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JACK J. SCHRIER
Acting Chairman

EILEEN SWAN
Executive Director

January 15, 2010

Morton A. Plawner
Public Service Electric and Gas (PSE&G)
80 Park Plaza T- 6
Newark, New Jersey 07102-4194

RE: PSE&G Susquehanna-Roseland 500 kV Transmission Line
Boonton Township, Jefferson Township, Kinnelon Borough, Montville Township,
Rockaway Township; Morris County, and
Byram Township, Hopatcong Borough, Sparta Township; Sussex County

**Agency Determination: Highlands Act Exemption
Exempt - Exemption #11**

Dear Mr. Plawner:

This letter is in reply to your request to the New Jersey Department of Environmental Protection (NJDEP) and the New Jersey Highlands Council (Highlands Council) for a Highlands Applicability Determination from NJDEP regarding the Preservation Area and a Highlands exemption determination from the Highlands Council regarding the Planning Area. Based on the information submitted, it has been determined that your proposed project/activity is located within the Highlands Planning Area. Planning Area exemptions are determined by the Highlands Council in accordance with the Highlands Act (N.J.S.A. 13:20-1 et seq.) and the Highlands Regional Master Plan (Objective 71Fd). It is also located within the Preservation Area. Exemptions in the Preservation Area are determined by the NJDEP, in consultation with the Highlands Council, in accordance with the Highlands Act and NJDEP's Preservation Area rules (N.J.A.C. 7:38-1.1 et seq.). Therefore, your project/activity has been reviewed to determine the applicability of the Highlands Act. This project review supports decision making by both the Highlands Council and the NJDEP regarding whether this application meets the standard of eligibility for Exemption #11 of the Highlands Act ("the ... upgrade of public utility lines, rights of way, or systems, by a public utility...), which mandates that a Highlands Act exemption is only to be granted "provided that the activity is consistent with the goals and purposes of" the Highlands Act.

Please note that the Highlands Council will defer to the New Jersey Board of Public Utilities (BPU) regarding a determination as to whether this project is needed for the integrity of New Jersey's energy system. If BPU determines that the project is not needed, then any Highlands Council actions will be considered moot.

The applicant originally submitted an application for a Highlands Applicability Determination (HAD) under Exemption #11 on September 5, 2008 to the NJDEP and copied the Highlands Council. The Highlands Council released a staff draft Consistency Determination for public review and comment on December 22, 2008 with an ultimate close of public comments on January 30, 2009. Since that original submittal, and based upon the findings of the Highlands Council staff draft Consistency Determination, further input from the Highlands Council staff, NJDEP, the public and other agencies, the applicant revised the proposed project (submitted on May 19, 2009) to address the Planning Area, to reduce the project's environmental impacts (most notably relocating the site of the proposed switching station resulting in a reduction of forest clearing from 20.9 acres to 7.1 acres), and to achieve mitigation of the project's environmental impacts. The Highlands Council released an amended staff draft Consistency Determination for public review and comment on May 21, 2009 with an ultimate close of public comments on June 12, 2009.

The Highlands Council Consistency Determination is based upon the staff's review of the project file as provided by the applicant, Highlands Council information, and public comment, relative to the standards and policies set forth in the Regional Master Plan. It contains a detailed project description, statements of either Consistent, Inconsistent, or Not Applicable for each of the standards in the Regional Master Plan, and a basis and rationale (in the Comments sections) for the determination for each Highlands Resource or policy area (e.g., Forest Resources, Highlands Open Waters and Riparian Areas, Transportation, Redevelopment). The Highlands Council Consistency Determination is enclosed. Also enclosed are two documents that summarize the public comments received on the Consistency Determination and the Highlands Council's general responses, including a summary of the edits made to the Consistency Determination in response to the comments received.

The Highlands Council considered the Consistency Determination and public comments at its scheduled meeting on June 25, 2009. By resolution, Resolution 2009-45 dated June 25, 2009, the Highlands Council stated that it '...finds that the revised project, including specifically the Comprehensive Mitigation Plan, constitutes "routine maintenance and operations, rehabilitation, preservation, reconstruction, repair, or upgrade of public utility lines, rights of way, or systems, by a public utility" and that the proposed project in both the Planning Area and Preservation Area "is consistent with the goals and purposes" of the Highlands Act.' That resolution is enclosed.

Therefore, the proposed project/activity is deemed exempt from the provisions of the Highlands Act regarding the Planning Area. In addition, the Highlands Council advised NJDEP that the proposed project in the Preservation Area "is consistent with the goals and purposes" of the Highlands Act. NJDEP will separately address the Highlands Applicability Determination for the Preservation Area, which would confirm exemption of this project from the Highlands Act, the RMP, and any rules or regulations adopted by NJDEP pursuant to the Highlands Act subject to the following limitation(s):

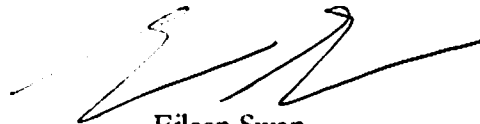
- (1) This determination does not eliminate the need for any permits, approvals, or certifications required by the NJDEP or any federal, State, county or municipal review agency with jurisdiction over this project/activity.

(2) The issuance of this determination shall not obligate the Highlands Council to issue any other approvals, permits or certifications required for this project/activity.

(3) Implementation of the Comprehensive Mitigation Plan and performance bonds, as discussed in the enclosed Consistency Determination, the conditions of which shall be memorialized in a developer's agreement prior to initiation of any activities authorized through this exemption determination.

(4) This determination shall be considered null and void if changes are made to the project that would materially increase the scope or area disturbed by the project, or if the information submitted to obtain this determination from the Highlands Council is later determined to be inaccurate.

Sincerely,



Eileen Swan
Executive Director

Enclosures – Consistency Determination
Public Comment Summaries
Highlands Council Resolution

c: Raymond A. Tripodi, P.E., P.P. - Manager, PSE&G
Donald McCloskey, PSE&G
John Valeri, PSE&G
John Ribardo, PSE&G
Robert Pollock, PSE&G
Dennis Toft, Wolff and Samson
Barbara Shepard, Boonton Township Clerk
Edward Bucceri, Boonton Township Constructional Official
Boonton Township Planning Board
Boonton Township Environmental Commission
Lydia Magnotti, Jefferson Township Clerk
Thomas Mahoney, Jefferson Township Constructional Official
Jefferson Township Planning Board
Jefferson Township Environmental Commission
Elizabeth Sebrovski, Kinnelon Borough Clerk
Daniel Hagberg, Kinnelon Borough Constructional Official
Kinnelon Borough Planning Board
Kinnelon Borough Environmental Commission
Trudy Atkinson, Montville Township Clerk
Brian Laird, Montville Township Constructional Official
Montville Township Planning Board

Montville Township Environmental Commission
Mary Cilurso, Rockaway Township Clerk
Andrew Sanfilippo, Rockaway Township Constructional Official
Rockaway Township Planning Board
Rockaway Township Environmental Commission
Morris County Planning Board
Morris County Environmental Commission
Doris Flynn, Byram Township Clerk
Richard O'Connor, Byram Township Constructional Official
Byram Township Planning Board
Byram Township Environmental Commission
Lorraine Stark, Hopatcong Borough Clerk
William O'Connor, Hopatcong Borough Constructional Official
Hopatcong Borough Planning Board
Hopatcong Borough Environmental Commission
Mary Coe, Sparta Township Clerk
Jan Op't Hof, Sparta Township Constructional Official
Sparta Township Planning Board
Sparta Township Environmental Commission
Sussex County Planning Board
Sussex County Environmental Commission
Terry Pilawski, NJDEP Bureau of Watershed Regulation
Barbara Baus, NJDEP, Bureau of Coastal & Land Use Compliance & Enforcement (w/o
encl.)
Armand Perez, NJDEP, Bureau of Coastal & Land Use Compliance & Enforcement (w/o
encl.)
Dan Bello, NJDEP, Division of Land Use Regulation (w/o encl.)
Lou Cattuna, NJDEP, Division of Land Use Regulation (w/o encl.)
Barry Miller, NJDEP, Bureau of Watershed Regulation (w/o encl.)
Jennifer Desmond, NJDEP, Bureau of Watershed Regulation (w/o encl.)
Abigail Amutah, NJDEP, Bureau of Watershed Regulation (w/o encl.)