



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION OF SOUTH) ORDER
JERSEY GAS COMPANY FOR AUTHORIZATION)
TO CONSTRUCT A 24-INCH PIPELINE THROUGH)
MAURICE RIVER TOWNSHIP IN CUMBERLAND)
COUNTY, CITY OF ESTELL MANOR IN ATLANTIC)
COUNTY AND UPPER TOWNSHIP IN CAPE MAY)
COUNTY, NEW JERSEY) DOCKET NO. GO13030202

Parties of Record:

Ira G. Megdal, Esq., on behalf of South Jersey Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

On March 8, 2013, South Jersey Gas Company ("Petitioner or "SJG"), a New Jersey public utility engaged in the business of purchasing, distributing, transporting, and selling natural gas to approximately 360,000 customers within its service areas in Cape May, Cumberland, Atlantic, and Salem counties, and parts of Gloucester, Camden and Burlington counties, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:7-1.4. Petitioner seeks authorization and approval from the Board to construct and operate approximately 21.6 miles of 24-inch natural gas transmission Pipeline (the "Pipeline") with an alignment that runs through Maurice River Township in Cumberland County, City of Estell Manor in Atlantic County and Upper Township in Cape May County. SJG anticipates initiating construction of the Pipeline in the third quarter of 2013 and completing construction in November 2014. The 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 700 psig.

Pursuant to N.J.A.C. 14:7-1.4, 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 134 structures intended for human occupancy within 100 feet of the Pipeline of which 114 are residential, 15 are commercial, three are municipal buildings belonging to two fire companies and a rescue squad, one is a Methodist church, and one is a Masonic lodge. The closest inhabited buildings are a commercial structure and a residential

structure, both of which will be 25 feet from the proposed 24-inch Pipeline. Petitioner has stated that the project is deemed necessary to provide adequate supply and reliability to the southern and eastern portions of its service territory in Cape May County and Atlantic County. In addition, the Pipeline will provide service to the B.L. England power plant in Upper Township to support its conversion from a coal and oil burning electrical generation power plant to one that burns natural gas.

A public hearing was held on May 1, 2013 at 7:00 p.m. at the Upper Township Municipal Building located in Petersburg, New Jersey 08270, affording members of the public an opportunity to place a statement on the record regarding this Petition. James Kane, a legal specialist on Board Staff, served as the duly-designated Hearing Examiner. Michael Stonack, Bureau Chief, Bureau of Pipeline Safety, appeared and commented on behalf of the Staff of the Board, Henry M. Ogden, Esq. appeared on behalf of Rate Counsel, and Ira G. Megdal, Esq. appeared on behalf of Petitioner. Mr. Megdal introduced several exhibits, including the affidavit of notices of the public hearing to the affected property owners and government officials as well as two newspaper publications, which were accepted and made part of the record. Mr. Megdal directly examined Richard Bethke, an associate engineer of South Jersey Gas Company, who described the need for the project, its design and proposed alignment, alternative Pipeline routes considered, inline Pipeline integrity inspections of the Pipeline, and proposed construction safety measures to be used during the Pipeline installation.

One member of the public, Mayor Richard Palombo of Upper Township, spoke at the hearing and expressed support of the construction of the proposed 24-inch Pipeline and about how vital the BL England facility is to Upper Township and the surrounding communities. No members of the public voiced opposition to the proposed Pipeline alignment. Some members of the public generally spoke against burning of fossil fuels and its effect on global climate change, and suggested investing in renewable energy sources such as wind and solar power. One member of the public asked about the environmental impact of the Pipeline construction. The environmental impact was addressed by SJG in the permit requirements needed for the Pipeline construction.

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 begins in Maurice River Township at a proposed in-line inspection ("ILI") station on Route 49 where it will be tied into an existing 20-inch transmission Pipeline. This segment of the proposed Pipeline, referred to as the "Reliability Line" by SJG, will end at a proposed regulating facility on Marshall Avenue in Upper Township and will include an interconnection to existing transmission and distribution systems. The second segment of the Pipeline, referred to as the "Dedicated Line" by SJG, will serve the B.L. England power plant and starts at the proposed Marshall Avenue regulating facility. The "Dedicated Line" will run entirely within Upper Township before terminating at a proposed metering and in-line inspection station near the power plant.

The entire length of new Pipeline is designed to provide service to the B.L. England power plant. In order to provide the B.L. England plant adequate service, the 24-inch line must interconnect at the proposed Route 49 ILI station. As described above, in addition to serving the B.L. England plant, the Reliability Line will also increase reliability by interconnecting with an existing transmission line at Marshall Avenue in Upper Township.

Board staff worked with the Petitioner on the Pipeline alignment to mitigate the number of human-occupied structures within 100 feet of the Pipeline. Agreed upon changes do not change the overall route of the Pipeline, but have resulted in moving the Pipeline further away from certain buildings intended for human occupancy, where appropriate. In accordance with the requirements of the New Jersey Administrative Code, SJG will comply with a minimum four-foot depth of cover over the Pipeline and the installation of 12-inch wide warning tape as damage protection measures for the Pipeline. In addition, the Pipeline will be constructed using higher strength steel pipe with yield strength equal to 60,000 psig.

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. SJG will provide the certification and documentation required by N.J.A.C. 14:7-1.14 prior to placing the Pipeline in operation.

On May 9, 2013 Rate Counsel submitted a letter indicating that it does not object to granting the requested approval in the Petition, subject to certain conditions regarding ratemaking treatment, which have been incorporated in this order.

Additionally, the Board notes that portions of this project are within the Pinelands. As such, the Board anticipates entering into a Memorandum of Understanding with the Pinelands Commission regarding this project.

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 24-inch Pipeline running through the Townships of Maurice River, Estell Manor, and Upper Township 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 SJG to construct the Pipeline, subject to the approval of any pending road opening permits from the affected municipalities and the New Jersey Department of Transportation, any applicable requirements of any future Memorandum of Understanding between the Board and the Pinelands Commission, all other pending permits, if any, and the pressure testing requirements of N.J.A.C. 14:7-1.14 prior to placing the Pipeline in operation, as well as the following:

1. That the 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 South Jersey Gas Company;
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,

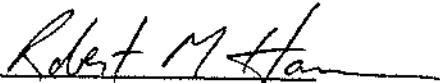
franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting South Jersey Gas Company;

3. 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;
4. 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.

This Order shall be effective on July 1, 2013.

DATED: 6/21/13

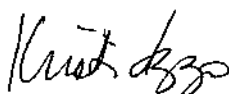
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

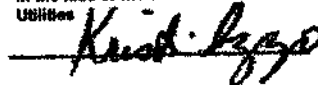

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY ANNA HOLDEN
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



IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
AUTHORIZATION TO CONSTRUCT A 24- PIPELINE THROUGH MAURICE RIVER
TOWNSHIP IN CUMBERLAND COUNTY, CITY OF ESTELL MANOR IN ATLANTIC COUNTY
AND UPPER TOWNSHIP IN CAPE MAY COUNTY, NEW JERSEY

DOCKET NO. GO13030202

SERVICE LIST

Ira G. Megdal, Esq.
Cozen O'Connor
Liberty View Building, Suite 300
457 Haddonfield Road
Cherry Hill, NJ 08002

Geoffrey Gersten, Esq., DAG
Division of Law and Public Safety
124 Halsey Street
Post Office Box 45029
Newark, New Jersey 07101

James Giuliano, Director
Division of Reliability and Security
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625

Michael Stonack, Bureau Chief
Bureau of Pipeline Safety
Division of Reliability and Security
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Michael Ryan, Esq., Legal Specialist
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Tricia Caliguire, Esq.
Chief Counsel
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Chuck Dippo, Vice President
Richard Bethke, Associate Engineer
Engineering Services & System Integrity
South Jersey Gas
1 South Jersey Plaza
Folsom, NJ 08037