



Agenda Date: 6/18/10
Agenda Item: 6A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

RELIABILITY AND SECURITY

IN THE MATTER OF THE PETITION OF NEW JERSEY) ORDER
NATURAL GAS COMPANY FOR AUTHORIZATION)
AND APPROVAL FOR CONSTRUCTION OF A)
PROPOSED 12-INCH TRANSMISSION PIPELINE IN)
THE TOWNSHIPS OF HANOVER, PARSIPPANY-)
TROY HILLS AND DENVILLE AND THE BOROUGH OF)
MORRIS PLAINS, PURSUANT TO N.J.A.C. 14:7-1.4 ET)
SEQ.) DOCKET NO. GO10040291

Tracey Thayer, Esq., Wall, New Jersey, on behalf of New Jersey Natural Gas Company,
Petitioner

John Grillo, Bureau of Pipeline Safety, Newark, New Jersey, on behalf of the Staff of the Board of
Public Utilities

Judith Appel, Esq., Newark, New Jersey, on behalf of the Division of Rate Counsel

BY THE BOARD:

New Jersey Natural Gas Company ("Petitioner" or "NJNG") is a New Jersey public utility engaged in the business of purchasing, distributing, transporting and selling natural gas to approximately 489,000 customers within its service areas in Monmouth and Ocean counties, and parts of Morris, Middlesex and Burlington counties. On April 23, 2010, NJNG filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:7-1.4 and N.J.A.C. 1:1-12.6 and a Board Order dated April 28, 2009, in Docket Nos. EO09010049, GO09010052 and GR07110889, related to the Accelerated Energy Infrastructure Investment Program ("AIP"), seeking authorization and approval from the Board to construct and operate approximately 40,000 feet (7.6 miles) of 12-inch natural gas transmission pipeline with an alignment that runs through portions of the Townships of Hanover, ParsIPPany-Troy Hills and Denville and the Borough of Morris Plains (the "Hanover Line") in Morris County. NJNG anticipates initiating construction of the Hanover Line in July, 2010 and indicated that through the approved AIP program, this project is one of fourteen previously planned infrastructure projects that are to be completed in an expedited manner in order to assist NJNG in providing safe, adequate and proper service to its customers. The Board has previously found that the AIP projects are consistent with and help to stimulate New Jersey's economy, specifically by creating jobs and

enhancing the State's economy during this recession period. This pipeline, which will replace and increase the size of the present 8-inch Hanover Line, will be certified to a maximum allowable operating pressure ("MAOP") of 816 pounds per square inch gauge ("psig"). N.J.A.C. 14:7-1.4 provides that Board approval is required prior to the construction or operation of a natural gas pipeline that is intended to be operated in excess of 250 psig and is located within 100 feet of any building intended for human occupancy, and further requires that the pipeline satisfy the requirements of 49 C.F.R. 192 and N.J.A.C. 14:7 et seq. The proposed pipeline alignment includes 203 structures intended for human occupancy within 100 feet of the project, of which 186 are residential and 17 are commercial. The closest buildings are two residential structures that will be 20 feet from the proposed pipeline alignment. Although the proposed Hanover Line will not be physically located within the Borough of Morris Plains and the Township of Morris, Petitioner has also identified structures in those municipalities that are located within 100 feet of the proposed line.

Petitioner has stated that the project is deemed necessary to provide adequate supply and reliability to meet both the current and anticipated demands for natural gas usage in Morris County. Pursuant to the AIP Order, the construction of the proposed pipeline was previously approved as one of NJNG's Capital Improvement Recovery Tracker Qualifying Projects, subject to this proceeding.

On May 27, 2010, at 6:30 P.M., a public hearing in this matter, intended to afford members of the public with an opportunity to place a statement on the record regarding this application, was held at the Parsippany Township Municipal Building located at 1001 Parsippany Boulevard, Parsippany, New Jersey 07054. Notice of the hearing was given to the property owners located within 100 feet of the proposed pipeline as well as to the mayors and members of the councils of the affected municipalities. In addition, notice was also published in the Morristown Daily Record. Edward D. Beslow, Esq., an attorney on Board Staff, served as the Board's duly-designated Hearing Examiner. John Grillo, Administrative Analyst, Bureau of Pipeline Safety, attended on behalf of the Staff of the Board and Tracey Thayer, Esq., appeared on behalf of Petitioner. In addition, Judith Appel, Esq., appeared on behalf of the Division of Rate Counsel.

Ms. Thayer introduced several exhibits, including the petition and affidavits of notice to the affected property owners and municipalities as well as newspaper publication, which were accepted and made part of the record. In addition, Ms. Thayer indicated that NJNG personnel had met with local officials of the affected municipalities prior to the scheduled public hearing in order to discuss the proposed pipeline and resolve any concerns that may have arisen due to the proposed construction. At the hearing, several of the local officials appeared and thanked Petitioner for the meetings that had occurred and voiced an opinion that the proposed line should be constructed at the earliest opportunity in order that it might coincide with local street work previously planned and scheduled. No member of the public appeared for the purpose of making a statement regarding this matter for the record. Rate Counsel did not object to the granting of the Petition.

Board staff reviewed NJNG's proposal including the project design, construction plans and specifications, the listing of structures within 100 feet of the pipeline and their distances from the proposed pipeline alignment, and also conducted a full field inspection of the entire pipeline route. Board Staff requested a re-alignment of the pipeline at the locations of the closest structures to the Hanover Line to move further away from the structures and NJNG complied with the request. The proposed pipeline route will start in Hanover Township at the Texas Eastern Compressor Station located adjacent to Columbia Turnpike. From there, the pipeline

will run along Columbia Turnpike, Park Avenue, Cedar Knolls Road, Boulevard Road and Malapardis Road in Hanover Township and then proceed along Johnson Road in the Township of Parsippany-Troy Hills. The pipeline will then run along Route 10 in the Townships of Parsippany-Troy Hills and Denville and the Borough of Morris Plains to Petitioner's regulator station in Denville. The record reflects that the proposed alignment, which follows the route of the existing 8-inch pipeline, is preferred and that no other alternate routes are feasible due to an increase in the total length of the pipeline, an increase in the number of structures within 100 feet of the pipeline, an increase in traffic congestion on major roads, and due to the disturbance of additional road pavement.

The proposed pipeline will comply with all Federal and State pipeline safety requirements and will be constructed in a manner that will allow it to operate at up to 816 psig. As part of these regulations, the pipeline shall also be subject to the requirements for passage of internal inspection devices in conformance with the Company's integrity management program and 49 C.F.R. 192.150 and N.J.A.C. 14:7-1.4(c). The Board's Bureau of Pipeline Safety participates in the Federal Pipeline Safety Program pursuant to Section 60105(a) of the Natural Gas Pipeline Safety Act of 1968, as amended, (49 U.S.C. 1671 et seq.) and the Board has regulatory jurisdiction and enforcement authority of the safety standards through the imposition of injunctions and/or monetary sanctions for any suspected violation of the Federal safety standards promulgated and contained in Parts 192, 193, 199 and 40 of the Code of Federal Regulations.

Petitioner will have full-time inspectors, qualified by training and experience, overseeing the pipeline construction to ensure that the pipeline is constructed and installed in accordance with State and Federal requirements. In addition, Board Staff will conduct pipeline safety compliance inspections during the construction of this pipeline, as well as perform future operating and maintenance inspections on the pipeline as part of the Board's ongoing Pipeline Safety Program. NJNG will provide the certification and documentation required by N.J.A.C. 14:7-1.14 within one month after the completion date of the pressure test.

After consideration of all pertinent materials submitted in this matter, and review by Board Staff, the Board HEREBY FINDS that Petitioner's request to construct and operate a 12-inch transmission pipeline running through the Townships of Hanover, Parsippany-Troy Hills and Denville and the Borough of Morris Plains in Morris County, New Jersey is reasonable and is in compliance with all relevant Federal and State requirements. Therefore, pursuant to the provisions of N.J.A.C. 14:7-1.4, the Board HEREBY APPROVES the request of NJNG to construct the Hanover Line, subject to the approval of any pending road opening permits from the affected municipalities and the New Jersey Department of Transportation, all other pending permits, if any, and the pressure testing requirements of N.J.A.C. 14:7-1.14, as well as the following:

1. That this Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by NJNG or otherwise affect any ratemaking treatment set forth in the AIP Order; and

2. That the Order shall not affect nor in any way limit the exercise of the authority of the Board or this State in any future petition or in any proceedings with respect to rates, franchises, services, financings, services, financing, accounting, capitalization, depreciation, or any other matters affecting NJNG.

DATED: 6/21/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

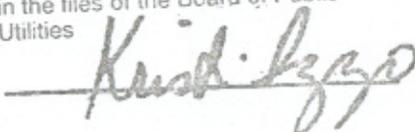

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



I/M/O THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR AUTHORIZATION AND APPROVAL FOR CONSTRUCTION OF A PROPOSED 12-INCH TRANSMISSION PIPELINE IN THE TOWNSHIPS OF HANOVER, PARSIPPANY-TROY HILLS AND DENVILLE AND THE BOROUGH OF MORRIS PLAINS PURSUANT TO N.J.A.C. 14:7-1.4 ET SEQ.

DOCKET NO. GO10040291

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