



STATE OF NEW JERSEY
Board of Public Utilities
44 So. Clinton Ave., P.O. Box 350
Trenton, NJ 08625-0350
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)
PIPELINE IN THE TOWNSHIPS OF HAZLET, HOLMDEL, AND)
MIDDLETOWN PURSUANT TO N.J.A.C. 14:7-1.4 ET SEQ.) DOCKET NO. GO11080478

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

Stefanie A. Brand, Esq., Director, 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 500,000 customers within its service areas in Monmouth and Ocean counties, and parts of Morris, Middlesex and Burlington counties. On August 4, 2011, Petitioner filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:7-1.4 and a Board Order dated March 30, 2011, in Docket Nos. GR10100793 and GR07110889, related to the Accelerated Energy Infrastructure Investment Program II ("AIP II"), seeking authorization and approval from the Board to construct and operate approximately 8.0 miles of 16-inch natural gas transmission pipeline (the "Holmdel Line" or "Pipeline") with an alignment that runs through portions of the Townships of Hazlet, Holmdel, and Middletown in Monmouth County. The pipeline will run approximately 8.0 miles along a similar alignment as the existing 10-inch diameter electric resistance welded ("ERW") steel transmission pipeline built in the 1960's. After placing the proposed Holmdel Line into operation, the existing 10-inch pipeline will remain in service as a distribution pipeline, operating with a reduced pressure of 125 pounds per square inch gauge ("psig"). NJNG anticipates initiating construction of the Holmdel Line in December 2011. This pipeline will allow for the use of in-line inspection equipment to assess its pipeline integrity and will be certified to a maximum allowable operating pressure ("MAOP") of 722 psig.

The cited rule 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 210 structures intended for human occupancy within 100 feet of the pipeline of which 193 are residential and 17 are commercial. The closest building is a residential structure that will be 21 feet from the proposed 16-inch pipeline, approximately 3 feet further than it was from the existing 10-inch pipeline. Two other structures are within 25 feet of the pipeline alignment, one commercial building and one residential house.

Petitioner has stated that the project is deemed necessary to provide adequate supply and reliability and to meet both the current and anticipated demands for natural gas usage in that portion of Monmouth County. Pursuant to the AIP II Order, the construction of the proposed pipeline was previously approved as one of NJNG's nine infrastructure projects, subject to this proceeding.

On October 31, 2011, 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 Petition, was held at the Middletown Municipal Complex located at 1 Kings Highway, Middletown, New Jersey 07748. Michael Borgatti, a legal specialist on Board Staff, served as the duly-designated Hearing Examiner. John Prieto, Administrative Analyst, Bureau of Pipeline Safety, appeared on behalf of the Staff of the Board, Sarah Steindel appeared on behalf of Rate Counsel, and Tracey Thayer, Esq., appeared on behalf of Petitioner. 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. One member of the public spoke at the hearing and expressed support of the construction of the proposed 16-inch Holmdel Line. Board Staff attended the public hearing, reviewed Petitioner's proposal, and has determined that the proposed Pipeline will provide additional capacity to meet NJNG's current and future customer needs. After considering the Petition and reserving its right to examine this Project with the appropriate future Accelerated Energy Infrastructure Investment Program II ("AIP II") ratemaking treatment, Rate Counsel does not object to the granting of the Petition.

Board Staff reviewed Petitioner'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. The proposed route for the Pipeline construction will start at the intersection of Newman Springs Road (CR 520) and Holmdel Road (CR 4), proceed northerly on Holmdel Road to northeasterly on Roberts Road, continue north on Longstreet Road, and turn southeasterly on Crawfords Corner Road. The pipeline will continue northeasterly on South Holland Road, head easterly on Holland Road, and continue northerly on Laurel Avenue (CR 52) until ending at the intersection of Route 36 where the Petitioner's regulator station is located in Hazlet. 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 it 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 prior to placing the Holmdel Line in operation.

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 16-inch pipeline running through the Townships of Hazlet, Holmdel, and Middletown in Monmouth 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 Holmdel 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. 14:7-1.4 prior to placing the pipeline in operation, 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 II 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: 11/9/11

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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TOWNSHIPS OF HAZLET, HOLMDEL, AND MIDDLETOWN PURSUANT TO N.J.A.C. 14:7-1.4 ET SEQ.

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