the Highways Authority right of way in PR-22, resulting in substantial savings in the project's cost.

4.5.2.1.8. Variation at Mameyal Playa Community, Toa Baja



Initially, the alignment affected the Mameyal Playa Sector. Several residences in this sector were within 150 feet of this alignment. By incorporating this variation, we were able to move the alignment to more than 300 feet away.

4.5.2.1.9. Variation at Levittown Communities, Toa Baja



Initially, the alignment affected several urbanizations in the Levittown area. Several residences in these communities would be within 150 feet of this alignment. By incorporating this variation, we were able to move the alignment to more than 500 feet away.

4.5.2.1.10. Variation at Villa Aurora Urbanization, Cataño



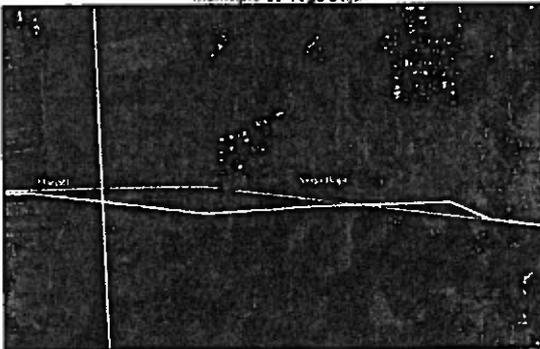
Initially, the alignment affected this urbanization. Twelve residences of this sector would be within 150 feet of this alignment. By incorporating this variation we were able to keep these residences more than 200 feet away.

4.5.2.1.5. Variation at La Grúa Sector and El Polvorín Ward, Manatí



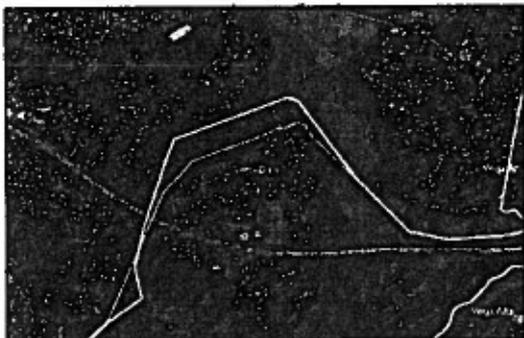
Initially, the alignment impacted the La Grúa Sector, cutting directly across it. Nine residences would be affected. By making this change we were able to avoid this community and at present it is more than 3,000 feet away.

4.5.2.1.6. Variation at Bethel Sector, Pugnado Afuera Ward, Vega Baja



Initially, the alignment affected the Bethel Sector. Several residences would be within 150 feet of this alignment. By incorporating this variation, we were able to move the alignment more than 300 feet away.

4.5.2.1.7. Variation at El Indio Sector, Almirante Norte Ward, Vega Baja



Initially, the alignment impacted more than ten residences in the El Indio Sector. By making this change, we were able to avoid impacting these residences. We were able to move the proposed alignment more than 300 feet away from this community.

this community.

4.5.2.1.2. Variation at Urbanización Monte Santo, Peñuelas



Initially, the alignment ran on the east side of Urbanización Monte Santo. With this alignment, four residences were less than 150 feet away from the alignment. By making this change, it was reduced to only one residence.

4.5.2.1.3. Variation at Universidad de la Montaña, Utuado



Initially, the alignment impacted land belonging to Universidad de La Montaña. By incorporating this variation, the alignment diminishes the impact to these lands and now it is more than 800 feet away from the university's buildings.

4.5.2.1.4. Variation at Urbanización Jardines de Mónaco, Manatí



The alignment was some 400 feet away from this urbanization and affected several residences in the nearby communities. It was decided to move the line away an additional 400 feet because there was space available. In addition, this change benefitted the adjacent houses which were within a distance of 150 feet from the project. Finally, the present alignment is some 800 feet away from the Jardines de Mónaco communities.

impact to residences in the South-North C alignment obtained the highest positive value of the three possible alignments for this section.

For the West-East section the analysis of the matrix revealed that the best alignment is West-East C. It obtained six positive points, while the West-East B alignment obtained five positive points and the West-East A alignment only received one positive point. Also, the criterion of impact to residences in the West-East C alignment obtained the highest positive value of the three possible alignments for this section.

By joining the alignments with the most positive value for each section, we obtained the terrestrial alignment with the greater development potential. That is the alignment about which the environmental evaluation presented in this DIA-P was made.

4.5.2. Variations to the selected alignment

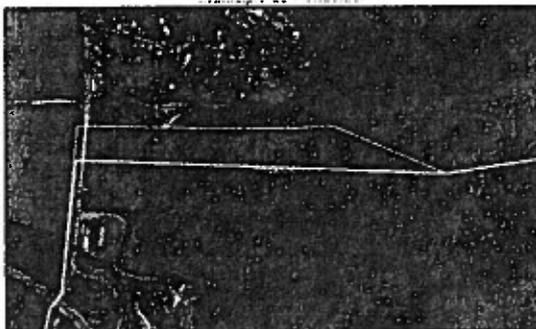
The development of the selected alignment evolved to incorporate necessary changes due to different reasons: impact the communities in the least, avoid or minimize environmental impacts, economic factors, and factors associated to the construction. In the determination of the variations, the main emphasis was on finding the shortest viable alignment in terms of construction which would have the least environmental impact and, principally, to be as far away from the communities as possible. The variations we show below led to the alignment presented in this document, Vía Verde. The illustrations of the variations that appear below contain the original alignment in orange and the varied alignment in green.

4.5.2.1. Variations to avoid communities

The criterion that carried the most weight in planning the project was to minimize the number of residences in the vicinity of the alignment. During the planning of the project we found that the initial alignment selected in the study of alternatives ran near certain communities. For that reason, we determined to displace the alignment inasmuch as possible so that no communities would be affected for a distance of 150 feet on both sides of the alignment.

The following variations were made to avoid impacting the communities.

4.5.2.1.1. Variation at Seboruco Community, Peñuelas



Initially, the alignment was some 300 feet from this community. We made the decision to move the line away some 300 feet to the south, because there was space available. In addition, this change did not affect other communities. Finally, the present alignment is at a distance of some 600 feet away from

cost of the project. All the highways that would be intercepted by the alignment were counted. A positive (+) value was assigned to the alignment that ran through less crossings.

- **Zoning**

An analysis was made of the different land zonings or ratings along the alignment. Non-residential, public, industrial, agricultural, commercial and not zoned lands were defined as favorable to the construction. Residential, forested, conservation zones and historical sites were defined as land zones unfavorable to the construction. The extension of the alignment that ran through land of all zones was measured and then the extension that ran through zones unfavorable to the construction was subtracted from the favorable zoning and a final value was obtained. A positive (+) value was assigned to the alignment with the highest value.

- **Residences**

Due to its limited geographic extension, its high population density and its topography, Puerto Rico has abundant residential conglomerates, especially on its coastal plains. In addition, opposition to a similar project was conceived in the past due to a mistaken perception by the citizenry that the transport of natural gas is an unsafe operation. By the statistics of accidents with natural gas transmission lines, according to the National Transportation Safety Board (NTSB), that perception is not true. Nevertheless, to promote greater trust in the project, this criterion was incorporated in the alignment's selection process. For that reason, the criterion with greater weight in the project's planning was minimizing the number of residences in the vicinity of the alignment. The residences intercepted by the alignment were counted. A positive (++) value was assigned to the alignment with less residences.

4.5.1.2 Matrix for alignment selection

In this stage three alternatives were compared for the south-north section and three alternatives for the west-east section. For this we compared the percentage of each alignment or the number of times the alignment would affect the environmental criterion being evaluated, according to each case. A (+) was awarded to the alignment that would least impact each criterion. Then the amount of (+) each alignment had in its favor was added and the alignment with the most criteria in its favor was selected. The analysis is summarized in the matrix in Addendum 4.2, Matrix for Alignment Selection.

4.5.1.3. Selected alignment

After developing and analyzing the matrix for the environmental criteria considered, we found that the South-North C alignment was the most favorable. It obtained nine positive points, while the South-North B alignment obtained three positive points and the South-North A alignment obtained only one positive point. Also, the criterion of

extension of the alignment that ran through land for all the uses was measured and then the extension of the uses unfavorable for the construction was deducted from the favorable uses and a final value was obtained. A positive (+) value was assigned to the alignment that obtained the highest value.

- **Bodies of water**

Crossings of bodies of water increase the difficulty in the pipeline's construction because to be able to cross a body of water special construction methods will have to be implemented to avoid adverse impacts to them. This increases the cost of the projects. All the bodies of water intercepted by the construction were counted. A positive (+) value was assigned to the alignment with the least number of intercepted bodies of water.

- **Forests or nature reserves**

The forests and nature reserves are protected areas for their high ecological value. One of the criteria considered for the selection of the Vía Verde alignment is to avoid or minimize, as much as possible, impact on these areas. The extension of the alignment that crossed through the different forests or reserves was measured. A positive (+) value was assigned to the alignment that crossed through less areas of forests and reserves.

- **Endangered species**

In Puerto Rico there are several species of fauna and flora listed as protected or endangered. The habitats for such species are highly protected by state and federal regulations. One of the criteria considered for the selection of the Vía Verde alignment is to avoid or minimize as much as possible the impact to these habitats. The extension of the alignment that crossed through the protected habitats was measured. A positive (+) value was assigned to the alignment that crossed the least protected habitats.

- **Archaeological and architectural finds**

Areas with archaeological and architectural finds are protected due to their historic, social and cultural value. They are protected by state and federal laws. All the archaeological and architectural finds which would be intercepted by the alignment were counted. A positive (+) value was assigned to the alignment with the least finds.

- **Highway crossings**

Highway crossings increase the difficulty in the construction of the pipeline because to cross them, special construction methods must be implemented. This is so as to not affect the integrity of the infrastructure and vehicular congestions, which increases the

For our analysis, in addition to the previously mentioned alignments, a third alignment was included for both sections that were not contemplated in the PTC study. Thus, a total of three alignments were studied for each section. The alignments considered were: South-North Alignment A (SNA), South-North Alignment B (SNB), South-North Alignment C (SNC), West-East Alignment A (OEA), West-East Alignment B (OEB) and West-East Alignment C (OEC).

Among the previously mentioned segments, the best alternative was selected for each one of the sections. When both selected sections were joined, we obtained the terrestrial alignment with the greater development potential.

4.5.1. Terrestrial Alignments

4.5.1.1. Selection of alignment with the greater development potential

The purpose of this stage of our analysis is to select a final alignment for Vía Verde. The two alignments suggested in the PTC study in the EcoEléctrica to Cambalache section and the two alignments in the section from Cambalache to the Palo Seco and San Juan power stations were selected. In addition, a third alternative was analyzed for both sections that was not contemplated in the PTC study.

The environmental criteria listed below were selected for the evaluation of these six segments of alignment. In Addendum 4.1, Criteria Maps, you will find a map with the illustration of each criterion.

- Land use
- Bodies of water impacted
- Miles of forest or nature reserves impacted
- Endangered species
- Archaeological finds
- Highway crossings
- Zoning or ratings
- Nearby residences

The source of information used, mostly, was the GIS technology database, which offers environmental information in a computerized manner. Each environmental criterion was evaluated as follows:

- **Land use**

An analysis was made of the different kinds of land use throughout the alignment. Non-residential, public, industrial, agricultural and commercial uses were defined as land uses favorable to the construction. Land for residential use and environmentally sensitive lands were defined as land uses unfavorable to the construction. The

in the island. Among these are our installations in Arecibo, San Juan and Palo Seco, which are Vía Verde's focal points.

This study suggested two alignments to transport the natural gas from EcoEléctrica to the Cambalache Power Plant:

- **South-North Alignment A**

Starting at EcoEléctrica, with a northeast route cross-country until the Municipality of Ponce and then through the right of way of PR-10, continuing through the Municipality of Adjuntas and the Municipality of Utuado. In the Municipality of Utuado the trajectory veers away from the PR-10 corridor, but continues parallel to it until it reaches the Municipality of Arecibo. In said municipality it runs through the northern plains until it reaches the Cambalache Power Plant. This alignment traverses a total of 45.1 miles. This alignment was denominated the I-10 Overland alignment.

- **South-North Alignment B**

Starting at EcoEléctrica, and taking one of two options to reach PR-10. One of the options is the right of way projected for the Southern Gas Pipeline from the Municipality of Ponce; the other is to take the PR-10 right of way from the Municipality of Guayanilla, through the Municipality of Peñuelas. Both options reach the west of the Municipality of Ponce, from where they enter the PR-10 right of way until the Municipality of Arecibo and connect with the Cambalache Power Plant. This alignment traverses a total of 36.8 miles. The study called this alignment DOT Route.

In addition, the study suggested two viable alignments to transport the natural gas from Cambalache to the San Juan and Palo Seco Power Plants:

- **West-East Alignment A**

From the Municipality of San Juan, through Levittown, it takes a trajectory to the west and crosses the municipalities of Toa Baja, Dorado, Vega Alta, Vega Baja, Manatí and Barceloneta until it reaches the Municipality of Arecibo. This alignment traverses a total of 44.6 miles. The study called this alignment the Overland Corridor.

- **West-East Alignment B**

From the Municipality of Cataño, it occupies PR-22's right of way until it reaches the Municipality of Arecibo. The same crosses the municipalities of Toa Baja, Dorado, Vega Alta, Vega Baja, Manatí and Barceloneta. The study mentions that they will have to investigate whether this alignment interferes with the Superaqueduct's right of way. This alignment traverses a total of 45.6 miles. The study called this alignment the DOT Corridor.

fuel emissions in our island's history and will allow the agency to comply with the new emissions criteria promulgated by the EPA for the year 2020. (See Section 6.18)

6. The technology to generate energy with natural gas is well-developed and tested worldwide. At the end of Chapter 2 we present data that demonstrate the use of natural gas in the United States, the number of pipelines and the terminals for natural gas. Also, we present a table from which we conclude that close to 25% of electricity generation in the United States is based on natural gas.
7. There are proven reserves in different parts of the world. The federal Department of Energy's (DOE) internet page has the most up-to-date information on the availability of the world's natural gas reserves in their electronic address, as recovered on October 21, 2010: <http://tonto.eia.doe.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=3&pid=3&aid=6>. The data included there show that there are natural gas reserves in all parts of the world that at present amount to some 6,609,346 trillion cubic feet. They also show that there are gas providers as close to Puerto Rico as Trinidad and Tobago. PREPA, through the processes provided by law and by its regulations, will seek to purchase natural gas from the providers available in the market in such a way that its cost is the most economical, always in compliance with its quality specifications.

For this analysis we used some components of PREPA's property study made under contract by Power Technologies Corporation (PTC) in 2006, *Corridor and Alternative Routes Selection Study*.

The PTC study was comprehensive, since it took in consideration the whole island. One thousand (1,000) meter corridors were evaluated and the following criteria were used for said evaluation: topography, land use, existing corridors and the sensitive areas. With these parameters, 4-km-long segments were generated for analysis under the criteria of existing rights of way or land routes outside the existing rights of way.

Then, 100-meter corridors were created to be used as route alternatives, which were associated with different values and different weights of limiting factors. The route alternatives associated with the least limiting factors were analyzed by experts familiar with the route selection criteria for this kind of project. Restriction maps were created in the final round of analysis, which were used to identify different corridor options. Then, the corridor options were refined with other factors such as: individual residences, minor topographic variations, sensitive habitats identified during the field visits, construction methodology in areas of greater difficulty, such as: steep slopes, bridges and densely populated areas.

Finally, PTC identified for PREPA several routes to carry natural gas to different points

confiabilidad.

B. UNITS 5 AND 6 OF THE COMBINED CYCLE - SAN JUAN: Two Units of 148MW ea

De acuerdo al fabricante, el ahorro aproximado en mantenimiento es de 30%. Los intervalos de mantenimiento se alargan por un factor de 1.3 veces. Se mejora la confiabilidad.

II. STEAM TURBINES (BUNKER C FUEL)

A. PALO SECO STEAM PLANT: Two Units of 216MW ea

Fuel	Environmental Maintenance Frequency	Environmental Maintenance Cost	Auxiliary Steam for Fuel Heating	Fuel Used for Auxiliary Steam for Fuel Heating in 24 hrs	Annual Cost Fuel Used for Auxiliary Steam for Fuel Heating in 24 hrs
Bunker C	18 months	\$1MM	3,900#/hr	102,123 barriles	\$788,440
Natural Gas	Not Necessary	\$0	0	0	0

Approximate Savings on Environmental Savings: \$2MM each 18 months

B. SAN JUAN STEAM PLANT: Four Units of 100MW ea

Fuel	Environmental Maintenance Frequency	Environmental Maintenance Cost	Auxiliary Steam for Fuel Heating	Fuel Used for Auxiliary Steam for Fuel Heating in 24 hrs	Annual Cost Fuel Used for Auxiliary Steam for Fuel Heating in 24 hrs
Bunker C	18 months	\$1MM	1,950#/hr	51,061 barrels	\$394,220
Natural Gas	Not Necessary	\$0	0	0	0

Approximate Savings on Environmental Savings: \$4MM each 18 months

4. The existing units are prepared, or can be modified to use natural gas as their principal fuel without affecting their generating capacity.
5. Natural gas is a cleaner fuel. Its use will help PREPA maintain sustained compliance with environmental regulations to protect the environment. In addition, it will help achieve the greatest and most significant reduction of

compromises the island's economy and affects the quality of life and the well-being of the citizenry in general.

Although the technologies to use renewable energy sources represent zero emissions of air pollutants, the installation and operation of these is not exempt of adverse environmental impact. In fact, projects of this type presented in the island generated great controversies and concerns related to the environmental impact (deforestation of extensive areas, impacts on the flora and fauna, impact to critical habitats, loss of agricultural lands, among others).

4.5. Natural Gas Pipeline

The principal reasons which sustain this determination are:

1. There is a liquefied natural gas receiving terminal in Puerto Rico at EcoEléctrica, which is located in the Municipality of Peñuelas, which avoids the investment required to construct a terminal. This is one of eight importation terminals for this product in the whole United States. In addition, there are some six export terminals, also in the United States. In fact, there is one in Alaska, a state with a high incidence of seismic activity.
2. The historic and projected price of natural gas, according to data published by the Federal Energy Office, is lower than light distilled (No. 2), which is the most expensive fuel used by PREPA. In addition, the projection indicates that natural gas will be cheaper than residual No. 6, which historically had a price similar to, or lower than natural gas in the past.
3. The maintenance cost of the units is reduced because natural gas is a cleaner fuel, as shown below:

ESTIMATED SAVINGS ON GENERATING UNITS MAINTENANCE USING NATURAL GAS

I. COMBUSTION TURBINES (DIESEL FUEL)

A. CAMBALACHE PLANT: Three Units of 83 MW ea

Fuel	Maintenance Frequency	Inspection Intervals	Cost	Amount of Inspections in 10 Years	Cost of Inspections in 10 Years
Diesel	18,000 hrs	40 months	\$9,750,000	3	\$29,250,000
Natural Gas	24,000 hrs	60 months	\$10,050,000	2	\$20,100,000

Approximate Savings on Maintenance is \$27,450,000 in 10 years (30%). Se mejora la

- d) Establish, on the basis of scientific criteria for the analysis of power systems, a strategic plan for the structured integration of renewable energy sources of an intermittent nature, that do not place the stability and reliability of Puerto Rico's electric system at risk. We must establish inviolable limits and percentages of geographical penetration, which must be safeguarded in a consistent manner for the well-being and socioeconomic development of Puerto Rico.

In addition, PREPA prepared the following table in which the generating capacity from some renewable sources that could be acquired is compared with what would be invested in the installation of generating infrastructure for Via Verde, \$450 MM.

Comparative Generation Table

Technology Considered	Computation Base	Equivalent Generation	Capacity Factor	Adjusted Generation	Generation with Via Verde	Estimated Time for Permits and Construction
Photovoltaic Panels	\$6/Watt	75 MW	32%	24 MW	1,542 MW	1-2 years
Wind Turbines	\$2/Watt	225 MW	38%	86 MW	1,542 MW	1-2 years
Solar Heaters	\$2/Watt	225 MW	32%	72 MW	1,542 MW	1-2 years

When considering the data in the previous table, we conclude that the use of renewable energy technologies exhibits higher costs than those obtained by generating electricity with Via Verde. In view of this technological reality, PREPA proposes the use of the Via Verde infrastructure as an orderly and effective transition to the integration of these renewable technologies. This will achieve furthering the island's economic development which will in its stead permit investment in new renewable technologies. In this way, Via Verde will spare Puerto Rico from committing the tactical error Spain committed by fomenting the construction of wind turbine projects and technologies by means of the approval of credit and economic incentives. This action led Spain to not having the capacity to repay those credits, which affected the viability of the Spanish economy.

In accordance with the previous cost analysis and the recommendations made on the basis of the EPRI study, we conclude that the use of these technologies in Puerto Rico's base generation of electricity is not cost effective and does not permit an immediate response to the energy infrastructure crisis. At the same time, this

4.4 Use of Renewable Energy

The structured integration of renewable energy sources, intermittent in nature, to electrically isolated, low-inertia systems, such as the one in Puerto Rico, requires specialized and scientific studies to evaluate its impact on the levels of stability and reliability of the electric grid. This is so because this type of system permits a maximum limit of interconnected sources of intermittent energy before its stability and reliability are affected. The Electric Power Research Institute (EPRI), recognized world-wide for its experience in the development of advanced studies in the analysis of power systems, completed a highly specialized study of this kind for PREPA in August, 2009.

One of the main objectives of the EPRI study is to provide PREPA with guidelines and technical recommendations that would allow us to integrate, in an orderly, structured, responsible and scientific manner, intermittent renewable energy sources into the electric grid, considering the critical aspects of safety and stability inherent to the operation and the dynamic nature of electrically isolated and low-inertia power systems. The following conclusions were reached based on the scientific studies of power system analysis conducted by PREPA and EPRI teams in charge of planning in the company:

- a) At present, the proposed renewable energy projects of an intermittent nature submitted for our consideration could present challenges in what has to do with the maximum penetration limits considered in the EPRI study. This, in view that the reserve requirements in rotation and control considered by EPRI are significantly higher than the actual operational requirements, for which reason the equivalent penetration limits studied by EPRI are considerably lower than the penetration levels under consideration at PREPA.
- b) Because of this, and in order to safeguard the electric system's stability and reliability, we must evaluate the integration into the electric grid of additional projects of renewable energy sources of an intermittent nature, regardless of their location in the electric system, until the additional studies recommended by EPRI are conducted.
- c) The required studies must consider the present projections of demand for electric power, the corresponding dispatch schemes, the integration of solar parks, the location of the renewable energy projects under contract and the fuel conversion plans, among other aspects. An update of the pending studies must be complemented with the acquisition of specialized analysis tools for high level power systems and with the pertinent technical training. In this manner we guarantee that the study areas of PREPA's power systems can provide continuity to the evaluations required to transform our electric grid in harmony with Our Strategic Corporate Plan 2009 - 2012 and with Law 82 of 2010.