

ADOPTIONS

INSURANCE

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2021 to 6/30/2022	\$25.00

- (d) (No change.)
- (e) Capital Fund Assessment—delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2021 to 6/30/2022	\$200.00

- 7:11-4.6 Source water protection fund component
  - (a) (No change.)
  - (b) The source water protection fund component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2021 to 6/30/2022	\$15.00

- 7:11-4.7 New Jersey Environmental Infrastructure Financing Program debt component
  - (a) (No change.)
  - (b) The New Jersey Environmental Infrastructure Financing Program debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2021 to 6/30/2022	\$24.93

(a)

**WATERSHED AND LAND MANAGEMENT  
DIVISION OF WATERSHED PROTECTION AND RESTORATION**

**Notice of Readoption  
Stormwater Management  
Readoption: N.J.A.C. 7:8**

Authority: N.J.S.A. 12:5-3, 13:1D-1 et seq., 13:9A-1 et seq., 13:19-1 et seq., 40:55D-93 through 99, 58:4-1 et seq., 58:10A-1 et seq., 58:11A-1 et seq., and 58:16A-50 et seq.

Authorized By: Shawn M. LaTourette, Acting Commissioner, Department of Environmental Protection.

Effective Date: May 20, 2021.

New Expiration Date: May 20, 2028.

**Take notice** that pursuant to N.J.S.A. 52:14B-5.1, the Stormwater Management rules at N.J.A.C. 7:8 are readopted and shall continue in effect for a seven-year period. The rules were scheduled to expire on June 26, 2021. The Department of Environmental Protection (Department) has reviewed these rules and has determined that the rules should be readopted without change because they are necessary, reasonable, and proper for the purpose for which they were originally promulgated. In accordance with N.J.S.A. 52:14B-5.1.c, timely filing of this notice extended the expiration date of the chapter seven years from the date of filing.

The Stormwater Management rules contain a variety of measures that address the impacts of stormwater runoff. The rules establish general requirements for stormwater management plans and stormwater control ordinances, as well as content requirements and procedures for the adoption and implementation of regional stormwater management plans and municipal stormwater management plans under the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.; the Water Quality Planning Act, N.J.S.A. 58:11A-1 et seq.; the Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq.; and the Flood Hazard Area Control Act, N.J.S.A. 58:16A-50 et seq.; and implementing rules.

The rules establish design and performance standards for stormwater management measures required by the rules pursuant to the Flood Hazard Area Control Act, N.J.S.A. 58:16A-50 et seq.; the Coastal Area Facility Review Act, N.J.S.A. 13:19-1 et seq.; the Wetlands Act of 1970, N.J.S.A. 13:9A-1 et seq.; the Waterfront Development Law, N.J.S.A. 12:5-3; the Freshwater Wetlands Protection Act, N.J.S.A. 13:9B-1 et seq.; and the Dam Safety Act, N.J.S.A. 58:4-1 et seq.

The rules additionally establish safety standards for stormwater management basins pursuant to N.J.S.A. 40:55D-95.1.

On March 2, 2020, the Department adopted amendments to the Stormwater Management rules that became operative on March 2, 2021 (see 50 N.J.R. 2375(a); 52 N.J.R. 402(a)). Those adopted amendments require the use of green infrastructure to comply with the design and performance standards for groundwater recharge, stormwater runoff quality, and stormwater runoff quantity in certain circumstances. The Department intends to propose further amendments to allow flexibility for major developments associated with public roadways in meeting the green infrastructure requirements at N.J.A.C. 7:8-5.3. Any further action to propose those amendments will be the subject of a separate notice in the New Jersey Register.

On January 27, 2020, Governor Murphy issued Executive Order No. 100 (2020) (EO No. 100). This order directed the Department to develop rules consistent with applicable law to address climate change, with those regulatory changes to be known as New Jersey’s Protecting Against Climate Threats (NJPACT) rules. On the same day, then Department Commissioner Catherine McCabe issued Administrative Order No. 2020-01 (AO No. 2020-01) requiring the incorporation of climate change considerations including, but not limited to, sea level rise and chronic flooding into the Department’s regulations, as part of an effort entitled Resilient Environments and Landscapes (REAL), which includes the Stormwater Management rules, N.J.A.C. 7:8, among other land use regulations. In accordance with EO No. 100 and AO No. 2020-01, the Department is finalizing a notice of proposed amendments to the Stormwater Management rules. The readoption of the rules without change continues the chapter in effect while the proposed amendments are finalized. The future amendments to the Stormwater Management rules will be the subject of a separate notice of proposal in the New Jersey Register.

**INSURANCE**

(b)

**DEPARTMENT OF BANKING AND INSURANCE  
OFFICE OF SOLVENCY REGULATION**

**Annual Audited Financial Reporting  
Adopted Amendments: N.J.A.C. 11:2-26.2, 26.3,  
26.4, 26.9, 26.14, and 26.17**

**Adopted New Rule: N.J.A.C. 11:2-26.15**

Proposed: February 18, 2020, at 52 N.J.R. 190(a).

Adopted: May 18, 2021, by Marlene Caride, Commissioner, Department of Banking and Insurance.

Filed: May 26, 2021, as R.2021 d.066, **without change**.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:23-1 et seq., 17:23-20 et seq., and 17B:21-1 et seq.

Effective Date: June 21, 2021.

Expiration Date: June 29, 2025.

**Summary of Public Comment and Agency Response:  
No comments were received.**

**Federal Standards Statement**

A Federal standards analysis is not required because the adopted amendments and new rule are not subject to any Federal requirements or standards.

Full text of the adoption follows:

## SUBCHAPTER 26. ANNUAL FINANCIAL REPORTING

## 11:2-26.2 Scope

This subchapter shall apply to all insurers transacting business in the State of New Jersey except as provided at N.J.A.C. 11:2-26.18.

## 11:2-26.3 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...  
 "Audit committee" means a committee (or equivalent body) established by the board of directors of an entity for the purpose of overseeing the accounting and financial reporting processes of an insurer or group of insurers, the internal audit function of an insurer or group of insurers, if applicable, and external audits of financial statements of the insurer or group of insurers. The audit committee of any entity that controls a group of insurers may be deemed to be the audit committee for one or more of these controlled insurers solely for the purposes of this subchapter at the election of the controlling person if it meets the requirements of N.J.S.A. 17:27A-4d(5).

...  
 "Internal audit function" means a person or persons that provide independent, objective, and reasonable assurance designed to add value and improve an organization's operations and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## 11:2-26.4 Filing of annual audited financial reports; extensions for filing of annual audited financial reports and audit committee appointment

(a) All insurers (unless exempted pursuant to N.J.A.C. 11:2-26.18) shall have an annual audit by an independent certified public accountant and shall file an audited financial report with the Commissioner on or before June 1 for the year ended December 31 immediately preceding. The Commissioner may require an insurer to file an audited financial report earlier than June 1 upon 90 days advance written notice to the insurer.

(b)-(d) (No change.)

## 11:2-26.9 Scope of audit and report

Financial statements furnished pursuant to N.J.A.C. 11:2-26.5 shall be examined by the independent certified public accountant. The audit of the insurer's financial statements shall be conducted in accordance with generally accepted auditing standards. In accordance with Section 319 of the Professional Standards of the AICPA, Consideration of Internal Control in a Financial Statement Audit, the independent certified public accountant should obtain an understanding of internal control sufficient to plan the audit. To the extent required by AU 319, for those insurers required to file a management's report of internal control over financial reporting pursuant to N.J.A.C. 11:2-26.17, the independent certified public accountant should consider (as that term is defined in Statement on Auditing Standards (SAS) No. 102, Defining Professional Requirements in Statements on Auditing Standards or its replacement) the most recently available report in planning and performing the audit of the statutory financial statements. Consideration shall be given to the procedures illustrated in the Financial Condition Examiner's Handbook promulgated by the National Association of Insurance Commissioners as the independent certified public accountant deems necessary.

## 11:2-26.14 Requirements for audit committees

(a)-(b) (No change.)

(c) The audit committee of an insurer or group of insurers shall be responsible for overseeing the insurer's internal audit function and granting the person or persons performing the function suitable authority and resources to fulfill their responsibilities if required by 11:2-26.15.

(d) Each member of the audit committee shall be a member of the board of directors of the insurer or a member of the board of directors of an entity elected pursuant to (g) below and the definition of "audit committee" as set forth at N.J.A.C. 11:2-26.3.

Recodify existing (d)-(g) as (e)-(h) (No change in text.)

(i) If an insurer is a member of an insurance holding company system, the reports required by (h) above may be provided to the audit committee on an aggregate basis for insurers in the holding company system, provided that any substantial differences among insurers in the system are identified to the audit committee.

(j) The proportion of independent directors, committee members, or audit committee members shall meet or exceed the following criteria:

1.-2. (No change.)

3. The provisions of (j)1 and 2 above shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs.

## 11:2-26.15 Internal audit function requirements

(a) An insurer is exempt from the requirements of this section if:

1. The insurer has annual direct written and unaffiliated assumed premiums, including international direct and assumed premiums, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$500,000,000; and

2. If the insurer is a member of a group of insurers, the group has annual direct written and unaffiliated assumed premiums, including international direct and assumed premiums, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$1,000,000,000.

(b) Notwithstanding (a) above, an insurer, or group of insurers, exempt from the requirements of this section may determine, but shall not be required, to conduct a review of the insurer business type, sources of capital, and other risk factors to determine whether an internal audit function is warranted. The potential benefits of an internal audit function should be assessed and compared against the estimated costs.

(c) The insurer, or group of insurers, shall establish an internal audit function providing independent, objective, and reasonable assurance to the audit committee and insurer management regarding the insurer's governance, risk management, and internal controls. This assurance shall be provided by performing general and specific audits, reviews, and tests and by employing other techniques deemed necessary to protect assets, evaluate control effectiveness and efficiency, and evaluate compliance with policies and regulations.

(d) In order to ensure that internal auditors remain objective, the internal audit function shall be organizationally independent. Specifically, the internal audit function shall not defer ultimate judgment on audit matters to others, and shall appoint an individual to head the internal audit function who will have direct and unrestricted access to the board of directors. Organizational independence shall not preclude dual-reporting relationships.

(e) The head of the internal audit function shall report to the audit committee regularly, but no less than annually, on the periodic audit plan, factors that may adversely impact the internal audit function's independence or effectiveness, material findings from completed audits, and the appropriateness of corrective actions implemented by management as a result of audit findings.

(f) If an insurer is a member of an insurance holding company system or included in a group of insurers, the insurer may satisfy the internal audit function requirements set forth in this section at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level.

Recodify existing N.J.A.C. 11:2-26.15 and 26.16 as 11:2-26.16 and 26.17 (No change in text.)

## 11:2-26.18 Exemptions and effective dates

(a)-(g) (No change.)

(h) The requirements for management's report of internal control over financial reporting set forth at N.J.A.C. 11:2-26.17 are effective beginning with the reporting period ending December 31, 2010 and each year thereafter. An insurer or group of insurers that is not required to file a report because the total written premium is below the threshold and subsequently becomes subject to the reporting requirements shall have two years following the year the threshold is exceeded (but not earlier than December 31, 2010) to file a report. Likewise, an insurer acquired in a

business combination shall have two calendar years following the date of acquisition or combination to comply with the reporting requirements.

(i) (No change.)

(j) The requirements for an internal audit function set forth at N.J.A.C. 11:2-26.15 are effective January 1, 2020. If an insurer or group of insurers that is exempt from the N.J.A.C. 11:2-26.15 requirements no longer qualifies for that exemption, it shall have one year after the year the threshold is exceeded to comply with the requirements of that section.

(k) (No change in text.)

Recodify existing N.J.A.C. 11:2-26.18 through 26.21 as 11:2-26.19 through 26.22 (No change in text.)

## PUBLIC UTILITIES

### (a)

#### BOARD OF PUBLIC UTILITIES

##### Notice of Readoption Gas Service

##### Readoption: N.J.A.C. 14:6

Authority: N.J.S.A. 48:2-13 and 48:10-5.

Authorized By: The New Jersey Board of Public Utilities (Board),  
Joseph L. Fiordaliso, President; Mary-Anna Holden, Dianne  
Solomon, Upendra J. Chivukula, and Robert M. Gordon,  
Commissioners.

BPU Docket Number: GX21020091.

Effective Date: May 20, 2021.

Expiration Date: May 20, 2028.

**Take notice** that pursuant to N.J.S.A. 52:14B-1, the Board's rules governing utilities providing gas service, found at N.J.A.C. 14:6 are readopted and shall continue in effect for a seven-year period. The rules were set to expire on June 18, 2021, in accordance with N.J.S.A. 52:14B-5.1.c(2). These rules are necessary to ensure that gas utility plant and underground gas facilities are constructed and installed pursuant to acceptable standards and are maintained and inspected in a manner that will protect the safety and well-being of the public. The Board has reviewed the rules and has determined that the rules should be readopted because they are necessary, reasonable, and proper for the purpose for which they were originally promulgated, the provision of safe, adequate, and proper service by gas distribution companies.

Following is a section-by-section summary of the rules for readoption:

##### Subchapter 1. General Provisions and Definitions

N.J.A.C. 14:6-1.1 outlines the scope of Chapter 6 and delineates the entities to which the rules apply.

N.J.A.C. 14:6-1.2 lists a number of defined terms that are utilized throughout the chapter.

##### Subchapter 2. Plant

N.J.A.C. 14:6-2.1 requires that the construction, installation, operation, and maintenance of plant and facilities of each gas utility must be in accordance with the Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards: Part 192, Title 49 of the Federal Code, Liquefied Natural Gas Facilities Federal Safety Standards: Part 193, Title 49 of the Federal Code, which are incorporated by reference therein, and N.J.A.C. 14:7.

N.J.A.C. 14:6-2.2 requires a leak test to be performed on each service installation installed or renewed after February 20, 2007. 49 CFR Part 192 Subpart J, which contains requirements pertaining to leak testing, is incorporated by reference, including all amendments and supplements.

N.J.A.C. 14:6-2.3 requires the prompt inspection of gas leaks and that a gas utility maintain a sufficient number of reliable devices to detect the presence of combustible gas and to ascertain the pressure existing in the gas system.

N.J.A.C. 14:6-2.4 requires the installation of an outside shutoff valve on every new or renewed service line and on existing service lines, when repairs are made, provided installation does not require further excavation.

N.J.A.C. 14:6-2.5 requires each gas utility to be able to shut down any section of its system in an emergency, and to train operator-qualified employees in procedures necessary to reduce the flow of gas because of an emergency.

N.J.A.C. 14:6-2.6 requires each gas utility to provide combustible gas detecting equipment and training in the use of the equipment to all employees involved in the detection of gas leaks.

N.J.A.C. 14:6-2.7 requires compliance with the Board's One-Call Damage Prevention rules, which prohibit the use of mechanical equipment within 24 inches of a gas pipe or facility unless the pipe or facility has been located and exposed by hand excavation.

##### Subchapter 3. Service

N.J.A.C. 14:6-3.1 pertains to the furnishing of service connections to interruptible customers and the costs thereof.

N.J.A.C. 14:6-3.2 pertains to the maintenance, calculation, and reporting by gas utilities of the heating value of the gas being distributed.

N.J.A.C. 14:6-3.3 provides a standard regarding the purity of gas distributed to customers and explains the minimum heating value, a gas purity component. In addition, subsection (f) incorporates by reference 49 CFR Part 192, the International Fuel Code and Federal Energy Regulatory Commission (FERC) Tariffs, including all amendments and supplements.

N.J.A.C. 14:6-3.4 pertains to gas pressure requirements.

N.J.A.C. 14:6-3.5 requires the gas utility to ensure proper venting of all customer service regulators for safety.

N.J.A.C. 14:6-3.6 provides that a gas utility shall not deliver service, unless there is evidence at the location that the customer's piping has been approved by the plumbing subcode official.

N.J.A.C. 14:6-3.7 requires the odorization of all gas that does not possess a distinctive odor and details equipment and testing requirements.

N.J.A.C. 14:6-3.8 requires that customers be supplied with information concerning the odor and characteristics of gas, the potential hazards of gas, the correct procedures for using gas appliances, and the action to be taken if gas is detected. The section also requires printed information to be easily understood and available in languages other than English that are spoken by a substantial number of non-English speaking people residing in a gas utility's service area. In addition, the utility is required to periodically inform the general public in its service area of the odor of gas and its hazards, as well as procedures to follow if gas is detected.

N.J.A.C. 14:6-3.9 imposes requirements upon gas utilities that require each utility to liaison with the emergency personnel of each municipality.

N.J.A.C. 14:6-3.10 is reserved.

N.J.A.C. 14:6-3.11 requires utilities to maintain a hotline, which customers may call to report leaks, odors, or emergencies. Further, each utility is required to maintain a log that shows receipt of these calls.

N.J.A.C. 14:6-3.12 requires each gas utility to have emergency personnel available to respond to an emergency within the utility's service territory. In addition, the employees must be adequately trained to handle gas emergencies.

N.J.A.C. 14:6-3.13 requires that all gas utility employees be adequately trained and operator qualified. Operator qualification is a 49 CFR Part 192 Subpart N requirement, intended to ensure that gas utility employees are adequately trained to perform their job duties.

N.J.A.C. 14:6-3.14 requires gas utilities to test their employees for the presence of prohibited drugs and alcohol. This section, which incorporates by reference 49 CFR Part 40, pertains to drug and alcohol testing.

N.J.A.C. 14:6-3.15 is reserved.

##### Subchapter 4. Meters

N.J.A.C. 14:6-4.1 provides that all gas utilities must possess adequate equipment to test the meters in their inventory.

N.J.A.C. 14:6-4.2 provides the testing standards and meter sampling parameters that all gas utilities must follow to ensure the accuracy of their gas meters.

N.J.A.C. 14:6-4.3 provides the range of flow rates that a gas meter must meet in order to be considered accurate.