



Finger Lakes Wine Business Coalition  
P.O. Box 43, Watkins, Glen, NY 14891-0043

January 30, 2015

The Honorable Andrew M. Cuomo  
Governor of New York State  
NYS State Capitol Building  
Albany, NY 12224

RE: Crestwood Midstream's Proposed Gas Storage Facility in Watkins Glen, NY

Dear Governor Cuomo:

We, the Finger Lakes Wine Business Coalition ("FLXWBC"), are a newly formed group representing wineries, vineyards and wine-related businesses from the Finger Lakes region. First and foremost, we want to thank you and your staff for banning hydrofracking in NYS. We were especially pleased to see that your decision contemplated the scientific and health studies. Thank you for protecting our businesses and families.

The mission of the FLXWBC is, "To lead Upstate economic development through wine-driven agritourism and sustainable business practices, unifying wineries, vineyards, local food producers, and creatives who are the stewards of Finger Lakes Wine Country." It is with this mission in mind, that we are writing to you regarding the proposed gas storage facility ("Facility") in Watkins Glen, the heart of Finger Lakes Wine Country.

The undersigned wineries and grape growers from the Finger Lakes Region strongly oppose the establishment of a gas storage facility in the salt caverns on the southern end of Seneca Lake, which has been proposed by Inergy (now Crestwood Midstream, referred to herein as "Crestwood" or the "Applicant"). We view this Facility as a direct threat not only to Seneca Lake, but to the strong and growing tourism industry in the Finger Lakes. Many of us have worked so long and hard to establish the Finger Lakes brand and we are grateful for your ardent support of our industry.

Over the past three decades, the State of New York has invested millions of dollars to help build the wine industry (along with craft beer, cider, and spirits), which now generates more than \$4.8 billion annually in economic benefits, many of which are related to tourism. With its 130 wineries, the Finger Lakes Region accounts for 75% of that sum.<sup>1</sup> To jeopardize the region's tourism economy would directly jeopardize that investment and the wine industry's huge contribution to the State and regional economies. *Wine Enthusiast* magazine recently named New York the wine region of the year, stating "New York State is fast-growing, fast-evolving and at top of mind for wine lovers."

We question the safety of the proposed Facility given the poor history of similar gas storage facilities in salt caverns nationwide. According to an industry insider report, there were 407 underground gas storage facilities (propane and natural gas) in operation in 2002 in the U.S.,

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<sup>1</sup> *The Economic Impact of Grapes, Grape Juice, and Wine on the New York Economy*, 2012 Stonebridge Research Group LLC (Feb. 2014)

and only 29 (or 7%) of these were salt cavern storage facilities.<sup>2</sup> Yet salt cavern storage was responsible for **100%** of all catastrophic failures between 1972 and 2004.

Dr. Rob Mackenzie's Independent High-Level Quantitative Risk Analysis should also be considered. As an experienced risk analyst and former CEO of Cayuga Medical Center, Mackenzie conducted a quantitative risk analysis that shows that in Schuyler County, "The probability of serious or extremely serious salt cavern storage events is more than 40 percent over 25 years, including both baseline and incremental risks. The significant possibility of major salt infiltration into Seneca Lake with extreme consequences, and the fact that the salt cavern is located in bedded salt strata rather than salt domes, add to this risk."

Mackenzie states, "From the perspective of community safety based on this analysis, continued salt cavern storage in Schuyler County carries a baseline unacceptable risk that would rise even higher under this proposal. Risk mitigation efforts in salt cavern storage have thus far proven unsuccessful in significantly reducing the frequency of serious and extremely serious incidents. Therefore the application for the proposal should be denied and strong consideration given to safer forms of gas storage to meet demand."<sup>3</sup>

From 1964 to 1984 propane was stored in just two of the salt caverns. The salinity of Seneca Lake shot upward for the entire 20 year period and only leveled off when the pressurized gas was removed. Crestwood plans to store many times more gas utilizing numerous salt caverns.<sup>4</sup> What effect will this have on the environment of Seneca Lake and the potability of the water supply?

We have reviewed the Draft Supplemental Environmental Impact Statement (DSEIS) for the proposed Facility and are very concerned about the potential negative impacts to the environment, character of our communities, tourism, public health and safety. According to this DSEIS prepared by Crestwood, a truck and rail depot capable of operating 24 hours a day, seven days a week, year round, will be constructed. It can load and unload 24 rail cars in 12 hours.<sup>5</sup> That's almost 900,000 gallons of propane or butane on hand above ground at any one time. The railroad tankers, each carrying excessive quantities of potentially explosive gas, will travel on an 80-year-old trestle over the Gorge on the west side of Watkins Glen State Park, which, with over 625,000 visitors last year, was the second most visited State Park in New York. In recent history, the NYSDEC has scrutinized other industrial activities near Watkins Glen State Park. For instance, the permit application to expand an existing surface mining operation has not been pursued to date by the applicant after facing numerous questions regarding environmental concerns in 2008. Compared to the mining of sand and gravel *outside* the Park, an increase of potentially explosive gas transport through the Park on an aging, unstable trestle is inviting disaster. This is just another element of the proposed project which demands further scrutiny from the State.

Should an accident occur stemming from the storage Facility or associated activities, uncertainties exist regarding Crestwood's capability to assume liability and indemnify for accidents as well as

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<sup>2</sup> John M. Hopper, *Gas Storage and Single-Point Failure Risk*, HART ENERGY PUBLISHING, LP. John M. Hopper is president and CEO of Falcon Gas Storage Co., one of the largest independent owners and operators of high-deliverability, multi-cycle depleted reservoir gas storage in the United States.

<sup>3</sup> Dr. Rob Mackenzie, *Independent High-Level Quantitative Risk Analysis Schuyler County Liquid Petroleum Gas Storage Proposal* (January 14, 2015).

<sup>4</sup> John Halfman, *A 2014 Update on the Chloride Hydrogeochemistry in Seneca Lake, New York*, DEPT. OF GEOSCIENCE, ENVIRONMENTAL STUDIES PROGRAM, FINGER LAKES INSTITUTE, HOBART & WILLIAM SMITH COLLEGES, (December 10, 2014), Geneva, NY 14456, Pg.21

<sup>5</sup> The depot also has the capacity to load and unload four or five "semi" trucks per hour. We acknowledge that Crestwood proposed on Dec 2, 2014 that propane would be transported by pipeline (95%) and rail (5%). While we understand that Crestwood "would not expect" to transport propane or butane by truck "if the storage Facility were operational today," the potential for truck transportation remains as a future option.

latent risks. The inability to assume persisting liability will result in longstanding unmitigated damages and gradual degradation to the vineyards, wineries and wine-related businesses that have relied upon the natural resources of the Finger Lakes Region for their livelihood.

Aside from the inherent risks that accompany a facility of this nature, the escalation of industrial activity would adversely affect the thriving tourism to the region which is our lifeblood. This proposed industrial activity stands in stark contrast to all that the wine businesses of the Finger Lakes represent. In addition to touring wineries and visiting tasting rooms, visitors bring their families to our region to relax and enjoy the natural beauty of the Finger Lakes while swimming, boating, and fishing; they also hike, ski, bicycle, and drive around the lakes on local roads and trails.

The siting of this Facility is particularly ill-suited because Watkins Glen is directly in the middle of the Finger Lakes region, at one of only two crossroads between the eastern Finger Lakes (Cayuga, Owasco, Skaneateles, etc.) and the Western Finger Lakes (Keuka, Canandaigua, Honeoye, etc.). To get around Seneca Lake, all traffic must travel through either Geneva or Watkins Glen. This gas storage Facility, therefore, would affect not only Watkins Glen and Seneca Lake but the entire regional tourism industry. Additional above-ground infrastructure that would have negative visual and noise impacts include two open air brine ponds lined with black plastic, four huge, loud compressors, five 30,000 gallon bullet tanks, and a 60 foot widely visible flare stack. The introduction of highly visible industrial gas operations will have a direct negative impact on the desirability of the region for tourists.

Adverse impacts to community character would also have major detrimental consequences for the many tourism-related businesses which depend on the wine industry as a top draw, including Bed & Breakfasts, hotels, restaurants, gift shops, service stations, bus and limousine companies, and more. The Finger Lakes has become a popular destination, with many visitors returning annually, not only from across New York and New York City, but also Pennsylvania, Ohio, New Jersey, and many other areas within a weekend's driving distance. Our brand has become well-recognized both nationally and internationally.

The following is a partial list of positive impacts affecting the local and regional economy as a result of the wine businesses of the Finger Lakes.

- Over 130 wineries in the region, many created in the past decade
  - Over 10,000 acres of grapes
  - Over 4,000,000 tourist visits to wineries
  - Over \$300,000,000 in wine-related tourism expenditures
  - Over \$230,000,000 state and local taxes paid
  - Over 15,000 full-time equivalent jobs related to wine
- (source: *New York Wine & Grape Foundation, www.newyorkwines.org*)

Businesses in the region also support a transition to renewable energy. Some wineries already have adopted geothermal, solar, and small windmills, while many wineries are implementing better insulation and other projects to improve energy efficiency. Wineries are very receptive to continuing to learn about options for more renewable energy generation, and would love to help make New York State a beacon for the nation.

Diverging from the self-sustaining local economy fostered by the numerous wine-related businesses around Seneca Lake, the gas storage Facility is only expected to bring the potential

benefit of twelve jobs. <sup>6</sup> The latest disclosures by the Applicant indicate that the region will not benefit from the propane and butane which eventually will be exported out of New York State. In a recent New York Times article, Bill Gautreaux, president of Crestwood's liquids and crude business unit, stated that if the company was starting from scratch it "probably wouldn't put it [the Facility] right there over Seneca Lake, near the wine country."

We, and many others, have raised significant concerns regarding the kinds of adverse environmental, health and economical outcomes that may be associated with this Facility. The anticipated incapability of Crestwood to mitigate long-term damaging environmental impacts reveal that avoiding the undesirable risks to the character and economy of the wine region substantially outweigh the inadequate local benefits touted by the Applicant.

Under your guidance, Governor, your administration has promoted renewable energy, including upgrading the power grid to become a smart grid in order to harness the power and resilience of renewable energy. As a wine business coalition, we encourage you to continue to embrace a healthy, clean future and turn away from supporting environmentally damaging gas expansion in the Finger Lakes Region, including the high-risk storage next to Seneca Lake.

We are extremely concerned that the proposed Facility will erode the image that we have worked so hard to project to our valued tourists and customers. Our businesses are a large part of our regional economy, and like any tourism and visitor-based industry, they are vulnerable to negative public perception. Please do not allow this Facility to be approved. It does not belong here.

Sincerely,

Ann Martini  
Anthony Road Wine Company  
Established 1990

Beren Argetsinger  
Argetsinger Vineyards  
Established 1996

Tony Del Plato and Gina Nigra  
A Stone's Throw Bed & Breakfast  
Established 2012

Ted Marks  
Atwater Estate Vineyards  
Established 1999

Brittany Bagley  
Bagley's Poplar Ridge  
Vineyards  
Established 1980

Scott Bronstein  
Barnstormer Winery  
Established 2013

Ian Barry  
Barry Family Cellars  
Established 2011

Chris Missick  
Bellangelo  
Established 2002

Vinny & Kim Aliperti  
Billsboro Winery  
Established 2007

Ian & Jackie Merwin  
Black Diamond Farm, LLC  
Established 1994

Kim Engle  
Bloomer Creek Vineyard  
Established 1999

Maryrose Savine  
Bostwick House B & B  
Established 2007

Bruce Murray  
Boundary Breaks Vineyard  
Established 2008

Stephen Taylor  
Bully Hill Vineyards  
Established 1970

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<sup>6</sup> According to the DEIS, "approximately 8-10 employees are expected to be working on the site when open for truck loading." DEIS p. 123. However, as mentioned in footnote 5 herein, the Applicant allegedly will eliminate truck transportation in the short-term, which would seem to result in the potential elimination of these 8-10 jobs.

Ann Cain Crusade  
Acupuncture and  
Herbal Medicine  
Established 2006

Connor Evans  
Castel Grisch Winery  
Established 1986

Ilona Marmer  
Catherine Cottages  
Established 2003

Kate Bowers  
Clean Team  
Established 2000

Chris Hansen  
Climbing Bines Craft Ale Co.  
and Hop Farm  
Established 2013

Elizabeth Whitehouse  
Compost International  
Established 2010

Michael Cimino  
and Deborah Cumings  
Cottage Views B & B  
Established 2013

Allison Moffett-Santos  
Curry Creek Vineyards  
Established 2003

Lou Damiani  
Damiani Wine Cellars  
Damiani Vineyards  
Established 1997

Dan Rapaport  
Dan Rapaport Consulting  
Established 1982

Phil Davis  
Davis Vineyard  
Established 1998

Frederick Frank  
Dr. Frank's Vinifera  
Wine Cellars  
Established 1962

Eli Thomas  
Eli Thomas Art  
Established 1990

Jennifer Clark  
Eminence Road Farm Winery  
Established 2008

Abbie Parker  
Eremita Winery  
Established 2011

Laura Winter Falk  
Experience! Finger Lakes  
Established 2006

Autumn Stoscheck  
Eve's Cider  
Established 2002

Tom & Marcy Mitchell  
Fall Bright  
The Winemakers Shoppe  
Established 2014

Melissa Madden  
Finger Lakes Cider House  
Established 2014

Tina Hazlitt  
Finger Lakes Food Company, LLC  
Established 2009

Brenda Neville  
Finger Lakes Mill Creek Cabins  
Established 2006

Nathaniel Curtis  
Finger Lakes Solar Co-op  
Established 2014

Charlene Brett  
First Flight  
Established 1987

Christopher P. Bates, MS  
FLX Winery  
Established 2014

Rick Rainey  
Forge Cellars  
Established 2008

Scott Osborn  
Fox Run Vineyard  
Established 1984

Carol Doolittle  
Frontenac Point Vineyard  
Estate Winery  
Established 1979

Gita Devi  
Ginger Cat Bed & Breakfast  
Established 2008

John Wagner  
Ginny Lee Café  
Wagner Valley Brewing Company  
Wagner Vineyards  
Established 1976

Jim Armstrong  
Good for Business  
Established 1999

David Peterson  
Goose Watch Winery  
Penguin Bay Winery  
Swedish Hill Winery  
Established 1985

Doug Hazlitt  
Hazlitt 1852 Vineyards, Inc.  
Established 1985

Susan Higgins  
Heart & Hands Wine Company  
Established 2006

Justin Boyette  
Hector Wine Company  
Established 2009

Emilie Nicholson  
Hidden Marsh Distilling  
Montezuma Winery  
Established 2001

Jonathan Hunt  
Italy Hill Produce  
Established 2009

Jeremy Crytzer  
J. Crytzer Woodworking  
Established 2003

Peter Saltonstall  
King Ferry Winery makers  
of Treleven Wines  
Established 1984

Mark Wagner  
Lamoreaux Landing  
Wine Cellars  
Established 1990

Theresa Remmers  
Magnolia Place  
Bed & Breakfast  
Established 1997

Machelle Carman  
Nautical Nights B & B  
Established 2000

Dana Malley  
Northside Wine & Spirits  
Established 1959

Peggy Haine  
Food and Wine Writer  
Established 1984

Diane Buglion-Mannion  
Rasta Ranch Vineyards  
Established 1993

David Whiting  
Red Newt Cellars, Inc.  
Established 1998

Oskar Bynke  
Hermann J. Wiemer Vineyards  
Established 1979

Joyce & Art Hunt  
Hunt Country Vineyards  
Established 1981

Diane & Tim Moore  
Inspire Moore Winery & Vineyard  
Established 2007

Jeff Dill  
J. R. Dill Winery  
Established 2009

Jim & Ruth Hundertmark  
Lacey Magruder  
Vineyard & Winery  
Established 2011

Joshua Parker  
Lost Kingdom Brewery  
Established 2014

John McGregor  
McGregor Vineyard  
Established 1971

Josie Holden  
Nedloh Brewing Company  
Established 2014

Patricia Bee  
Old Fashioned Flowers  
Fernville Farm  
Established 2011

Donna Lucent  
Pompous Ass Winery  
Established 2008

Lisa Hallgren  
Ravines Wine Cellar  
Established 2000

Asa Redmond  
Regional Access  
Established 1989

John Ingle  
Heron Hill Winery  
Established 1977

Bill Martin  
Idol Ridge Winery  
Established 2013

Betsy Bonsignore  
Interludes Spa  
Established 2000

Judy & Len Wiltberger  
Keuka Spring Vineyards  
Established 1985

Michele Pavillard  
Lake House & Cottage Rental  
Established 1997

Peggy Aker  
Macro Mamas  
Established 1992

Mary Campbell  
Medleys Café  
Established 1993

Todd Eichas  
New Vines Bed & Breakfast  
Established 2007

Will Ouweleen  
O-Neh-Da and  
Eagle Crest Vineyards  
Established 1872

Frédéric Bouché  
Ports of New York  
Established 2000

Deva Maas  
Redbyrd Orchard Cider  
Established 2010

David McKinley  
Renovus Energy  
Established 2003

Tine Hazlitt  
Sawmill Creek Vineyards  
Established 1852

Michael Warren Thomas  
SavorLife.com  
Established 1994

Jackie Augustine &  
Jeff Henderson  
Seneca 7 Road Race  
Established 2011

Kate Thomas  
Shalestone Vineyards, LLC  
Established 1995

Steve Shaw & Steve Shaw Jr.  
Shaw Vineyard  
Established 1980

Lisa Morton  
Sheldrake Point Winery  
Established 1997

John D. Zuccarino  
Silver Springs Winery, LLC  
Established 2001

Shannon Brock  
Silver Thread Vineyard  
Established 1991

Steve Selin  
South Hill Cider  
Established 2013

Erica Crytzer  
Stone Pillow Pottery  
Established 2012

Steve Churchill  
Stone Boat Computing  
Established 2011

Scott Signori  
Stone Cat Café  
Established 1999

Ayne Sheldon  
Strategic Coaching  
Established 2010

Joan DeSimone  
Sun Dance Creations  
Established 1998

Barbara A. Schiesser  
Sunrise Landing  
Bed & Breakfast  
Established 2004

Hilary Niver-Johnson  
Sustainable Viticulture  
Systems  
Established 2013

Robert Stack  
Suzanne Fine Regional Cuisine  
Established 2003

Jesse Beardslee  
Themis and Thread  
Established 2013

Evan Stewart Eisenburg  
The OCD Art Gallery  
Established 2013

Peter & Mary Muller  
The Pearl of Seneca Lake, Inc.  
Established 2005

Erica Paolicelli  
Three Brothers Wineries  
and Estates  
Established 2007

Andrew & Rossana Shanklin  
The Rose Petal Inn  
Established 2014

Jessica Rodgers  
Two Goats Brewing  
Established 2010

Danielle Pezzuti  
Ventosa Vineyards  
Established 2005

Adam Folts  
Vineyard View Winery  
Established 2012

Stefan Senders  
Wide Awake Baker  
Established 2010