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January 12, 2008

Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

via e-filing and FedEx Next Day Air

Re: Rockies Express Pipeline, L.L.C.
Proposed REX EAST Project
FERC Docket CP07-208-000

Dear Commissioners:

Please find attached Hoosier Hills Regional Water District's Official Comment for filing. Our Exhibit 2 is attached but unsigned. The signatures will be in our office on Monday, January 14, 2008 and will be forwarded via regular mail and e-filing.

With kind regards, I remain

Cordially,
Cine, King & King, P.C.


Peter Campbell King

PCK/kkb

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Official Comment
of Elrod Water Company, Inc.,
d/b/a Hoosier Hills Regional Water District

Dear Commissioners:

Elrod Water Company, Inc., d/b/a Hoosier Hills Regional Water District strenuously opposes the location of the Rockies Express ("REX") pipeline as currently proposed because of the unreasonable risk of contamination of its public water supply, both during construction and afterward during operations. The risk that the location of this pipeline currently poses is an unreasonable one, especially given the fact that reasonable alternative routes are already in place and available to REX, where a pipeline corridor has already been established, the safety of which has already been vetted, and where the environmental risks are fewer.

Hoosier Hills Regional Water District is one of the 12 Wellhead Protection Areas (WPAs) which FERC has identified along the proposed pipeline route. Hoosier Hills is a not-for-profit rural water company. We provide the potable water to 10,421 people in Ripley, Franklin and Dearborn Counties, which is a 515 square mile service area.

Our water source is a well field located within the White Water River Basin, just south of the Whitewater River in Brookville Township, in Franklin County. The well field is fed from the Whitewater Aquifer, which is supplied by the Whitewater River. The total population served by the Whitewater Aquifer is 37,024 people.

Hoosier Hills Facility and Infrastructure:

Hoosier Hills currently operates two production wells. A third production well will be in operation by the Spring of 2009. With the two wells currently in operation our output capacity is 1,000 gallons per minute.

We also have a water treatment plant that is engineered to remove iron and manganese from the water. It is not engineered to address surface water contaminants such as those posed by a natural gas pipeline, as those are not traditional groundwater issues. There are also 5 storage tanks and pumping and booster stations along the approximately 300 miles of water distribution pipelines infrastructure.

A Wellhead Protection Area Surrounds Our Water Source; the Proposed Location of the Pipeline Invades Our Wellhead Protection Area.

The State of Indiana Department of Environmental Management Ground Water Section administers Wellhead Protection Program, which is a strategy to protect ground water drinking supplies from pollution. The strategy is made effective by The Safe Drinking Water Act and the

Indiana Wellhead Protection Rule, 327 IAC 8.4-1. The Wellhead Protection Rule mandates a wellhead program for all Community Public Water Systems. Hoosier Hills has such a program.

The Wellhead Protection Area covers the area surrounding our water source. See Exhibit 1, attached. As indicated above, the current proposed location of the Rockies Express pipeline places it within our Wellhead Protection Area.

The Wellhead Protection Plan is based on the current delivery capacity of our two production wells. As indicated above, the two production wells have the current output capacity of 1,000 gallons per minute. With the launch into operation of our third production well, under strategic expansion plans currently in implementation, the output capacity will increase to approximately 2,000 gallons per minute and under the Master Plan our future capacity is slated to increase to 5,000 gallons per minute. This means that the time of travel of our groundwater will likewise increase exponentially, and the Wellhead Protection Area will follow suit, expanding to protect the larger area in need of protection. Since the proposed pipeline is already on the edge of the one-year time of travel zone of our Wellhead Protection Area, the effect of allowing the pipeline to be placed in the current proposed location will be to allow it to invade into the wellhead protection area, in contravention of the standards and regulations cited above.

The Science of Hydrogeology Indicates A High Level Of Risk Of Contamination Based On Topography Of The Area, Permeable Nature Of The Soil, And The Cone Of Depression Forces Impinging On The Area From the Operation Of The Well Field Pumps

Hoosier Hills has conferred with Professor Emeritus Dr. Noel Krothe, an eminent hydrogeologist, and his firm, Hydrogeology, Inc. Dr. Krothe and his firm have extensively studied this area of the White Water River Basin surrounding our public water supply. He has determined that the topography of the area is made up of rolling hills, and the gradient of the flow of the water is toward our water source, traveling toward us to the south and east, from the north and west.

Dr. Krothe has advised that the highly permeable nature of the sandy soil, combined with how groundwater travels underground as it is pulled by our pumps, creates a "cone of depression" underground. The force of the draw would pull any and all contaminants through the highly permeable soil and literally draw contaminate to the aquifer.

The significance of these facts cannot be lost here: the location of the pipeline is proposed to be to the north and west of Hoosier Hills' water supply. Any contamination from REX's construction activities or operations would move directly toward the Whitewater Aquifer and our well head. These conditions heighten the risk of contamination, thereby heightening the need to prevent any potentially pollutive activities within the five-year time of travel area of our wellhead protection area.

Risk of Contamination of the Groundwater in the Aquifer:

During Construction:

REX's construction methods, as outlined in the Draft EIS, will include clearing and grading, trench excavation and dewatering, fuel handling, and blasting. Equipment traffic is another factor. Both FERC and REX recognize that those methods, combined with the equipment's effect on the area, could adversely affect groundwater resources including Hoosier Hills' aquifer, wells and Wellhead Protection Area.

The Draft EIS acknowledges that the adverse impacts posed by REX's construction in our area include localized decreases in groundwater recharge rates, changes in overland water flow, contamination due to spills of hazardous materials such as spills of diesel and hydraulic fuels, decreased well yields, decreased water quality, interference with well mechanics, and complete disruption of a well's function. The decrease in water quality is a significant issue for Hoosier Hills and its customers, because the planned construction activities will cause an increase in the turbidity of the water. Since turbidity is a traditionally a surface water issue and not traditionally a groundwater issue, our current treatment facilities are not designed to handle turbidity issues.

The EIS missed an additional important point on the expected adverse impact of contamination: contamination is not limited to spills of hazardous materials such as gasoline, antifreeze, petroleum or drilling mud. Construction activities will introduce contaminants from the farmland surface.

Sewage from REX damaging drainage tiles of neighboring residents' land can cause contaminants from their septic systems to move through the highly-permeable soil very easily and will reach our water supply without much trouble. Compounding the ease of movement of contaminants through the permeable soil is REX's plans to utilize the Horizontal Directional Drilling (HDD) method.

According to the EIS, REX plans to utilize the HDD method under the river less than a mile from the aquifer to the northwest. However, the EIS leaves the public uncertain as to the type, nature, and length of the HDD process REX will use. It is important for this Commission to recognize that this type of drilling creates pathways to the aquifer, increasing ease of movement to the water source. It creates channels and differential pathways directly to the water supply, which assists contaminants in their movement toward the aquifer. Its use near the water source is highly risky given our topography and position relative to the gradient of the water flow, and cannot be mitigated by traditional approaches, if at all. While this method may be appropriate elsewhere, it is highly risky here.

REX also plans to use the Open Cut method on the surface of this agricultural area. In this method a trench will be excavated below ground surface, allowing direct access to the aquifer. That method has a high risk of causing e Coli contamination from the surface soil to be cut into the lower level soil, which can reach groundwater and be drawn into the aquifer. The contamination can be Cryptosporidium, Giardia, nitrates, pesticides, herbicides, and even e Coli.

Particularly troubling to Hoosier Hills Water is the fact that REX has not yet complied with FERC's direction, found at 4-24 of the Draft EIS, to file the list of locations by milepost of all springs, seeps, and wells identified within 150 feet of construction work areas, and no plan has been provided to FERC to prevent adverse events of contamination from occurring. Thus, no protection has been proposed and FERC, as well as the general public, has been deprived of an opportunity to vet REX's proposed plans. This risk is unreasonable. An alternative route is the reasonable option.

Another area of concern is the gauge of pipe proposed for this area, and the risk it poses to the safety of the water supply. Because our part of the state is classified by FERC as Class I agricultural, REX plans to use a thinner gauge pipe in this route than what it would use in Indy North Alternative 2, and recently received permission from DOT to operate this section of the pipe at 80% of SMYS rather than the standard 72%. The purpose of opting for the thinner gauge pipe is not for environmental reasons, but for a monetary cost saving to REX. It is particularly concerning to us that the pipeline will be built out of a thinner gauge of pipe in our area than it would use in either of the 2 proposed north alternatives, when the pipeline needs to withstand the significant pressure of 1480 psi and could be traveled over by heavy farming equipment and vehicles. A thicker gauge pipe is certainly safer, and would guard against the risk of contamination.

According to the EIS, REX plans hydrostatic pressure testing before launch of operations by drawing vast amounts of water from the Whitewater River. To date FERC has not yet determined the method of discharge of that water, whether back into the Whitewater River or over land. Hoosier Hills Water has two areas of concern as to this issue. (1) Discharging the water back into the Whitewater River could dump pollutants into the river; and (2) Drawing significant amounts of water from the river could have an impact on our water supply.

The first concern posed by REX's hydrostatic pressure testing is that no information has been disclosed as to what chemicals, compounds, elements, or other pollutants may be transferred from the pipeline by the water. It does not appear that this issue was even considered. Rockies Express should disclose what substances are on the inside of the pipeline, and the amounts of those substances. Further, before the decision on REX's method of discharge is determined by this Commission, it would be prudent for Rockies Express to establish within a reasonable degree of certainty that the practice of discharging water back into the river does not pollute the river.

Our second concern with this practice is that the huge draw of water from the Whitewater River will impact the water level, thereby affecting the water level of the aquifer and Hoosier Hills' ability to provide its customers with their water. No information has been provided as to recharge rates. We are simply given the conclusory statement that the level should recharge timely. The data underlying that statement should be provided so that we can ensure its validity.

Risks of Contamination During Operations: When the Pipeline is Launched Into Operation a Host of Risks Are Concomitantly Launched.

At the outset it must be clear that the following information has the following Caveat: the risks outlined here are not a conclusive list. We cannot ascertain all of the potential risks, since Rockies Express has not yet provided a gas analysis or disclosed the chemical properties of the natural gas it proposes to transport. The only information put forth by REX thus far is a highly doubtful, unsubstantiated verbal assurance at a public comment meeting.

At the January 7, 2008 public comment meeting, Ben Guidry of Rockies Express represented to the citizens in attendance that the natural gas would be "98% methane, and 2% other", possibly nitrogen, and oxygen. He stated that he did not know what other compounds would also be in the natural gas. While it is much more likely that the natural gas would be "standard pipeline quality natural gas" as that term is defined in 40 C.F.R. 72.2, the substance to which our water could be exposed would be a much less pure gas than that represented by REX's Mr. Guidry: its composition would be closer to the regulatory 70 percent methane by volume and would also contain sulfur, hydrogen sulfide, and nitrogen in some possibly significant amount. Hoosier Hills is extremely concerned of the risk of contamination of its aquifer by any substance, whether it's methane, sulfur, hydrogen sulfide, nitrogen, or dirt.

Once a contamination Occurs, The Damage Will Be Unavoidable; Moving the Well Field Could Not Be Accomplished Before Contaminates Reach The Well Field, and The Costs Would Be Astronomical.

If contamination is allowed to occur, the damage will be unavoidable. Hoosier Hills Water would not be able to move the well field before the contaminants reach the well field, even if the time of travel is one year. It takes more than a year to locate new land, acquire the appropriate leases and/or easements, build a new water treatment plant, dig the new wells, lay a new transmission main, and get the entire operation launched. If a catastrophic contamination event were to occur today, the present cost to replace the current wellfield, water treatment plant and a transmission main to the existing customers would be roughly \$16.8 million dollars, and would depend heavily upon our ability to locate a new well field out of the contamination plume and the availability of land. The costs of such a catastrophic event would be borne by all, not the least of whom being the Hoosier Hills Water ratepayers. Further, Rockies Express' Agricultural Impact Mitigation Plans and Upland Construction Plan, and the additional mitigation recommended by the Commission, are not sufficient to obviate the damage.

Rockies' mitigation plan addresses control and removal of spills but does not address contamination of the water. This Commission should ask why: Hoosier Hills submits that nothing Rockies Express could do will mitigate the spoliation of this groundwater. Further, the Commission should also note that the potential spills enumerated in the EIS do not contemplate the risk of contamination by e Coli caused by the Horizontal Directional Drilling addressed above.

REX's Venture Places an Undue Burden on Hoosier Hills Water and its Customers to Expend Large Amounts of Capital In Infrastructure Modification and Monitoring Costs.

While Rockies Express will realize significant profit for their venture, their activities clearly place an undue burden on Hoosier Hills Water and its customers. It is Hoosier Hills Water and its customers who will see increased costs, both immediate and permanent, for monitoring and for the required changes to their operations, including the modification of the water treatment plant.

Increased monitoring costs:

Construction will cause an immediate increase in monitoring costs to protect against the contamination risks from surface contaminants as outlined above, and because of the increase in turbidity, which will last several months after drilling, further increased operational costs will be borne by Hoosier Hills Water. Hoosier Hills Water would be required to drill monitoring wells and equip the sites with sampling capabilities.

Long-term and permanent increases for the 50+ years of operation will be suffered by Hoosier Hills Water and its customers because we will be required to install monitoring wells near the pipeline to pull samples several times a week, if not daily, to begin testing for contaminants traditionally found in surface water, in addition to the contaminants currently tested for (*i.e.*, ground water contaminants). It is extremely expensive to run tests in increased scope and frequency, reasonably estimated to be approximately \$2,000 - \$3,000 per week.

Infrastructure modifications:

Hoosier Hills Water will also be required to modify its Water Treatment Plant. The plant is not designed or currently equipped to handle turbidity problems. This is a new complication for Hoosier Hills Water, because turbidity is generally a surface water problem, and not within the scope of our business as a groundwater operation.

One can expect Rockies Express to counter our concerns with assurances that their remediation plans will fix everything. We disagree, and ask that FERC consider any such promises with a very critical eye, for several reasons. A water source such as our aquifer is a heterogeneous environment; no one can sterilize the groundwater. A gas leak or other contamination as outlined earlier would shut down our operation, cutting off the potable water supply to Hoosier Hills' customers and the entire region.

Assuming that construction of a new plant could be avoided by retrofitting the current water treatment plant, installing ultra filtration membranes to create a system similar to a surface water plant is not guaranteed to mitigate the risks of contaminants flowing to the plant. Filters will not capture certain contaminants such as *Cryptosporidium* and *Giardia*, Pesticides and Herbicides. Those contaminants easily pass into the plant. This is yet another reason why Hoosier Hills Water, as a steward of the public water supply, must zealously protect against intrusion into its wellhead protection area, and why we rely on governmental agencies like FERC to hold applicants such as Rockies Express to high standards of operation. Equally importantly, we rely on FERC to appreciate the risks to the public health posed by this activity and limit the routes in which REX may operate its ventures to those alternatives that do not pose such a risk.

When the risk is, as here, of permanent damage, all reasonable alternative locations must be considered before gambling with the integrity of Southern Indiana's water supply.

In Sum, The Commission Is Still Missing Critical Information.

Impairing this Commission's ability to weigh and appreciate the above risks is that the Commission has not yet received from Rockies Express critical information. The Draft EIS notes that Rockies Express has not yet filed the locations by milepost of all springs, seeps and wells identified within 150 feet of construction work areas. Rockies Express has also not filed its site-specific HDD plans for waterbody crossing. Because it is not required to file those plans until the end of the draft EIS comment period, the public is unable to address any potential shortcomings; the comment period is closed and the matter sent to the Commission for decision without all propositions being fully vetted.

Rockies Express also has not disclosed the chemical properties of the gas it intends to transport. Where is the Gas Analysis? REX also has not disclosed what contaminants will be discharged into the Whitewater River in its hydrostatic pressure testing of the pipeline.

To allow no opportunity for comment after the REX filing but before issuance of the Final EIS deprives FERC of the opportunity to be apprised of the whole picture. It is then incumbent upon FERC to view Rockies' filings with a most critical eye.

The Commission's Reliance On Some Of REX's Erroneous Or Misleading Statements Would Be Sorely Misplaced.

At page 4-25 of the EIS Rockies Express has the wrong information about our well field. It is situated between mile post 393-394, not post 395-396. In fact, table 4.3.1-2 at page 4-26 shows that Hoosier Hills Water's well head protection area is invaded by the construction area.

Rockies' representation that the proposed project route has only 5 residences within 50 feet of pipeline, vs. larger numbers in the 2 North alternatives, is misleading. It fails to consider the proximity to water sources which are at risk of contamination in the proposed project route. The Indy North 2 route crosses fewer water bodies and fewer miles of wetlands than what is affected by the current proposed route. Draft EIS Table 3.4.3-1. This is a significant factor in weighing the various alternatives.

REX's representation of a preference for the proposed route also ignores the fact that there is already a Utility Right of Way corridor in place along the north alternatives, making either one of those two alternatives a better choice than the proposed route. The utility right of way that already exists along the north alternative: provides cost efficiencies; does not pose a risk to the Whitewater Aquifer and the public health; and has already created an environmentally safe route for the pipeline.

Hoosier Hills Water's Operation is a Zero Margin Of Error Operation.

In conclusion, it is vital that the Commission understand that Hoosier Hills' business is a ZERO margin of error line of business. Contamination is fatal to our water supply. Serious risks to the region's water supply remain unresolved under the Draft EIS. Rockies Express' dubious representations to the Commission and to the public at the public comment meetings, combined with its failure to provide critical information, including but not limited to identifying the chemical compounds in the gas it intends to transport and what contaminates it intends to flush into the Whitewater River from the empty pipes render meaningless any assertions of adequate preventative protections.

Cost efficiencies in opting for the southern route are not reasonably going to be realized, and are not worth the risk to the public water supply, especially when that water supply is the sole source of potable water to tens of thousands of Hoosiers.

The astronomical costs this venture will impose on Hoosier Hills and on the people of southeastern Indiana are wildly disproportionate to whatever benefits Rockies Express claims may inure to the area. Rockies' profits should not drive the imposition of a grave risk of harm to be borne by Hoosier Hills and the people of southeastern Indiana.

Lastly, please consider that an accelerated approval process will likely lead to inadvertent errors in fact and in judgment. This is not the type of venture to be given short shrift. The risks inherent in this venture warrant a *deceleration* of the approval process, not an *acceleration* of the approval process.

Other water companies who rely on the safety and potability of the Whitewater Aquifer – Tri-Township Water Corporation and the North Dearborn Water Corporation – are also opposed to the installation of the Rockies Express pipeline in its proposed route. (Exhibit 2.) Hoosier Hills Water also has the support of the Franklin County Economic Development Commission¹ (Exhibit 3) and the Franklin County Commissioners (Exhibit 4). This Comment raises significant new issues not adequately addressed by Rockies Express, and warrants a re-evaluation of the Draft EIS. Modification of the current proposed route is necessary. Therefore, Hoosier Hills Regional Water respectfully requests that this Commission:

1. Take pause, returning the process to its original, more deliberate, pace;
2. Reject the current proposed route through southeast Indiana; and
3. Reconsider the substantial merits of the Indy North 2 Alternative, or any other route safely away from our water supply.

Thank you very much for your time and consideration. Should you have any questions or concerns, or wish to discuss the above-raised issues, undersigned counsel is available.

¹ Signatures for this Exhibit will be in Mr. King's office on Monday, January 14, 2008 and will be efiled at that time.

Respectfully Submitted,

ELROD WATER COMPANY, Inc., d/b/a
HOOSIER HILLS REGIONAL WATER DISTRICT

/s/ Gregory Dole

Gregory Dole
President, Board of Directors
Elrod Water Company, Inc., d/b/a
Hoosier Hills Regional Water District

/s/ Peter Campbell King

Peter Campbell King
CLINE, KING & KING, P.C.
P.O. Box 250
Columbus, Indiana 47202-0250
Counsel for Elrod Water Company, Inc., d/b/a
Hoosier Hills Regional Water District

EXHIBIT 1:



EXHIBIT 2: Joint Letter to FERC from HHRWD, Tri-Twp & N. Dbn.

EXHIBIT 3: Franklin County Commissioners' Letter

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January 11, 2008

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Rockies Express Pipeline, L.L.C.
Proposed REX EAST Project
Docket No. CP07-208-000

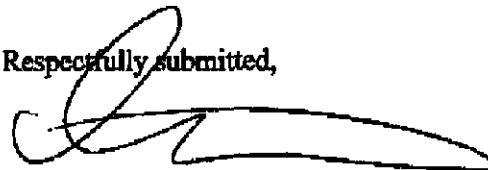
To Whom It May Concern:

I am attorney for the Board of Commissioners of Franklin County, Indiana, and am writing you on their behalf regarding the above referenced project. Residents of this County have voiced their concern regarding this project, and the Board of Commissioners would join with those who have objected to the project and its route through Franklin County.

The Board of Commissioners have heard many complaints regarding this project, including safety concerns, property devaluation, land use, etc. Recently, the Board of Commissioners have been made aware of the concern that certain of the Water Companies serving residents of Franklin County have and the Board of Commissioners shares those concerns. I am sure you can appreciate the importance of water to any community, and the proposed route through this county along the Whitewater River raises the potential contamination of a water source to a large percentage of county residents.

Being aware that there is an alternative route to the one through Franklin County, the Board of Commissioners would ask the Commission to reevaluate this project, and direct that this pipeline be routed through the Indy North 2 Alternative.

Respectfully submitted,



Eugene A. Stewart
Attorney for Franklin County
Board of County Commissioners

EAS

EXHIBIT 4: Franklin County Economic Development Commission letter

FRANKLIN COUNTY ECONOMIC DEVELOPMENT

James Rene Stivers, Director
renestivers@franklincounty.in.gov



GOVERNMENT CENTER

1010 FRANKLIN AVENUE, ROOM 102 - BROOKVILLE, IN 47012

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January 7th, 2008

Subject: Rex-East Pipeline

To Whom It May Concern:

Thank you for the opportunity to state my concerns on the proposed Rex-East Pipeline coming through Franklin County Indiana.

I have serious reservations about the pipeline crossing over the Whitewater Valley Aquifer.

This aquifer services over 35,000 residents in our area. Please take this into consideration when siting the pipeline. Thank you.

Sincerely,

James Rene Stivers
Franklin County EDC

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