



Agenda Date: 5/4/22  
Agenda Item: 6A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION OF SOUTH )  
JERSEY GAS COMPANY FOR AUTHORIZATION TO ) ORDER  
CONSTRUCT AND OPERATE A 16-INCH PIPELINE )  
PURSUANT TO N.J.A.C. 14:7-1.4 CAMDEN COUNTY )  
RELIABILITY PROJECT PHASE II ) DOCKET NO. GE20090600

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Deborah M. Franco, Esq.**, South Jersey Gas Company

BY THE BOARD:

**Background and Procedural History**

On September 21, 2020, South Jersey Gas Company (“SJG” or “Company”), a regulated NJ public utility serving approximately 402,007 customers in all or parts of Cumberland, Atlantic, Burlington, Camden, Salem, Gloucester, and Cape May Counties, filed a petition with the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.A.C. 14:7-1.4, seeking authorization and approval to construct approximately 6.3 miles of 16-inch natural gas pipeline (“Pipeline” or “Project”). The Project be the second and final phase of a pipeline upgrade that commenced in 2017.<sup>1</sup> As provided in the petition, the Project is necessary to ensure adequate peak design day gas delivery pressure to portions of Camden and Burlington County. The Project’s proposed alignment will commence within the Borough of Pine Hill, pass through Gloucester Township, terminate in Winslow Township, and be constructed entirely in the municipal and county road rights-of-way.

N.J.A.C. 14:7-1.4 requires the operator of a pipeline to seek Board approval prior to operating or increasing the pressure of a pipeline in excess of 250 pounds per square inch gauge (“psig”) that is within 100 feet of any building intended for human occupancy, and further requires that pipelines

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<sup>1</sup> Phase I of the project was approved by the Board in 2017 in Docket Number GO17030188 and included 5 miles of 16-inch pipeline extending from the Lawnside Gate Station to a Regulator Station in the Borough of Pine Hill. Phase II will extend an additional 6.3 miles from the Pine Hill Regulator Station to a Regulator Station in Winslow Township.

designated as transmission pipelines satisfy the requirements of 49 C.F.R. 192, in addition to N.J.A.C. 14:7-1.1 et seq. Although the Company proposes to operate the Pipeline as a distribution pipeline, SJG will follow the transmission pipeline requirements contained in the

Federal Pipeline Safety Regulations and the New Jersey Administrative Code, consistent with the initial construction approved by the Board in Docket No. GO17030188. The petition proposes a pipeline constructed to operate at a maximum allowable operating pressure (“MAOP”) of 600 psig.

As provided in the petition, the Company identified three (3) possible routes for the construction of the pipeline and settled on Route A, described in Exhibit B of the petition, as the preferred route. Route A is the shortest in length, passing within 100 feet of approximately 174 occupied buildings. The other routes examined, Route B and Route C as outlined in Exhibit C of the petition, would pass within 100 feet of approximately 237 and 321 occupied buildings, respectively. Detailed Project specifications are outlined in the petition and also included in Exhibit A.

The Board has regulatory jurisdiction and enforcement authority of the safety standards concerning natural gas pipelines contained in the Code of Federal Regulations through the imposition of injunctions and/or monetary sanctions for any suspected violation of the Federal safety standards. As such, SJG will be subject to construct, operate, and maintain the Pipeline in accordance with all rules and regulations concerning transmission pipelines, with oversight from Board Staff (“Staff”). Staff will conduct Pipeline safety compliance inspections during the initial construction of the Pipeline, and perform future operating and maintenance inspections on it as part of the Board’s ongoing Pipeline Safety Program.

Staff reviewed the Company’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, conducted a full field inspection of the entire proposed Pipeline route, and examined the alternative routes considered. Staff notes that Exhibit A of the Petition, as filed, does not list the requirement that the Pipeline conform to the provisions of N.J.A.C. 14:7-1.11(c), in addition to the other requirements of the Federal Pipeline Safety Regulations and New Jersey Administrative Code. N.J.A.C. 14:7-1.11(c) specifically requires a minimum six-inch cushion of clean soil or select fill surrounding the Pipeline on all sides.

### **Public Hearing**

Telephonic public hearings were held on December 9, 2021. No members of the public offered comments. The time and place for the hearing was noticed by publication in a newspaper with broad circulation in the SJG service territory and posted on the websites of the Company and the Board. All property owners/residents within 100 feet of the Pipeline were notified of the hearings. Lanhi Saldana, a Legal Specialist for the Board, presided. The hearings were attended by SJG, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Staff. Sheree Kelly, Regulatory Affairs Counsel for SJI Utilities, gave a brief opening statement describing the Project and welcoming comments from the public. Johnathan Oliva, Manager of Engineering Services for SJG, provided further explanation of the Project and its construction. Opening statements were also given by Maura Caroselli, Deputy Rate Counsel, and Juan Urena, Bureau Chief for the Bureau of Pipeline Safety at the Board. No members of the public identified themselves or made any statements.

### **Rate Counsel Comments**

Rate Counsel submitted written comments on January 25, 2022 claiming that, based upon the present record, the Board cannot rule on the petition in accordance with these standards and arguing that action on the petition should be deferred until Rate Counsel has had an opportunity for full discovery and a hearing regarding the necessity for the Project. Furthermore, Rate Counsel stated that it is not clear whether the Project is necessary, and SJG has not demonstrated that its system experienced reliability issues in the proposed area of the Project. In the alternative, Rate Counsel requested that if the Project is approved, the Board should limit its decision to safety and related issues and reserve the parties' rights to address prudence and ratemaking issues in a base rate proceeding.

### **Discussion and Findings**

There is no statutory or constitutional requirement that the Board provide an adjudicatory hearing prior to making a final administrative agency determination concerning the Project. N.J.A.C. 14:7-1.4 affords the Board an opportunity to ensure that proposed construction will meet desired specifications prior to the installation and/or operation of a pipeline in excess of 250 psig if the proposed alignment is planned to pass within 100 feet of any building intended for human occupancy. Therefore, the Board's review of this petition is narrow in scope; the Board must determine if the Project is in conformity with relevant natural gas pipeline regulations for its safe installation and operation, and ensure that the number of habitable dwellings within 100 feet of the Pipeline is minimized. The Board is not required to make any findings of fact or any determinations as to whether the Project is necessary in this proceeding, and as such, no such finding or determination will be made here.

Staff's review of the Company's proposal included 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. Staff also conducted a full field inspection of the entire Pipeline route and undertook review of the alternate routes that were considered. In addition, Rate Counsel participated in the Board's public hearing and submitted written comments. Rate Counsel, therefore, was afforded the opportunity to present relevant information and make arguments which are a part of the record the Board considered in this proceeding.

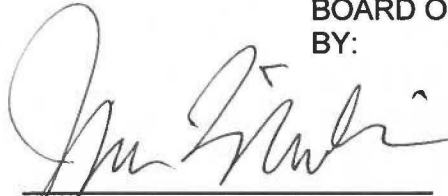
Accordingly, after consideration of all pertinent materials submitted in this matter, and review by Staff, the Board **HEREBY FINDS** that Petitioner's request to construct and operate a 16- inch Pipeline running through the Borough of Pine Hill and Townships of Gloucester and Winslow in Camden County, and following Route A, is in compliance with 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 SJG to construct the Pipeline, subject to the approval of all environmental permits required by the New Jersey Department of Environmental Protection, approval of road opening permits from the affected counties and municipalities, the approval of traffic control and detour plans with the affected jurisdictions, and all other permits and approvals, if any. The approvals will be subject to the requirement to construct, operate, and maintain the Pipeline following all transmission pipeline regulations contained in the Code of Federal Regulations and New Jersey Administrative Code. These include, but are not limited to, the backfill requirements of N.J.A.C. 14:7-1.11(c), pressure testing requirements of N.J.A.C. 14:7-1.14 prior to placing the Pipeline into operation, and assurance that integrity assessments of the Pipeline will be performed using inline inspection devices in accordance with Federal pipeline safety requirements, as well as the following:

1. 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 SJG;
2. This 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, financing, accounting, capitalization, depreciation, or in any other matters affecting SJG;
3. In an appropriate subsequent proceeding, SJG shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers. This Order does not provide authorization to include in rate base the specific assets that are or will be completed as a result of the construction of the proposed Pipeline;
4. This Order does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the proposed Pipeline, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such cost and expenses, shall be made in an appropriate subsequent proceeding.

This Order shall be effective on May 11, 2022.

DATED: May 4, 2022

BOARD OF PUBLIC UTILITIES  
BY:

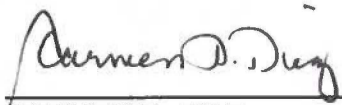
  
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ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
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CARMEN D. DIAZ  
ACTING SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR  
AUTHORIZATION TO CONSTRUCT AND OPERATE A 16-INCH PIPELINE PURSUANT TO  
N.J.A.C. 14:7-1.4 CAMDEN COUNTY RELIABILITY PROJECT PHASE II

DOCKET NO. GE20090600

SERVICE LIST

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