



Agenda Date: 04/27/11
Agenda Item: 6A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR AUTHORIZATION)
TO CONSTRUCT AN 8" PIPELINE THROUGH)
LOGAN TOWNSHIP IN GLOUCESTER COUNTY)
AND OLDMANS TOWNSHIP IN SALEM COUNTY)

DECISION AND ORDER

DOCKET NO. GO11010047

Daniel J. Bitonti, Esq., Cozen O'Conner, 457 Haddonfield Road, Suite 300, Cherry Hill, New Jersey 08002

BY THE BOARD:

On January 31, 2011, South Jersey Gas Company ("SJG") filed a Petition with the Board of Public Utilities ("BPU") for authority pursuant to N.J.A.C. 14:7-1.4 to initiate construction of an approximately two and four tenths (2.4) miles, 8" natural gas pipeline with an alignment that runs through Logan Township in Gloucester County and Pedricktown¹ in Salem County (the "Proposed Pipeline"). Portions of the Project are within the jurisdiction of the New Jersey Department of Environmental Protection ("DEP"), Land Use Regulation Program ("LURP"), and are also subject to review and authorization by the US Army Corps of Engineers.

SJG anticipates initiating construction of the Pipeline during the second quarter of 2011 with a completion date of June 2011. The Proposed Pipeline will operate at line pressure as supplied by the Columbia Gas Transmission ("Columbia Gas") Interstate Pipeline and will have a maximum allowable operating pressure ("MAOP") of 1100 pounds per square inch gauge ("psig"). The cited rule provides that Board approval is required prior to the construction or operation of a natural gas pipeline above 250 psig that is located within 100 feet of any building intended for human occupancy, and also requires that the pipeline must satisfy the requirements of 49 C.F.R. 192 and N.J.A.C. 14:7. The Proposed Pipeline alignment includes 12 buildings intended for human occupancy, 3 commercial and 9 residential structures, which currently exist within 100 feet of the Proposed Pipeline. The closest building is a residential structure that will be 30 feet from the pipeline.

According to the petition, the Proposed Pipeline is necessary to supply increased gas volumes and a higher delivery pressure to the existing Pedricktown Cogeneration Company LP ("PCCLP") facility located at 143 U.S. Route 130, Pedricktown, NJ 08067. The Proposed Pipeline is the result of an agreement dated February 25, 2010 between SJG and PCCLP

¹ Pedricktown, New Jersey is within Oldmans Township, New Jersey.

wherein it was agreed that SJG would own, construct, operate and maintain the Proposed Pipeline that is the subject to this Petition. The cost of the Proposed Pipeline will be paid for by SJG.

On March 16, 2011, a public hearing in this matter was held at Oldmans Township Municipal Building 32 West Mill Road, Pedricktown, New Jersey 08067. Legal Specialist Jake Gertsman served as the presiding officer, One staff member of the Board's Bureau of Pipeline Safety ("Board Staff") attended the public hearing. Notice of the public hearing was published in the Gloucester County Times and in Today's Sunbeam. Notice of this hearing was mailed to the Division of Rate Counsel ("Rate Counsel"), the Division of Law, the Clerks of the affected municipalities, the Clerks of Salem and Gloucester Counties Board of Chosen Freeholders, and all property owners with structures intended for human occupancy that are located within at least 100 feet of the Proposed Pipeline.

At the public hearing, a presentation on behalf of Petitioner was made by Joseph Schneider, General Manager, Systems Engineering and Planning for SJG. Mr. Schneider, who is a licensed professional engineer in the State of New Jersey, testified that the Proposed Pipeline would be an 8" diameter transmission line which would start at the gate station where SJG takes its supply from its interstate supplier, Colombia Gas in Logan Township, NJ and run to the PCCLP facility in Pedricktown, NJ. He further testified that the Proposed Pipeline would have a MAOP of 1100 psig. Mr. Schneider explained that a significant portion of the Proposed Pipeline would be constructed within an existing public right-of-way. Mr. Schneider testified that the original alignment of the Proposed Pipeline had been slightly adjusted per the request of township officials and Board Staff to move the Proposed Pipeline further away from residences.

Mr. Schneider testified that the Proposed Pipeline is necessary to service the needs of SJG's customer PCCLP. He testified that South Jersey Gas Company has a responsibility to provide gas to all of its customers and that the construction of this Pipeline will assist SJG in meeting this responsibility.

Mr. Schneider spoke at length about the design, construction, protection and testing of the Proposed Pipeline and stated that in all respects, the Pipeline either will meet or in most instances, exceeded all applicable Federal and State requirements, including N.J.A.C. 14:7-1.4 and 49 C.F.R. 192.150 and for an integrity management program in Subpart O, 49 C.F.R. 192.901 through 192.951. As part of these regulations, the Pipeline shall be subject to the requirements for passage of internal inspections devices in conformance with the Company's integrity management program.

The Proposed Pipeline route includes 12 buildings intended for human occupancy that currently exist within 100 feet of the Proposed Pipeline, of which 2 buildings are within 50 feet. The closest structure is 30 feet from the Proposed Pipeline alignment. SJG has notified all property owners with buildings within 100 feet of the Pipeline, and county and municipal officials of the affected communities of their intent to construct this Pipeline.

SJG determined that this route was the best route alignment for the Pipeline. The 2.4 mile route selection was based primarily on the fact that there is an existing gate station at Pedricktown, NJ, where SJG receives transmission line pressure from Colombia Gas. A gate station is the only location where SJG can receive such transmission line pressures.

Three members of the public spoke at this meeting to voice their concerns and questions about this Pipeline. Mr. Schneider responded to the questions and concerns raised by the public. The

first speaker inquired about the proposed route of the line, the loads imposed upon the line from tanker trailer traffic at his business, rainwater runoff, and why a certain resident may not have been notified. Mr. Schneider satisfactorily addressed his concerns, including the fact that the Company already has a tie-in point with Colombia Gas at their existing Pedricktown gate station. Another speaker expressed that she supports the approval of the Proposed Pipeline, however, she had construction related concerns, including access to her driveway. Mr. Schneider assured her that access would be ensured during construction. The third speaker spoke of his concern with any construction related openings left overnight and the safety to the public they could potentially represent. Mr. Schneider assured this individual that no such openings would be left at the end of each work day. Board Staff attended the public hearing, reviewed Petitioner's proposal, and has determined that the Proposed Pipeline will provide additional capacity to meet SJG's current and future customer needs.

Based upon its review of the design of this Proposed Pipeline, Staff opined that the Pipeline meets or exceeds State and Federal pipeline safety regulations. SJG will have full time inspectors, qualified by training and experience, overseeing the Proposed Pipeline construction to ensure that the Proposed 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 Proposed Pipeline, as well as perform future operating and maintenance inspections on it as part of the Board's ongoing Pipeline Safety Program. SJG will provide the certification and documentation required by N.J.A.C. 14:7-1.14 prior to placing the Proposed Pipeline in operation.

On April 15, 2011, Rate Counsel filed a letter indicating that it did not object to the Board approving the construction of the Proposed Pipeline with further comments consistent with the Board's policy of requiring that any recovery of costs associated with the project be the subject of a future appropriate ratemaking proceeding to be filed by the company.

After consideration of all pertinent materials submitted in this matter, the Board HEREBY FINDS that Petitioner's request to construct an 8" pipeline through Logan Township in Gloucester County and Pedricktown in Salem 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 South Jersey Gas Company to construct an 8" pipeline through Logan Township in Gloucester County and Oldmans Township in Salem County, New Jersey subject to the approval of any pending road opening permits from applicable towns and the New Jersey Department of Transportation, all other pending permits, the Proposed Pipeline realignment needed to maintain a distance of 30 feet from the pipeline to the closest building, and the pressure testing requirements of N.J.A.C. 14:7-1.14 prior to placing the Proposed Pipeline in operation as well as the following:

1. Approval by the DEP LURP, Cumberland-Salem Soil Conservation District, Gloucester County Soil Conservation District, NJDEP, Bureau of Tidelands Management and the US Army Corps of Engineers as appropriate;
2. Obtaining appropriate easements from private property owners where required;
3. 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 SJG; and
4. 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, financing, accounting, capitalization, depreciation, or in any other matters affecting SJG.

5. In an appropriate subsequent proceeding, the Company shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers. Approval of this petition does not include 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.
6. Approval of this petition 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 Propose 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.

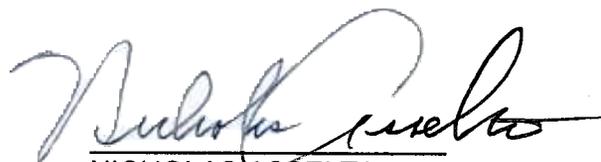
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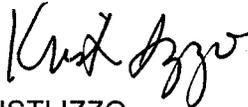
BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

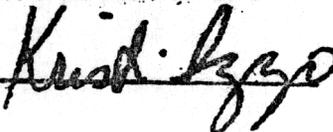

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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



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FOR AUTHORIZATION TO CONSTRUCT AN 8 INCH DIAMETER PIPELINE THROUGH
LOGAN TOWNSHIP IN GLOUCESTER COUNTY AND OLDMANS TOWNSHIP IN SALEM
COUNTY, NEW JERSEY

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